



# WAC 173-441 & 173-446, Electricity Markets Rulemaking Proposed Rule Overview

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August 6, 2024 & August 8, 2024

# Overview



**Background**



**Statutory Requirements**



**Objectives**



**Key Points**



**Proposed Rule Language Summary**



**Timeline & Next Steps**



**Questions**

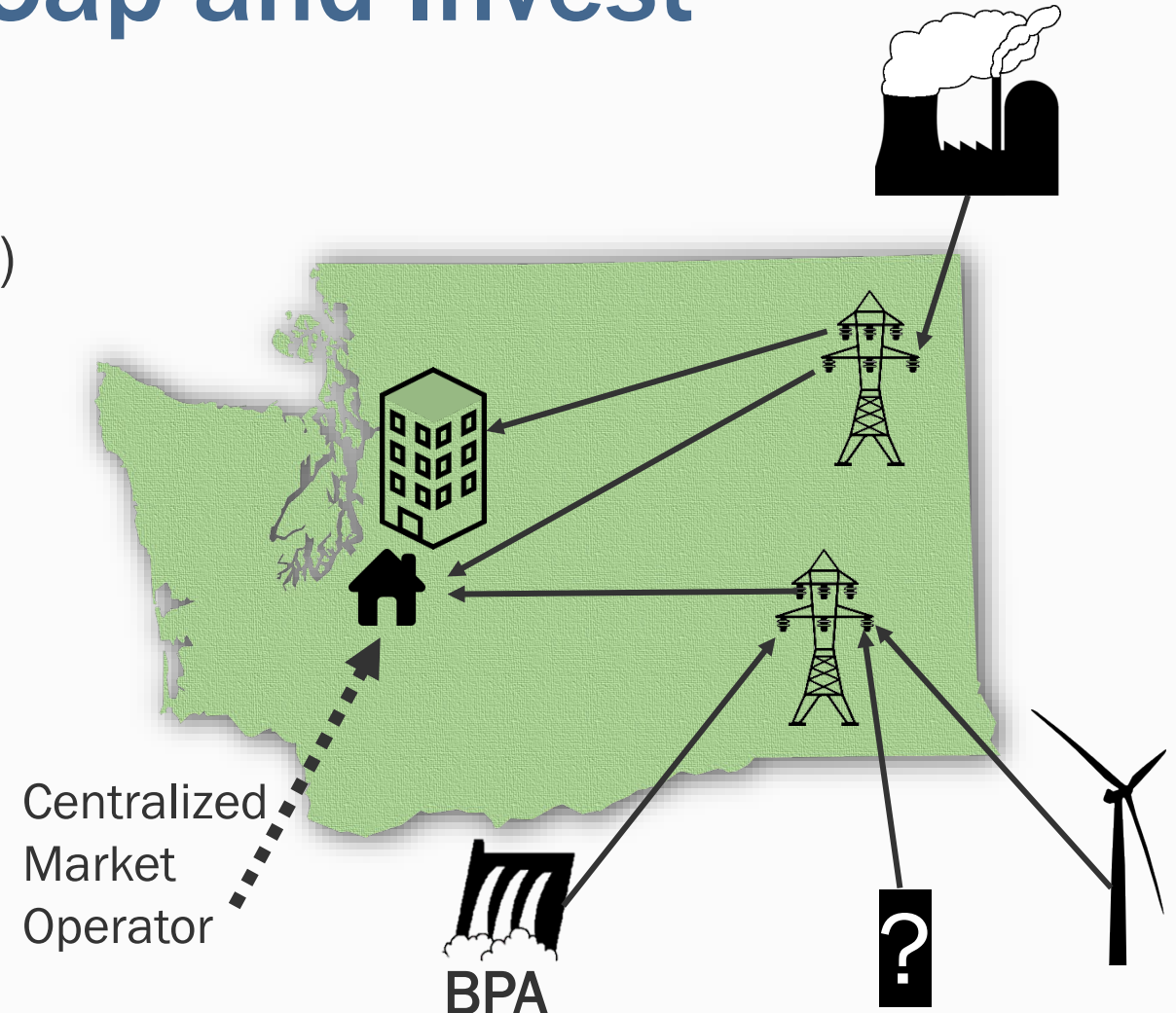
# Why Centralized Electricity Markets?

- Electric utilities maintain a delicate balance of supply and demand
  - Limited energy storage options for renewables (wind, solar)
  - Energy consumed needs to match energy provided
- Centralized electricity markets facilitate trade over a large region
  - Example: address electricity shortfall in one region by importing surplus electricity generated elsewhere
- This promotes an electric grid that is more **affordable, reliable, and clean**



# Imported Electricity in Cap-and-Invest

- “Resource specific” import
  - Electricity from a known or “specified” resource (e.g., wind, coal)
- “Unspecified” import
  - Electricity from unknown or undesignated sources of electricity
- Centralized electricity markets
  - “Deemed” resource can be assigned by market-run computer algorithm



# Rulemaking Context and Statute

- This rulemaking will adopt amendments to Chapters **173-441** and **173-446** WAC.
- This rulemaking is required by the Climate Commitment Act
  - RCW 70A.65.080(1)(c)
- *Interagency Communication*
  - Department of Commerce and the Utilities and Transportation Commission
- *Statutory deadline*
  - By October 1, 2026

# Rulemaking Objectives

- This rulemaking will:
  - Avoid gaps (we currently have no way to put compliance obligation on importing entity)
  - Provide market operators the clarity they need to create data infrastructure to identify and track importing entities
  - Help determine which electricity importers from centralized electricity markets should be covered under the Cap-and-Invest Program.
    - This rule does not modify the eligibility criteria for inclusion under the Cap-and-Invest Program.
- Electricity markets addressed in this rulemaking:
  - 2024: Western Energy [Imbalance] Market (WEIM)
  - 2026: Extended Day Ahead Market (EDAM)
  - 2027: Markets+ initiative by Southwest Power Pool (Markets+ or M+)



# Key Changes

- Focus on specified electricity from known generating sources
- Establishes a framework for reporting emissions data associated with electricity imported through centralized electricity markets
- First Jurisdictional Deliverer (FJD) and equitable market treatment
- Interim solution for Energy Imbalance Market (EIM) until 2026, maintains current approach until end of the first compliance period
- Future rulemaking for unspecified electricity and emissions leakage

# Key Changes (continued)

- Deemed Market Importer – new subset of electricity importers with compliance obligations for electricity imported through centralized electricity markets
- GHG reporting:
  - Who: deemed market importers; in-state generation counted only once
  - What: amount of electricity imported (MWh), GHG emissions (MT CO<sub>2</sub>e)
  - How: data provided by market operator, e.g., settlement records
  - When: June 1<sup>st</sup> reporting deadline for emissions of *prior* calendar year
- Administrative changes – alphabetizing definitions, grammar, etc.





# Proposed Rule Language Summary:

## Chapter 173-441 WAC

# Proposed Rule Summary: Chapter 173-441 WAC



Section Title	Citation (s)	Summary of change
Definitions	WAC 173-441-020(1)(g)	Electricity importer definition expanded to say “supply” or “transact” rather than just “supply.”
General monitoring, reporting, recordkeeping, and verification requirements	WAC 173-441 050(2)(a)(i)	Schedule: Reporting deadline adjusted to June 1 of each calendar year.
Calculation methods for electric power entities		<b>New definitions added for:</b>
	WAC 173-441-124(2)(a)	• Centralized electricity market
	WAC 173-441-124(2)(b)	• Deemed market importer
	WAC 173-441-124(2)(d)	• Electricity exporter
	WAC 173-441-124(2)(g)	• Electricity transaction (replaced FJD definition)
	WAC 173-441-124(2)(h)	• Extended day ahead market
	WAC 173-441-124(2)(k)	• Market operator
	WAC 173-441-124(2)(u)	• Market participant
	WAC 173-441-124(2)(v)	• Markets plus or Markets+
WAC 173-441-124(2)(kk)	• Surplus electricity	

# Proposed Rule Summary: Chapter 173-441 WAC

Section Title	Citation (s)	Summary of change
Calculation methods for electric power entities		<b>Revised definitions for:</b> <ul style="list-style-type: none"> <li>• Direct delivery of electricity</li> <li>• Electricity importer</li> <li>• Power contract</li> <li>• Specified source of electricity</li> <li>• Unspecified source of electricity</li> </ul>
	WAC 173-441-124(2)(c)	
	WAC 173-441-124(2)(e)(iii)	
	WAC 173-441-124(2)(cc)	
	WAC 173-441-124(2)(hh)	
Calculation methods for electric power entities	WAC 173-441-124(3)(a)(v)(A)-(C)	<b>Imported electricity:</b> Establishes requirements for entities to report emissions data about electricity imported through centralized electricity markets.

# Proposed Rule Summary: Chapter 173-441 WAC

Section Title	Citation (s)	Summary of change
Calculation methods for electric power entities	WAC 173-441-124(3)(a)(vii)	<b>Exported electricity:</b> requires EPEs to report MWh and GHG emissions in MT CO <sub>2</sub> e of electricity <i>exported</i> from a market outside WA, disaggregated by recipient
Calculation methods for electric power entities	WAC 173-441-124(3)(a)(ix)	<b>Verification documentation:</b> clarifies scope of documentation for EPEs to retain to confirm reports of imported electricity
Calculation methods for electric power entities	WAC 173-441-124(3)(b)(i)-(iv)	<ul style="list-style-type: none"> <li>(i) Removed reference to WAC 173-444-040(4) and introduced new Eq. 124-1 for calculating GHG emissions from unspecified sources based on the default emission factor of 0.428 MT of CO<sub>2</sub>e/MWh.</li> <li>(ii) Renumbered Eq. 124-2; added text and clarified the appropriate transmission loss correction factor to use if the electricity from a CEM does not already account for transmission losses.</li> <li>(iii)-(iv) renumbered equations, non-substantive</li> </ul>

# Proposed Rule Summary: Chapter 173-441 WAC

Section Title	Citation (s)		Summary of change	
Calculation methods for electric power entities	Old (Current)	New (Proposed)	<b>General clean-up:</b> <ul style="list-style-type: none"> <li>• Re-numbering</li> <li>• Grammar fixes</li> </ul>	
		WAC 173-441-124(2)(e)		
	WAC 173-441-124(2)(f)(iii)	WAC 173-441-124(2)(e)(iii)		
	WAC 173-441-124(2)(j)	WAC 173-441-124(2)(h)		
	WAC 173-441-124(2)(s)	WAC 173-441-124(2)(l)		
	WAC 173-441-124(2)(e)	WAC 173-441-124(2)(o)		
	WAC 173-441-124(2)(g)	WAC 173-441-124(2)(q)		
	WAC 173-441-124(2)(h)-(j)	WAC 173-441-124(2)(w)-(y)		
	WAC 173-441-124(l)	WAC 173-441-124(2)(z)		
	WAC 173-441-124(y)-(z)	WAC 173-441-124(2)(aa)-(bb)		
	WAC 173-441-124(2)(bb)-(cc)	WAC 173-441-124(2)(dd)-(ee)		
	WAC 173-441-124(2)(f)-(g)	WAC 173-441-124(2)(ff)-(gg)		
	WAC 173-441-124(2)(m)	WAC 173-441-124(2)(hh)		
	WAC 173-441-124(2)(ee)-(ff)	WAC 173-441-124(2)(ii)-(jj)		
	WAC 173-441-124(2)(gg)	WAC 173-441-124(2)(ll)		
	WAC 173-441-124(2)(n)	WAC 173-441-124(2)(mm)		
WAC 173-441-124(3)(d)	WAC 173-441-124(3)(c)(iii)			
WAC 173-441-124(3)(g)	WAC 173-441-124(3)(f)			



# Proposed Rule Language Summary:

## Chapter 173-446 WAC

# Proposed Rule Summary: Chapter 173-446 WAC

Section Title	Citation	Summary of change
Definitions	WAC 173-446-020	<p>Cross-reference to Chapter 173-441 WAC:</p> <ul style="list-style-type: none"> <li>• "Centralized electricity market" has the same meaning as in chapter 173-441"</li> <li>• "Deemed market importer" has the same meaning as in chapter 173-441"</li> </ul>
Covered emissions	WAC 173-446-040(3)(e)(i)	<p>Cross-reference to Chapter 173-441 WAC:</p> <ul style="list-style-type: none"> <li>• "The electricity importer is identified through the definition and procedures in chapter 173-441 WAC.</li> </ul>
Covered emissions	WAC 173-446-040(3)(e)(iii)	<ul style="list-style-type: none"> <li>• Added and removed text</li> <li>• Linkage bill language reference: ("in accordance with the requirements of section 11, chapter 352, laws of 2024"...)</li> </ul> <p>This change updates registration requirements for a federal power marketer - i.e., the Bonneville Power Administration</p>
Covered emissions	WAC 173-446-040(3)(e)(iv)	<ul style="list-style-type: none"> <li>• Clarifies that GHG emissions of electricity generated in Washington and subsequently deemed by a CEM to serve Washington load are reported only once.</li> <li>• Intended to avoid "double counting"</li> </ul>



# Rulemaking Timeline

## Rule Announcement

- Introduce rulemaking
- **Stakeholder meetings**
- Rule development
- **Informal public comment periods**

July 2023 – June 2024

## Rule Proposal

- Announce public hearings
- Provide proposed rule language
- **Formal comment period**
  - Hold public hearings
  - Submit comments

June 2024 - November 2024

## Rule Adoption

- Adopt final rule language (CR-103)
- Concise Explanatory Statement (CES)
- Economic analysis
- Rule effective after 31 Days

December 2024

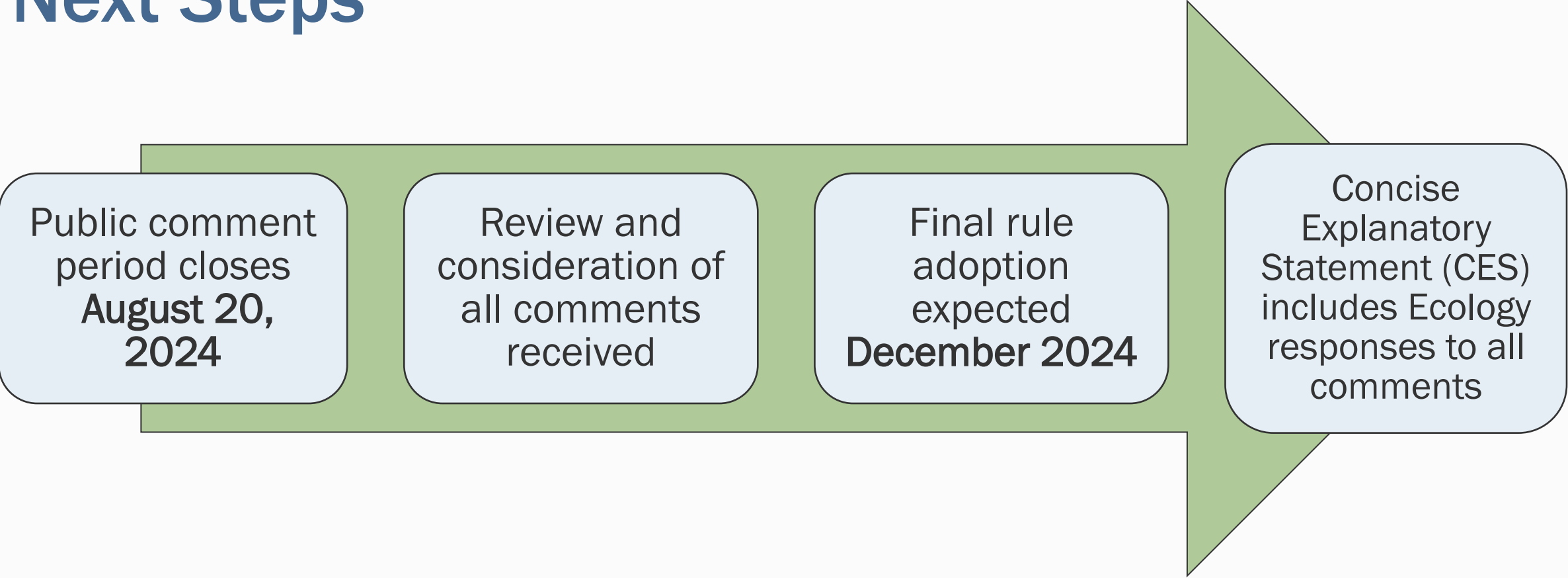
## Additional Rulemaking(s)

- Focus on unspecified power and, potentially, emissions leakage

**Target Rule Adoption**

**By/Before October 1, 2026**

# Next Steps



# Submitting written comments

- Visit our rulemaking webpage: <https://ecology.wa.gov/regulations-permits/laws-rules-rulemaking/rulemaking/wac-173-441-446>
- Submit comments online:  
<https://aq.ecology.commentinput.com/?id=ijhB5kQRH>
- Postal mail: Department of Ecology  
Climate Pollution Reduction Program  
Attn: Gopika Patwa  
PO Box 47600  
Olympia, WA 98504-7600
- Contact Gopika Patwa, rulemaking lead, [gopika.patwa@ecy.wa.gov](mailto:gopika.patwa@ecy.wa.gov) or call 360-338-2419
- Due by: August 20, 2024, at 11:59pm