



July 14, 2022

Cooper Garbe
Regulatory Analyst, Policy and Planning Section
Washington State Department of Ecology
300 Desmond Sr. SE, Lacey, WA 98503

**RE: COMMENTS OF CENTER FOR RESOURCE SOLUTIONS (CRS) ON RULEMAKING FOR
WASHINGTON STATE'S CLIMATE COMMITMENT ACT PROGRAM (WAC 173-446)**

Dear Mr. Garbe,

CRS appreciates this opportunity to submit comments as part of the informal rulemaking process for the Climate Commitment Act Program, Chapters 173-446 WAC. Our comments focus on implementation of the voluntary renewable reserve account and compliance obligations for certain renewable energy imports.

BACKGROUND ON CRS AND GREEN-E®

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. CRS provides technical guidance to policymakers and regulators on matters related to renewable energy policy design, program implementation, energy and attribute accounting, certificate tracking and verification, market interactions, and disclosures and consumer protection. CRS also administers the Green-e® programs. For over 20 years, Green-e® has been the leading independent certification for voluntary renewable electricity products in North America. In 2020, Green-e® certified retail sales of over 90 million megawatt-hours (MWh), serving over 1.4 million retail purchasers of Green-e® certified renewable energy, including over 104,000 businesses.¹

¹ See the 2021 (2020 Data) Green-e® Verification Report here for more information: <https://resource-solutions.org/g2021/>.

COMMENTS

Voluntary Renewable Electricity Reserve Account

1. Allowances should be allocated and retired for all voluntary renewable energy sales for the lifetime of the program.

The risk of depletion of allowances in the voluntary renewable reserve account may create uncertainty and cause a decrease in voluntary demand, which would not support the state's climate and renewable energy goals.

2. Subsection 173-446-230(2) on allocations of allowances to the reserve account should specify allocations beyond the first compliance period.

"The number of allowances allocated to the voluntary renewable electricity reserve account for the first compliance period will be 0.33 percent of the total annual allowance budget for each year as provided in Table 210-1. "

Rather than setting a fixed amount of allowances to set aside for the VRE reserve account (a fixed percent of the total allowance budget) and requiring the VRE seller, generator, purchaser, or owner of self-generation to apply to the set-aside for in-state voluntary generation, Ecology could gather data on voluntary market transactions in Washington (we can help provide data for the part of the market that is Green-e certified) and make retirements automatically on behalf of the voluntary market. This would remove the application process.

The risk of not having enough allowances in the voluntary renewable reserve account may create uncertainty and cause a decrease in voluntary demand which would be counterproductive to the state's goals. If there are not enough allowances for voluntary renewable energy generation, it could cause certain voluntary programs and voluntary purchases of renewable energy to be ineligible for use in some leadership programs, as well as the Green-e ® Energy program.

3. Please provide more information about the "forecasts of voluntary renewable electricity purchases" referenced in subsection 173-446-250(3)(h). For example, how will they be conducted, how often, and using what data?

A three-year trend of static or decreasing voluntary demand may be followed by a large increase the following year, and forecasting based on historical voluntary purchasing has not always been predictive.

4. Automatically retiring allowances in the reserve account based on independent voluntary market data may have significant advantages over requiring entities to “request” the retirement of allowances.

When voluntary renewable energy market participants must apply to an allowance reserve account to have allowances retired, only a portion of the voluntary market will apply. Though the Green-e® program requires use of a state’s voluntary renewable reserve account (or set-aside) for all certified sales from capped regions, all voluntary sellers and buyers should be using this mechanism to ensure that generation used to meet voluntary demand has an effect on grid emissions and is incremental to the cap, including onsite solar and other distributed generation where the renewable energy credits (RECs) are retained by the consumer. Voluntary purchasers, particularly onsite solar customers, may either not be aware of the voluntary renewable reserve account or are deterred from applying due to its complexity. However, the application process can be removed to make retirements automatic based on voluntary generation and purchasing data that can be obtained from the Western Renewable Energy Generation Information System (WREGIS), certification programs like Green-e®, and/or other data sources for onsite solar. This would allow the voluntary renewable reserve account to cover the whole voluntary market in Washington and ensure voluntary customers get the full avoided emissions benefits of their purchases.

5. Please clarify whether sec WAC 173-446-250(3)(c) allows RE sellers (e.g. utilities and REC marketers) to request allowance retirement through the VRE reserve accounting on behalf of customers/end-users (in addition to the customer's themselves making the request). We recommend that language be added here to explicitly allow sellers to do that on behalf of their voluntary buyers. This is common practice and would specifically benefit small and residential voluntary customers, who would likely not engage in the submission process on their own behalf.

REC Reporting Requirement for Specified Source Imports

6. To avoid double counting, we strongly recommend adding rule language, perhaps at WAC 173-446-030(2) in a new subsection (c), assigning compliance obligations to electricity imports from renewable resources without the associated Renewable Energy Credits (RECs). We further recommend that a list of REC serial numbers associated with specified renewable imports be reported to WREGIS to verify that those RECs are retired (at the time of the import or later) by or on behalf of entities in Washington.

The following language may be considered as an example:

“If Renewable Energy Credits (RECs) were created for electricity reported as specified imported electricity pursuant to WAC 173-441, then the total number, vintage year and month, and serial

numbers of the RECs must be reported in order for an electricity importer to claim a compliance obligation for that delivered electricity that is based on a specified source emission factor. Ecology will provide the REC serial numbers to administrators of the Western Renewable Energy Generation Information System (WREGIS) and confirm that those RECs have been placed in a retirement subaccount for use in Washington.”

RECs are the legally enforceable contractual instrument for verifying delivery of renewable electricity in both voluntary and state compliance programs throughout the West and across the United States. In Washington, RECs are defined as including “all environmental attributes” of electricity generation,² and they are used to track greenhouse gas (GHG) emissions associated with retail sales of renewable electricity and verify compliance with RCW 19.405.040(1)(a) using renewable resources under the Clean Energy Transformation Act (CETA).³

In WAC 173-441 (updated March 2022), “Imported electricity” is defined as “electricity generated outside Washington state with a final point of delivery within the state.”⁴ However, it does not require that RECs associated specified renewable imports be delivered to or used in Washington to assign a specified source emissions factor to the imported electricity. This creates a risk of double counting if the associated RECs are used to demonstrate delivery of the same generation and associated emissions to load or customers in a different state. It is therefore important that compliance obligations be assigned to (i.e. allowance retirements be required for) imports of electricity from renewable resources for which the associated RECs have not been reported and ultimately retired for Washington in WAC 173-446.

We recommend that Ecology standardize REC serial reporting, such that it allows Ecology Staff to identify individual RECs reported with specified imports.

REC reporting, as opposed to retirement, at the time of the import is appropriate to prevent double counting provided that the importer is not itself delivering to load, the REC stays in state, and the electricity is not wheeled out of state as specified electricity. If the importer is delivering directly to end users, including for the Washington RPS, then retirement of the REC should be required to prevent double counting. And if the REC is traded out of state to be used in a different system by either the importer, an in-state load-serving entity (LSE), or other entity after the REC has been reported by the

² Washington RCW 19.29A.010(20), RCW 19.285.030(20), RCW 19.405.020(31) and WASH. ADMIN. CODE 480-109-060(31): “all of the nonpower attributes associated with that one megawatt-hour of electricity.” That which is not included in the “nonpower attributes” included in a REC is specified in WASH. ADMIN. CODE 480-109-060(24)(b). WASH. ADMIN. CODE 480-109-060(24)(b) does not include the direct GHG emissions associated with generation.

WASH. ADMIN. CODE 480-109-060(24)(a): “all environmentally related characteristics, exclusive of energy, capacity reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource.”

Western Electricity Coordinating Council, WREGIS Operating Rules (Jan 4, 2021). Section 2, pg. 10, 13. <https://www.wecc.org/Administrative/WREGIS%20Operating%20Rules%202021-Final.pdf>: “all Renewable and Environmental Attributes of MWh of electricity generation from a renewable energy Generating Unit.”

³ RCW 19.405.040(1)(c).

⁴ WAC 173-441-124(2)(g).

importer to avoid a compliance obligation, then there is double counting. We recommend that the list of REC serial numbers associated with specified imports be provided to WREGIS and that WREGIS be used to confirm that those RECs are retired in Washington or by a Washington user.

Please let me know if we can provide any further information or answer any other questions.

Sincerely,

_____/s/____

Todd Jones

Director, Policy