

Environmental Tracking Network of North America
ETNNA Member Webinar:
Tracking System Changes to Serve a Federal RES
June 9, 2009

ETNNA:

Jan Hamrin, Secretary General

Moderator:

Rachael Terada, CRS

Panelists:

Angela Gould, California Energy Commission

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Number of Participants:

57

Agenda:

- Welcome and Introductions
- Presentation of draft paper by Jan Hamrin
- Roundtable discussion of draft paper with tracking systems and regulators
- Question and answer session

Questions Raised:

Q: How are "excess" FRECs determined?

A: They are the FRECs associated with State RPS compliance where a State RPS target exceeds the Federal RPS target

Q: Does issuing all FRECS to generators preclude generator designating, e.g., power purchaser, as the party with the right to register their purchase in a tracking system?

A: No, that would be acceptable also.

Q: If FREC and REC are separated it seems problematic to link retirement status of each (i.e., FREC know REC retired or REC know FREC retired)

A: Actually this can be indicated in the data file of the REC as long as there is a protocol that tracks retirement.

Q: On ACPs and FRECS: My understanding is that for every MWh equivalent ACP payment (\$25/MWh), 1 FREC will be issued regardless of whether the ACP payment leads to a MWh of renewable energy generation.

A: Not according to the current language – the FRECs are only issued based on the actual MWH output from the project funded by the ACP

Q: It's not clear to me why a Federal RES makes a National registry more necessary than it is today. Today, we seem to rely on attestation.

A: First of all, to avoid double counting and double issuing. Since this network is a patchwork of tracking systems, there needs to be one place where all the data are pulled together. Depending on attestations doesn't stop cheating it just gives a basis for prosecuting cheaters. Because of the patchwork of tracking systems it would be easier to cheat on federal compliance than state compliance where most or all of the RECs must be

produced in state or prove they delivered the power into the state. In addition, central electronic coordination between all the tracking systems is much more efficient than each tracking system setting up its own coordination with each of the other tracking systems – that would just be a duplication of effort. This is the primary function that would be performed by the National Registry. Finally, just as State RPS regulators may want a list of all the generators that are registered to participate in their state RPS program (e.g. the California Energy Commission), so a national RES Administrator would also want the same thing.

Q: When would the Fed system go into effect?

A: That date is generally specified by the legislation. Typically one to two years after passage of the legislation.

Q: If the FREC information is part of the parent REC, how is it possible to split the FREC from the parent REC?

A: That would be done through a technical protocol activated by the REC owner through a request to the tracking system.

Q: Have any of these tracking issues been discussed with Senate/House staff, do they "get it" and what has their response been?

A: ETNNA does not lobby Congress but some of the organizations that do lobby have discussed these issues with Congressional staff. Their responses have been mixed since these involve details with which staff does not generally get involved

Q: In Fed RES, would a multi-jurisdiction have to show Fed compliance in each of its jurisdictions separately or its entire retail load nationally?

A: I don't know and I don't think it has been specified in any of the current bill language. That may be something that would have to be determined through the rulemaking.

Q: Shouldn't our recommendation be that FREC and parent must stay together?

A: The purpose of this paper was to look at the technical issues involved with tracking federal RECs, not to comment on the policy. It is technically possible to track both RECs and FRECs – whether that is desirable is a policy question. However we have mentioned that having parallel federal and state RECs makes it more difficult to ensure there is no double counting or double issuing.

Q: Can the Generator Assign the Registration Rights to the power purchaser under these bills?

A: Yes

Q: Output from an ACP-funded project wouldn't occur until some quarters later than the payment, so when would FRECs be issued based on the project's [future] output? Could be in a later year, so how would FREC be issued/used for compliance year?

A: I have no idea. This is not spelled out in the legislation and would probably need to be part of the rule-making.

Q: If FREC is being used separately and the RE is being used separately, are there two retirements? Do you have to split the FREC in order to "use" the RE for the Fed RES & state RPS? How can you use it in two places but only retire once?

A: Yes, if parallel RECs are issued that can be traded separately there would need to be two retirement accounts -- one for state RPS and one for Federal RPS compliance. IF the two were linked together and couldn't be separated, a liable utility could have one retirement account and use that account to report compliance to both state and federal regulators.

Q: Will keeping the FREC as part of the parent REC prevent fluid trading in the market?

A: It could certainly be argued that way if they could not be separated for trading.

Q: WREGIS also tracks MWhs rather than kWhs but has had some success tracking small commercial and residential generators.

A: The same is true for most of the other tracking systems. The systems issue 1/1000 REC for each kWh produced.

Q: If generating units are eligible for FRECs once the bill is signed, is the generating unit owner or the tracking system responsible for registering (inclusive of approval by the tracking system) the generating unit to comply with the tracking systems parameters for certificate vintage eligibility?

A: Again this is not spelled out in the legislation and will need to be determined through a rulemaking. But I would presume, just as for state RPS that the generating unit owner would be responsible for registering the generating unit and for following all the compliance rules. That said, to the extent that the tracking system can verify the validity of the data that will help the federal administrator monitor compliance just as the tracking systems are designed to support state RPS compliance.

Q: Under the Fed RES, what would be the responsibilities of state RPS regulators, other than deciding re certain issues left by the Fed RES as state options; worrying about double-counting; and otherwise protecting integrity of the state RPS?

A: That seems to pretty well cover it.

Q: Will ETTNA be releasing a new draft of this document for comment that includes the changes discussed today and any comments received by Monday?

A: ETTNA will release a final draft of the paper that incorporates as many of the comments as seem appropriate as well as replying to commentors directly.