



June 2, 2021

**Mark Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE, Lacey, WA 98503**

**Glenn Blackmon
Manager, Energy Policy Office
Washington Department of Commerce
1011 Plum Street SE, Olympia, WA, 98504**

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COMMISSION

Re: Climate Solutions comments in response to the adoption of rules regarding the tracking and accounting of electricity used and provided in energy storage resources, UE-210183.

Dear Mr. Mark Johnson and Mr. Glenn Blackmon,

Climate Solutions thanks you for the opportunity to submit comments regarding rules concerning the tracking and accounting of electricity used and provided in energy storage resources for compliance with the Clean Energy Transformation Act (“CETA”). 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 and achieving science-based greenhouse gas limits. We appreciate the intentional and thoughtful work over multiple years undertaken by the Commission and Commerce (“Agencies”) to develop guidance and rules for utility compliance with CETA. Strong, clear, and consistent regulatory rules and guidance to utilities is critical for maintaining the effectiveness and intent of the law, as well as allowing diverse stakeholders to engage in its implementation without unnecessary confusion due to differing interpretations and approaches to compliance.

Climate Solutions appreciates the Agencies taking the time to provide clarity on appropriate mechanisms to account for and track electricity dispatched through storage resources for CETA compliance. Storage resources can play a critical role in facilitating a decarbonized grid and helping utilities achieve 100% clean energy at the lowest reasonable cost. We see great potential for storage resources to provide significant value to utilities as they integrate a greater share of renewable energy and nonemitting resources instead of continuing to rely on fossil fuel resources. To ensure that storage resources do indeed facilitate the transition to 100% clean energy as CETA intended, it is critical that the Agencies provide clear guidance to avoid creating a loophole for utilities to continue relying on fossil fuels to serve their load. We provide the

following high-level comments on tracking and accounting for storage resources for compliance with CETA, but additionally request that the Agencies provide a subsequent opportunity for more detailed responses after there is further clarity on the Agencies' interpretation of the meaning of "use" of electricity to serve load.

I. Storage resources should not be considered generating resources, but must be charged with renewable energy or nonemitting resources in order for the dispatched energy to be considered a compliant resource under CETA.

RCW 19.405(6)(a)(iii) states "In the acquisition of new resources constructed after May 7, 2019, [electric utilities must] rely on renewable resources and energy storage," insofar as doing so achieves the targets at the lowest reasonable cost. The intent of this language is to ensure that utilities rely on clean energy resources to serve their load, and that storage resources are prioritized over fossil fuel resources for capacity needs and other services to facilitate a transition to 100% clean energy. Therefore, storage resources must be charged with nonemitting resources or renewable energy for the dispatched energy to be considered a compliance resource under CETA. Storage resources charged with emitting resources would not meet the definition of a renewable or nonemitting resource, and therefore should not qualify as a compliance resource for CETA. An interpretation of the law that allows storage resources to be charged with noncompliant resources would result in storage facilitating the continued use of emitting resources, rather than prioritizing storage and clean energy resources over those emitting resources. This plainly contradicts the intent of CETA, which the Legislature specified as intended to combat climate change and provide for carbon-free electricity.

For the purposes of tracking and accounting for energy that is dispatched through a storage resource, storage resources should not be treated as generating resources for compliance. Instead, the resource claimed for compliance should be the resource that charges the storage facility. While a storage facility does not generate electricity, it does dispatch electricity to the grid, and rules must ensure that non-emitting resources and renewable energy is being used to serve load, rather than emitting resources. In order to properly track energy being dispatched through storage resources and used for compliance, the Agencies should, at a minimum, require the following information from utilities: the type of storage resource; all resources being used to charge the storage resource; the geographical location of the resource and where it is interconnected on the grid; the round trip efficiency of the resource; and any other information necessary to demonstrate compliance with CETA's requirement to use clean electricity.

II. The nonpower attributes of nonemitting resources or renewable energy should be created at the point of generation, but should be discounted after dispatch from the storage resource to account for round-trip efficiency losses.

If a utility "uses" energy from a storage resource to serve its load, it must consider the resource's round-trip efficiency. Compliance with the clean energy standards must be determined based on all the electricity that must be generated in order to serve a utility's load, and therefore must account for any efficiency losses that occur between the generation source and the energy

supplied. For example, if a renewable resource generates 100 MWhs of renewable energy to serve a utility's 100 MWh load, and it is dispatched through a storage facility with a round-trip efficiency of 80%, then only 80 MWhs will actually be used to serve customers. The utility will need an additional 20 MWhs of clean energy to serve its full 100 MWh load with 100% clean energy. Providing a utility with credit for 100 MWhs of renewable energy would create a significant loophole for utilities to continue relying on fossil fuel resources for the gap that efficiency losses create. We interpret CETA to require 100% clean energy on a consumption basis, and customers are not consuming power that is lost in the process of storing energy. We also recommend a similar and consistent approach to account for transmission and distribution losses.

As mentioned above, we believe the nonpower attributes associated with the resource that charges the storage resource should be created by the renewable resource charging the storage resource. To account for the efficiency losses, we recommend that the nonpower attributes remain with the energy until after the energy is dispatched from the storage resource, and the nonpower attributes be adjusted to account for any losses that have occurred at the time of dispatch. The utility should only receive compliance credit for renewable energy that actually dispatches to the grid, net of any losses, and is therefore used to serve customers.

III. Storage resources should provide a compliance value for utilities.

The intent and plain language of CETA indicates that storage was intended to facilitate achieving a 100% clean energy grid. Storage resources can provide utilities with a significant compliance value by storing clean energy at times of excess generation and dispatching clean energy at a different time when a utility needs energy. However, if the joint utility interpretation of "use" is adopted, storage resources would not provide this compliance value. Under the joint utility interpretation of "use," utilities would be allowed to retain the nonpower attributes of clean energy during times of excess generation without needing a storage facility to actually dispatch that energy during a time when the energy is needed. This would again allow utilities to continue to rely on fossil fuels to serve load, rather than pairing clean energy with storage resources. For storage resources to actually facilitate the use of clean energy for CETA compliance, utilities should be prohibited from retaining the nonpower attributes from electricity that is subsequently sold and not used to serve their load for compliance. While there are other values that storage resources provide beyond, the intent of CETA's prioritization of storage resources was clearly to facilitate utilities serving their load with 100% clean energy without a continued reliance on fossil fuels.

IV. Determining compliance should not differ between hybrid, co-located, or grid storage facilities.

Because storage facilities are not generating facilities, we recommend that all storage facilities use the same mechanism for determining what share of the energy being dispatched from the storage resource is compliant with CETA. If a facility is charged with all nonemitting and renewable resources, then the renewable attributes associated with the energy dispatched to the grid will all be compliant energy, after adjusting for efficiency losses. Alternatively, if a storage

resource is charged with a combination of emitting resources and CETA compliant resources, then the share of resources dispatched to the grid for compliance should assume the same share of the resources that were used to charge the facility, unless the storage resource owner can demonstrate electricity ownership passing directly from the compliant generation to the utility. While there are various ownership structures of storage resources and the energy resources that charge them, we recommend using the same mechanism to calculate the compliant energy for all ownership structures.

Climate Solutions again thanks the Agencies for taking the time to provide clarity on accounting for and tracking electricity dispatched through storage resources. Storage resources can play a critical role in this transition to 100% clean energy, but clear rules must ensure that loopholes are not unintentionally created that allow a continued reliance on fossil fuels. We look forward to continuing to work through this issue with you.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Hall".

Kelly Hall
Senior Policy Manager
Climate Solutions

A handwritten signature in cursive script that reads "Vlad Gutman-Britten".

Vlad Gutman-Britten
Washington Director
Climate Solutions