April 2, 2025

Senator Janeen Sollman, Chair
Senate Committee on Energy and Environment
Oregon State Legislature
900 Court St. NE
Salem, OR 97301

Subject: Center for Resource Solutions (CRS) Public Testimony on Senate Bill 1102, Renewable Energy Certificates and HB 2021 Compliance

Dear Chair Sollman and Members of the Senate Committee on Energy and Environment,

We appreciate the opportunity to provide testimony regarding the critical role of renewable energy certificates (RECs) in ensuring the integrity of HB 2021 and Oregon's clean energy transition. **Portland General Electric (PGE) and Pacific Power (PAC) should own and retire the RECs associated with renewable electricity that they use to meet greenhouse gas emissions reduction targets in HB 2021.**

RECs are needed to properly account for the emissions associated with renewable electricity delivered to Oregon customers and to prevent the same generation from being counted in other states, leading to double counting. Without requiring RECs, renewable generation can be used for compliance in both Oregon and elsewhere, rendering HB 2021 ineffective in driving regional clean energy progress. The only way to ensure that HB 2021 truly reduces emissions from electricity delivered to Oregon, delivers exclusive benefits to the state, and supports rather than undermines voluntary renewable energy programs is to require retirement of RECs—the common accounting instrument for renewable generation nationwide. Without a requirement to retire RECs, Oregon ratepayers are funding a policy that fails by design, denying them the clean energy benefits they were promised and are paying for.

What Are RECs?

RECs are accounting instruments that represent the environmental attributes—including the fuel source and emissions—of one megawatt-hour (MWh) of renewable electricity generated and delivered to the grid. They provide the means to differentiate and track renewable electricity generation on the grid and allocate it to customer load. When utilities or other entities purchase RECs, they acquire the

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legal and verifiable right to claim the environmental attributes, including emissions, of renewable energy generation.

RECs are defined by the state, in the Western Renewable Energy Generation Information System (WREGIS), and in contracts. In Oregon, a REC is defined as a "unique representation of the environmental, economic, and social benefits associated with the generation of electricity from renewable energy sources."[1]

RECs are used in Renewable Portfolio Standard (RPS) programs and greenhouse gas reporting. They are used to track emissions in Oregon's Clean Fuels Program (CFP), Washington's CFP, and California's Low Carbon Fuel Standard (LCFS). They are required to meet nonemitting electricity requirements under Washington's Clean Energy Transformation Act. They are required to calculate supplier emissions factors in California's Power Source Disclosure program. They are widely used for corporate and other consumer greenhouse emissions accounting and reporting. They are also used for emissions accounting in Federal programs and tax credits.[2]

Double Counting in HB 2021 Without a REC Requirement

HB 2021 requires PGE and PAC to reduce greenhouse gas emissions associated with the electricity sold to retail consumers in Oregon. While it does not mandate the direct supply of renewable energy like a RPS, clean energy from renewable sources will play a key role in meeting the law's emissions reduction targets. Several sections of HB 2021 refer specifically to electricity sold to Oregon customers,[3] and the Oregon Department of Environmental Quality (DEQ) tracks emissions from electricity used in the state.[4] However, without a requirement to retain and retire RECs for compliance reporting, utilities can sell the RECs associated with renewable electricity to other entities—potentially outside of Oregon—or never acquire the RECs in the first place and still report use of that generation for Oregon—enabling the same generation to be counted twice.

This practice leads to double counting, as RECs verify the environmental benefits of renewable generation. If an electric company reports supplying zero-emissions electricity to Oregon customers under HB 2021 without the REC, that REC can be sold and used to substantiate delivery of the same renewable or zero-emissions generation to different customers in another state. This allows the same clean energy attributes to be claimed for compliance in multiple jurisdictions, undermining the

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[1] OR. ADMIN. R. § 330-160-0015 (17).
[2] See July 24, 2023 comments from the U.S. Environmental Protection Agency (EPA) to the Oregon Public Utility Commission (OPUC Docket UM 2273): https://edocs.puc.state.or.us/efdocs/HAC/um2273hac9745.pdf.
[3] Sections 1(1), 2(1), 5(3), 5(4), 8(3), and 8(4)(a) of HB 2021 refer to electricity sold or delivered to retail consumers in Oregon. ORS 468A.280(4)(a) refers to "electricity that is purchased, imported, sold, allocated or distributed for use in this state by an electric company."
[4] Oregon DEQ. (Updated Dec 2022). *GHG Emissions Accounting for House Bill 2021: Reporting and projecting emissions from electricity using DEQ methodology*. Repeatedly refers to "the emissions associated with the electricity sold/supplied to Oregon."

integrity of Oregon's emissions reductions and distorting renewable energy markets. To ensure the credibility of Oregon's clean energy transition, it is essential that RECs used for HB 2021 compliance are retired and not sold separately.

Consequences of Double Counting

Double counting means that Oregon customers are not getting clean energy and the emissions associated with electricity delivered to customers are not actually being reduced. Allowing the utilities to use renewable energy to meet HB 2021 targets without owning and retiring the RECs:

- Deprives Oregon customers of the clean energy they believe they are receiving.
- Weakens state and regional progress toward decarbonization.
- Introduces legal and contractual risks by distorting REC markets.
- Undermines the integrity of Oregon's RPS and CFP, which rely on RECs to validate emissions reductions.

Impact on Voluntary Renewable Energy Programs

Voluntary renewable energy programs rely on RECs to ensure that customers who opt to pay for renewable energy receive clean energy beyond what utilities are already required to provide. However, without a mandate to retire RECs for HB 2021 compliance, utilities can claim the environmental benefits of renewable energy (i.e., the emissions) for regulatory purposes while still selling the associated RECs to voluntary buyers. This effectively turns voluntary programs into a subsidy for compliance rather than a driver of additional clean energy investment. As a result, voluntary programs lose their impact, eroding consumer trust and discouraging private investment in renewable energy, ultimately slowing the region's clean energy transition. Recognizing this, the Green-e® Energy program has already taken action by disallowing the certification of voluntary RECs associated with generation used to meet HB 2021, a move that has sent ripples across the voluntary renewable energy sector in the West and raised concerns about market integrity and future investment in clean energy.

Cost Considerations Related to Requiring RECs

With respect to concerns about the cost implications of requiring RECs for HB 2021, it is important to note that costs associated with not double counting are not real costs, and cost savings from double counting (i.e., selling off RECs associated with generation delivered to Oregon) are not real cost savings. Without RECs, customers are simply not getting what they are paying for and not getting the benefits of the clean energy transition.

The Oregon Public Utility Commission's Implementation Decision

The Oregon Public Utility Commission's (PUC's) determination (in Order No: 24-002, January 5, 2024) that RECs do not need to be retired for compliance with HB 2021 was based on its interpretation of statute. A legislative fix to this problem is needed. The Commission was ultimately unable to confirm that HB 2021 affects emissions tied to Oregon's electricity (i.e., grants emissions attributes to consumers) or specifically assigns the greenhouse gas attributes of renewable energy generation to Oregon's load for compliance. The Commission acknowledged concerns that RECs associated with electricity reported for HB 2021 compliance may not meet the needs of voluntary purchasers. Unable to restrict their sales, it said only that the utilities must disclose when selling off those RECs that the generation is still reported to the state for compliance with emissions targets.

We urge the Committee to act to safeguard the credibility and effectiveness of HB 2021 by ensuring that RECs are retired and accurately accounted for in emissions reduction compliance. Thank you for your time and consideration.

Sincerely,

______/s/______
Todd Jones
Principal, U.S. Markets

About CRS

Center for Resource Solutions (CRS) is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. CRS has been providing renewable energy and carbon policy analysis and technical assistance to policymakers and other stakeholders for over 25 years. CRS also administers the Green-e® Energy program, the leading independent certification for voluntary renewable electricity products in North America. Green-e® Energy is an independent third-party certification program, and CRS does not sell, trade, or broker RECs.