



# Oregon

Kate Brown, Governor



550 Capitol St. NE  
Salem, OR 97301  
Phone: 503-378-4040  
Toll Free: 1-800-221-8035  
FAX: 503-373-7806  
[www.oregon.gov/energy](http://www.oregon.gov/energy)

## Workshop on RECs and the California EIM

Following is a summary of the public meeting held on June 15, 2017 at the Oregon Department of Energy offices in Salem, OR.

### Introductions/Call to Order:

Meeting Called to Order at 1:06pm by Rebecca Smith (Oregon Department of Energy, or ODOE) who introduced the topic of the meeting, Workshop on RECs and the California-based EIM. Rebecca opened the floor to introductions:

#### In Attendance:

Jessica Reichers – ODOE

Mary Weinke – PacifiCorp

Janine Benner – ODOE

Pooja Kishore – PacifiCorp

Robin Freeman – ODOE

Dina Dubson Kelley – Renewable Northwest

Andrew Warren – ODOE

Doris Penwell – Association of Oregon Counties

Rebecca Smith – ODOE

Heather Schrock – Bonneville Environmental Foundation

Lesley Jantarasami – ODOE

Jennifer Joly – Oregon Municipal Electric Utilities Association

Julie Peacock – Oregon Public Utility Commission (OPUC)

#### On Phone:

Christine Mueller – WREGIS

Nolan Moser – OPUC

Emily Lemei – California Energy Commission (CEC)

Catherine Larsen – CEC

Derek Nixon – California Air Resources Board (CARB)

Ben Ohrt – Portland General Electric (PGE)

Bruce True – PGE

Rachel Gold – CARB

Rebecca Brown – PGE

Alisa C. – Bonneville Power Administration

Michael O'Brien – Renewable Northwest

Brent Tarnow – California Public Utility  
Commission (CPUC)

Cameron Yourkowski – Renewable Northwest

Cheryl Cox – CPUC

Todd Jones – Center for Resource Solutions

Ian Bledsoe – Clatskanie PUD

Jason Heuser – Eugene Electric and Water  
Board

Eric Hiaasen – Clatskanie PUD

Trisha Fisher – Puget Sound Energy

### **Background on RECs and the Oregon RPS**

ODOE provided general background on renewable energy certificates in general and in the Oregon RPS:

- Citation of OAR 330-160-0015(15), which defines a “Renewable Energy Certificate,” or REC.
- A REC is generally considered to be a multi-attribute commodity and these various attributes are not disaggregated and sold individually. In other words, a claim on one attribute of the REC constitutes a claim on the entire REC itself.
- RECs are a means of tracking compliance or voluntary action while reducing concerns related to double counting of attributes.

ODOE explained that the genesis for this meeting was the result of a question to WREGIS as to whether RECs associated with renewable energy imported into California via the energy imbalance market (EIM) and counted as zero emissions by CARB as part of their accounting for the California cap and trade program would be considered to have been “claimed.” In a memo, WREGIS indicated that it considers the zero emissions benefits to be included in the definition of a REC and the CARB accounting to be a claim on those attributes, and that the associated RECs should be retired in WREGIS.

Because ODOE refers to WREGIS operating rules in its own administrative rules, ODOE will be participating in stakeholder discussions at WREGIS relating to its memo. ODOE indicated that the purpose of this meeting was an opportunity to better understand stakeholder views on this issue before ODOE participated in discussions at WREGIS.

A stakeholder asked what would be the deliverables of this process – would there be an interpretation from ODOE of its administrative rules? ODOE replied that it was not yet sure where the process would lead, but ODOE will consider the input received from stakeholders today in determining how best to move forward.

### **PacifiCorp EIM Presentation:**

PacifiCorp provided a presentation on RECs Associated with Energy Imported into California via EIM:  
[http://www.oregon.gov/energy/energy-oregon/Documents/2017\\_6\\_PacifiCorpREC\\_Presentation.pdf](http://www.oregon.gov/energy/energy-oregon/Documents/2017_6_PacifiCorpREC_Presentation.pdf)

Stakeholders asked questions throughout the presentation and there was a discussion of market flexibility in the EIM and in the Western region in general. Some stakeholders suggested that if RECs associated with imports into the California EIM are not eligible for other states' RPS programs, it might lead to less participation in the market.

One stakeholder asked whether such curtailment of renewable energy from market participation was happening now and another responded that it seems that it is a potential near-term problem, but not necessarily one presently. Another stakeholder suggested that it is important to think about how a particular decision on this issue will create potential consequences down the road. If there is a regional ISO developed, this issue may come up again. The interplay of multiple, disparate RPS programs and cap and trade programs in an integrated energy market would be very complex.

ODOE was asked about the role that WREGIS plays, and responded that Oregon relies on WREGIS to provide assurance that RECs represent what they are purported to represent. ODOE administrative rules for the RPS refer explicitly to WREGIS Operating Rules, so any changes to WREGIS Operating Rules would also impact ODOE rules.

### **Open Floor Discussion:**

ODOE opened the floor to discussion on the topic and suggested that initial comments should focus on:

- 1) How do we interpret Oregon's definition of a REC? Does it include GHG/zero emission attributes?
- 2) What do we consider a "claim" on the REC?

### **Discussion on Question 1: How do we interpret Oregon's Definition of a REC?**

One stakeholder asked whether zero emissions attributes associated with generation are included in the REC definition in Oregon and/or WREGIS. ODOE answered that neither the ODOE nor the WREGIS definition enumerates every environmental attribute, but the WREGIS Operating Rules are more expansive in that they provide a definition of "environmental attributes" that lists avoided emissions of pollutants.

Stakeholders agreed that it would be helpful to define which attributes are being double counted. Is it the avoided emission benefit? Is it the zero emission profile of the energy? Some other aspect? Clarity from a policy standpoint in terms of what is being double counted was considered important. Stakeholders then discussed the difference between direct and indirect emissions and tacitly agreed that what was relevant were direct emissions, but that ODOE should provide definitions of these in follow-up materials.

In discussing direct emissions, one stakeholder suggested that what ARB is doing is assigning an emissions factor to imported power. This stakeholder suggested strongly that direct emissions should be considered to be included in RECs, and these are the benefits claimed by ARB when assigning an emissions factor.

A stakeholder commented that ARB's carbon accounting acts as claims on the RECs and to use those RECs in other markets would constitute double counting. This is because of ARB's source-based accounting approach. Oregon can choose to still accept RECs that have been claimed – ODOE would have to provide a rationale for why it is allowing double-counting, but this stakeholder maintained that it is important to acknowledge that this would in fact be double counting.

One questioned whether California not requiring retirement of RECs associated with imports equates to double counting in California. Another stakeholder suggested that if the power is imported to California and assigned a zero emission factor, and the REC associated with that power is not also used in California but used elsewhere, then it is double counting.

There were stakeholder questions related to whether curtailment of renewable resources from participation in the EIM was happening right now, if these would be considered "preferred" resources. One stakeholder suggested that it is important to consider if market benefits would be different if more renewables were participating.

A stakeholder suggested being most comfortable with ODOE providing an interpretation of its existing RPS rule, that conversations regarding market hampering may be best for a separate conversation, especially given the narrow scope of this meeting. Conversation should stay within the boundaries of current state policy. Other stakeholders echoed that a more narrow clarification would be the best way to approach this topic.

ODOE was asked whether it was leaning more toward writing a policy statement after the direction of conversation at the meeting. ODOE responded that it was clear that most stakeholders favored an interpretation one way or another from ODOE over continued uncertainty. ODOE will take this preference into account when deciding next steps.

Discussion turned to whether the Oregon legislature is still considering cap and trade legislation, and a stakeholder questioned if any decisions on this question should be held off until Oregon has carbon legislation. Other stakeholders suggested that given that development of any cap and trade program in Oregon would likely take at least two years after passage of legislation, waiting until that time to make decisions on programs that are currently legislatively mandated would be problematic.

### **Discussion on Question 2: What is a "Claim"?**

ODOE opened the discussion on what is a "claim." Discussing direct emissions, if they are one of the environmental attributes represented by a REC, is it considered a "claim" on the environmental attribute to assign an emission factor and count it as zero emission energy for cap and trade?

One stakeholder mentioned that this seems like a clear answer of "yes," and wanted to hear from someone who thinks differently. No stakeholders chose to represent the side of "no," but a stakeholder did suggest that this is a policy choice for Oregon, and that it could go either way.

A stakeholder suggested that it would be helpful to know what exactly makes this double counting. It would be helpful to define "claim" explicitly and state what else may constitute a "claim."

One stakeholder suggested that when ARB attaches zero emission factor to California, the benefit flows through to California. There are other instances where energy is reported as “zero emitting.” For example, FERC form 1 does not provide rules regarding RECs, but utilities report “zero emitting” regardless of what state it is sold to.

However, another stakeholder countered that in this example there is no claim because the utilities are following regulatory reporting requirements, not making any statement about the environmental aspects of that energy specifically. A generator doesn’t need a REC to say they are generating zero emission power – RECs would just indicate that the zero emission power is delivered to or consumed by customers in a particular place. RECs don’t affect a generator owner’s claims on emissions, just determine who can claim delivery and receipt of those emissions and emission factor.

**Next Steps:**

ODOE committed to distributing high-level notes from the meeting and drafting a provisional definitions of terms. These will be distributed along with questions for public comment and then ODOE will decide on how next to proceed and whether more discussion will be needed before making conclusions.