

October 14, 2020

Comments of Renewable Hydrogen Alliance, Klickitat PUD, and Douglas PUD on Chapter 173-444

The entities presenting these comments have an interest in encouraging and receiving investments or investment partners in Energy Transformation Projects that result in reduction of carbon emissions. Klickitat PUD owns and operates a large renewable natural gas facility. Their expertise has been requested on several potential new RNG facilities in the state; Douglas PUD is investing in renewable hydrogen production for use as a transportation fuel, natural gas displacement or other use that displaces hydrogen produced from natural gas, resulting in reduction of carbon emissions; Renewable Hydrogen Alliance has members across multiple sectors, including electric and natural gas utilities, electrolyzer, fuel cell and automotive manufacturers and others. RHA's mission is to encourage the production, distribution and end use of renewable hydrogen.

We repeat statutory language from our earlier comments filed in this proceeding directing “*significant and swift reductions in greenhouse gas emissions*” and that an energy transformation project “*results in a reduction in fossil fuel consumption and a reduction of the emission of greenhouse gases*”:

Guiding statutory language:

*The Legislature finds: **Absent significant and swift reductions in greenhouse gas emissions, climate change poses immediate significant threats to our economy, health, safety, and national security.***¹

*"Energy transformation project" means a project or program that: Provides energy-related goods or services, other than the generation of electricity; **results in a reduction of fossil fuel consumption and in a reduction of the emission of greenhouse gases attributable to that consumption**; and provides benefits to the customers of an electric utility.*²

Initial Project Categories

We note and appreciate and support the inclusion of “at least one category pertaining to either the use or supply of renewable hydrogen” in the initial list of project categories in draft WAC 173-444-060(7)(d).

We request language adding an additional project category in the initial list reading “ at least one category pertaining to equipment for renewable natural gas processing, conditioning, and production, or equipment or infrastructure used solely for the purpose of delivering renewable natural gas for consumption or distribution” [RCW 405.020(18)(b)(iv)]

¹ RCW 19.405.010(3) Findings - Intent

² RCW 19.405.020 (18)

Renewable natural gas has a track record and sufficient data in the state to easily determine greenhouse gas emissions reduction from the use of RNG to displace fossil fuels. RNG meets low carbon fuel standards in both the federal renewable fuels program and the California low carbon fuels program. With one of the region's largest producer of renewable natural gas operating in Klickitat County by Klickitat PUD, encouraging investment in expanding that operation, or using the PUD expertise in adding RNG capture and production at other emitters of biogas such as landfills, dairy digesters and sewage treatment plants would meet the test of "significant and swift" reductions in greenhouse gas emissions.

Administrative Simplification

We do continue to express our concern about the administrative burdens contained in the draft rule for verifying investments in, and receiving compliance credit for energy transformation projects (ETPs). ETPs start with an administrative disadvantage against the other two alternative compliance options, either the administrative penalty equivalent or purchase of renewable energy credits. Neither of the other two options require additionality, verification, permanence, "not reasonably assumed to occur absent additional funding in the near future", and other requirements for ETPs. Adding the risk of uncertainty and administrative burden contained in the 10 pages of these rules for ETPs will almost certainly inhibit, if not dry up consideration of any investments by utilities in ETPs.

Accordingly, we request Ecology reconsider every aspect of this rule and streamline where possible the administrative requirements in this draft. Utilities reviewing alternative compliance options including investing in ETPs are highly regulated, with robust public participation processes, including for intervenors with technical experts scrubbing every item in a utility's Integrated Resource Plan, Clean Energy Action Plan, and Clean Energy Implementation Plans.

We endorse the WA PUD Association's request for Ecology to adopt a modified regulatory approach modeled on the Regional Technical Forum used by the Northwest Power and Conservation Council to assess energy conservation and efficiency measures. For virtually all the listed ETPs, experts from around the state could meet and develop a common set of standards.

In addition, the adding of additional third party verification processes for planning and post-acquisition of ETPs on top of the multiple layers of current regulatory processes that include public review of utilities plans, acquisitions and compliance with law is one layer of administrative burden that is unnecessary and will only add costs and uncertainty.

We request amending language as follows to accomplish some easing of the burden, while not sacrificing any verification of ETP's Compliance credits (and this section addresses project plans, including for efficiency and conservation resources, which are already adopted by the Regional Technical Forum as discussed above):

WAC 173-444-070(3)(j)(i)

"Demonstration or attestation of commitment to ~~third party~~ appropriate regulatory verification of the project . . ."

WAC 173-444-080(8)

“The validation step in subsection (7) of this section can be accomplished in one of the following ways, using existing regulatory practices and processes, unless the approving body mandates the use of one of the following approaches:

WAC 173-444-080(14)

(14) After a project is approved by the applicable approving body, and after the project comes into existence and is functioning, the electric utility must ensure, using existing regulatory compliance procedures specific to investor-owned and consumer-owned utilities respectively that:

(a) Proper monitoring of the benefits of the project occur over time. The manner and means by which this monitoring occurs may vary between project types, and will be detailed in the comprehensive protocol.

(b) The benefits of the project are being reported over time to one or more bodies. The manner and means by which this reporting occurs will be detailed in the comprehensive protocol.

(15) After a project is approved by the applicable approving body, and after the project comes into existence, the electric utility must conduct or facilitate a performance verification process to verify the actual benefits of the project over time to the appropriate approving body using existing compliance practices and procedures. The manner, timing, and means by which this performance verification occurs may vary from project type, and will be detailed in the comprehensive protocol. ~~[Delete to the end of the section] but will, at a minimum, require that:~~

~~(a) The third party verifier, or the firm employing the verifier or verifying team, must be accredited or approved by at least . . .~~

These changes are modest, will reduce the number of regulatory oversight processes from 5 (adding a layer of third party verification in the planning stage and after-the-fact compliance practices) to 3 (development of the IRP and CEAP with public review and participation, approval of the Plans by the approving body, and after-the-fact review and approval of compliance with requirements of law) without reducing the oversight, transparency and accountability.

We appreciate consideration of these comments.

Respectfully submitted,

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