



Department of Energy

Bonneville Power Administration
P.O. Box 3621
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UE-210183

February 9, 2022

Filed Via Web Portal: <https://www.utc.wa.gov/docs/Pages/howToFile.aspx>

Amanda Maxwell, Director and Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

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02/09/22 15:18:47
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UTIL. AND TRANSP.
COMMISSION

RE: UE-210183 Comments to Clean Energy Transformation Act (CETA) January 2022 Draft Rules on Interpretation of “Use” and Prohibition on Double-Counting of RECs

Dear Ms. Maxwell:

The Bonneville Power Administration (BPA) submits these comments in response to the request from the Washington Department of Commerce (Commerce) and the Utilities and Transportation Commission (UTC) for comments on January 19, 2022 draft rules on CETA’s prohibition of double counting of unbundled renewable energy credits (RECs) and the UTC’s interpretations of “use” of electricity. BPA’s sales to Washington utilities amount to roughly fifty percent of the energy consumed in the state. Thank you for the opportunity to share our comments on the January 2022 CETA draft rules.

1. Comments on the UTC’s draft language for the interpretation of “use” of electricity (WAC 480-100-650(2))

BPA takes this opportunity to reiterate its June 29, 2020 CETA comments asking the UTC to avoid a rule interpretation that leads to inefficiencies in organized markets that could result in costly overbuilds of renewable resources and transmission. Organized markets provide valuable benefits. They enable utilities to increase the efficient use of generation and transmission across multiple states to serve broad geographic regions of diverse loads at lower costs to ratepayers and they enable greater integration of renewable resources. Certain transmission requirements may restrict utilities’ ability to participate efficiently in organized markets.

BPA’s current comment is on the language proposed in draft WAC 480-100-650 (2) which reads: “A utility must also demonstrate that it has secured transmission rights or assets to provide feasible transmission for renewable or nonemitting resources to serve its retail electric service obligations.” BPA recognizes that the UTC has modified the requirement for transmission rights with the word “feasible.”

As a key transmission owner and operator in the Pacific Northwest (PNW), BPA recognizes the value that transmission brings to integrating renewable resources to the grid and transmitting carbon-free electricity to loads in Washington. Therefore, if this sentence remains, BPA requests the UTC insert the phrase ‘such as transmission that is other than firm’ in this sentence. That phrase would acknowledge

that variable generators bring value to decarbonize Washington's economy without 24 hours a day, 7 days a week firm access to the grid. Thus, the sentence would read:

Draft WAC 480-100-650 (2): "A utility must also demonstrate that it has secured transmission rights or assets to provide feasible transmission, such as including transmission that is other than firm, for renewable or nonemitting resources to serve its retail electric service obligations."

Solar resources in the PNW may have a capacity factor of 20 percent +/- and wind generators in the PNW may have a capacity factor of 30 to 50 percent depending upon location. Given these capacity factors and the low likelihood of relying on some of these resources to meet peak loads, BPA believes that a utility can have contracts for renewable power delivered to load via a variety of transmission service contracts that do not have to be firm transmission. For example, BPA currently sells transmission service that is "conditional firm" as well as "non-firm." BPA believes policies that recognize the value of transmission, which is less than 100 percent firm, will result in more efficient and economical use of the transmission system and reduce the magnitude of demands for expanding the transmission network, ultimately enabling greater integration of renewable resources.

2. Comments on the UTC's draft language for CETA's prohibition on double counting of unbundled RECs (WAC 480-100-XXX)

First, BPA wants to thank the rule drafters for the language included in the double counting draft rules that acknowledges BPA sells wholesale power from a system of resources and market purchases, and that BPA determines its mix of resources on an annual basis.

Relating to the proposed language for draft WAC 480-100-XXX, BPA suggests UTC include language enabling utilities to demonstrate a REC may be used for compliance when the associated electricity was sold as unspecified power into a state with a GHG program. BPA understands the language to provide for how a utility could use an unbundled REC where the underlying power was sold via a bilateral transaction. UTC should provide a similar path for a utility to be able to use an unbundled REC where the underlying power was sold as unspecified, which could occur on a market platform or organized market where there is no ability for the power to be sold "under a contract expressly stating the fuel source or nonpower attributes are not included." 480-100-XXX(2)(a). BPA recommends the language be consistent with the California Air Resource Board (CARB) and other states' definition of unspecified power: that is, that the power is "not a specified source at the time of entry into the transaction to procure the electricity."¹ Thus, BPA recommends modifying the draft rule as follows:

(2) Except as provided in subsection (4), a utility may use an unbundled REC for alternative compliance only if the utility demonstrates:

a. The associated electricity was sold, delivered, or transferred as an unspecified source of electricity where the power was not a specified source at the time of entry into the transaction.; or

¹ See the definition of "unspecified source" in CARB's Mandatory Reporting Requirements §95102(a) and Oregon Department of Environmental Quality's Oregon Greenhouse Gas Reporting Program, chapter 340-215-020.

b. The utility demonstrates:

- i. The associated electricity was sold, delivered, or transferred without fuel sources or nonpower attributes and under a contract expressly stating the fuel source or nonpower attributes are not included; and
- ii. The associated electricity was not delivered, reported, or claimed as a zero-emission specified source or assigned the emissions rate of the renewable generating facility under a GHG program.

BPA appreciates UTC's staff willingness to engage with BPA on the development of these draft rules and the continued opportunity to provide comments on the implementation of CETA. Please feel free to contact me at 503.230.4358 or Liz Klumpp at 360.943.0157 if you have any questions on these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Alisa Kaseweter", with a long horizontal flourish extending to the right.

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