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VIA On-line Submission

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Powerex Comments Regarding Electricity Imports and Centralized Electricity Markets

Powerex appreciates the opportunity to provide feedback on the Department of Ecology's questions regarding electricity imports and centralized electricity markets (CEMs). Powerex is a supplier of electricity in bilateral and organized markets in the Western Interconnection. A substantial portion of Powerex's electricity is sourced in British Columbia—a Canadian province with strong GHG policies and with predominantly hydropower resources. Powerex delivers electricity, including clean electricity that is surplus to its needs, across the Western Interconnection.

Powerex generally aligns with the comments submitted by the Western Power Trading Forum (WPTF), and instead of being duplicative, Powerex would like to discuss a few discrete areas that we believe warrant additional comments.

Guidance for CEMs on Unspecified Imports During Hours with Specified Exports

With the continued use of bilateral transactions alongside day-ahead centralized electricity markets (CEMs), Powerex encourages the Department of Ecology to consider clear guidance on how to account for exports from Washington—particularly those involving specified renewable generation delivered to out-of-state load—for calculating the quantity of imports that are subject to GHG compliance. This is necessary to avoid the potential for double counting if the same clean or renewable resource is simultaneously assumed to be meeting in-state load, while also being claimed by an external purchaser.

While EDAM/WEIM and Markets+ have different market designs, both employ a conceptually similar approach of using "GHG attributions" for imported energy. At a high level, this involves allowing the organized market software to identify which external resource(s) will be considered the source of energy imported into a GHG pricing area.

Both markets apply a rule (commonly called a "constraint") in the market software that requires that all imports into the GHG area must be accounted for with a GHG attribution. This ensures that all imports arranged through the market optimization are properly accountable under the GHG program and that no imports are over-looked.

Achieving this outcome necessarily requires that the market engine calculate the total quantity of imports that are being delivered to a GHG zone and that should therefore be accountable for GHG compliance. However,

this calculation of total imports could be determined in different ways and leads to a need for Ecology to consider the potential for simultaneous import and export transactions to be occurring, and the extent that program requirements allow netting.

For example, assume Washington load of 1,000 MW is met by 900 MW of internal generation and 100 MW of imports from the organized market. In this scenario, it is straightforward that the market software must attribute 100 MW for purposes of GHG compliance.

Now consider, however, that 200 MW of the 900 MW of internal generation was previously sold bilaterally on a specified-source basis to an external load outside WA. In the context of an organized market, this “export” transaction may or may not be e-Tagged. In this scenario, 200 MW has already been claimed by the external purchaser, leaving 700 MW of internal generation remaining for internal Washington load. This would imply that the market optimization should ensure a total of 300 MW of imports receive a GHG attribution.

In order to ensure this result, the constraint in the market software would need to be structured to account for specified source exports in its calculation of imports:

Imports Requiring a GHG Attribution = WA Load (MW) – Internal WA Gen + [Specified Exports](#)

Powerex recommends that the Department of Ecology clarify how CEMs should determine the volume of imports that should be subject to GHG program compliance and how netting of imports and exports should function within market solutions—particularly when the export is a specified resource. Clear, actionable guidance will enable the CEMs to support robust and consistent market implementation.

Unspecified Imports from CEMs

Powerex encourages the Department of Ecology to carefully consider the treatment of Null Power in calculating the unspecified emissions factor and to consider the risk of double counting that could occur if Null Power is not properly included in the residual market supply.

Washington State clean resources become ineligible for CETA if those resources are claimed in another jurisdiction’s GHG reporting program. The purpose of this limitation is to ensure Washington State retains all environmental attributes (both fuel and GHG) for CETA claims and that the environmental character of clean generation is not over counted. Powerex suggests applying the same principle when determining the unspecified emissions factor.

If clean generation located outside Washinton has already been allocated outside Washington, then the inclusion of that clean generation in the unspecified rate artificially lowers the rate and artificially diminishes the impact of higher emitting resources in supplying the State’s electricity needs.

Therefore, the CEM unspecified emissions factor should either a) reflect the best estimate of the marginal source of supply or b) appropriately recognize the allocation of out-of-state clean resources to out-of-state consumers.



Powerex appreciates the opportunity to provide these comments and looks forward to continuing to work with Ecology as it considers these topics.

Sincerely,

Shelby Kitt
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