

# **Joint Comments of the Green Power Institute and the California Biomass Energy Alliance on Needs Assessment for a Western Renewable Energy Generation Information System (WREGIS): Draft Report**

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Respectfully Submitted by:

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## **Introduction**

A number of Western states have enacted RPS programs over the last few years, and some of the programs, including California's, permit interstate transfers of renewable energy to count towards RPS requirements. Thus, a common Western system for issuing, tracking, and retiring RECs would benefit all of the Western states. A WREGIS focused on RECs is well worth development.

## **Need for a Clear Objective**

The *Needs Assessment for a Western Renewable Energy System Generation Information System: Draft Report* describes an ambitious program, to say the least. While the development of a multidimensional western renewable database is a laudable goal, in today's environment of limited budgets it may not be a realistic goal. In California today

it is imperative to design and implement as quickly as possible a REC-based accounting system that fulfills the requirements of the state's RPS program. Other Western states share a similar imperative. Designing a common Western system for issuing, tracking, and retiring RECs is far superior to separate, and possibly inconsistent, individual state-based systems. This should be the major focus of the effort for the present time. The system should be designed for flexibility and expandability, but for now, extraneous features (features not directly related to REC accounting) should not interfere with the essential task.

### **Definition of a REC—What it Means to Be “Whole”**

It is difficult indeed to discuss a REC accounting system without first defining a REC. In California, the definition of a REC is being actively litigated at the present time, and most likely will be determined sometime in the next several months. The *Needs Assessment* takes the approach of defining a REC to “contain all the energy-related environmental benefits,” and recommends that only “whole” RECs be accounted for in the WREGIS system. The GPI and CBEA take a very different approach to defining the REC, one for which the concept of a disaggregated REC does not exist.

The GPI and CBEA recommend that for purposes of the WREGIS system, a REC be defined as narrowly as possible, to include only the minimum package of “attributes” that is specifically determined to be required of energy providers in order to meet their RPS program requirements. Assuming that the CPUC determines that environmental co-products of renewable energy production, such as reduced emissions associated with biomass power production due to diversion of agricultural residues from open burning to fuel use, are not “attributes” that are required for RPS compliance,<sup>1</sup> these “attributes” should not be part of a REC. If RECs are defined narrowly to include only that which is determined to be necessary for RPS compliance, there will be no issue of whole vs. disaggregated RECs.

### **No Biomass Facility Emissions Reporting**

The *Needs Assessment* calls for biomass emissions to be reported to the WREGIS database, while none of the other renewables are required to report on their environmental impacts. This singling out of biomass is unwarranted. The WREGIS system should track RECs, not a smorgasbord of environmental impact categories.

When this subject was brought up at the October 30 CEC workshop, the response was that biomass emissions were included because the Oregon renewables program requires biomass facilities to meet specified emissions standards in order to participate. Many of

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<sup>1</sup> See *Comments of the Green Power Institute on the Proposed Decision of ALJ Allen: Order Initiating Implementation of the Senate Bill 1078 Renewable Portfolio Standard Program*, filed in CPUC Proceeding R.01-10-024, June 9, 2003.

the WGA states have imposed various specific requirements of this nature that go beyond the general standards of the regional programs as a whole. There is no need for WREGIS to contain emissions data for all western biomass generators in order for some of them to participate in the Oregon program. Biomass generators who want to participate in Oregon's program will no doubt have to get certified in Oregon, and that certification process almost surely will not be conducted on the basis of emission data contained in the WREGIS system. What WREGIS can usefully do is include a checkmark system for keeping track of generators that are certified for Oregon's biomass specifications, and for any number of other state-specific qualifications found around the region that need specific certification. The underlying data needed for such certifications do not need to be included in WREGIS.

### **No Emissions Offsets**

WREGIS should not track emissions offset data, for the same reasons that it should not track biomass emissions data. If and when markets develop for emissions offsets, those markets will have to design their own compliance and verification systems. In California most of the parties participating in the RPS proceeding, including the GPI and CBEA, favor making much of what might be considered "emissions offsets," specifically the indirect, or avoided-fossil-fuel-related offsets, an essential component of the REC. Whether or how WREGIS might contribute to this process is difficult to anticipate in advance of the creation of the systems. We recommend focusing on designing a robust accounting and tracking system for RECs.

### **No Unverified or Extraneous Data**

Compliance with RPS programs is a matter of law. In order for these programs to work, they need an accounting and verification system that is trusted by all market participants. Loading up the database with extraneous and unverified data can only compromise its essential mission.

### **RECs, Time Intervals, and Dates**

A REC corresponds to a specific amount of renewable power, probably 1 MWh, generated during a specific time interval in a specific place. Thus, there is no need for RECs to have a time span. They will be dated, and their use will depend on the requirements of the various programs that use RECs as a trading tool. The California RPS program, for example, requires regulated energy providers to procure specified quantities of RECs each year, with various carryover provisions. Thus, a given year's procurement target has to be met with RECs generated in that year, or RECs banked from surpluses in previous years. Deficits that are carried forward subject to the program compliance rules will be satisfied by future-year RECs.

## **Conclusion**

A region-wide tracking and accounting system for RECs will benefit all energy providers that are obligated to meet RPS requirements, as well as others who want to verify green product claims. While designing the system for future flexibility and multi-functionality are laudable goals, limited time and funding should clearly focus the project on its essential function: issuing, tracking, and retiring RECs, with RECs defined as narrowly as possible to include only those attributes that are determined to be required for RPS program compliance, with a robust, reliable, and verifiable system.