



**WAC 173-441 & 173-446**  
**Electricity Markets Meeting**  
November 8, 2023

# Welcome to the Zoom meeting

Please connect your audio & join.

No Sound? We will conduct a sound check  
at 2:55 pm

## Join

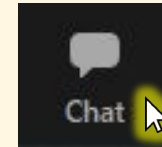
Connect Audio & Join



**Try your computer audio first.**

If you'd like, you can test your speaker and microphone before joining.

## Participate



**Question?  
Need help?**  
Chat with us!

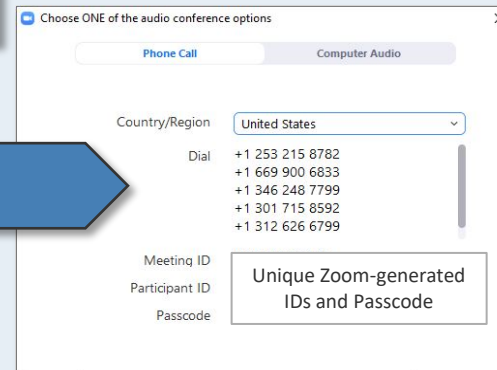
## Audio

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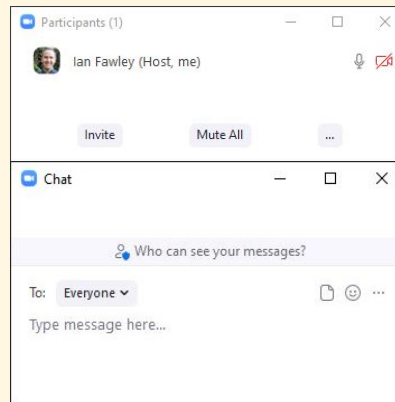
**Best Option: Use computer for audio**

B

If selecting "Phone Call" ...



- Dial: **253-215-8782 (Tacoma)**
- Enter Zoom Meeting ID 848 4930 9475, followed by "#"
- Enter your unique Zoom Participant ID, followed by "#"
- (If you do not enter the Participant ID, you will be prompted to enter the Passcode.)



Turn on the Chat box  
and Participant list  
from your toolbar.



**WAC 173-441 & 173-446**  
**Electricity Markets Meeting**  
November 8, 2023

# Welcome to the Zoom meeting

Please connect your audio & join.

No Sound? We will conduct a sound check  
at 3:00 pm

## Join

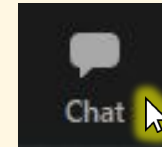
Connect Audio & Join



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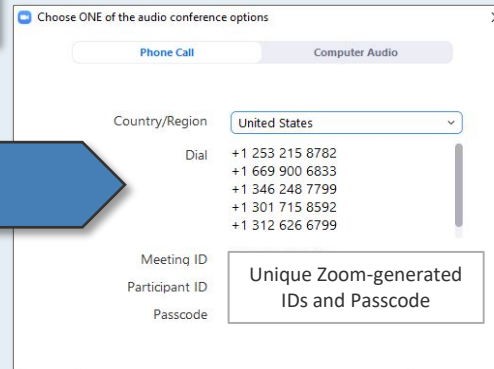
## Audio

A

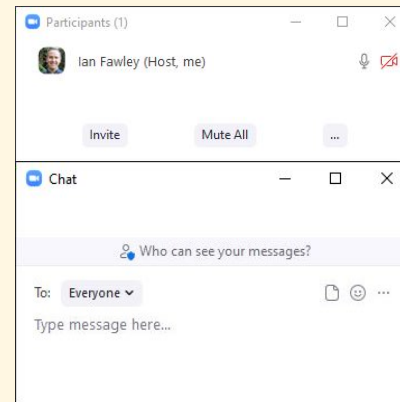
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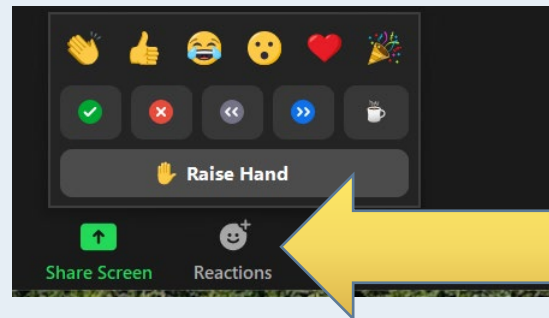


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# How To Participate

## During today's question-and-answer period:

- Participants using computer app: To raise your hand, press the “Reactions” icon and then press the “Raise Hand” button. This button is located in the lower right corner of the participant list window. You can also use the “Chat” icon to access the chat box.

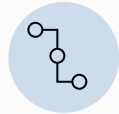


- Participants calling in on the phone: Press \*9 on your phone. The system will show you raised your hand. The host will call on you when it is your turn to speak.

# Introductions: Ecology Staff

- Nick Bourgault – Host
- Gopika Patwa- Rule Lead
- Bill Drumheller- Lead Subject Matter Expert
- Jack Millard- Subject Matter Expert
- Joshua Grice- Policy and Planning Section Manager

# Overview



**Cap-and-Invest Update**



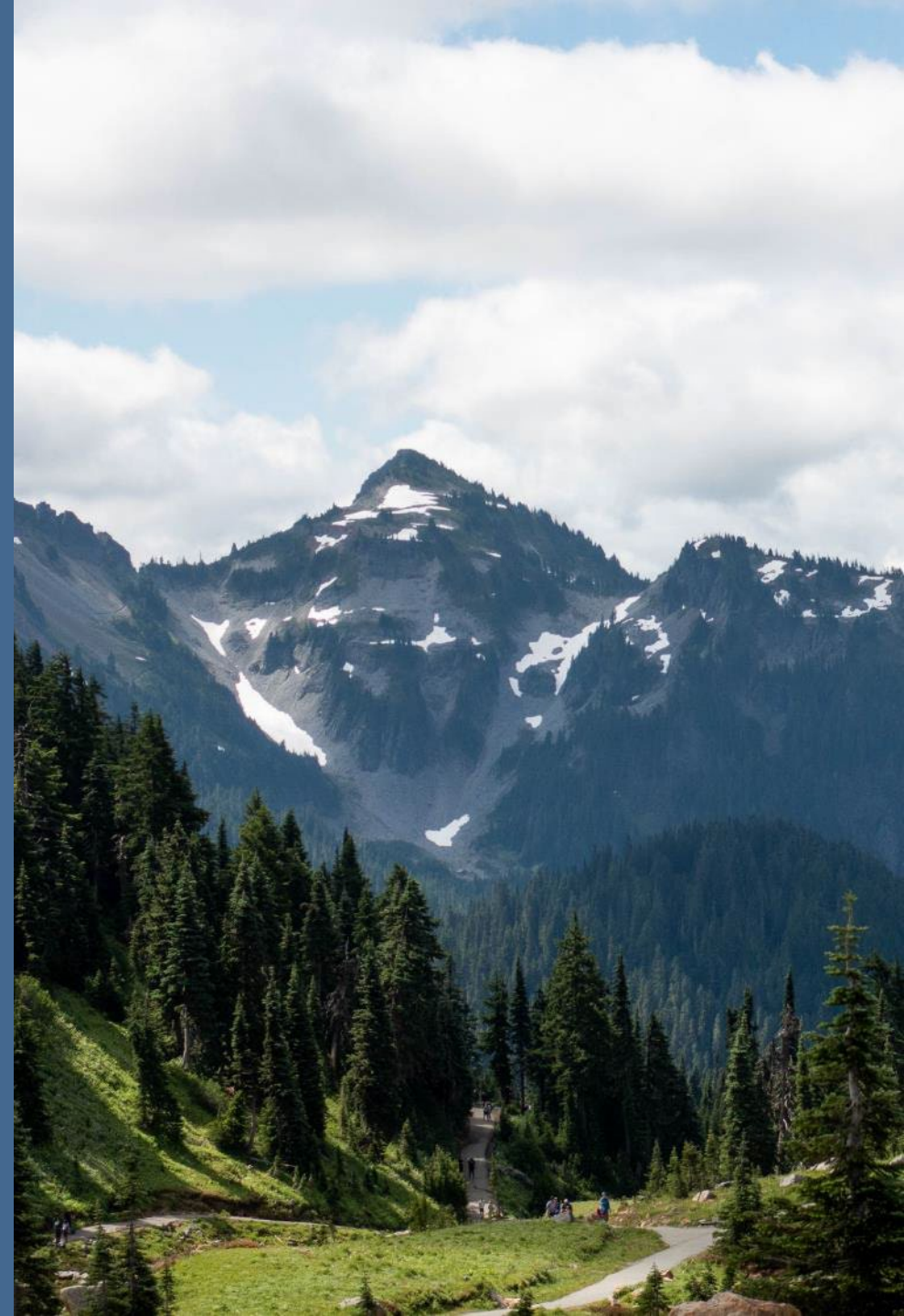
**Addressing Emissions Leakage**



**Whiteboard Listening Session**

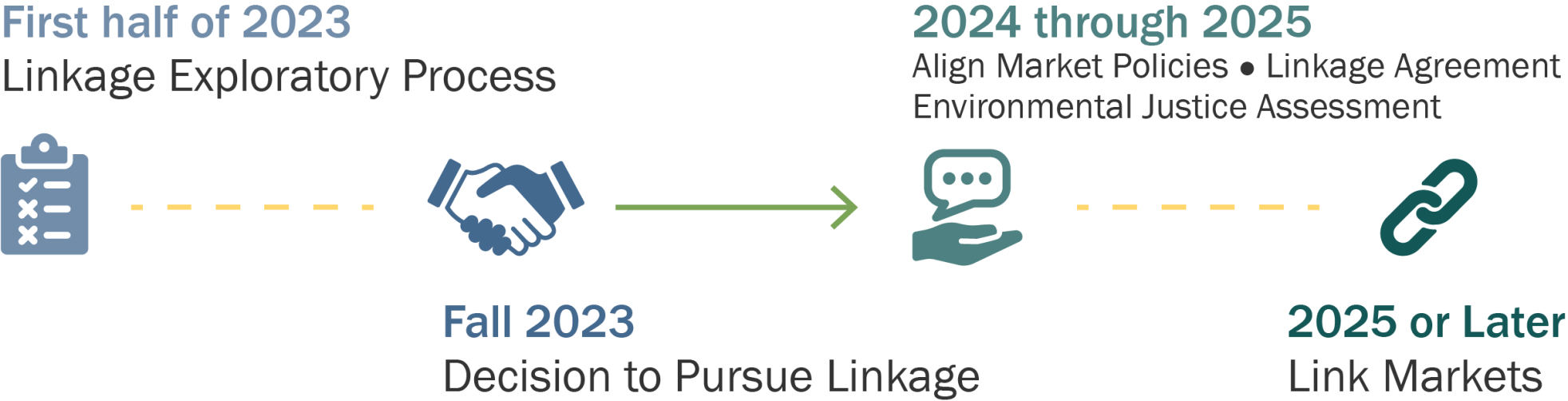


# Linkage



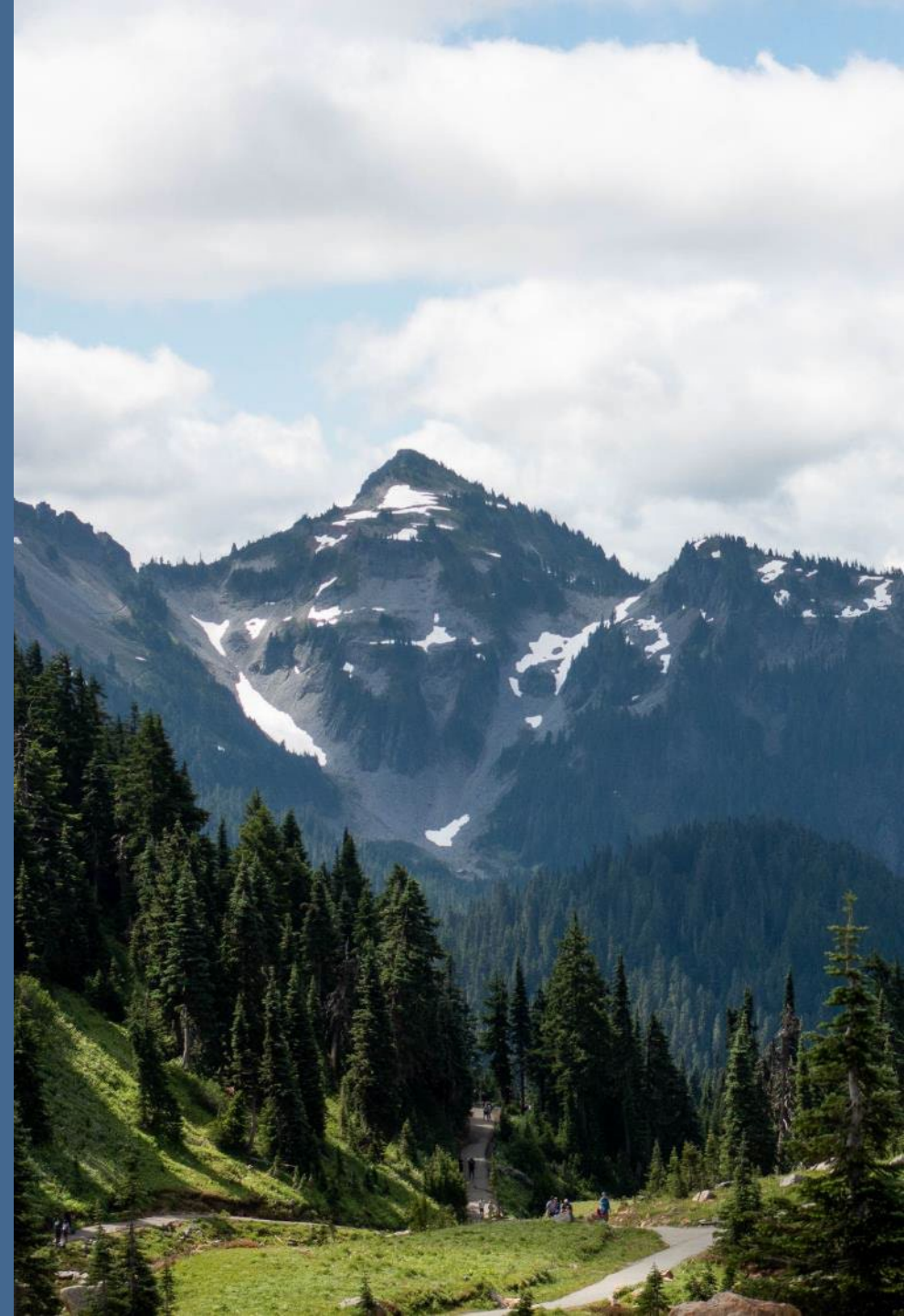


# Cap-and-Invest Linkage Update





# Addressing Leakage



# Leakage in Centralized Electricity Markets

- When greenhouse gas emissions increase outside of Washington due to introducing a centralized electricity market, relative to the prior condition of not having the market, that is considered “leakage.”
- Not unique to centralized electricity markets.
- Situation where out-of-state low- or non-emitting resources are assigned to Washington by a centralized electricity market operator’s attribution algorithm to provide emission reductions but, in reality, higher-emitting generation “backfills” that electricity outside of Washington, resulting in net emissions that negate reductions.
- Also called “secondary dispatch” or “MW redesignation.”

## Common Themes in Comments on Leakage

- Repeated requests for addressing leakage in this rulemaking.
- Differing suggestions for timing to address leakage by rule.
- Calls for additional clarity beyond legislative intent language.
  - *The legislature further finds that climate policies must be appropriately designed, in order to avoid leakage that results in net increases in global greenhouse gas emissions and increased negative impacts to those communities most impacted by environmental harms from climate change. [RCW 70A.65.005, underlining added]*
- Suggestions on data reporting elements to track leakage.
- Consistent calls for structure around concept of surplus energy.

# Recent Developments Affecting Leakage

- Decision of the Washington Department of Ecology Director Laura Watson to pursue linkage opportunity with California and Quebec.
  - Prior comments about leakage being both a linkage and electricity issue.
  - Leakage is clearly a key linkage issue; urgency to address has increased.
- California Air Resources Board (CARB) beginning process of updating Cap and Trade and GHG Reporting program rules for EDAM market.
  - Introduced key conceptual foundation for changes at October 5 workshop.
  - Increased opportunity for harmonization in approach and implementation.
- Southwest Power Pool Markets+ design still in flux and unsettled.

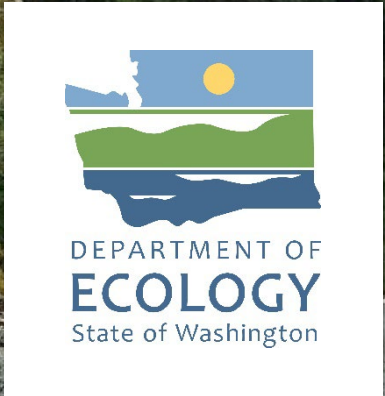
# Key Considerations for Addressing Leakage

## In this Rulemaking

- Address one, two, or three markets?
- Mirror other jurisdictions or find different path?
- Are data going to be available?
- Are data going to be of sufficient quality?
- Data transparency considerations in GHG reporting rules?
- Include threshold for taking action (e.g., administrative toggle)?
- Attempt for unified approach to identifying surplus energy?

## Broad Leakage Questions for Initial Response

1. Should Ecology include an outstanding emissions leakage calculation for centralized electricity markets in this rulemaking?
2. Should Ecology follow CARB's hypothesized approach and focus the calculation on electricity below the market counterfactual run?
3. How should resources committed to Washington load be treated?
4. EIM emissions were addressed to some degree in the initial CCA allocation to electric utilities. How should this calculation reconcile itself with the cost burden allocation process and results?
5. How should EIM leakage be addressed during "interim" period?
6. Given the unsettled state of the Markets+ design process and tariff, how should design elements of that process be considered?



# 10-minute Break





# Whiteboard Listening Session

## Next steps

- Stakeholder Comment Review
- Timeline Re-evaluation
- Third informal comment period:
  - Collecting input on addressing emissions leakage
  - Open 11/9/2023-11/26/2023

# Ecology Contacts

## Rule Lead:

Gopika Patwa

[gopika.patwa@ecy.wa.gov](mailto:gopika.patwa@ecy.wa.gov)

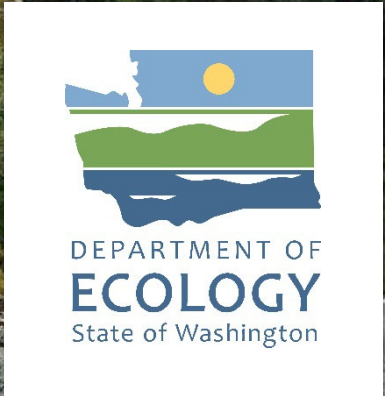
(360) 338-2419

## Rulemaking webpage:

<https://ecology.wa.gov/regulations-permits/laws-rules-rulemaking/rulemaking/wac-173-441-446>

## Sign up for updates:

<https://ecology.wa.gov/About-us/Who-we-are/News/Email-lists>



Thank you