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Comments of Oregon Department of Energy on the Western EIM Regional Issues Forum Carbon Workshop Draft Summary of Issues

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The Oregon Department of Energy (“ODOE”) thanks the Western Energy Imbalance Market Regional Issues Forum (“EIM RIF”) for the opportunity to provide comments on the Draft Carbon Workshop Summary of Issues presented during the August 27, 2019 meeting.

At the Oregon Department of Energy, we are dedicated to leading Oregon to a safe, clean, and sustainable energy future – one where our state stays on the leading edge of energy efficiency and low-carbon, renewable energy.

ODOE commends the EIM RIF for addressing questions regarding state policies on greenhouse gases and renewable energy that could affect participation in and the functioning of the Western EIM. The EIM RIF has requested feedback from stakeholders on three questions – ODOE’s responses to two of these questions are below.

1) Is it beneficial for the Regional Issues Forum to organize future meetings and workshops to enable similar discussions on carbon policies and their impacts?

ODOE finds it highly beneficial for the EIM RIF to organize future events that enable further conversations around state carbon and renewable energy policies and opportunities for alignment with organized electricity markets.

Over the years Western states have adopted differing accounting and regulatory compliance approaches for policies such as cap-and-trade, RPS, power source disclosure, and emissions inventories and regulation. These differing approaches have also become part of the discussion in proceedings for recent new and revised policies, including 100% clean energy standards in California (SB 100, 2018), Washington (SB 5116, 2019), and New Mexico (SB 489, 2019); cap-and-trade proposals in Oregon; revisions to Washington’s power source disclosure requirements; and an ongoing process to revise California’s power source disclosure program. The primary differences between the implementation of these programs that affect the EIM is how each of them tracks the generation and consumption of renewable energy and GHG emissions.

These questions around accounting and ensuring the smooth functioning of a regional electricity market have been discussed regionally at least as far back as the development of the Western Climate Initiative and the implementation of AB 32 in California. At the September 2017 EIM RIF meeting, stakeholders including ODOE provided presentations addressing differing state policies and the potential effect on the Western EIM. At that time, ODOE had already begun a discussion with Oregon stakeholders about the state's accounting of renewable energy for the RPS and potential seams issues related to imports of renewable energy into California via the EIM. While participating stakeholders did not come to consensus on most of the issues discussed, they were near unanimous in the recommendation that ODOE should collaborate with others both in the state and in the region to determine cooperative solutions.

Further discussion of these issues within the EIM RIF is important and timely.

2) If the Regional Issues Form should have future meetings and workshops to enable similar discussions, are there any specific participants that should be included or invited to speak?

With respect to Oregon stakeholders, ODOE would recommend that the Carbon Policy Office and ODOE be considered for participation and possible presentation. The Carbon Policy Office leads the work in Oregon on developing a cap-and-trade program in the state. Its leadership has strong expertise in GHG accounting, including the various approaches used by Oregon and California policies, and how introduced carbon legislation in Oregon has addressed GHG accounting.

ODOE is the WREGIS Program Administrator for the Oregon RPS and as such, it speaks for Oregon in WREGIS stakeholder discussions, certifies facilities as eligible to generate electricity for the Oregon RPS, and maintains the RPS program's definition of a REC in its administrative rules. ODOE staff have participated in discussions for a number of years regarding renewable energy, non-energy attributes, and tracking instruments and would lead any effort in Oregon to update accounting changes to the relevant RPS administrative rules.

Given the various state policies and programs that address renewable energy and GHGs generated in or imported to Oregon, ODOE also suggests inclusion of the Oregon Public Utility Commission ("OPUC") and the Oregon Department of Environmental Quality ("DEQ"). The OPUC is the regulatory agency in charge of RPS compliance oversight and implementation of Oregon Senate bill 1547, disallowing coal costs from Oregon customer rates by 2030 for investor-owned utilities. DEQ manages the state's GHG accounting program. The issues raised in the summary about the challenges carbon tracking raises for economic regulators suggest engagement with the EIM Body of State Regulators would also be productive.