

Clean Energy Transformation Act
Rulemaking Workshop – Demonstration of Compliance
Oct. 21, 2019 – 1:30-4:30 p.m.
Wenatchee, WA

Agenda

This workshop was originally described as covering both reporting requirements and demonstration of compliance. However, based on stakeholders' scoping comments, the agenda is limited to issues related to demonstration of compliance. Potential reporting requirements will be discussed at a later workshop.

- 1:30 – Welcome and introductions
- 1:45 – Topic 1: Elimination of coal-fired resources by December 31, 2025
- 2:05 – Topic 2: Documentation of nonemitting electric generation
- 2:25 – Topic 3: Public interest requirements under the Greenhouse Gas Neutral Standard
- 2:50 – Break
- 3:00 – Topic 4: Pursuit of conservation, efficiency, and demand response resources
- 3:25 – Topic 5: Use of electricity from renewable resources and nonemitting electric generation
- 3:50 – Topic 6: Retirement and tracking of renewable energy credits
- 4:15 – Concluding remarks
- 4:30 – Adjourn

CETA Workshop – October 21, 2019

Discussion Topics

1. **Elimination of coal-fired resources by December 31, 2025.** How will a consumer-owned utility demonstrate that it has complied with the requirement in RCW 19.285.030(1) to eliminate coal-fired resources from its allocation of electricity? Should compliance be demonstrated on an annual basis or some other period? How will the demonstration differ if a utility obtains resources includes coal-fired resources in its allocation of electricity to customers of other states? (Is this last question relevant for consumer-owned utilities?)
 - "Allocation of electricity" means, for the purposes of setting electricity rates, the costs and benefits associated with the resources used to provide electricity to an electric utility's retail electricity consumers that are located in this state.
 - (a) "Coal-fired resource" means a facility that uses coal fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.
 - (b)(i) "Coal-fired resource" does not include an electric generating facility that is included as part of a limited duration wholesale power purchase, not to exceed one month, made by an electric utility for delivery to retail electric customers that are located in this state for which the source of the power is not known at the time of entry into the transaction to procure the electricity.
 - (ii) "Coal-fired resource" does not include an electric generating facility that is subject to an obligation to meet the standards contained in RCW 80.80.040(3)(c).

2. **Documentation of nonemitting electric generation.** If a consumer-owned utility includes electricity from the Columbia Generating Station (CGS) in its compliance with the Greenhouse Gas Neutral standard [RCW 19.405.040(1)], how will it demonstrate that (a) the utility used the electricity and (b) the utility's claim on the use of this electricity is unique? What are the transactions in which nonemitting electric generation may be obtained by a Washington utility? Is a utility likely to obtain nonemitting generation from any generating facility other than CGS? What is the appropriate role for the Bonneville Power Administration in demonstrating use of nonemitting electric generation?
 - "Nonemitting electric generation" means electricity from a generating facility or a resource that provides electric energy, capacity, or ancillary services to an electric utility and that does not emit greenhouse gases as a by-product of energy generation.
 - (b) "Nonemitting electric generation" does not include renewable resources.
 - (f) Nonemitting electric generation used to meet the standard under (a) of this subsection must be generated during the compliance period and must be verified by documentation that the electric utility owns the nonpower attributes of the electricity generated by the nonemitting electric generation resource.

3. **Public interest requirements under the Greenhouse Gas Neutral Standard.** How will a consumer-owned utility demonstrate compliance with the requirements in RCW 19.405.040(8) to ensure that all customers are benefitting from the transition to clean energy?

- (8) In complying with this section, an electric utility must, consistent with the requirements of RCW 19.280.030 and section 24 of this act, ensure that all customers are benefitting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.

4. **Pursuit of conservation, efficiency resources, and demand response.** How will a consumer-owned utility demonstrate compliance with the requirements in RCW 19.405.040(1)(a)(i) and (6) to pursue all cost-effective, reliable, and feasible conservation and efficiency resources to reduce or manage retail electric load? For a utility subject to the EIA, is this same requirement as the one in RCW 19.285.040(1)? For a utility not subject to the EIA, what methodology should be required to determine what is cost-effective, reliable, and feasible? How will a utility demonstrate compliance with the demand response requirement?

- (i) Pursue all cost-effective, reliable, and feasible conservation and efficiency resources to reduce or manage retail electric load, using the methodology established in RCW 19.285.040, if applicable;
- (6)(a) In meeting the standard under subsection (1) of this section, an electric utility must, consistent with the requirements of RCW 19.285.040, if applicable, pursue all cost-effective, reliable, and feasible conservation and efficiency resources, and demand response. In making new investments, an electric utility must, to the maximum extent feasible:
 - (i) Achieve targets at the lowest reasonable cost, considering risk;
 - (ii) Consider acquisition of existing renewable resources; and
 - (iii) In the acquisition of new resources constructed after the effective date of this section, rely on renewable resources and energy storage, insofar as doing so is consistent with (a)(i) of this subsection.
- (b) Electric utilities subject to RCW 19.285.040 must demonstrate pursuit of all conservation and efficiency resources through compliance with the requirements in RCW 19.285.040.

5. **Use of electricity from renewable resources and nonemitting electric generation.** How will a consumer-owned utility demonstrate compliance with the requirement in RCW 19.405.040(1)(a)(ii) to use electricity from renewable resources and nonemitting electric generation in an amount equal to 100% of the utility's retail electric loads? What is required in this context to "use" electricity? How is the "use" of electricity affected by purchases and sales of electricity in the wholesale market to balance a utility's customer loads with its portfolio resources on an hour-to-hour basis?

- (ii) use electricity from renewable resources and nonemitting electric generation in an amount equal to one hundred percent of the utility's retail electric loads over each multiyear compliance period.

6. Retirement and tracking of renewable energy credits. Commerce has already designated a tracking system (Western Renewable Energy Generation Information System, WREGIS) for tracking and retirement of RECs used for compliance with the Energy Independence Act (WAC 194-37-XXX). Are there any reasons to make a difference designation for CETA? If not, are there any changes to WREGIS retirement procedures needed to incorporate CETA? Is there any need to distinguish between RECs retired to demonstrate compliance with RCW 19.405.040(1)(a) and RECs retired for an alternative compliance option under RCW 19.405.040(1)(b)?

- "Renewable energy credit" means a tradable certificate of proof of one megawatt-hour of a renewable resource. The certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity and the certificate is verified by a renewable energy credit tracking system selected by the department.
- (c) Electricity from renewable resources used to meet the standard under (a) of this subsection must be verified by the retirement of renewable energy credits. Renewable energy credits must be tracked and retired in the tracking system selected by the department.