

April 11, 2023
Oregon Public Utilities Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398
Submitted electronically via puc.hearings@puc.oregon.gov

RE: 3Degrees Group, Inc.'s Comments in Docket UM2273 in Response to the Scoping Questions in the Investigation into HB2021 Implementation Issues Memorandum

Dear Commissioners,

3Degrees appreciates this opportunity to provide feedback in response to the initial scoping questions posed in the March 16, 2023 memorandum regarding the Investigation into House Bill 2021 Implementation Issues.

1. What open questions or issues need to be addressed or resolved by the Commission?

In line with the comments 3Degrees submitted in Docket UM2225¹, we request that the Commission address the need for clarity on the treatment of renewable energy certificates (RECs) within HB2021. Staff included a related question in its February 9, 2023 Staff Report: *What are the requirements for the use of RECs associated with generation attributed to the utility under the HB 2021 emissions accounting methodology?* However, we recommend this question be rephrased to ensure that the answer provides the needed clarity for the market, in line with our January 11, 2023, comments and others submitted in UM2225. Answers to the question posed by Staff may not directly address the question of whether HB2021 reflects a claim on delivered renewable energy in the state of Oregon. In line with our January comments, we are concerned that this will necessitate adjacent markets to establish their own interpretation of HB2021 compliance and is very likely to lead to inconsistent treatment in the region of RECs from generation counted under HB2021. In addition to this being undesirable from a regional markets standpoint, it is critical that the state of Oregon be responsible for establishing the nature of its program, not other program administrators.

¹ January 11, 2023, comments available at: <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac133544.pdf>
October 31, 2022, comments available at: <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac164057.pdf>
June 10, 2022, comments available at: <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac163511.pdf>

An alternative framing of this question should ensure that the answer will provide clarity on the expected treatment of any RECs associated with generation counted under HB2021.

2. What should be the sequence of issues to be addressed?

We recommend that the question of the treatment of RECs associated with generation counted towards compliance with HB2021 be one of the first questions addressed. Our January 2023 comments outline the negative market impacts of delaying a response to this question. Specifically, the potential for other states to establish their own interpretations of HB2021 and a chilling effect on the regional REC market while counterparties are unable to agree on common contractual terms related to RECs.

In addition, the treatment of RECs from generation used towards HB2021 compliance will have implications for several of the other questions posed by Staff in the February 2023 Staff Report. These include questions on assessing compliance, enforcement mechanisms, interim compliance, and measuring continual progress.

3. What process or processes should be used to address issues?

The process that the Commission uses to address the treatment of RECs from generation used towards HB2021 compliance should involve consideration of the following:

- What is the objective of HB2021?
- Are there risks to being able to achieve the objectives of HB2021 if RECs associated with generation counted towards HB2021 are able to be sold in other markets?
- Are there risks to consumer protection if RECs associated with generation counted towards HB2021 are able to be sold in other markets?

We appreciate this opportunity to provide feedback on the scoping questions and welcome any further questions or discussion on our comments.

Sincerely,

/s/ Maya Kelty

Maya Kelty
Senior Director, Regulatory Affairs
mkelty@3degreesinc.com
628-333-2679