



UE-210183

December 8, 2021

Ms. Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Mr. Glenn Blackmon
Manager, Energy Policy Office
Washington Department of Commerce
1011 Plum St SE
Olympia, WA 98504

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COMMISSION

Re: Climate Solutions comments on Draft Rules on Double Counting and Storage, Docket UE-210183.

Dear Ms. Maxwell and Mr. Blackmon,

Climate Solutions thanks the Joint Agencies for the opportunity to submit comments on the interpretation of the Clean Energy Transformation Act's ("CETA") storage and double-counting rules. 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 reductions. Issues around double-counting and what it means to "use" electricity are of paramount importance in implementing the most significant clean electricity legislation the state has adopted. The Legislature's direction to transform the electricity system and ensure near-term progress on the path to full decarbonization is at the core of CETA's purpose.

In general, we support the direction of the draft rules to ensure that nonpower attributes associated with renewable energy are not double counted. We appreciate the overall clarity of the business practice requirements, the indication that the standards are not exhaustive, and that the overall intent to avoid double counting is clear. While we support the general direction, we make recommendations below to ensure double counting is prevented in additional scenarios that are not specifically highlighted.

We have serious concerns about the treatment of storage resources, and the draft rules' lack of incorporating line losses into a utility's compliance obligation threatens the integrity of CETA. The draft rules create a permanent loophole for utilities to continue relying on fossil fuel resources to serve their retail load, which does not align with the statutory language or intent of CETA. We offer the following comments and recommendations below on both double-counting and the treatment of storage resources.

1. Final rules should prevent double-counting of RECs in all clean energy programs, and from renewable resources where the underlying power is not considered zero-emission.

Subsection 2(c) of the draft rules addresses double counting in scenarios where a REC is associated with energy claimed as a “zero-emission source” under a GHG cap program. We appreciate that the rules specifically address this scenario, but there are scenarios in which RECs are generated from resources that may not be considered zero-emission in other states, such as biomass. To more broadly encompass all resources that generate RECs, we recommend broadening this language to incorporate any renewable resource where the emission rate is specified.

Subsection 2(c) also specifies that nonpower attributes cannot be double counted when renewable energy is claimed as a zero-emission source “under a GHG cap program.” We appreciate this clarity, but the rules need to broadly prevent double counting in programs beyond just GHG cap programs where double counting is likely to occur. Other regulatory programs and clean energy laws that are not cap-based, like Oregon’s recently passed 100% clean energy law, also pose a risk of double counting. The statute requires agencies to prevent “double counting of nonpower attributes...that could occur under other programs,” which is not limited to only GHG cap programs. We recommend expanding the language to more broadly prevent double counting of nonpower attributes in all climate and clean energy programs and policies.

2. Rules can and should distinguish between Washington programs and out-of-state programs.

Electricity from a renewable generating facility used by a Washington utility for compliance with CETA can facilitate the same utility reducing its own emissions, and we do not see this as double counting of the nonpower attributes. This situation is unique because the same utility is claiming the renewable generation for compliance with CETA, while also reducing its own emissions to facilitate compliance with Climate Commitment Act (“CCA”). Because the same entity is using clean energy for its own compliance obligations, we do not see this as double counting. This was clearly the legislature’s intent as well, demonstrated by CCA’s allocation of free allowances to utilities up to their greenhouse gas emissions trajectory based on their CETA compliance obligation.

3. Double counting rules should apply to retained RECS, should they be a legal compliance option.

Climate Solutions does not support the use of retained RECs for primary compliance, and we do not believe they are legally allowed under the statute. However, should these attributes be permitted under the final rules, it is critical that the rules clearly prevent double counting of retained RECs. CETA’s prohibition on double-counting is not limited to RECs used as an alternative compliance mechanism and should apply generally to all compliance mechanisms.

4. Final rules must incorporate round trip efficiency losses associated with storage resources to avoid permanently allowing utilities to rely on fossil fuels to serve retail load.

CETA was intended to transform the electricity sector by requiring that all electricity used to serve retail electric load be greenhouse gas neutral by 2030, and be sourced from 100% renewable and nonemitting resources by 2045. As previously stated, this requires that utilities use no more than 20% electricity from emitting resources in 2030 to serve load, and fully rely on renewable and non-emitting resources in 2045 to serve their retail load. In order to achieve the intent of the Legislature to fully eliminate fossil

fuels from the electricity serving Washington customers by 2045, it is critical that rules do not provide loopholes for utilities to continue using fossil fuels to serve Washington customers.

If a utility “uses” energy from a storage facility to serve its load, it must consider the facility’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. If a utility has a 100 MWh load and plans to rely on renewable energy going through a storage resource, it would need to incorporate round-trip efficiency losses when planning to meet its resource needs. If the storage facility has a round-trip efficiency of 80%, then the utility would need to procure 125 MWhs to charge the facility to ensure it can meet the 100 MWh resource need. Providing a utility with credit for more than is dispatched from the storage facility would create a significant loophole for utilities to continue relying on fossil fuel resources to make up for those efficiency losses. To comply with the requirement to “use” 100% clean energy, a utility cannot simply procure 100 MWhs of renewable energy, deliver 80 MWhs of renewable energy after efficiency losses, and rely on 20 MWhs of gas resources to serve their load. This would not meet the definition of serving load with 100% clean energy because a utility is still using noncompliant resources. Instead, rules should make clear that the utility only receives compliance credit for the amount of renewable energy that actually dispatches from the storage facility to serve its load, net of other losses.

The intent and plain language of CETA indicates that storage was intended to facilitate achieving a 100% clean energy grid. Storage resources have the ability to provide utilities with a significant compliance value by being able to store renewable energy at times when its production is in excess of a utility’s need and dispatch energy at a different time. However, under the draft rules, utilities need not serve load with 100% clean energy, and storage investments actually facilitate a utility’s continued reliance on noncompliant resources to fill in gaps in energy generated vs delivered to customers. CETA’s intent was clearly for utilities to utilize storage facilities to help facilitate 100% clean energy, rather than creating a loophole to continue relying on fossil fuels.

Conclusion

Climate Solutions supports the overarching direction of the draft rules on double counting of nonpower attributes, but hopes the Joint Agencies will address the above mentioned concerns. Unfortunately, we do not believe the draft rules regarding storage resources require utilities to actually serve their retail electric load with 100% clean energy, and they create a permanent loophole for utilities to continue serving load with fossil fuels. We hope the Joint Agencies will adjust the final rules to better reflect the intent and requirements of CETA.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Hall". The signature is written in black ink and is positioned above the typed name and title.

Kelly Hall
Washington Director
Climate Solutions