

June 14, 2021

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Re: Comments of Renewable Northwest regarding issues related to double counting, market purchases, and the Climate Commitment Act, Docket UE-210183

I. INTRODUCTION

Renewable Northwest thanks the Washington Utilities and Transportation Commission (“the Commission”) and the Department of Commerce (“the Department”) (collectively, “the Agencies”) for this opportunity to comment on issues relating to double counting, market purchases, and the Climate Commitment Act. We also appreciate the Agencies’ response to our June 4, 2021 joint comments with Climate Solutions, Northwest Energy Coalition, and Vashon Climate Action Group, recommending that the Agencies postpone comments and workshops on the interpretation of “use” and compliance with RCW 19.405.040(1)(a) to allow for stakeholder discussions. In accordance with the Agencies’ June 7, 2021 Notice Canceling Workshop on June 9, 2021; and Notice of Revisions to Notice of Opportunity To File Written Comments Issued on May 17, 2021, these comments respond only to questions five through nine of the Agencies’ May 17, 2021 Notice of Opportunity To File Written Comments on Issues Related to Double Counting, Market Purchases of Electricity, and the Interpretation of Compliance with RCW 19.405.040(1)(a) (“Notice”). In some instances, we indicate that we have no response to the Agencies’ questions at this time. All in all, we appreciate the opportunity to provide comments on these important issues as the Agencies work to implement Washington’s nation-leading clean energy standard.

II. COMMENTS

Prohibition on double counting

5. RCW 19.405.040(1)(b)(ii) allows utilities to use unbundled RECs as an alternative compliance option “provided that there is no double counting of any nonpower attributes associated with renewable energy credits within Washington or programs in other jurisdictions.” Please comment on whether the following circumstances should be considered double-counting in this context, assuming in each case that the unbundled REC (RCW 19.405.040(1)(b) is used for compliance with CETA:

a. Electricity from a renewable generating facility is delivered to a California entity and treated as a non-emitting resource for purposes of the California cap and trade program.

Yes, electricity that is delivered to California customers and treated as non-emitting for purposes of the California cap and trade program cannot be considered Clean Energy Transformation Act (“CETA”)-compliant without double counting. A single megawatt-hour of generation from a renewable resource can only be counted as clean for purposes of a single load-based clean energy standard in order to protect against double-counting. If both a Washington utility subject to CETA and a California entity subject to that state’s cap-and-trade program count the same megawatt-hour as clean, then one of those entities is serving customers with power whose emissions attributes are not captured by either accounting framework.

b. Electricity from a renewable generating facility is used by a load serving entity in a jurisdiction with no clean electricity standard, and the entity communicates to its customers or investors that its electricity is from a renewable source.

Yes, generally a claim that electricity is from a renewable source constitutes a claim on the environmental attributes associated with that electricity, such that the electricity could not be considered CETA-compliant without double counting. That said, the Federal Trade Commission’s Green Guide provides for narrow exceptions -- for example, it is not a claim on environmental attributes to communicate that “We generate renewable energy, but sell all of it to others.”¹

c. Electricity from a renewable generating facility is allocated to load serving entities by an independent system operator or regional transmission operator outside the Western Interconnection. The renewable generation is incorporated in aggregated power source information published by the system operator.

¹ 16 C.F.R. § 260.15 at Example 5.

Yes, if the emissions attributes associated with renewable generation are used by an RTO or ISO outside the Western Interconnection to inform the carbon intensity of aggregated generation, then those emissions attributes cannot be used for CETA compliance (e.g. by using a renewable energy certificate or “REC” from the underlying renewable generation) without double counting. That said, we are unaware of any current circumstances where this scenario would be relevant to CETA compliance.

d. Electricity from a renewable generating facility is used by a Washington utility during a compliance period under the Climate Commitment Act to offset generation that it would otherwise obtain from a natural gas-fired generating facility or imports of unspecified power.

Renewable Northwest has no response at this time.

e. If unbundled RECs are separated from the underlying electricity from a renewable generating facility and used for compliance with CETA, are there any other circumstances in which the underlying electricity might be double counted?

Yes, if the underlying electricity associated with unbundled RECs is counted as non-emitting for the purposes of serving a voluntary renewable product or demonstrating compliance with a consumption-based emissions or clean energy standard measured at the point of delivery to end users, but that product or standard does not require RECs to demonstrate compliance, then use of those unbundled RECs for CETA compliance would constitute double counting.

6. How might the implementation of the Climate Commitment Act affect market purchases and their treatment under CETA?

At this time, it is unclear whether and how the Climate Commitment Act (“CCA”) might affect market purchases and their treatment under CETA. In the future, the CCA may affect Washington’s determination of an emissions rate for market purchases from unspecified resources.

7. For any circumstance described above that is identified as resulting in double-counting, please provide a recommended approach by which the operator of the renewable generating facility could demonstrate that the nonpower attributes associated with the unbundled REC are not double-counted.

Double counting is more of an issue at the point of delivery than the point of generation, since ambiguity is created as power flows across the grid and it is difficult or impossible to connect specific electricity that is generated to specific electricity that is delivered. By generating

electricity without emissions and creating RECs under the Western Renewable Energy Generation Information System (“WREGIS”) Operating Rules, a generator is fulfilling its obligations with respect to double-counting. That said, a generator should not separately market its generation as renewable or non-emitting without attaching or bundling the REC or RECs associated with that generation.

8. For any circumstance described above that is identified as resulting in double-counting, please provide a recommended approach by which the utility using the unbundled REC could demonstrate that the nonpower attributes associated with that REC are not double-counted.

A utility should take steps to verify whether any other entities are making claims on the environmental attributes of unbundled RECs the utility proposes to use for compliance with CETA.

Markets Work Group Report

The Commission and Commerce convened the Markets Work Group under RCW 19.405.130(1)&(2). After conducting multiple presentations and workshops the Markets Work Group filed its report in Docket UE-190760 and this docket on May 17, 2021. The Commission and Commerce seek stakeholder input on how the work of the Markets Work Group best informs our rulemaking processes.

9. From your perspective as a stakeholder, what information developed by the Markets Work Group informs the Commission and Commerce rulemaking?

The Markets Work Group process highlighted the issues of double counting and accounting for unspecified market purchases, including the lack of complete stakeholder alignment on some key points. Broadly, the process highlighted the importance of market purchases in balancing our electricity system. The Work Group, however, was unable to agree on the most effective way to account for the unspecified emissions of market purchases to demonstrate compliance with CETA. Similarly, there was disagreement over whether Washington should create rules that may potentially hinder market operation in the near term while relying on the likelihood that markets will evolve to address concerns over market purchases in the future, or whether Washington should instead create rules that allow market operations to continue as they do today while influencing the development of future market structures. Renewable Northwest hopes to work with other stakeholders to identify a solution that supports effective participation in regional markets while holding the utilities to CETA’s clean energy mandates. Finally, RNW appreciates the opportunity to be involved in the Markets Work Group and encourages the state to continue the conversations around how regional markets should evolve to ensure our grid can successfully transition to 100% clean.

Impact of the Washington Climate Commitment Act

The Washington Legislature in 2021 passed the Climate Commitment Act (E2SSB 5126), which includes provisions affecting electric utilities. Section 10(1)(c) requires that the Department of Ecology adopt rules by October 1, 2026, specifying a methodology for addressing imported electricity associated with a centralized electricity market.

10. Are there provisions in the Climate Commitment Act that should be considered in this rulemaking as the Commission and Commerce develop rules defining requirements, including appropriate specification, verification, and reporting requirements, for the following: (a) Retail electric load met with market purchases and the western energy imbalance market or other centralized market administered by a market operator for the purposes of RCW 19.405.030 through 19.405.050; and (b) to address the prohibition on double counting of nonpower attributes under RCW 19.405.040(1) that could occur under other programs?

Renewable Northwest has no response at this time.

III. CONCLUSION

Renewable Northwest again thanks the Agencies both for their responsiveness on the issue of “use” and compliance with RCW 19.405.040(1)(a) and for the opportunity to comment on double-counting, market purchases, and the Climate Commitment Act. We look forward to continued engagement in the Agencies’ CETA-implementation processes.

Sincerely,

/s/ Max Greene

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