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**US EPA Green Power Partnership Comments on Proposed Scope
for the RPS Guidebook**

Additional submitted attachment is included below.

U.S. EPA Green Power Partnership Comments on Proposed Scope for the RPS Guidebook

Thank you for the opportunity to submit a public comment on the proposed scope of the California Renewables Portfolio Standard Guidebook, 10th Edition. This comment is submitted on behalf of the U.S. EPA’s Green Power Partnership, a leadership program for organizations using voluntary green power. This comment includes a brief background of the Green Power Partnership’s perspective on compliance versus voluntary market claims, then explains our concerns and proposed additions to Chapter 7 of the 10th Edition of the CA RPS Guidebook. Overall, we suggest clarifying all RECs retired in an LSE’s RPS subaccount are only for RPS compliance. If an LSE retires more RECs than required for CA RPS compliance, these surplus RECs should not be marketed to the LSE’s customers as an incremental or voluntary green power.

9 th Edition Guidebook Description	Topic	Description (Addition for 10 th Edition)
Chapter 7	Annual Load-Serving Entity Reports	<ul style="list-style-type: none"> • Clarify that all RECs retired in an LSE’s RPS subaccount are only for RPS compliance and are not a credible basis for voluntary claims. • Provide guidance that any retired RECs surplus to the RPS requirements should not be marketed to LSE customers in the same reporting period since those RECs would be banked for the future reporting period and marketed to LSE customers then.

Background: The U.S. EPA recognizes voluntary green power as renewable electricity that is surplus to regulation and retired for voluntary purposes. Our comments on the proposed scope for the draft RPS Guidebook, Tenth Edition, relate to Chapter 7 and the inclusion of additional direction/guidance on the retirement of RECs by LSE that are in excess of the RPS compliance requirements.

Our **concerns** are as follows:

- Per the CPUC’s Decision Memo 17-06-026, “RECs retired for RPS compliance may be used for no purposes other than RPS compliance” (pg. 35). Furthermore, the CA RPS Guidebook, 9th Edition

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states that the Energy Commission must verify that, “a REC claimed by an LSE for California’s RPS is not used for any other competing purpose” (pg. 65). We are concerned that retiring RECs in RPS subaccounts that are surplus to RPS requirements has confused the distinction between voluntary and compliance claims for some LSEs.

- EPA concurs that generation that is reported and retired to the State RPS program cannot be viewed as anything other than a compliance claim. The purpose and function of the tracking system environment to distinguish between REC retirement for compliance and voluntary purposes is critical to the market’s ability to maintain clear and transactional credibility and transparency. Proper retirements, reporting, and claims have significant implications for how baseline electricity consumption would be calculated by consumers (what is claimed by all ratepayers versus a single consumer) and for calculating data sets such as residual mix. Improper retirements and claims are inconsistent with more than 20 years of how the voluntary market has defined generation that is incremental or surplus to regulation.
- Without clearer guidance, retirement of RECs for compliance in excess of the RPS requirement blurs the line between what is [traditionally thought of as RECs retired for RPS compliance and voluntary green power claims](#) and results in confusion in the marketplace. For example, the National Renewable Energy Laboratory (NREL) annually publishes a [report](#) examining the status and trends in the voluntary green power market and are contemplating revising their accounting of CA community choice aggregations (CCAs) because of this discrepancy between mandatory and voluntary distinctions in RPS retired RECs.
- Furthermore, it has significant implications for the EPA’s Green Power Partnership, a voluntary program in which organizations, municipalities, and communities report their purchases of green power. A central tenet of the partnership is that the renewable energy used by partners is incremental or surplus to mandatory requirements placed on load serving entities. This is in keeping with state and federal consumer protection standards related to double counting, double sales, and double claims.
- California-based organizations are enrolling in CCA products (either default options or opt-up options) that include higher levels of renewable energy content than what is required for compliance by the RPS. More clarity for consumers and market participants is needed on how those surplus RECs are used or claimed – for strict RPS compliance (or overcompliance) with banking or for strict voluntary purposes – and the implications for the types of renewable energy use claims a consumer can make and the [eligibility](#) of any of the product’s content for reporting to the EPA’s Green Power Partnership.
- As Chapter 7 of the 9th edition notes:
 - “The Energy Commission uses the retirement information to verify the claims an LSE plans to use to satisfy its RPS procurement requirements, and to ensure that a REC is

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counted only once for compliance with the California RPS, for the regulatory requirements of any other state, or to satisfy any other retail, regulatory”, *or notably in the context of this comment, any other “voluntary market claim.”*

- Our concern with RECs in excess of the RPS also being retired in the RPS subaccount is that some market participants appear to be incorrectly assuming that since the RECS are retired in excess of compliance, a voluntary market claim can then be made. Additional direction should be given to LSEs and consumers that all RECs retired in the RPS subaccount are only for RPS compliance.
- Additionally, Some market participants may also be assuming they can make a claim on the surplus RECs in the year they are retired for the RPS when surplus RECs could be banked for a future compliance period and may then be claimed by a future customer of the same LSE.

Based on these concerns, EPA suggests providing further clarity on the retirement procedures for surplus RECs in an LSE’s RPS subaccount and its implications for voluntary green power claims and eligibility for RPS compliance. The following potential additions could address the concerns outlined above:

- Add a few sentences in Chapter 7 that clearly state that, if an LSE retires all of their RECS in the RPS subaccount, these RECs do not count as voluntary, even if they are surplus to the RPS requirement. All RECs retired in an LSE’s RPS subaccount are only for RPS compliance.
- Alternatively, the RPS Guidebook could provide recommendations/guidance that excess RECs be retired by the LSE in a separate subaccount for voluntary purposes to the benefit of all LSE consumers. Per [WREGIS Operating Rules](#) Section 6 and 6.2, WREGIS allows multiple retirement accounts, each labeled for different purposes.
- Alternatively (though this may be beyond the scope of this comment opportunity) the CA PUC could consider changing the reporting process by not allowing LSEs to over-comply in the RPS subaccount. In this scenario, the LSE would retire RECs required for compliance in their RPS compliance subaccount within WREGIS and retire any RECs for the same compliance period that are in excess of compliance in a voluntary subaccount within WREGIS. This approach is more consistent with how compliance and voluntary markets have traditionally been distinguished. This approach, we believe, is also consistent with how RECs for CCAs with Green-e certified products are retired, with RECs retired in a specific Green-e subaccount.