



CRS

center for
resource
solutions

January 30, 2015

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

RE: CR-102 Issued January 7, 2015 and WSR 15-02-076

Dear Mr. Blackmon:

The Center for Resource Solutions (CRS) appreciates the opportunity to comment on the Washington Department of Commerce's (the Department) proposed revisions to WAC 194-37-110, 194-37-120, and 194-37-210 related to the implementation of Washington State's renewable portfolio standard (RPS). 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, 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 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 revisions to WAC 194-37-110 and 194-37-120 clarifying that bundled or unbundled RECs² must be used under all three methods for complying with the Washington State RPS,³ and must be retired once they are claimed for compliance under any of these methods. We also support the adoption of WAC 194-37-210, the Department's proposed rule designating WREGIS as the REC tracking system for purposes of REC verification.

We support requiring documentation of retirement according to WREGIS procedures under all three compliance methods when RECs tracked in WREGIS are used to comply with the Washington RPS. Consistent use of tracking systems and procedures across the region promotes liquidity, integrity and transparency in renewable energy markets. This, in turn, allows utilities to confidently use RECs as a

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.

² Washington's RPS uses the phrase "eligible renewable resource" to refer to renewable generation that remains bundled with the environmental attribute, and "renewable energy credits" or "RECs" to refer to unbundled RECs. See, e.g., RCW 19.285.030, 19.285.040(2)(a).

³ The three compliance methods are meeting the target, the cost-cap compliance method and the no load-growth compliance method. *Id.* §§ 19.285.040, 19.285.050.

cost-effective method for renewable energy standard compliance, and provides assurance to Washington State agencies and ratepayers of the delivery and ownership of renewable energy benefits.

Industry best practice and the Green-e Energy Code of Conduct and Customer Disclosure Requirements both 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.⁴

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 RPS. 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 marketers feeling there is too great a risk of double counting, and may avoid purchasing RECs eligible for Washington's RPS as a result. This result would be harmful to both the Washington renewable energy program and Washington utilities and other renewable generators.

CRS urges the Department to adopt the proposed rules requiring REC retirement within WREGIS under all three compliance methods for complying with the Washington State RPS. The value of using a tracking system primarily is to ensure that the RECs are not being double counted. Allowing bundled or unbundled RECs to be counted for compliance with the Washington State RPS without appropriate corresponding retirement would defeat the primary purpose and benefit of using WREGIS, and would undermine the integrity of the Washington RPS itself.

We appreciate the opportunity to comment and thank the Department for its efforts to promote consistent use of regional tracking system procedures and maintain the integrity of Washington State's renewable energy standard.

Sincerely,



Robin Quarrier

Chief Counsel

Center for Resource Solutions

⁴ *Green-e Energy Code of Conduct and Customer Disclosure Requirements*, Center for Resource Solutions 2013, at 3.