

Clean Fuel Standard Participation Guidance Retiring Renewable Energy Certificates (RECs)

1. Introduction

This guidance document details how entities must document credit claims using Renewable Electricity Certificates (RECs) retired in the Western Renewable Energy Generation Information System (WREGIS) or another comparable, recognized REC tracking system. RECs are contractual instruments that convey the right to claim the environmental attributes of renewable electricity to the holder and can be retired in the <u>Clean</u> <u>Fuel Standard</u>¹ to lower the carbon intensity of certain eligible electricity uses.

2. REC Eligibility

The requirements for offsite renewable electricity claimed through RECs are located in WAC 173-424-630(5)².

- RECs must be certified by the WREGIS.
- RECs must be generated in or after 2023.
- RECs must be generated from facilities located in the Western Electricity Coordinating Council region.
- RECs must be recorded and retired in WREGIS.
- Unbundled RECs must meet the safeguards to prevent double counting outlined in WAC 194-40-420³.

All RECs submitted to claim credits through quarterly reports or residential EV charging must meet the requirements of that section and Chapter 173-424 WAC in general. Quarterly reports must be submitted on time. CFS credits cannot be claimed for reporting periods that have closed except for residential charging of electric vehicles by utilities or EV manufacturers.

For those using RECs from eligible offsite renewable electricity that Ecology has deemed as having a carbon intensity of zero, participants should use the fuel pathway code WAELEC002-R to claim credits.

The RECs used for retirement must meet the Ecology's vintage requirements, which is 2023 or later. Once generated, RECs must be retired within three quarters. For example, if a REC is generated in Q1, it may be retired in Q1, Q2, or Q3.

For a step-by-step instructions on how to retire RECs in WREGIS, see section 4 of this document.

3. Pathway Application Options for Low-CI Electricity

In order to claim low-CI electricity, a fuel pathway application must be certified through the Alternative Fuels Portal (AFP). For instructions on registering for an AFP account and submitting a fuel pathway application, reference the <u>AFP User Guide</u>⁴.

¹ https://ecology.wa.gov/Air-Climate/Reducing-Greenhouse-Gas-Emissions/Clean-Fuel-Standard

² https://app.leg.wa.gov/wac/default.aspx?cite=173-424&full=true#173-424-630

³ https://app.leg.wa.gov/wac/default.aspx?cite=194-40

⁴ https://apps.ecology.wa.gov/publications/SummaryPages/2302001.html

There are two fuel pathway application types for low-CI electricity: a Lookup Table pathway or a Tier 2 pathway. The application type will depend on the type of resource used to generate renewable electricity.

According to <u>WAC 173-424-630(5)(a)</u>⁵, the options for demonstrating the use of electricity with lower than utility-specific CI by retiring RECs are through:

- <u>Participation in power purchase agreement or utility renewable electricity product.</u> In this case, the fuel pathway applicant in AFP and RECs retiring entity in WREGIS must be the electric utility. The reporting entity that claims credit generation for the electricity used in transportation must demonstrate according to <u>WAC 173-424-630(7)</u>⁶.
- <u>Procurement and retirement of RECs in WREGIS</u>. In this case, the fuel pathway applicant in AFP and RECs retiring entity in WREGIS must be the reporting entity or its designee that claims credit generation for the electricity used in transportation.

The following table may be referenced to determine REC eligibility and pathway application type by fuel type:

Renewable electricity type	REC generated in or after	Carbon intensity	Pathway Application Type
Solar	January 2023	Deemed CI of Zero	Lookup Table
Wind	January 2023	Deemed CI of Zero	Lookup Table
Hydropower (subject to certain conditions ⁷)	January 2023	Deemed CI of Zero	Lookup Table
Geothermal	January 2023	Deemed CI of Zero	Lookup Table
Ocean Energy (wave or tidal)	January 2023	Deemed CI of Zero	Lookup Table
Biomass	January 2023	Generator-specific fuel pathway in AFP	Tier 2
Biodiesel	January 2023	Generator-specific fuel pathway in AFP	Tier 2
Biogas	January 2023	Generator-specific fuel pathway in AFP	Tier 2
Fuel Cell	January 2023	Generator-specific fuel pathway in AFP	Tier 2

4. REC Retirements in WREGIS

The only REC tracking system currently recognized by Ecology is the Western Renewable Energy Generation Information System, or WREGIS. RECs must be retired according to the instructions in this document in order to be used to generate Clean Fuel Standard credits.

⁵ <u>https://app.leg.wa.gov/wac/default.aspx?cite=173-424&full=true#173-424-630:~:text=the%20following%20qualifications%3A-,(a),-</u> <u>Renewable%20energy%20certificates</u>

⁶ <u>https://app.leg.wa.gov/wac/default.aspx?cite=173-424&full=true#173-424-630:~:text=for%20energy%20efficiency.-,(7),-</u> Utility%20renewable%20electricity

⁷ See RCW 19.405.040(1)(d): <u>https://app.leg.wa.gov/RCW/default.aspx?cite=19.405.040</u>

4.1 Preparation for retirements

- You should receive an invitation to participate in the Washington Clean Fuel Standard REC program once per quarter. This is where you will retire your RECs for that quarter. The invitation will appear as a banner at the top of your WREGIS screen after logging in. You will need to accept the invitation before you proceed.
 - a. If you did not receive an invitation, please contact <u>CFS@ecy.wa.gov</u> to have an invitation sent.
 - b. If you are unsure of whether you received an invitation, please go to your Programs tab, and verify that Washington Clean Fuel Standard appears under the active programs list. If it does not, please contact <u>CFS@ecy.wa.gov</u> to have an invitation sent.
- 2. Once you have accepted your invitation to participate, you must open a <u>new</u> retirement account linking to your program. This will allow your program to view your retired certificate information.
 - a. Go to **Accounts** on the left-hand side of your screen.
 - b. Click on Add New Account.
 - c. Select 'Retirement' from the **Account Type** dropdown.
 - d. Using the radio button on the right, select WA Clean Fuel Standard as the program.
 - e. Name your new retirement account with the fuel pathway code that you are using to claim in the program, along with the quarter and year for which you are retiring RECs. For example, "Washington CFS WAELEC002-R Q1 2024".
 - f. Hit save.

4.2 Retirement process

- 1. Go to Certificates on the left-hand side of your screen.
- 2. Select the batch(es) that you want to retire for this program and click **Retire** on the upper right side of the screen.
- 3. Adjust quantities as needed and click Next.
- 4. Select Compliance, then Other-Non RPS Compliance.
- 5. Select Washington as the **State**, then select the year compliance period. Add the compliance quarter in notes and then hit **Next**.
- 6. Choose the new retirement account that you created above and click review.
 - a. If you did not create a new retirement account following the process above, <u>do not</u> proceed. Instead, back out and follow the instructions above to create a program linked retirement account.
- 7. Review the batch(es) and transaction details for accuracy, then click **Retire**.

4.3 Verifying information

- 1. After completing your retirement(s), you can verify the retirement by going to **Program** on the lefthand side of your screen.
- 2. Click the hyperlink for WA Clean Fuel Standard program for the eligible period.
- 3. You will see a dashboard that summarizes your information, a RECs tab that will show you all RECs retired for this program, and a Generators tab that will show you all generators from which RECs were retired for this program.

5. Documenting REC Retirements for Quarterly Reports

After you have retired the RECs, they must be documented in your WFRS quarterly report. Use the upload documents feature for the quarterly report to upload **<u>both</u>** the PDF and Excel copies of the WREGIS retirement report into the Washington Fuels Reporting System.

If you are having another entity purchase and retire RECs on your behalf, they must provide you with REC retirement reports from WREGIS where they have followed the instructions in section 4 of this document. When naming the retirement account as described in section 4.1, the name of your organization should be included as it it appears in WFRS (ex. "**ABCCorp**_Washington CFS WAELEC002-R Q1 2023").

Failure to submit REC retirement records with the quarterly reports where you are claiming credits is grounds for Ecology finding those credits to be invalid. If this occurs, Ecology will remove those credits from your account under the <u>WAC 173-424-700</u>⁸: the authority to suspend, revoke, or modify.

Documenting REC retirements for residential EV credit generation

RECs should be retired in the same manner as outlined for quarterly reports. Because residential EV charging credit generation is done outside of the quarterly reports, Ecology will request the retirement reports be submitted via the Correspondence tab in WFRS. Ecology will inform utilities of the amount of electricity used for residential charging prior to issuing residential credits.

ADA Accessibility

To request an ADA accommodation, contact Ecology by phone at 360-407-6831 or email at ecyADAcoordinator@ecy.way.gov, or visit https://ecology.wa.gov/accessibility. For Relay Service or TTY call 711 or 877-833-6341

⁸ https://app.leg.wa.gov/WAC/default.aspx?cite=173-424-700