

Decision No. C24-0756

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 24M-0449EG

IN THE MATTER OF THE COMMISSION'S REVIEW OF THE GREENHOUSE GAS EMISSIONS TRACKING AND REPORTING PROPOSED FOR SOUTHWEST POWER POOL'S MARKETS+ OFFERING.

**COMMISSION DECISION OPENING A MISCELLANEOUS
PROCEEDING TO SOLICIT COMMENTS ON
SOUTHWEST POWER POOL'S PROPOSED MARKETS+
GREENHOUSE GAS TRACKING AND REPORTING
PROTOCOLS AND RELATED ISSUES**

Issued Date: October 18, 2024

Adopted Date: October 9, 2024

I. BY THE COMMISSION

A. Statement

1. By this Decision, the Commission opens a miscellaneous proceeding to solicit comments from stakeholders on the Greenhouse Gas ("GHG") Tracking and Reporting Protocols developed for use in Southwest Power Pool's ("SPP") Markets+ regional day-ahead wholesale electricity market. The GHG Tracking and Reporting Protocols are attached to this Decision as Attachment A.

2. The Commission also seeks comment on a letter, signed by representatives of Public Service Company of Colorado ("Public Service") and Tri-State Generation and Transmission Association, Inc. ("Tri-State"), which addresses the GHG protocols and their interaction with participating Colorado utilities' emission reduction requirements under Colorado state statutes. The letter is attached to this Decision as Attachment B.

3. Any comments responsive to this Decision should be filed no later than November 17, 2024.

B. Discussion

4. On March 29, 2024, SPP filed a tariff with the Federal Energy Regulatory Commission to establish a centralized day-ahead and real-time unit commitment and dispatch market in the Western Interconnection to be known as Markets+.¹ Since the tariff filing, SPP and stakeholders associated with Markets+ have been working to develop market protocols through a set of task forces to fill in gaps in the tariff and details of the operation of the market. One of these gaps was a market-wide approach to emissions tracking and reporting. The Markets+ GHG Task Force, including Staff of the Commission, has worked to develop protocols to address this issue.²

5. Through the work of the task force, stakeholders reached consensus on a number of important details, including that state regulators would be provided with a process to review the resource mapping of jurisdictional entities responsible for the GHG of owned and contracted plants. Stakeholders also reached consensus on the use of GHG tracking and reporting methods, agreeing that the protocols would include some flexibility in tracking and reporting methods so that participating utilities can continue to use methods appropriate for varying reporting requirements and regulatory schemes.

6. Due to the necessity for the protocols to provide market-wide flexibility in these methods, stakeholders with interests in Colorado recognized that the use of different tracking and

¹ *Southwest Power Pool, Inc.*, FERC Docket No. ER24-1658.

² The Markets+ GHG Task Force currently includes Public Generating Pool, Western Power Trading Forum, The Energy Authority, Northwest Energy Coalition, Grid Strategies, Western Resource Advocates, Tucson Electric Power, Puget Sound Energy, Xcel Energy, Arizona Public Service, Bonneville Power Administration, Snohomish County Public Utility District, Powerex Corp, Tacoma Power, Tri-State Generation & Transmission Association, Inc., Chelan PUD, Washinton Utilities and Transportation Commission, New Mexico Public Regulation Commission, Idaho Public Utilities Commission, Colorado Public Utility Commission, Wyoming Public Service Commission, and Arizona Corporation Commission.

reporting methodologies among participating Colorado utilities may lead to double counting of emissions and other inaccuracies, which could frustrate compliance with Colorado statutory requirements. This concern was exacerbated by the fact that Tri-State is seeking to join SPP RTO West,³ a separate market from Markets+ and Public Service, which could potentially have adopted different GHG tracking and accounting approaches. On September 25, 2024, Public Service and Tri-State, both participants in the Phase I development of Markets+, provided a letter to the Commission describing areas of alignment regarding the Markets+ GHG protocols, some of which would also apply to GHG tracking and accounting in the SPP RTO West market. Included in the letter's four areas of alignment are ways to harmonize tracking and reporting methods used to demonstrate compliance with Colorado emission reduction requirements.

7. The first area of alignment is the creation of a GHG reporting region that is limited to the transmission-constrained balancing authority areas that are directly interconnected to Colorado's Markets+ balancing authorities which include Public Service, Public Service Company of New Mexico, and SPP RTO in the Western Interconnection.

8. The second area of alignment concerns how participating utilities will identify responsibility for each generation resource, including owned, partially, owned, and contracted-for resources. Tri-State and Public Service state that utilities and state regulators expect that thermal units, and associated emissions, owned by Colorado utilities located in the transmission-constrained balancing authorities participating in M+ will be mapped to the resource stack of the entity claiming capacity credit for those resources for resource adequacy, independent of any wholesale energy contracts that may exist.

³ SPP is seeking approval of tariff revisions to expand its RTO into the Western Interconnection ("SPP RTO West") in *Southwest Power Pool, Inc.*, FERC Docket Nos. ER24-2184 and ER24-2185.

9. The third area of alignment relates to the methodology to calculate GHG emissions for energy contributed to the market in excess of the energy used to supply a utility's native load. Tri-State and Public Service state that Colorado's utilities will use an economic order resource stack method for this calculation, which stacks a utility's resources from lowest to highest energy offer and allocates the emissions from the resources with the lowest energy offers to the utility until native load is met. The GHG emissions associated with excess energy exported to the market will be associated with the highest energy offers. In some prior PUC proceedings, utilities have used a different methodology to calculate GHG emissions - the system average methodology. Tri-State and Public Service request the Commission, in consultation with the Air Pollution Control Division ("APCD") agree that, to the extent that use of the resource stacking methodology results in calculated incremental GHG emissions that are increased over what would be calculated using the system average methodology, those incremental emissions will not be counted against the entity's existing GHG compliance obligations or performance incentives. Public Service and Tri-State include that it is their expectation, and the expectation of the regulatory authorities, that any other Colorado entity participating in the transmission-constrained balancing authorities in either Markets+ or SPP RTO West will apply the same approach to ensure consistent treatment of GHG emission tracking under Colorado's emission reduction statutes.

10. The fourth area of alignment is that Public Service and Tri-State will provide, on a highly confidential basis, relevant hourly data of the impacted balancing authorities to the Commission and APCD for purposes of GHG reduction verification.

11. The Commission opens this miscellaneous proceeding to solicit comments from stakeholders, including Colorado utilities and other entities that did not participate in the Markets+ GHG Task Force, on the GHG protocols and the letter provided by Public Service and Tri-State.

The Commission recognizes that participation in regional markets in Colorado is a relatively new development, and that some entities may not yet be prepared to participate in the regional markets' stakeholder processes. Therefore, the Commission seeks additional input on the protocols and letter at this stage in the development of Markets+. Through this proceeding, the Commission may opine on or make determinations relating to the protocols and the areas of alignment identified by Tri-State and Public Service.

12. Interested persons should file comments responsive to the Markets+ GHG Tracking and Reporting Protocols or the letter provided by Tri-State and Public Service no later than November 17, 2024.

II. ORDER

A. The Commission Orders That:

1. This Miscellaneous Proceeding is opened to solicit comments on the Greenhouse Gas Tracking and Reporting Protocols developed for use in Southwest Power Pool's Markets+ regional day-ahead wholesale electricity market, attached to this Decision as Attachment A, and the letter signed by representatives of Public Service Company of Colorado and Tri-State Generation and Transmission Association, Inc., which addresses the Greenhouse Gas protocols, are attached to this Decision as Attachment B, to provide any necessary guidance or determinations on these items.

2. This Proceeding is designated as an administrative proceeding under 4 *Code of Colorado Regulations* 723-1-1004(b). This Proceeding shall continue as an Administrative Proceeding unless and until the Commission designates it be an Adjudicatory Proceeding.

3. Interested stakeholders are invited to file comments responsive to this Decision no later than November 17, 2024.

4. This Decision is effective immediately on its Issued Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
OCTOBER 9, 2024.**

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

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Commissioners