

Comments to EPA on the Proposed Federal Plan and Proposed Model Rules from the Midwest Renewable Energy Tracking System (M-RETS)

Introduction:

REC tracking systems enable states to implement energy policies requiring renewable energy and provide a framework for a growing market for electricity from renewable sources. The tracking systems also facilitate tracking environmental attributes of energy generation more broadly and provide a flexible platform to enable energy policy implementation.

Tracking systems currently help states and Load Serving Entities (LSEs) comply with renewable portfolio standard (RPS) obligations often imposed by jurisdictional state agencies or state level legislation. Additionally, as part of this process, the registries provide a central venue for merchant renewable generators and distributed generators, such as homeowners with solar panels, to track their electricity output through the issuance of certificates. The registries also allow for the transfer of certificates between account holders.

The registries provide reporting functionality to supplement the administration of the renewable credit markets in various states. Both specific account-holder level information, as well as state, regional and market-wide data are aggregated and displayed in various reports available to account holders, state agencies and the public.

The systems maintain databases of all the certificates. Each certificate, with the environmental attributes it represents, can be bought, sold or transferred by participants and other parties. The systems track the transfer of each renewable energy credit from owner to owner, from the time the credit is created until its retirement by the final purchaser.

Tracking systems have proved to be cost effective and flexible for the changing state rules and could be modified to fulfill a variety of tracking functions with the Clean Power Plan.

Responses to Relevant Requests for Comment:

III.A.1. (59)

pg. 64977 in Federal Register

The state plan must use an EPA- administered tracking system (we are also requesting comment on expanding this to include a state plan that uses an EPA-designated tracking system that is interoperable with an EPA-administered system, as detailed below).

M-RETS supports the expansion of this language to include a state plan that uses an EPA-designated tracking system that is interoperable with an EPA-administered system. Allowing this flexibility in how states develop a compliance plan will allow each state to evaluate what approach is most cost-effective and responsive to their stakeholders' needs.

IV.D. (159)

64997

EPA requests comment on each component of the rate-based trading system that is proposed in this preamble and the associated model rule; on the trading program as a whole; and especially on means to expedite the process of issuing ERCs, any minimum and maximum periods for which ERCs should be

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issued (e.g., monthly, quarterly, annually), and any means to ensure that the ERCs issued meet the requirements of the EGs and these proposed rules. "The rate-based federal plan and model rule borrow many concepts from other successful trading programs, and the agency is interested in receiving additional information through comments on successful implementation of similar programs."

For nearly twenty years, renewable energy attributes have been tracked in renewable energy certificate (REC) tracking systems around the country. RECs are the only instrument and the established mechanism for conveying renewable electricity attributes and the use of renewable electricity to individual grid users in the United States. Much of the underlying software, operating rules, definitions and processes are similar for the various REC tracking systems. The REC tracking systems providing services around the country collaborate in many ways. The systems share ideas and best practices, learn from each other, and synchronize reporting functions to ensure access to data to prevent REC double counting.

IV.D.8. (197)
65004

For RE units that are managed by regional transmission operators or other control area operators, metered generation data should be electronically collected by the control area's energy management system, verified through an energy accounting or settlements process, and reported by the control area operator to the REC registry at least monthly. The EPA requests comment on this proposed requirement for quantifying RE generation for the purpose of ERC issuance.

M-RETS supports the adoption of current practices for REC issuance for the issuance of ERCs and suggests that EPA expand language to include EPA-designated or EPA-approved tracking systems in addition to an EPA-administered tracking system for the issuance of Clean Power Plan compliance instruments.

The EPA requests comment on how existing reporting systems can play a role in meeting EM&V requirements under the federal plan and model rule, particularly, in assuring that each MWh of RE generation is uniquely identified and recorded to avoid double counting.

M-RETS notes the proven track record of REC tracking systems in assuring unique identification of RE generation. Additionally, tracking REC and ERC issuance together would best facilitate an identifier system that would make it possible to track the companion REC and ERC issued for the same generation. This functionality could be desirable in designing policies to allow for voluntary action where an entity would want to retire a REC and ERC together.

V.D.3.
65024

After each generation year, RE providers receiving allowances will have to provide an M&V report with the MWhs of RE generation actually produced, to assure that they have met the projected level of generation. These M&V reports need to document that the generation was by an approved project, and the report should be approved by a third party verifier. As discussed in section IV.D.8 of this preamble (EM&V section for the rate-based approach), these data should be readily available from existing metering. The EPA requests comment on the process for submitting M&V reports with actual generation. "

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M-RETS suggests that reports generated from REC tracking systems be an acceptable format for submitting M&V reports with actual generation. REC tracking systems could be adapted to track projects that have been approved to receive allowances. REC tracking systems could also act as a designated agent to which RE providers apply to be eligible for set-aside allowances (see below).

“The EPA is proposing the following process for distribution of RE set-aside allowances. Starting prior to the compliance period, and going forward through the compliance period, RE providers in each state will have an opportunity to apply to the EPA or **a designated agent** to be approved as eligible to receive set-aside allowances in their state. This application must include all the requirements outlined above, including projections of expected MWh of generation. The EPA is proposing to accept RE set-aside project applications up to a deadline of June 1 in the year prior to the year during which the RE generation occurs (the “generation year”). The EPA or its agent will review and approve the project as eligible and it will be entered into the pool of projects that will receive set- asides in any compliance period. If approved, the number of projected MWh in each generation year will be the basis of the number of allowances the provider will receive, as an input to the methodology specified below. The providers will have an opportunity to update projections for future generation years, these projections must be received by June 1 of the year prior to the generation year in question.”