Proposed rules on "use of electricity" from Commerce's 08/14/2020 2nd discussion draft

194-40-320 – Use of electricity from renewable resources and nonemitting electric generation [19.405.040(1)]

(1) For the purposes of RCW 19.405.040(1)(a)(ii), a utility uses electricity if it generated the electricity using its own generating facility or if it acquired, in a single transaction, ownership of the electricity and the nonpower attributes of that electricity. If the source of the electricity is outside the Western Interconnection, the utility must have had the capability to provide for delivery of that electricity to the utility's distribution system.

(2) If a utility using electricity as provided in subsection (1) sells or transfers ownership of the electricity to any entity that is not its Washington retail customer, it may not use the nonpower attributes of that electricity for compliance with the GHG Neutral Standard unless the electricity transaction identified the electricity as unspecified electricity and the utility retained ownership of the nonpower attributes.

194-40-410 Use of renewable energy credits other than unbundled RECs

(1) This rule applies to any REC, other than an unbundled REC, used to comply with the requirements of RCW 19.405.040(1)(a) or to demonstrate performance compared to an interim target established under RCW 19.405.060(1).

(2) The utility must acquire the REC and the electricity associated with the REC in a single transaction through ownership or control of the generating facility or through a contract for purchase or exchange.

(3) (a) The electricity associated with the REC must be generated by a generating facility located within the balancing authority area of the utility's Washington operations; or

(b) The utility must acquire the electricity associated with the REC at one of the following points of delivery:

    1. The transmission or distribution system of any utility serving Washington retail customers;
    2. The transmission system of the Bonneville Power Administration; or
    3. If the utility participates in an organized market in the Western Interconnection, the transmission system of any entity in that organized market; or
    4. Another point of delivery designated by the utility for the purpose of subsequent delivery to the utility.

(4) The electricity associated with the REC must be included as a declared resource of the utility in its source and disposition report submitted in compliance with RCW 19.29A.140.

(5) A utility may not use a REC subject to this section if it has sold or otherwise transferred ownership of the associated electricity in a transaction that contractually specifies the source of the electricity by fuel source or as renewable.

Commented [A1]: See 194-40-410 below as an alternative approach, in which case this rule would not be adopted.

Commented [A2]: This rule language is provided as an alternative to the approach in draft WAC 194-40-320.

For ease of reference, an "unbundled REC" is defined in CETA as "a renewable energy credit that is sold, delivered, or purchased separately from electricity." The approach in this draft assumes that an unbundled REC does not include a REC acquired with its associated electricity, regardless of whether the utility uses the associated electricity to serve retail load or uses it for another purpose.

Subsections (3) and (4) are intended to establish a general requirement that renewable electricity counted for CETA compliance is used in the utility's provision of electric service in Washington and to do so without establishing a strict requirement that the utility prove that every MWh was delivered to retail customers. This is intended to allow reasonable flexibility in the management of generating resources that are procured for the purpose of serving Washington retail customers.

Subsection (5) is intended to ensure that claims on renewable resources are not double-counted between Washington and another state that does not rely on RECs for verification of renewable claims.