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Via Electronic Filing

Oregon Public Utility Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398

Re: OPUC Docket UM 2225 – Comments on HB 2021 Straw Proposal on Analytical Improvements

I. Introduction

The Northwest Environmental Defense Center (NEDC) appreciates the opportunity to comment on the UM 2225 Analytical Improvements Straw Proposal Workshop Agenda and Staff's related recommendations.

NEDC is an independent, non-profit organization dedicated to preserving and protecting the natural environment of the Pacific Northwest. NEDC envisions a future in which Oregon leads the nation in developing, implementing, and enforcing strong laws and regulations that protect the environment and human health. NEDC has a long history of advocacy for improved air quality and carbon emissions reductions in Oregon.

We offer recommendations on the treatment of Renewable Energy Certificates ("RECs") and related analytics, "as described in Staff's Straw Proposal," to ensure accurate carbon reductions and data transparency. Accordingly, our comments primarily address Chapter 3, "Additional Data Transparency," Topic 2, "Renewable Energy Credits (RECs)."

II. Renewable Energy Credits (RECs) Should be Retired When the Associated Energy is Used for Compliance with HB 2021 Clean Energy Targets

The Commission should require covered utilities to retire RECs associated with electricity used to meet HB 2021's clean energy goals to ensure robust carbon reductions and remain true to the policy goals of the statute. Mandating retirement of RECs would be consistent with the existing definition of a REC, consistent with the policy of the statute, and consistent with additional provisions in HB 2021.

First, Oregon's Administrative Rules define a REC as "a unique representation of the environmental, economic, and social benefits associated with the generation of electricity from renewable energy."[1] RECs are further recognized by WREGIS[2] as representing "emissions reductions…attributable to" renewable energy generation.[3] RECs, as defined by authoritative sources, represent emissions and other environmental elements from renewable energy. If a REC is not retired, that REC can be sold to other entities, including utilities in other states or businesses, who can then use the RECs to meet clean energy goals. If utilities procure REC-eligible electricity like wind and solar to meet HB 2021 clean energy targets,[4] and fail to retire the associated RECs, others may purchase those RECs. This would lead to double counting, where Oregon electric utilities report nonemitting electricity to comply with HB 2021 clean energy targets, while others purchase the RECs from that same electricity to assert their own clean energy claims.

Additionally, requiring REC retirement will further the policy goals of the statute, specifically that the bill will "eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040."[5] Allowing RECs from electricity sold to Oregon retail electricity consumers to be sold elsewhere and double counted will contravene this policy and undermine the bill's emission targets. The Commission should not permit electricity providers, on the one hand, to use their delivery of zero emissions power to customers in Oregon to comply with HB 2021 and, on the other, to sell RECs representing the same generation to a buyer, potentially in another state. This type of double-counting could allow outside REC consumers—whether other states or private businesses—to continue using fossil fuel electricity, directly contravening the purpose of the statute.

Finally, in acknowledging electric utilities' Clean Energy Plans, the Commission must review whether a plan is "in the public interest."[6] Embedded within this consideration of the public interest, the Commission must consider "any reduction in greenhouse gas emissions that is expected through the plan, and any related environmental or health benefits," as well as "any other relevant factors."[7] Given that a REC represents both emissions and environmental benefits associated with renewable energy, retirement of the REC associated with the clean energy delivered to Oregon customers should be required prior to plan acknowledgement in order to meet the public interest criteria. Additionally, HB 2021 requires that utilities reduce greenhouse gas emissions to eventually be emissions-free by 2040. The most likely interpretation of these emissions targets is that they are regulating the electricity sold to customers.[8]

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[1] OAR 330-160-0015(17); ORS 469A.025.
[2] WREGIS is "the renewable energy certificate tracking and reporting system…for use by states and provinces throughout the western power interconnection," and is the authority Oregon relies on for its REC program and Renewable Portfolio Standards. OAR 330-160-0015(28).
[3] WECC, WREGIS Operating Rules at 10, 11, https://www.wecc.org/Administrative/WREGIS%20Operating%20Rules%202021-Final.pdf.
[4] ORS 468A.410(1).
[5] ORS 469A.405(1).
[6] ORS 469A.420(2).
[7] ORS 469A.420(2)(a); ORS 469A.420(2)(f).
[8] "A retail electricity provider shall report annual greenhouse gas emissions associated with the electricity sold to retail electricity consumers by the retail electricity provider." ORS 469A.420(4)(a).

The Commission may require retirement of RECs as a condition to clean energy plan acknowledgement because this authority is consistent with the bill, including section 7 of HB 2021. Section 7 states that "electricity shall have the emission attributes of the underlying generating resource,"[9] and RECs represent the emission attributes of generation.[10] RECs represent emissions "attributable" to renewable generating resources, so requiring REC procurement and retirement means that the electricity will retain these attributes and is consistent with section 7's language. RECs are a metric, representing both emissions and associated environmental benefits. Thus RECs, and how they are treated by utilities within Clean Energy Plans, are an important analytical metric that the Commission should consider in plan acknowledgement.

III. Greenhouse gas accounting and transparency through west-wide REC accounting

Though retirement of associated RECs is most consistent with the language and the purpose of HB 2021, if the Commission decides that associated RECs are not required to be retired, the Commision should at least require REC transparency through analytics reported within Clean Energy Plans. To best ensure accountability and transparency, the Commission should require electric utilities to report both the amount of REC-eligible electricity sold to retail customers in Oregon to meet HB 2021's carbon goals as well as the electricity for which the utility does not also retain and retire the associated REC. We also encourage the Commission to require reporting of other related analytics, such analytics related to fossil fuel-generated electricity produced in the state and sold elsewhere in order to ensure transparency for Oregon customers.

There are several reasons why it is imperative that the Commission require this reporting as part of west-wide GHG accounting for both RECs and other GHG metrics such as those related to gas-powered electric facilities. Related to RECs, it is vital that Oregon consumers are aware if RECs from electricity procured to serve them are sold elsewhere. Oregon consumers and REC purchasers should know the real value of these certificates and requiring Clean Energy Plans to contain the metrics related to these RECs will help achieve this.

It is also essential that Clean Energy Plans include analytics related to other carbon emissions. First, because gas generating facilities in Oregon will likely continue to operate and produce GHGs, these GHGs should be tracked and reported. Stakeholders should be aware if GHG emissions are being 'offloaded' through delivery of fossil fuel-derived electricity to other states. Next, communities living near fossil fuel plants, which are more likely to be communities of color, and who bear the brunt of fossil fuel emissions[11] deserve to know how and when these facilities are operating, and who is operating them.

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[9] ORS 469A.430 (codified HB 2021, section 7).
[10] WECC, WREGIS Operating Rules at 10, 11, https://www.wecc.org/Administrative/WREGIS%20Operating%20Rules%202021-Final.pdf.
[11] https://www.epa.gov/airmarkets/power-plants-and-neighboring-communities "Minority, low-income, and indigenous populations frequently bear a disproportionate burden of environmental harms and adverse health outcomes…"

Because electricity generation will continue to result in GHGs for the foreseeable future, the Commission should require the disclosure of GHG emissions through Clean Energy Plans for both delivery of electricity in Oregon and throughout the west. So long as PGE and PacifiCorp continue to operate Oregon-based gas-powered facilities in the near term, it is crucial that Oregon constituents understand how Oregon facilities are impacting GHG emissions, both in and out of state. By using CEPs to disclose value chain emissions created during the delivery of energy from Oregon to our neighbors, Oregonians can better understand the scope of the regulated entities' operations and make more aggressive climate goals under HB 2021.

IV. Conclusion

In finalizing its proposals on Clean Energy Plan acknowledgment analytics, we hope that the Commission will consider NEDC's recommendations to ensure accountability and transparency related to RECs, emissions, and HB 2021's clean energy targets for Oregon electric utilities.

Respectfully submitted,

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