



CRS

center for
resource
solutions

January 2, 2014

Washington Department of Commerce
Attn: Glenn Blackmon, Meg O'Leary
1011 Plum Street SE
P.O. Box 42525
Olympia, WA 98504-2525

RE: CR-102 Issued November 19, 2013 and WSR 13-23-083

Dear Mr. Blackmon and Ms. O'Leary:

The Center for Resource Solutions (CRS) appreciates the opportunity to comment on the Washington Department of Commerce's (the Department) proposed addition to the initial paragraph of WAC 194-37-120. CRS is a nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change.

CRS administers Green-e® Energy, the nation's leading independent certification and verification consumer protection program for renewable energy sold in the voluntary market. Green-e Energy certifies and verifies roughly three quarters of the U.S. voluntary renewable energy market and an even higher proportion of U.S. voluntary REC sales. The voluntary market supports a large number of renewable energy generators, and according to the National Renewable Energy Laboratory's, the voluntary RECs market results in demand for new renewable energy generation that is similar to all the state RPS policies combined.¹ CRS's role in this market is to protect the voluntary consumer against double counting and false claims, and ensure the purchaser of renewable energy that they are receiving all of the attributes of renewable energy generation that they were promised.

We are writing in support of the Department of Commerce's proposed addition to the initial paragraph of WAC 194-37-120, on page 16 of the CR-102 issued on November 19, 2013. The proposed addition, pertaining to retirement of renewable energy credits (RECs) reads:

A utility using RECs to meet any of the requirements of chapter 19.285 RCW must document that the RECs have been retired pursuant to WREGIS procedures indicating the target year as the compliance period and Washington as the state program.

We support requiring documentation of retirement according to WREGIS procedures when RECs tracked in WREGIS are used to comply with the Washington State renewable energy standard. Consistent use of tracking system procedures across the region promotes liquidity, integrity and transparency in renewable energy markets. This, in turn, allows utilities to confidently use RECs as a cost-effective method for renewable energy standard compliance, and provides assurance to Washington State regulators and rate payers of the delivery and ownership of renewable energy benefits.

¹ Jenny Heeter & Lori Bird, *Status and Trends in U.S. Compliance and Voluntary Renewable Energy Certificate Markets (2010 Data)*, NREL Report No. TP-6A20-52925 at 6.

Industry best practice, and the Green-e Energy Code of Conduct and Customer Disclosure Requirements, consider that REC Retirement occurs when a Certificate is used.

Certificate Retirement: Retirement occurs when a REC is used by the owner of the REC. Use of a REC may include, but is not limited to, (1) use of a REC by an end use customer, marketer, generator, or utility to comply with a statutory or regulatory requirement, (2) a public claim associated with the purchase of a REC by an end use customer, or (3) the sale of or public claim on any component attributes of a REC for any purpose. Once a REC is retired, it may not be sold, donated, or transferred to any other party. No party other than the owner may make claims associated with retired RECs.²

Failure to designate RECs as retired within WREGIS may create confusion with regard to their use for the Washington State program.

If retirement within WREGIS is not required these RECs may be resold or used for purposes other than compliance with the Washington renewable energy standard. This would create the potential for double counting of these RECs, eroding the effectiveness of the Washington program. In addition, if REC retirement in WREGIS is not required for generation that is used for the Washington program, it will create market confusion as to which renewable energy generation is being claimed for compliance with the state program. This will lessen the market value of all Washington-eligible renewable energy generation and potentially eliminate opportunities for Washington generators to sell their RECs in the voluntary market or to other state RPS programs for which they are eligible. The lack of clarity as to which certificates or renewable MWh are being claimed to meet the state program may result in REC marketer's feeling there is too great a risk of double counting therefore avoiding purchase of RECs eligible for the Washington State renewable energy standard. This result would be harmful to both the Washington renewable energy program and for Washington renewable generators.

CRS urges the Department to require REC retirement within WREGIS. The value of using a tracking system primarily is to ensure that the RECs are not being double counted. Allowing RECs to be counted in the Washington State renewable energy standard without appropriate corresponding retirement would defeat the primary purpose and benefit of using WREGIS.

We appreciate the opportunity to comment and thank the Department for its efforts to promote consistent use of regional tracking system procedures.

Sincerely,



Robin Quarrier
Chief Counsel
Center for Resource Solutions

² *Green-e Energy Code of Conduct and Customer Disclosure Requirements*, Center for Resource Solutions 2013, at 3.