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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Investigation Re: Carbon Reduction Progress Report Outstanding Issues	DOCKET NO. 24-999-11 <u>PRELIMINARY POSITIONS OF WESTERN RESOURCE ADVOCATES</u>
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INTRODUCTION

Western Resource Advocates (“WRA”) hereby provides initial feedback (“proposals and preliminary positions”) in response to the Commission’s March 8 *Notice of Docket and Technical Conference* in Docket No. 24-999-11 (Investigation Re: Carbon Reduction Progress Report Outstanding Issues). WRA appreciates the opportunity to provide initial input in this matter and requests that the Commission, following the technical conference, provide an opportunity to intervene and ask discovery before seeking final recommendations on how to resolve outstanding issues.

WRA is a non-profit organization that addresses climate change to sustain the environment, economy, and people of the West. We work with decision-makers and other advocates to advance clean energy, protect air, water, and wildlife—and sustain the lives and livelihoods of the West. Our Clean Energy Department includes policy experts, economists, and attorneys and develops and implements evidence-based solutions to realize the benefits of a

decarbonized electricity system that is reliable and economic for customers. WRA’s interest in providing initial comments in this docket is to support clarity and transparency around the renewable attributes of PacifiCorp’s resource mix and the reporting filed pursuant to U.C.A. Title 54 Chapter 17 Part 6. Accounting for the renewable attributes associated with electricity generation – for example, as guided by *Utah’s Carbon Emissions Reductions for Electrical Corporations* act, also known as Utah’s renewable portfolio standard – can be messy and confusing. The principles guiding these comments include ensuring renewable/non-power attributes associated with electricity generation are not double counted and providing customers with accurate and transparent information about the resource mix serving them.

BACKGROUND

Utah’s renewable portfolio standard, entitled *Carbon Emissions Reductions for Electrical Corporations*, is found in U.C.A. 54-17-602 and states: “To the extent it is cost-effective to do so, *beginning in 2025* the annual retail electric sales in this state of each electrical corporation shall consist of *qualifying electricity or renewable energy certificates* in an amount equal to at least 20% of adjusted retail electric sales.” (Emphasis added.) The statute defines qualifying electricity as coming from an enumerated list of resources and describes how cost-effectiveness should be determined. 54-17-602. The statute distinguishes between and applies slightly different standards to electrical corporations that are cooperative associations and ones that are not (i.e. PacifiCorp). *Id.* U.C.A. 54-17-604 requires utilities to report on progress toward the standard (“compliance”) until 2026, with 2025 being the final calendar year for which reporting is statutorily required. There are no potential penalties for non-compliance with the standard except for calendar year 2025. *Id.*

For the 2025 compliance year, adjusted retail electric sales will be calculated using calendar year 2022. 54-17-602. Thereafter, adjusted retail sales will be based on the calendar year 36 months before the compliance year. *Id.* U.C.A. 54-17-602 contemplates that the “annual target from one year to the next” may increase, but not above 17,500 MWh or 20% of the prior year’s amount.

On December 29, 2023, PacifiCorp filed its *2024 Utah Carbon Reduction Progress Report* (“2024 Progress Report”) pursuant to U.C.A. 54-17-604. According to PacifiCorp’s report, adjusted retail sales in 2022 were 25,147,945 MWh such that the 20% target for 2025 is just over five million MWh of qualifying electricity or renewable energy certificates (RECs). 2024 Progress Report, page 8. In *Exhibit A*, PacifiCorp provided information about its compliance with the 2025 target showing that it is well-positioned to exceed the 20% target using various methods of accounting for renewable energy attributes:

- Estimated qualifying MWh of banked WREGIS certificates from 2007-2022: over 14 million MWh;
- Estimated qualifying solar generation from 2007-2022 before application of the 2.4 multiplier: nearly 5 million MWh;
- Total estimated qualifying MWh from 1995-2025, inclusive of actual and projected banked renewable electricity from eligible renewable energy sources, factoring in the application of the 2.4 solar multiplier: more than 38 million MWh.¹

¹ Exhibit A, page 12. “The allocation of resource generation for Utah is based on the 2020 Protocol. The amounts are estimated based on historical allocation factors. For years 2001-2005, fiscal year end factors are used; in other years, including forecast years, calendar year end factors are applied.” *Id.* “For the timeframe covered in the analysis, the Company reduced the generation output by the amount of RECs that were or are forecast to be monetized. For the historical period through 2022, REC sales allocated to Utah are estimated based on the actual total company REC sales for each given year. In years 2023 through 2025, the analysis includes a forecast amount of RECs that may be sold, and estimated the Utah allocated amount. The Company also reduced the generation output in years 2023-2025 by the amount of forward REC retirement commitments on behalf of its customers.” *Id.*

On March 8, 2024, the Commission issued a *Notice of Docket and Technical Conference* and sought stakeholder input on the following four issues:

1. Recognition or issuance of RECs that predate WREGIS certification;
2. How credit will be applied toward the target for the 2.4 multiplier for the amount for photovoltaic and solar energy as contemplated in U.C.A. 54-17-603(6);
3. Clarification on whether the 20 percent target becomes an annual target after 2025 under U.C.A. 54-17-602; and
4. Whether additional action on the process for issuance, monitoring, accounting, transfer, recognition, and use of RECs is necessary.

WRA addresses each topic below. At a high level, WRA recommends that the Commission clarify how PacifiCorp should report on compliance with the 20% by 2025 renewable portfolio standard in its Final Progress Report in July of 2026. WRA also recommends that the Commission require reporting on the renewable attributes of PacifiCorp's generation resources in subsequent years to track PacifiCorp's ongoing progress with the standard.

1. Recognition or issuance of RECs that predate WREGIS certification.

U.C.A. 54-17-603 directs the Utah Commission to establish a process for issuance or recognition of renewable energy certificates (RECs) and allows the commission to use WREGIS to satisfy this part. The statute specifies that RECs shall be issued for qualifying electricity generated as far back as January 1, 1995, so long as the energy was generated within WECC or delivered to the relevant electrical corporation and still has its renewable attributes. 54-17-601(7) and 54-17-603(4). RECs do not expire and may be banked, but older banked RECs should be used before newer banked RECs for compliance. 54-17-602(5). The total amount of unbundled RECs must not exceed 20% of the annual target. *Id.*

WREGIS has been tracking generation in the Western Interconnection and creating renewable energy certificates since June 25, 2007. 2024 Progress Report, pages 6 and 8 (note 14). Renewable energy certificates are tradable instruments that represent exclusive property rights to the environmental, social, or other non-power attributes of electricity generation.² RECs are tradable either bundled with or separate from their associated electricity (“unbundled”).

A REC, depending on the market in which it is generated, may include the following and other attributes: certificate data, certificate type, tracking system ID, renewable fuel type, renewable facility location, nameplate capacity of project, project name, project vintage, generation certificate vintage, certificate unique identification number, utility to which project is interconnected, eligibility for certification or RPS, and emissions rate of the project.³ It is WRA’s understanding that settlement quality meter data is required for WREGIS certification.

From a practical perspective, WRA questions whether PacifiCorp has the data necessary for the Commission to certify the renewable energy attributes of qualifying energy generation prior to 2007. WRA also questions whether it is worth the cost and effort for the Commission to develop a process to certify the renewable attributes of energy generated between 1995 and 2007 when PacifiCorp can comply with the 2025 target almost three times over with banked WREGIS certificates. According to PacifiCorp’s 2024 Progress Report, PacifiCorp has over 14 million

² <https://www.epa.gov/green-power-markets/renewable-energy-certificates-recs#:~:text=A%20renewable%20energy%20certificate%2C%20or,attributes%20of%20renewable%20electricity%20generation>. RECs are tradable either bundled with or separate from their associated electricity. Generally speaking, renewable energy certificates were created as a mechanism to add value to renewable energy generation and therefore increase development of such resources when they were more expensive than traditional fossil fueled resources.

³ *Id.*

MWh of banked WREGIS-certified RECs (from generation between 2007 and 2022) to comply with a standard that requires just over five million MWh in 2025.

WRA's Preliminary Position: WRA believes more information is necessary before making a final recommendation about whether and how the Commission should develop a process for certifying pre-WREGIS RECs. Because PacifiCorp can comply with the target amount of electricity in 2025 using WREGIS-certified RECs it is not necessary for the Commission to certify additional RECs associated with pre-2007 generation. (WRA addresses post-2025 compliance in sections 3 and 4.)

WRA Questions:

- a) Why are the MWhs of qualifying electricity in Exhibit A estimates? What actual data does PacifiCorp have on MWhs that may qualify to meet the 20% renewable target?
- b) What data does PacifiCorp have related to energy generation between 1995 and 2007?
- c) For what years between 1995 and 2007 does PacifiCorp have settlement quality data, the type of which is sufficient to certify renewable attributes through WREGIS?
- d) To the extent PacifiCorp has data that could support certification of renewable attributes, what process does PacifiCorp propose for certifying such renewable attributes, and what data does PacifiCorp propose to provide?

2. How credit will be applied toward the target for the 2.4 multiplier for the amount for photovoltaic and solar energy as contemplated in U.C.A. 54-17-603(6).

U.C.A. 54-17-603(6) specifies that a multiplier of 2.4 shall be applied to solar generation for purposes of Commission-issued RECs. This policy to multiply the renewable attributes of

solar generation was likely an effort to magnify the value of solar resources and thereby encourage their development when solar resources were more expensive than other forms of generation; however, by definition, it more than double counts the renewable/non-power attributes associated with solar generation.

The owner of a REC has the exclusive legal right to claim the renewable attributes of a MWh of generation and accurate REC accounting is important for a clear understanding the renewable attributes associated with a utility's resource mix. A utility that sells the renewable attributes, or RECs, associated with electricity generation from a wind or solar resource, for example, can no longer claim that energy as renewable. Applying a multiplier to environmental attributes associated with a MWh of generation is misleading and WRA's general position is that REC multipliers should be phased out now that they are not necessary for incenting renewable resource development.

However, U.C.A. 54-17-603(6) does not provide for a phase out of the 2.4 solar multiplier; therefore, WRA supports PacifiCorp's practice of reporting qualifying solar generation with and without the multiplier to provide transparency into the actual MWh of solar generation. In order to be consistent with the Commission's use of WREGIS for tracking RECs, WRA recommends that PacifiCorp only apply the multiplier to eligible solar generation for which it also retires a WREGIS-certified solar REC. It is not clear from Exhibit A whether the nearly five million MWh of eligible solar generation between 2007 and 2022 have retained their renewable attributes through WREGIS RECs.

WRA's Preliminary Position: In its Final Progress Report, PacifiCorp should continue to report qualifying MWh of solar generation, for which it has WREGIS-certified RECs, with and

without the 2.4 multiplier. While MWh of qualifying solar generation multiplied by 2.4 is required by the statute, MWh of qualifying solar generation without the multiplier is more accurate and informative. In both cases, PacifiCorp should only report on and apply the multiplier to solar generation that has retained its renewable attributes (i.e. has bundled RECs).

WRA Questions:

- a) Why are the MWhs of qualifying solar electricity in Exhibit A estimates?
- b) For what amount of eligible solar generation does PacifiCorp have banked bundled WREGIS-certified RECs?
- c) Does PacifiCorp have banked unbundled WREGIS-certified RECs from solar generation? What is the vintage of those RECs?

3. Clarification on whether the 20 percent target becomes an annual target after 2025 under U.C.A. 54-17-602.

WRA agrees with PacifiCorp that “a plain reading of the [Utah RPS] statute suggests that the 20% target is an annual requirement.” 2024 Progress Report, page 6. Indeed, the statute contemplates that the requirement could be increased by the Commission, within specific limits. 54-17-602(1)(c). WRA also agrees with PacifiCorp that the statute includes potential penalties for non-compliance only for calendar year 2025. The statute also does not enumerate specific reporting requirements for the years following 2025. 54-17-604. The clear implication of these provisions is that the Commission may initiate additional processes for purposes of tracking compliance with the Utah RPS, or even for increasing the renewable target from year to year.

WRA’s Preliminary Position: the Commission should establish reporting requirements for years following calendar year 2025 to track PacifiCorp’s continued progress toward meeting or exceeding the 20% renewable portfolio standard.

4. Whether additional action on the process for issuance, monitoring, accounting, transfer, recognition, and use of RECs is necessary.

Consistent with our position that the Commission should establish reporting requirements for future years, WRA recommends the Commission initiate additional action related to the process for monitoring, accounting, transferring, recognizing, and using RECs. WRA suggests straightforward reporting on PacifiCorp's annual MWh resource mix (system-wide and allocated to Utah), specifying to what extent renewable attributes (RECs) have been retained or retired for mandatory or voluntary renewable energy programs or transferred or sold on behalf of customers. In this way, the Commission and public will have more information about whether and to what extent PacifiCorp's annual generation is legitimately designated as renewable.

As stated above, A REC represents the legal right to claim the renewable attributes associated with electricity generation. RECs are tradable either bundled with or separate from their associated electricity. Because the owner of a REC has the exclusive right to claim the environmental attributes of a MWh of generation, accurate REC accounting is important for understanding the environmental attributes associated with a utility's resource mix. A utility that sells renewable attributes associated with electricity generation can no longer claim that energy is renewable.

WRA's Preliminary Position: WRA requests an opportunity to submit discovery to PacifiCorp and file comments with the Commission on what future reporting requirements are appropriate.

5. Other issues presented in PacifiCorp's filings.

PacifiCorp's March 27 *Comments in Advance of the Technical Conference* ("March 27 Comments") comments in this docket as well as in the 2024 Progress Report highlight other

complicated issues associated with using RECs to account for renewable attributes for making claims of renewable attributes. Double counting renewable attributes is easy when there is not significant transparency into REC accounting. For example, in its 2024 Progress Report and again in its March 27 Comments, the Company requests clarification about RECs that are retired for the Company's various voluntary renewable programs, such as Blue Sky, Subscriber Solar, and voluntary renewable tariffs and whether associated megawatt-hours can be taken as a reduction from and/or applied to the target." The Company appears to intend, for example, that the renewable attribute of a single MWh may be applied to the 20% target as well as a voluntary renewable program. While the statute does not make this issue clear, WRA recommends that the Commission prioritize simplicity and transparency in REC accounting and making safeguards to avoid double counting renewable attributes.

WRA Questions:

- a) How and to whom does PacifiCorp demonstrate compliance with its voluntary renewable energy programs?
- b) Does PacifiCorp retire WREGIS-certified RECs for voluntary programs?
- c) What information about voluntary renewable program compliance is publicly available?
- d) What does PacifiCorp mean by "RECs that predate WREGIS"? Is PacifiCorp using the term "REC" as equivalent to renewable attributes for which no WREGIS certificate has yet been issued?

CONCLUSION

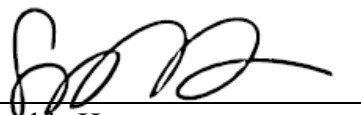
WRA appreciates the opportunity to provide initial comments in this docket and requests that the Commission provide an opportunity to intervene and ask data requests of PacifiCorp in order to develop more informed specific recommendations.

WRA's preliminary positions are as follows: (1) WRA believes more information is necessary before making a final recommendation about whether and how the Commission should develop a process for certifying pre-WREGIS RECs. (2) In its Final Progress Report, PacifiCorp should continue to report qualifying MWh of solar generation, for which it has WREGIS-certified RECs, with and without the 2.4 multiplier. (3) The Commission should establish reporting requirements for years following calendar year 2025 to track PacifiCorp's continued progress toward meeting or exceeding the 20% renewable portfolio standard. (4) WRA requests an opportunity to submit discovery to PacifiCorp and file comments with the Commission on what future reporting requirements are appropriate.

Dated this 29th day of March 2024.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket No. 24-999-11

I hereby certify that a true and correct copy of the foregoing was served by email this 29th day of March 2024 on the following:

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