Clean Fuels Program Electricity 2021 Rulemaking

Meeting Summary

Rulemaking Advisory Committee Meeting #3

Oct. 22, 2020
Web-based meeting

State of Oregon
Department of Environmental Quality

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DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.

Meeting Agenda

Time	Topic
9 a.m.	Introductions and Overview
9:05 a.m.	Walk through topics 1 – 2 of discussion paper
10:45 a.m.	Break
11 a.m.	Walk through topics 3 – 5 of discussion paper
11:45 a.m.	Opportunity for Public Comment
12 p.m.	Adjourn meeting

- Discussion paper was provided prior to the meeting for consideration of the participants. The paper was discussed in five topics which are broken out below.
- The questions/comments appear in bold text and DEQ's responses appear in plain text.

Topic 1: Changes to statewide mix and utility specific CI calculations

Regarding the factor of .428 MTCO2/MWh being used to replace Boardman portion in the statewide mix: there appears to be a discrepancy with the table on page 3 of the discussion paper. That number shows the natural gas mix as 169.49 gCO2e/MJ with the .428 MT/MWh factor. The conversion of this shows that the factor for Boardman should be closer to 0.61 MTCO2/MWh. Why is there a difference?

.428 MTCO2/MWh only includes the smokestack emissions. The natural gas mix is referencing the lifecycle emissions which include the upstream emissions.

Will the lag involved in getting the data for statewide mix impact the credit generation for any of the participants?

No, this should not hinder the generation of any credits.

Citizen's Utility Board is generally supportive of going to a 1 year calculation but wonders if there have been proposals to smooth out the effects of a bad hydro. Some credit generators will be able to handle this better than others.

We have been thinking about this issue. We have data with bad hydro years from the past. Year to year variability is generally muted by how CI is determined and the effect of the EER on that calculation, even when there is a bad hydro year. Generally, when there are increases in absolute emissions, this does not necessarily translate into higher CI of the grid mix. Electric vehicles (EVs) are being adopted at a faster rate each year so even in a bad hydro year should not necessarily reduce the amount of credits that are being earned, even if the CI is affected slightly.

Would the proposed CI changes to the statewide mix also apply to the non-residential credits claimed by charging station owners?

Yes, anyone can use the statewide mix but if they are in a territory where the utility has a utility specific mix, they can use that mix.

Reservations were expressed about removing the utility specific CIs from the statewide mix not just in terms of reducing baseline credits but also, because that same statewide CI adjustment would apply to charging station owners in a service area. For instance, a small transit agency in Astoria where they are restricted by location, these are rural areas that are already underserved and furthering that effect of operating a charger in a rural area that gets less usage than one in an urban area would cause additional disparity between urban and rural EV adoption.

There is some disparity. There are also other factors to consider such as that there are also agencies in rural areas benefiting from the low CI of utilities that have opted in to get a utility specific CI.

General comments and concerns on this section

Some concerns expressed about change to composition of the statewide mix – understanding that DEQ has asked that changes be looked at holistically across rulemaking. Thinking about base credit generation and different ways that happens and the different beneficiaries, they haven't seen a clear and direct connection. Happy to look at the suggestions for that connection. If one set of policy changes is to help offset other policy changes, we will need to make sure we are providing for that as policy is developed.

Looking at it holistically, on incremental side COUs and BPA utilities don't really benefit from this area. May make sense to look at it individually but may not make as much sense when looked at separately.

Statewide energy mix that was developed originally took into account data had at time but we have more data now and now we are looking at how the grid mix will evolve over time want to make sure that we are open to looking at that proposal and what the implications are along the way. Want to also be aware of where lower carbon resources are being able to be used and balance that with encouraging electrification across the state. Appreciates concerns being raised but the program does need to evolve to keep up with what is happening and the quality of our data. Leaning in direction of one year time frame and sees rationale for updating the statewide mix.

Support for the work DEQ has done in analyzing the areas that changes can be made. The proposal seems appropriate and wanted to add that the REC retirements could help with the higher CI areas and this will overall benefit the integrity of the program.

Sub-topic: Smart charging

DEQ left a place marker for comments to be made here – we have received some comments but not in time to include them in this discussion.

Would the incremental credits from smart charging be stackable or tradeable? If using RECS and other options together, how would DEQ implement that process?

DEQ is still discussing this and would like comments submitted with ideas that people have on how to do that.

Comments made to the effect that want to continue to look in this area and the impacts to grid and keep this option on the table, if we have appropriate data to support it. There were also offers to help with data if DEQ needed more data to implement this option.

DEQ responded that we do not have the same kind of data that California, where this is already done, has and figuring out time of day generation Oregon and the subsequent CIs for those times would require similar data collection as to what is going on in California.

Topic 2: What qualifies as renewable electricity for CFP?

Would all balancing authorities in right hand picture of slide 19 be included or just the subset listed on the slide?

Only those shown in Oregon and listed on slide, this would not include all of WEC.

As far as the delivery component of the electricity, if the REC has the generating information on it, this should be super easy to get the data. Commenter believes REC includes the balancing authority information. If balancing information is not on the REC, how would we find that information?

DEQ would likely ask the company retiring the REC to ask the agency before trying to retire the REC to ensure the documentation is sufficient to do that and provide the correct level of assurance to the agency. However, we are still working through the process.

Todd Jones, Center for Resource Solution: REC does give the generating information needed.

What is the purpose of Green-e being used if everything is being put in rule?

This would reduce the administrative burden on the agency and be helpful to give DEQ assurance we need because it is certified and they defend validity of that certification claim which is important for integrity of program. Also, their requirements are in line with what DEQ was already looking to do.

Long term impacts of RECs in the program, i.e., 2035. What happens if we get to a place where REC purchasing gets massive within the program? Could there be some modifications added to monitor for effects of that on CFP?

DEQ plans to monitor and assess any effects that changes to the program may cause.

Spatial requirements and restrictions on renewable electricity seem to be more stringent and different than requirements and restrictions for renewable natural gas. Why?

Natural gas does not have as clear and delineated breaks as the electricity system. This provision is similar to California where a good process has been worked out whereas RNG is in a more nascent stage of development.

Would participating entities need to participate in Green-e and what is the cost to attain that certification?

Yes, would need to be affiliated with Green-e. DEQ does not have data on the cost of that certification but that will be part of what DEQ continues to look into as exploring this proposal more.

How does this proposal deviate from the Oregon RPS?

There is different eligibility, they are very close but there are some generation requirements that fit more cleanly with goals for program.

General comments and concerns on this section

Todd Jones – to answer some of the questions being brought up about Green-e:

- In general, yes Green-e can do all the verification for this, even where there are differences between requirements. Green-e would be able to default to most stringent when verifying.
- Can verify where RECs are coming from.
- Distinction between WREGIS and Green-e:
  - Green-e relies on WREGIS tracking system to verify RECs being retired but WREGIS does not verify sales - Green-e does.
  - Having this verification would ensure meeting requirements of program regarding sales by using Green-e. Not only would they verify eligibility and sale of those RECs but could also prevent double counting.
  - Green-e and certification of generators: Green-e does not certify the generators. They list eligible suppliers and require a lot of information from the facility but do not do a full verification of the facility. The entity that is getting credits can choose wholesale level or retail for certification.
    - If it is retail, Green-e requires that RECs be retired and would then work with DEQ to ensure DEQ is getting data that is needed. This process still needs to be worked out given the needs to match up years and how to treat RECs partially used for CFP and partially for other programs.
  - Can Green-e certifiy RECS from self-generation and direct purchases?
    - Green-e can do this but need to work out some details.
  - Would entities need to join green-e?
    - If wholesale credit retirement being conducted, then they would not need to join Green-e.
    - If there is a retail level certification, the credit generator could join Green-e but there is also a scenario where the generator could purchase Green-e certified RECs and retire them in their account. As the retail transaction that would be verified through Green-e and would not have to actually join because it would go through the process for the person they purchased from already who was a member of Green-e.
  - Pricing of certification for Green-e is all publicly available on the website.

DEQ specified that electricity is not currently covered under third party verification, and is trying to get same level of verification for this part of the program and think Green-e can accomplish that.

Would prefer not to require the certification in Green-e. Preference to see any equipment that was installed since 2005 being added in, instead of 2015. Also, would rather see all of WEC siting used and the vintage requirements being extended to 2 years for the ability to report that usage.

Participants commented that while they want to incentivize to cleaning up of the mix, they want the REC transactions to create additionality and are wary of them creating double counting in some instances. For example, Idaho Power Company has announced they are moving towards a 100% clean goal and are still providing RECs. Commenter feels this is a form of double counting because they are

using that to tell customers that they are receiving zero carbon energy but also letting entities purchase RECs to retire against same energy.

Regarding locational requirements of generation and deliverability: would like DEQ to consider that the locational requirement being different than the Green-e requirement would make it more difficult for smaller entities to follow. PacifiCorp operates as one system on both sides of state and balance electricity uniformly – thinks that resources that deliver to both of those sides should be considered.

Comment agreeing with other comments thus far concerning expanding the geographic area to whole WEC to maintain deliverability and to have WEC-wide eligibility. RPS does this, other programs do this instead of using balancing authorities and thinks it would work for this program as well. In addition, regarding placed in service date and vintage years, if these requirements for the program are not following Green-e standards, this would complicate that and would like DEQ to align our standards with Green-e.

Some EVSEs are considering types of RECs that have addtionalities that may be funded through PPA that would otherwise not have been built. Have we considered different geographic areas for others that are having other assurances through other programs?

Concerns were expressed about having Green-e being a requirement in regards to it not being agnostic to any type of generation or fuel technology. Retirement of RECs seems appropriate but may bring back barrier of entry if requiring entities to join Green-e and may not reflect dynamics of Oregon market while adding voluntary requirements for those programs. As to the COD date – does not see how date of when a wind farm was put in should affect its availability for use in program. Will submit comments in written form.

Reasoning behind having a year tied to generators in service date is that while DEQ wants to include benefits of that power would also like to be driving deployment of new renewable sources. Currently do this in other parts of program and would like to parallel on electricity side.

Regarding the deliverability requirement, this must be tracked and retired under WREGIS and RECs can be tagged with e-Tags to follow underlying electricity generation and other data. What is the value added by getting Green-e certification besides the lower administrative burden on DEQ staff? Feels Green-e would also restrict market on basis that would have to buy or sell from others that use Green-e because of the need for that certification.

DEQ feels that using Green-e would help to cut down on any double counting of electricity as this cannot be monitored fully by WREGIS.

General comment that most of what is being described here can be done by WREGIS and does not see value added through Green-e.

General comment to remind everyone of first meeting when talking about the balance between getting this right and simplicity. Would like folks to think about how the specific and very complicated requirements would apply to the smaller and more rural participants in this program – can only get that benefit if they can opt in and operate and this may be prohibitive cost-wise or too complicated. That would further the disparity between larger and smaller participants.

Topic 3: Who is eligible to claim the incremental credits?

DEQ reminded call participants that the CFP scenario tool is only covering residential credits – not the non-residential credits being generated through program.

Under the backstop aggregator model, who would be part of advisory committee and who would have ultimate decision making ability under that model?

DEQ described how the current program works with the backstop aggregator under base credit portion of program. DEQ enters into contract with entity that becomes backstop aggregator. There is a financial audit of what was specified for the program. On an annual basis there is collaboration to do all of that work. This proposal largely follows that framework while adding the advisory committee because DEQ does not want to assert ourselves as experts for what is needed by these communities. DEQ has not determined how many people or exact representation as to committee makeup, so far. Please give comments if you have ideas on what this should look like. DEQ needs to check in to whether the committee makeup and how many people are to be involved needs to be specified in rule or if it is more flexible.

General comments specifying interest in backstop aggregator model and that we are looking at trying to help serve underserved committees. Zero emission vehicles are great for air quality – think utilities have been good stewards of this so far so wants to continue that discussion, too. We need to ensure that the revenue from this would be in Oregon. In addition, ensure that the committee is made up of people from those communities or the community leaders that are representing them.

Topic 4: Changes to the frequency of residential base credit generation

Not many concerns with the current proposal besides the various mechanisms that could be used and if using several approaches need to ensure we can separate out the credits being generated by the different mechanisms. Need to focus on administrative portion of how this will work.

Commenter voiced support for the waterfall approach which has worked well in other parts of the program so far and has allowed the utilities to get support out and into the communities. Would like to keep those benefits in Oregon and feels like this proposal could do that.

Would it be that much more difficult to do this quarterly rather than twice a year?

DMV data does not come to us frequently enough to support quarterly frequency. In addition, if we break up charging too much over the year this could affect the amount of credits that get generated by some participants.

Topic 5: Spending requirements on revenue generated from residential charging credits

Submitting an annual report would be fairly easy for utilities that are under oversight of PUC, as they already submit an annual report to PUC. Would like to request that any report that DEQ asks for does not create duplication with that report.

DEQ plans to align with the PUC requirements for an annual report to not duplicate this effort and place the reports on our site.

Other comments

How long does Green-e certification take?

Green-e certifies on a calendar year basis and are verified the following year. Auditors will have full report by June 1st. More detail is provided on the website as to timelines, etc.

What does the process for certification look like and is this a stipulation in CA? If it is not a stipulation in California, why not?

CA requires that they must meet bucket 1 requirements. We do not have an analogous requirement in Oregon and are trying to provide that through balancing authority. RECs would be generated, purchased, and retired against quarterly charging. Timeline would be worked through with stakeholders.

With respect to equity in EV drivers and lower income EV dwellings: If they don't have smart charging – would the telematics be able to be used? Would that qualify under the automaker model?

For multi-unit dwellings (four units or more), this generation would not be captured under residential, it is captured under non-residential. If charger is 200 feet away from non-residential multi-unit dwelling, could possibly allow that to be counted and registered in program.

For Green-e, there's a process for registering as a certified seller that you undergo once and then there's an annual audit of sales. Generators separately need to submit an online registration/application to Green-e every 2 or 3 years (think of this as equivalent to an RPS certification process).

Could other entities generating credits be included in earning incremental credits (non-residential charging)?

These would apply to base and incremental credits for residential charging and non-residential charging.

Regarding the telematics approach to credit processing as discussed earlier, is DEQ confident the data can be geofenced to specific residences?

DEQ requires latitude and longitude to six or seven decimal points when parties are registering their fuel supply equipment. That would be able to determine the 100-200 foot fence perimeter around those chargers to ensure that residential chargers are not being included. California already does this and DEQ thinks we could do it here, as well.

For CA, must retire RECs once they are entered into WREGIS so, how could that energy be double claimed? How would Green-e help stop that from happening?

There can be a double claim to a carbon free claim. The REC represents the right to claim that electricity associated with that REC. If the power company is saying residential folks are getting zero carbon electricity but if it that same electricity was purchased as a REC then that electricity would be diverted from the residential usage.

Todd Jones describing further differences between WREGIS and Green-e: WREGIS is not a renewable energy standard or verification project. Green-E requires audits against sales in WREGIS and WREGIS provides quality of data and retirement of credits but does not provide any audit of sales. DEQ could perform their own audit but Green-e would cover double selling of credits which is something that neither WREGIS nor DEQ are discussing doing. This audit prevents instances of double claiming against the RECs or underlying electricity which is another thing that WREGIS does not do.

In response to the Idaho Power voluntary target that was brought up earlier, while does not know details of how that program is working, did want to clarify that it may be permissible for those electricity generators to claim the generation towards their 100% renewable goal for their residents and that would not prevent others from retiring RECs as they also purchased the generated power.

General comment that retiring a REC with all environmental attributes including carbon would help prevent those issues being discussed.

Roster of all Zoom participants

First Name	Last Name	Affiliation
Alan	Johnston	City of Gresham, WWTP
Alec	Shebiel	UEC
Alicia	Givens	Public Affairs Council
Amina	Foster	Oregon DEQ
Andrew	Dick	Electrify America
Annabel	Drayton	Policy Associate, NW Energy Coalition
Ashley	Beaty	BTR Energy
Ben	Conte	Exergy Energy
Bill	Peters	Oregon DEQ
Bill	Harris	
Blake	Wojcik	RPMG
Brent	Riffel	SCS Global Services
Chloe	Brown	Oregon DEQ
Christina	Chen	Ramboll
Clarke	Lind	Powerex
Colin	McConnaha	Oregon DEQ
Corbin	Diaz	
Cory-Ann	Wind	Oregon DEQ
Danelle	Romain	Partner, Oregon PUD Association & Oregon Fuels Association
Daniel	Musgrove	
David	Breen	Port of Portland
Elise	Miller	ACT Commodities
Eric	Shierman	Public Utilities Commission
Eva	DeCesaro	Senior Product Manager, PacifiCorp
Evan	Neyland	ChargePoint
Evan	Rosenberg	SRECTrade
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Greg	Martin	League of Women Voters, OR
Henry	Richardson	WattTime

First Name	Last Name	Affiliation
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Jason	Heuser	Eugene Water & Electric Board
Jennifer	Joly	OMEU Director
Jessica	Reichers	ODOE
Jessica	Spiegel	Western States Petroleum Association
Jessica	Zahnow	PacifiCorp
Jim	Lemon	BTR Energy
Jocelyn	Blake	AOC
John	Perona	OLCV, MCAT
John	Thornton	CleanFuture
Joshua	Proudfoot	Principal, Good Company
Julie	Chapman	League of Women Voters, OR
Julie	Witcover	UC Davis
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Kathy	Moyd	League of Women Voters, OR
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Lauren	Slawsky	Oregon DEQ
Lehka	Sridhar	WattTime
Marc	Ventura	Phillips 66
Marcelina	Hundis	PacifiCorp
Marissa	Bach	Shell
Mary	Brazell	Oregon DOT
Mary	Wiencke	PacifiCorp
Matt	Davis	Oregon DEQ
Matt	Solak	
Maya	Kelty	3Degrees
Michael	Graham	Director of Policy & Communications, Columbia Willamette Clean Cities Coalition
Michael	Lemon	
Mike	Freese	Romain Group
Mike	Goetz	CUB
Miles	Pengilly	Forth lobbyist
Nicole	Singh	Oregon DEQ
Nora	Apter	Oregon Environmental Council
Patty	Satkiewicz	PacifiCorp

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Riley	Peck	PacifiCorp
Sarah	Murray	
Sean	Grimes	Exergy Energy
Thad	Kurowski	National Credit Trading & Intermountain, West State Policy Lead Tesla
Todd	Jones	Center for Resource Solutions
Tom	Van Heeke	General Motors
Victoria	Paykar	Climate Solutions
Zepure	Shahumyan	PacifiCorp

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