



May 22, 2020

Bill Drumheller and Neil Caudill
Washington State Department of Ecology
300 Desmond Dr SE
Lacey, WA, 98503

Re: Climate Solutions comments on rules pertaining to greenhouse gas calculation methodology and Energy Transformation Projects (ETPs), Chapter 173-444 WAC

Dear Mr. Drumheller and Mr. Caudill,

Climate Solutions thanks you for the opportunity to submit comments on rules pertaining to greenhouse gas calculation methodology and Energy Transformation Projects (“ETPs”). Climate Solutions is a clean energy nonprofit organization working to accelerate clean energy solutions to the climate crisis. The Northwest has emerged as a hub of climate action, and Climate Solutions is at the center of the movement as a catalyst, advocate, and campaign hub.

A clean and efficient grid serves as the foundation to deeply decarbonizing Washington’s economy. Therefore, the proper implementation and compliance with the Clean Energy Transformation Act is critically important. Properly calculating the emissions associated with electricity and mitigating this pollution with a high level of accuracy is a critical part of this law, and we appreciate the hard work the department has taken in proposing these rules.

Definitions (WAC 173-444-020)

Additionality: Climate Solutions agrees that a strong definition of additionality is necessary for ensuring that ETPs provide the greenhouse gas neutrality that the law envisions. The language is currently focused on exceeding legal requirements, but additionality should be broadly based on whether the investment would have taken place absent the ETP investment. The department should define additionality as being above *all* business as usual, which would better align with the definition in the statute. Additionality in the law is defined in RCW 19.405.040(2)e-f, with (e) focused on exceeding legal requirements and (f) requiring the measure to be the direct result of utility spending. By conflating these two, the resultant definition is more limited. At minimum, “additionality” should be required to be over and above existing voluntary commitments and purchasing plans in addition to those that are legally compelled. We provide the following recommendation on the definition:

"Additionality" means a condition where a project would not happen otherwise due to regulatory or legal requirements, **or other voluntary programs not required by law**, and but for the investment being made into the project by the electric utility [or utilities] for the purpose of compliance with RCW 19.405.

Renewable Natural Gas: We support the inclusion of RNG as a compliance pathway within the law, but also recommend a somewhat broader definition that also includes methanated renewable hydrogen.

Storage and the definition of “Utility Claims” (WAC 173-444-030)

The definition of utility claims appears in 2(d) and 3(d) of this section and refers to the Department of Commerce’s draft WAC 194-40-060 (note typo in reference to this WAC in the proposed rules) and UTC’s WAC 480-109-300. While Commerce’s draft rule refers to the fuel mix disclosure which properly requires identifying the resource that charged a storage facility, whether it be battery, pumped, or other form, the UTC rule speaks to just the carbon intensity of generation. Climate Solutions’ interpretation is that the intent is that the full generation and associated emissions responsible for providing the energy to supply the retail sales, inclusive of round-trip efficiency losses which are not referred to in any of these rules, are attributable to the utility. Because this would be consistent with the requirement to calculate transmission losses, Climate Solutions urges the department to include parallel language requiring the full calculation of these utility claims and emissions, ensuring that a utility claims the full generation amount, rather than just the electricity received from a storage provider.

ETP Categories (WAC 173-444-060)

Preventing double counting and providing accurate measurement: During the workshop, allusions were made to existing protocols in California for the low carbon fuel standard as existing knowledge around ways to account for emission reductions associated with electricity and hydrogen. It’s important to note that these protocols are based on *delivered energy* instead of crediting infrastructure builds. It would substantially improve the accuracy of ETP protocols to mirror this practice, ensuring that utilities are credited for actual energy services and carbon emission reductions delivered in Washington in sectors that are not double-counted.

The current proposal, which envisions crediting infrastructure projects themselves, would by necessity rely entirely on estimates and projections which will inevitably be inaccurate. Project proponents would not only have to estimate capacity factors for electric vehicle charging and hydrogen infrastructure, in the case of hydrogen, they would also have to estimate the disposition of that hydrogen—whether it’s used in vehicles or for power generation (which would be ineligible), whether it’s used in Washington, and other factors. The proposed categories also envision crediting multiple portions of the hydrogen supply chain which could yield substantial double-counting.

Switching to a delivered energy approach would address all these problems, while also providing increased flexibility for utility compliance by, for example, allowing utilities to take credit for new hydrogen delivered from already existing infrastructure including gas lines they own and operate.

Some flexibility on this point is possible for transportation electrification. Because cars are registered to a location and chargers are also in a fixed location, it is possible to estimate with a degree of certainty the fossil fuel displacement of such infrastructure. This is not possible with hydrogen production and pipelines where the disposition of the product is unknowable with certainty. At the same time, as the department considers additional categories for transportation electrification, it is important to ensure that a utility not be able to select multiple programs that would overlap, similar to the concern identified above for hydrogen. For example crediting both EVSE and vehicles themselves is likely to count the same fossil fuel reductions twice. For this reason, Ecology should consider not just the additionality of a single protocol, but also its additionality in context of other ones selected by the utility.



Natural gas efficiency additionality: Ecology should ensure that natural gas efficiency is truly additional. Being merely incremental to a utility-defined cost-effectiveness test may not be a sufficient determinant of additionality. Looking at electricity conservation programs, electric utilities have consistently exceeded their self-determined cost-effectiveness determinations. While Climate Solutions encourages exceeding targets, the consistent overachievement raises a question as to whether the cost-effectiveness test is itself underestimating business as usual and whether overachievement is truly additional. Crediting GHG neutrality on the basis of this self-defined test raises the stakes around this question, and Climate Solutions recommends that before crediting natural gas efficiency, Ecology require a third party evaluation of energy efficiency cost-effectiveness or find a way to undertake its own analysis. Only efficiency in excess of this independent analysis should be credited as an ETP.

Additional categories: The department has indicated that future consideration will be given to additional categories for ETPs. We recommend adding building electrification to these categories. Buildings are some of the fastest growing sources of emissions in the state, and the use of heating oil, wood stoves, and natural gas has been shown to cause a myriad of significant indoor and outdoor air quality harms. There are currently very few utility programs that incentivize building electrification, making these projects additional and accelerating overall greenhouse gas reductions in the state. Adding building electrification as an eligible category could be done in similar ways as transportation electrification.

Purpose of ETPs (WAC 173-444-070)

WAC 173-444-070(3)(b) states that utilities must identify “the primary effects of the project, such as fossil fuel reductions or energy impacts.” This could be interpreted to mean that a project could provide an “energy impact” but not a “fossil fuel reduction”. The definition of ETP in statute includes three components joined by an “and”—fossil fuel reduction, an energy-related good or service, and a benefit to a utility’s customers. For this reason, Climate Solutions requests clarification that fossil fuel reduction associated with energy consumption must *always* be a part of an ETP, rather than merely an optional element. We recommend the following change:

“Identification of the primary effects of the project, including such as fossil fuel reductions and ~~or~~ energy impacts...”

Thank you for the opportunity to provide comments on draft rules concerning greenhouse gas calculations and energy transformation projects. These are crucial components in achieving the 2030 requirements and offering public insight into the environmental performance of electric utilities, and we are eager to continue engaging in the department’s work as these rules are refined and finalized.

Sincerely,

Vlad Gutman-Britten
Washington Director, Climate Solutions

Kelly Hall
Senior Policy Manager, Climate Solutions