August 15, 2023

Submitted electronically

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RE: CRS COMMENTS ON ELECTRICITY MARKETS RULE (CHAPTERS 173-441 AND 173-446 WAC). CONSIDERATION OF ELECTRICITY IMPORTS UNDER THE CLIMATE COMMITMENT ACT.

CRS appreciates this opportunity to submit comments on consideration of electricity imports under the Climate Commitment Act (CCA). Our comments focus on the use of renewable energy certificates (RECs) for certain renewable energy imports and coordination with the California Independent System Operator's (CAISO's) Greenhouse Gas (GHG) Coordination Working Group and the Southwest Power Pool's (SPP's) Markets+ GHG Task Force.

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 2021, the Green-e® Energy program certified retail sales of over 110 million megawatt-hours (MWh), representing approximately half of overall voluntary renewable energy purchases in the US, serving over 1.3 million retail purchasers of Green-e® certified renewable energy, including over 309,000 businesses.[1]

REC REPORTING REQUIREMENT FOR SPECIFIED SOURCE IMPORTS

1. To avoid double counting, we strongly recommend adding rule language, perhaps at WAC 173-446-040(3)(e), assigning compliance obligations to electricity imports from renewable resources without the associated RECs. We further recommend that a list of REC serial

[1] See the 2021 Green-e® Verification Report (2020 Data), available at: https://resourcesolutions.org/g2021/.

numbers associated with specified renewable imports be reported to the Western Renewable Energy Generation Information System (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."*

We are aware that the CCA, Washington's cap-and-invest program, is a GHG regulatory program, and we are aware of the distinctions between this type of program and other renewable and clean energy programs that typically use RECs for tracking and compliance. However, GHG reporting and accounting for imported electricity specifically under the CCA does affect RECs and other programs that use RECs both within and outside of Washington, requiring REC serial reporting, dissemination, and ultimately REC retirement in the state of Washington for all specified renewable electricity imports reported in order to avoid double counting. This would not treat or use RECs "as offsets" or in any way reduce reported emissions using RECs, for example based on an avoided grid emissions value of renewable energy. It would simply require that the RECs associated with imported power be retired in Washington (for this or any other program or customer sales) in order to prevent those RECs from being used to report the direct emission or emissions rate of the renewable resource or the associated fuel type outside of Washington, resulting in multiple retail claims on the renewable generation.[2]

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,[3] and they are used to track greenhouse gas (GHG) emissions associated with retail sales of renewable

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[2] For more information, See Guide to Electricity Sector Greenhouse Gas Emissions Totals, Nov. 2022. Available at: https://resource-solutions.org/document/110322/

[3] 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."

electricity and verify compliance with RCW 19.405.040(1)(a) using renewable resources under the Clean Energy Transformation Act (CETA).[4]

Rule language for WAC 173-441 (for reporting emissions) defines "imported electricity" as "electricity generated outside Washington state with a final point of delivery within the state."[5] 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. To avoid double counting, 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.

This interpretation of both imports reporting under the CCA and RECs is consistent with the determinations of both Washington regulators and all other stakeholders during the Clean Energy Transformation Act (CETA) regulatory process. All stakeholders, including the Joint Utilities, agreed that RECs associated with energy sold into California and reported with specified emissions under the California cap-and-trade program (which has similar if not identical reporting requirements for imported electricity) should not be available to be counted toward CETA in Washington, a load-based emissions standard for load-serving entities (LSEs). In other words, all stakeholders recognized that counting the emissions for imported electricity in a state with a cap-and-trade program affects the eligibility of the REC in other states. At an August 12, 2021 workshop on "interpretations of use," the joint utilities proposed to put "strong double counting protections in place" requiring that specified source sales to other states are excluded from all compliance.[6] That included ensuring that RECs associated with specified sales for programs that do not require RECs are also excluded. Use of RECs associated with nonemitting energy sold into California and counted under cap-and-trade was provided as an example of double counting. Regulators in Washington subsequently agreed and determined that those RECs are not eligible under CETA based on its prohibition against double counting, with agreement from all parties. Now, roles are simply reversed: it is Washington that is counting the emissions from imported electricity under the CCA that will affect the eligibility of RECs in other states. 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

[4] RCW 19.405.040(1)(c)
[5] WAC 173-441-124(2)(g).
[6] See Slide 4 of Multi-year Compliance with Annual Surplus Accounting, Joint Utility Compromise Compliance Proposal, August 12, 2021, available at: https://www.commerce.wa.gov/wp-content/uploads/2021/08/Multi-year-Compliance-with-Annual-Surplus-Accounting-Presentation-8-11-21-Final-CLEAN1-Read-Only.pdf

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 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.

These REC reporting and retirement requirements should apply to both direct (e.g. bilateral) imports and market imports, e.g. Western Energy Imbalance Market (WEIM) and Extended Day Ahead Market (EDAM) imports, that are resource-specific attributions of renewable generation (located both inside and outside of Washington State) in the market to Washington State. Washington's rules regarding electricity imports under the CCA should be developed in coordination with ongoing discussions regarding market design at both CAISO and SPP, such that market rules can be created to facilitate REC tracking and reporting requirements in both the CCA and CETA. CRS supports the recommendation submitted by the Public Generation Pool on August 4, 2023, that: Ecology coordinate public presentations and direct discussions with CAISO's GHG Coordination Working Group and SPP's Markets+ GHG Task Force staff before the input meetings for the October draft rule language.[7]

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

Sincerely,
_____/s/_____
Lucas Grimes
Manager, Policy

[7] Public Generation Pool comments on "Stakeholder Process for Electricity Markets Rulemaking," Submitted August 4, 2023, by Mary Wiencke. Available at: https://ag.ecology.commentinput.com/comment/extra?id=9M5UaihD4