

Letting Other Generators Play: Utility Reporting Services for Renewable Energy Projects

Lisa Schwartz

Committee for Regional Electric Power Cooperation

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The Regulatory Assistance Project

50 State Street, Suite 3
Montpelier, Vermont USA 05602
Tel: 802.223.8199
Fax: 802.223.8172

27 Penny Lane
Cedar Crest, New Mexico USA 87008
Tel: 505.286.4486
Fax: 773.347.1512

P.O. Box 210
Volcano, California USA 95689
Tel: 209.296.4979
Fax: 716.296.4979

429 North NE Nebergall Loop
Albany, OR 97321
Tel: 541.967.3077
Fax: 541.791.9210

P.O. Box 507
Hallowell, Maine USA 04347
Tel: 207.623.8393
Fax: 207.623.8369

Website: <http://www.raonline.org>



Regulatory Assistance Project


- RAP is a nonprofit organization founded in 1992 by experienced energy regulators
- Advises policymakers on economically and environmentally sustainable policies in the regulated energy sectors
- Funded by U.S. DOE and EPA, the Energy Foundation, the World Bank, Asian Development Bank, and other foundations
- We have worked in 40+ states and 16 nations

Renewable Energy Tracking in the West




- WREGIS database is designed to issue, register and track all renewable energy certificates (RECs) in the Western Interconnection
 - Protects against multiple-counting and selling
 - Provides infrastructure for REC trading*
 - Verifies compliance with renewable portfolio standards (RPS) and green power claims
 - *Uses independent, verifiable and reliable data*

*WREGIS is not a trading platform.



How Generators Get WREGIS to Issue RECs

- Complete registration with documentation, sign agreement, pay fees, comply with rules
- Have state “Program Administrator” qualify resource as eligible for RPS and other programs
- Contract with a “Qualified Reporting Entity” to provide WREGIS with monthly generating data*

 No QRE = No Data = No Certificates

* WREGIS can't get data directly from generating facilities.
Customer-sited generation up to 360 kW can self-report.



WREGIS Requirements for Qualified Reporting Entities

- Balancing authority (BA) should be QRE if the generating unit reports to a BA and data can be reported on a unit basis
- Otherwise, QRE applicant demonstrates independence from generator and REC buyer
 - FERC functional separation is required if QRE applicant is a BA and owns generating units or is subject to an RPS



Electric Utilities as Qualified Reporting Entities

- 35 QREs so far; 18 are electric utilities
 - Others: Cal ISO, BPA (both provide free QRE service to any generator within their BA area), WAPA, munis, scheduling coordinators, large companies where sister LLC owns generation (with functional separation)
- Today, most utilities provide QRE service only for their own facilities, plus generators that provide the utility with both power and RECs
- Some generators w/o economic QRE service
 - 3rd party competition is not effective most places



Why Solve This Problem?

- Avoid potential discrimination by utilities
- Reduce RPS compliance costs by enlarging the pool of WREGIS RECs
 - E3 study for Western Electric Industry Leaders Group estimated value of REC trading in 2020 at \$351 million*
- Keep existing projects going and promote renewable energy development in the West

*Difference in procurement cost between acquiring local resources vs. WECC-wide resources through REC trading. Study at:

http://weilgroup.org/E3_WEIL_Complete_Study_2008_082508.pdf



When It Makes Sense for the Utility to Report Data

- Generator is interconnected to utility (T or D system) and utility owns/reads the meters
 - 3rd party QRE provider would needlessly replicate hardware/processes already in place
- Utility is BA for generator and already receives generation data for each unit
- Other situations where 3rd party QRE service is not available or economic



Utility QRE Service: Issues for Commissions

Issues

1. Utility cost recovery

Solutions

- Below-the-line service
 - Utility includes profit to reduce risk of under-recovery
- Above-the-line service
 - Set QRE service rates to fully recover costs
 - Include costs and revenues in rates; utility backstop and consumers share benefits
 - Review in rate cases
- Socialize costs in power and/or transmission rates



Utility QRE Service: Issues for Commissions

Issues

2. Competition with potential 3rd party QREs

3. Cost of any additional equipment

Solutions

- Design rates to fully recover (not low-ball) costs
- Offer optional service to provide utility meter reads to 3rd party QRE
- Generator pays cost of additional metering needed to meet WREGIS standards



Utility QRE Service: Issues for Commissions

Issues

4. Multi-state utilities

5. Commission authority to require that utilities provide QRE services may be unclear*

Solutions

➤ Provide QRE service in all states served

- *Example:* Idaho Power
- Address with public officials

➤ Voluntary: MOU approach

- *Example:* Oregon
 - ❑ Utilities, PUC staff, generators, industrial customers
 - ❑ Not proposed as a tariffed service; offered by contract

➤ Mandatory: Legislative fix

* But ... an otherwise “unregulated” utility service may be considered regulated if provided in whole or in part with facilities paid for by ratepayers.



For More Information

- The WREGIS QRE Working Group plans to develop and distribute a policy document for Commissions and other public officials.

www.wregis.org

Lisa Schwartz, senior associate
Regulatory Assistance Project

lschwartz@raponline.org

541-967-3077

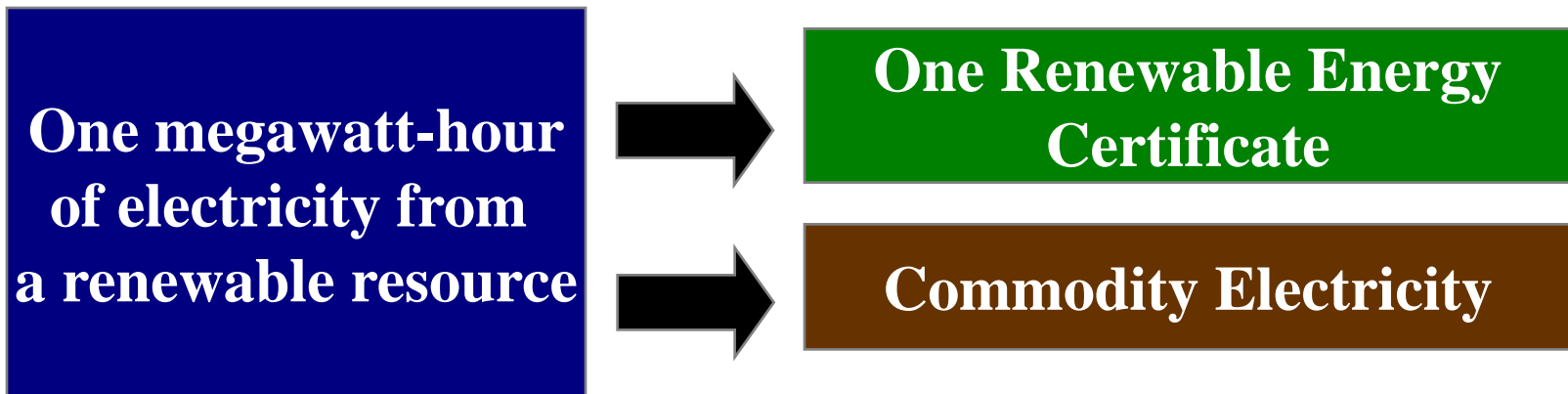
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ADDITIONAL BACKGROUND

Renewable Energy Certificates

- “A WREGIS Certificate represents all Renewable and Environmental Attributes from one MWh of electricity generation from a renewable energy Generating Unit registered with WREGIS or a Certificate imported from a Compatible Registry and Tracking System and converted to a WREGIS Certificate. The WREGIS system will create exactly one Certificate per MWh of generation that occurs from a registered Generating Unit or that is imported from a Compatible Registry and Tracking System. Disaggregation of certificates is not currently allowed within WREGIS.”





More on WREGIS

- Administrative functions housed in WECC
- Voluntary and stakeholder-driven
- Policy neutral – state or province decides whether generating unit is eligible for program
- RECs are deposited into generator's account for verified generation from eligible units
- Account holders (generators, LSEs, marketers, etc.) can transfer or retire RECs or export them to other tracking systems



WREGIS Status Report

- As of December 2008:
 - Program administrators in five states (CA, OR, NM, CO, MT); WA, UT and others joining, timing not yet known
 - 777 generating units registered
 - 204 account holders
 - 19 million RECs issued