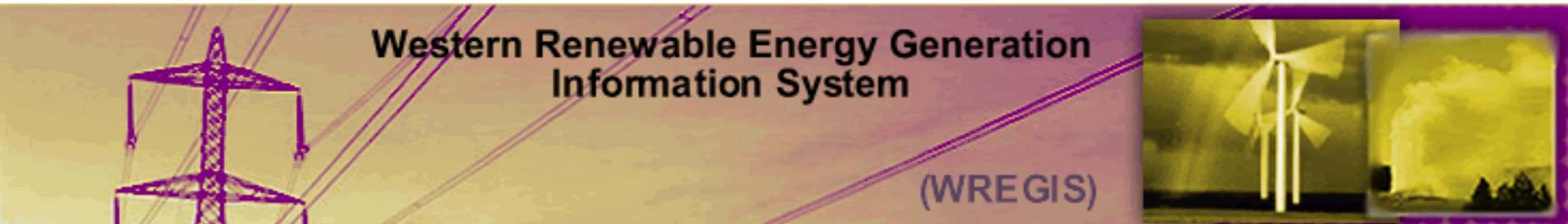


Western Renewable Energy Generation Information System (WREGIS)



**Presentation to the
Committee on Regional Electric Power
Cooperation**

**San Francisco, CA.
March 26, 2004**

Outline of Presentation



- WREGIS 101
- Why WREGIS and RECs Are Important to Regulators.
- Progress and Future of WREGIS

WREGIS 101

Western Renewable Energy Generation
Information System

(WREGIS)



Tim Tutt
Technical Director
Renewable Energy Program
California Energy Commission

What is WREGIS?



- Western Renewable Energy Generation Information System
- Stakeholder-driven process to establish:
 - ✓ A certificates-based renewable energy generation database, and
 - ✓ Registry for Renewable Energy Certificates (RECs)
- “Voluntary” banking system that accounts for RE transactions using renewable energy certificates
- Policy and technology neutral

What WREGIS is Not



- WREGIS is NOT a trading platform for renewable certificates
- WREGIS WILL support both voluntary and regulatory markets for renewable energy certificates

WREGIS Policy Drivers



- Western Governor's Association (WGA) Policy on renewable energy certificates
- Western Regional Air Partnership (WRAP) policy support for renewable energy as an air pollution prevention strategy.
- California RPS: SB 1078

Sponsors



Western Governors Association

“Western Governor’s support creation of an independent, regional generation tracking system to provide data necessary to substantiate ... generation from renewable resources and support verification, tracking and trading of RECs.”

<http://www.westgov.org/wga/policy/03/roadmap3-19.pdf>

Sponsors



California Energy Commission

“The Energy Commission shall:

(b) Design and implement an accounting system to verify compliance with the renewables portfolio standard by retail sellers, to ensure that renewable energy output is counted only once **for the purpose of meeting the renewables portfolio standard of this state or any other state**, and for verifying retail product claims in **this state or any other state**.]”

<http://www.westgov.org/wieb/wregis/Phase2Final.pdf>

Sponsors

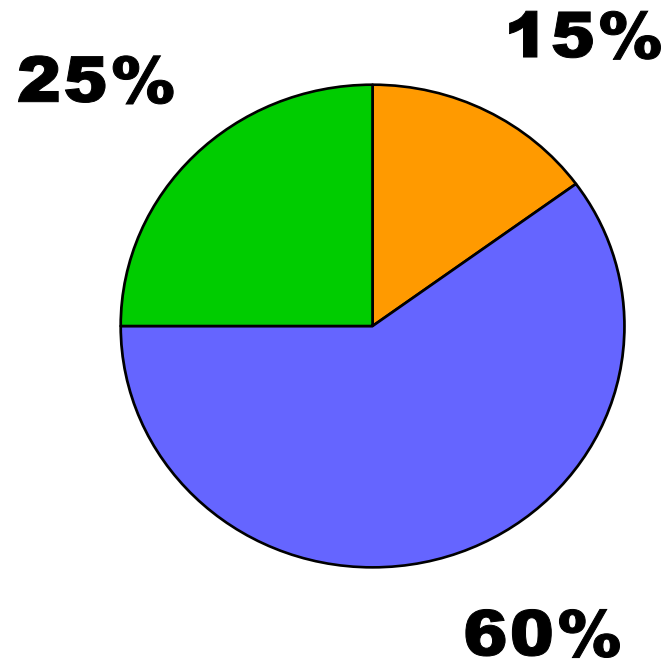


Western Regional Air Partnership

“States, tribes and regional energy organizations should act in concert to establish a regional institution for issuing and trading renewable energy certificates; institute a regional generation tracking system.....”

(WRAP Policy: Renewable Energy and Energy Efficiency as Pollution Prevention Strategies for Regional Haze; pg. 2; April 24, 2003)

WREGIS Funding



WGA **CEC** **WRAP**

WREGIS Project Goals



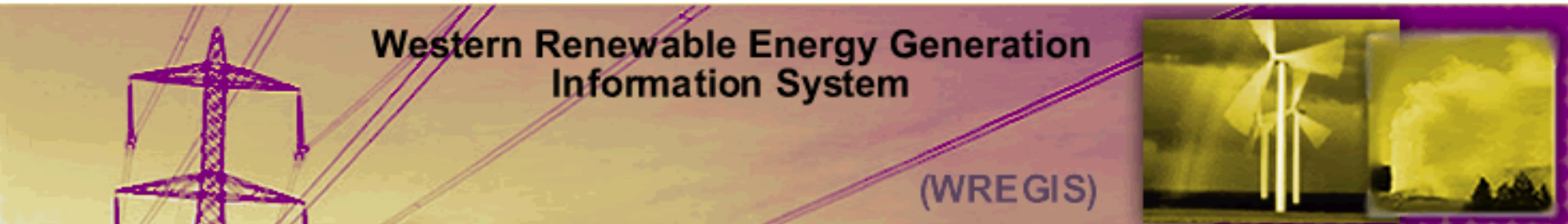
- Create an independent tracking system for renewable energy generation in the West.
- Establish a single institution in the West that will issue, register and track RECs
- Design system to support state regulatory compliance and voluntary green market programs;
- WREGIS operational in 2005.

Benefits of Collaboration



- A regional accounting system:
 - Prevents double counting of renewable energy generated in the West,
 - Achieves economies of scale both in development and operation costs,
 - Increases liquidity of renewable energy market,
 - Increases institutional efficiency: will serve multiple state policy objectives.

Why WREGIS and RECs Are Important to Regulators?



Dr. Jan Hamrin
Executive Director
Center for Resource Solutions

What are RECs?



- The electronic record of renewable generation
- Separates the commodity from its (environmental) attributes
- Static and dynamic data fields
 - ✓ location
 - ✓ technology
 - ✓ owner
 - ✓ fuel
 - ✓ size
 - ✓ generation output (MWh)
- 1 REC = 1 megawatt hour

Functions of WREGIS



- Verify renewable energy generation
- Issue and retire RECs with unique serial numbers
- Track wholesale renewable energy transactions
- Verify compliance with state RE policies/programs
- Create compliance reports on RECs transactions for state regulators.
- Accommodate commercial trading of RECs

WREGIS Will Support Regulatory Oversight of ...



- Renewable Portfolio Standards
- Information Disclosure Rules
- Consumer Protection
- Setting Rates
- State Production Tax Credits
- Expenditure of Public Benefit Funds
- Establishing Ownership of RECs

Renewable Portfolio Standards



New Mexico, California, Arizona, British Columbia, Nevada

- RECs are an electronic record demonstrating ownership.
- Prevents double-counting of renewable energy generation for purposes of states RPS.
- Will verifies compliance with RPS requirements, e.g in-state purchase and/or technology-specific requirements.

Information Disclosure



Washington, Colorado, California, Oregon, New Mexico, Montana and Arizona

- Requirement to disclose information on:
 - ✓ generation source fuel mix, and emissions,
 - ✓ “green power” sales and purchases.
- WREGIS will verify static characteristics of renewable energy generator and measure productions.
- Prevents double-counting.
- Potential to lower reporting costs.

Consumer Protection



- Regulators have a strong interest in assuring electricity customers are protected.
- RECs and WREGIS can be used to verify “green” product claims of utilities.
 - ✓ Validate “green” power purchases and sales
 - ✓ Ensure “green” power is not sold twice (or more)
 - ✓ Establish ownership of green attributes
- Ensure compliance with published “green” tariff standards, e.g. location, resource-requirements, plant or generation vintage.

Rate Setting



- WREGIS will provide precision needed by regulators to establish ownership/assignment of RECs.
- Accurately allocate costs in rate proceedings
 - ✓ Utility costs incurred to comply w/ mandated RPS
 - ✓ Allocation of costs associated with sales and purchase of RECs.
 - ✓ Distinguish between “system” renewable energy costs versus voluntary “green” pricing programs where costs are borne by willing customers

State Production Tax Credits



New Mexico

- WREGIS enables efficient and cost effective qualification of generators for PTC.
- Provides verification of production from qualified renewable energy facility.

Public Benefit Funds



California, Montana and Oregon

How WREGIS can help:

- Implementation of fund
 - ✓ Allocation of funds
 - ✓ Verification of generator type/fuel, size, location, date of first operation, etc.
 - ✓ Verification of facility production
 - ✓ Ownership of attributes
 - ✓ No double counting

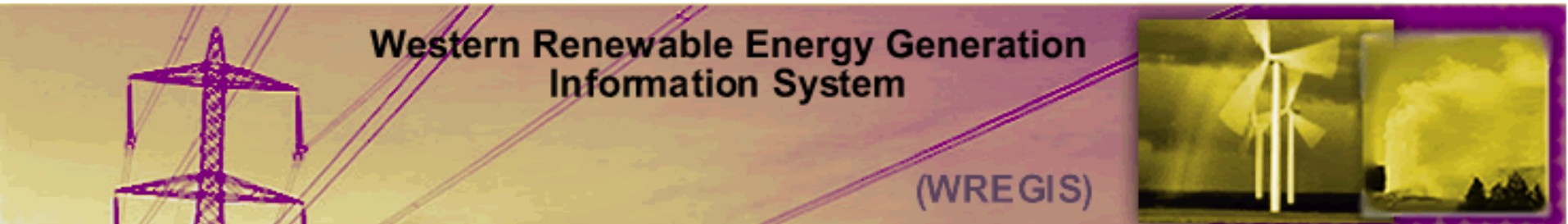
Ownership of RECs



Idaho, Montana

- Who owns RECs from electricity contracted under PURPA requirements?
 - ✓ Contracts written before RECs sales emerged are silent on ownership
- RECs have value. Who benefits?
 - ✓ QF's?
 - ✓ Utility?
 - ✓ Ratepayers?

WREGIS: Progress and Future



Jeff Burks
Utah Energy Office

WREGIS is a Stakeholder Process



- Sponsored by WGA and CEC Renewables Committee
- 22 stakeholder meetings held since January 2004
- Broad based stakeholder representation
- Over 600 participants, including stakeholders surveyed for Needs Assessment report
- 14 states and 2 provinces represented in WREGIS process.

WREGIS Progress



- Needs assessment survey and six regional workshops during Fall 2003
- “*Needs Assessment Report*”, issued December 2004
- WREGIS stakeholder organizationizing meeting, January 2004
- Operational Rules, Institutional and Data Interface committees formed and conducting work

Challenges Remain



- Lack of a single ISO in Western Interconnect
 - ✓ Timely access to settlement quality data
- Engagement of stakeholders, e.g. regulators
- Finding an institutional home for WREGIS.
- Agreement on governance structure
- Equitable allocation of costs for system development and on-going operations
- “Seams” issues on the eastern side of Western Interconnect
- Accelerated timeline

WREGIS Timeline



- Draft Operational Rules and Functional Requirements, April 30, 2004
- Recommendations on institutional home and governance structure, April 30, 2004
- CEC Feasibility Study late summer, 2004
- RFP issued mid to late 2004.
- System developer selected late 2004
- WREGIS operational in 2005

Issues for Regulators



- What type of reports do you need?
- What role do you want to play?
 - ✓ Development of WREGIS
 - ✓ On-going management of WREGIS
- Other state programs WREGIS could serve?
- What is the process in your state for deciding to participate in WREGIS?



For More Information:

WREGIS website at:

www.westgov.org/wieb/wregis/

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