



Draft Rules for Thermal Renewable Energy Credits

Following is a list of material discussion points for the rulemaking, with an explanation of the approach taken in the draft rule.

1. Definition of “thermal renewable energy certificate”

Because there are some differences in how thermal energy and electricity are metered and measured, there are some differences in the generation of RECs and T-RECs. To maintain some administrative ease with respect to those generation and measurement differences, the draft rule defines the two separately. However, based on the language of SB 1547 that directs ODOE to add RECs from thermal generation to the existing renewable energy certificate system of ORS 469A.130, this draft envisions T-RECs to be a sub-category of RECs, and that once created they would be equivalent to other RECs for the purpose of complying with the Oregon RPS.

2. Definition of “secondary purpose”

Most states use the term “useful thermal energy” when describing eligible end uses and the department has adopted a definition of secondary purpose that mirrors how other states have addressed thermal energy end uses for crediting. The draft definition does not currently include the following qualifiers, some of which have been suggested in stakeholder comments:

- The secondary purpose must represent displacement of electricity, which would be consistent with the RPS’s focus on electricity.
- The secondary purpose must represent displacement of non-renewable electricity or fuel use, which would be consistent with the RPS’s overall focus on reducing the amount of electric generation attributable to non-renewable fuels.

3. Definition of “station service”

The draft definition of “station service” is consistent with existing WREGIS operating rules, the US EPA, and the California Energy Commission. The draft definition does not exclude the drying or processing of biomass fuel as station service.

4. Eligible biomass feedstocks

The draft rule allows all biomass and biomass byproduct feedstocks that are eligible for the generation of RECs for the Oregon RPS to also be eligible for the generation of T-RECs.

5. Eligible vintages of T-RECs

The draft rule allows qualifying thermal energy generated on or after the date of statute (March 8, 2016) to be eligible for T-RECs.

6. Integration of electricity generation and thermal energy

Qualifying thermal energy is the direct result of the generation of electricity using eligible biomass feedstocks. The draft rule addresses the integration of the electricity production and the thermal energy in the following ways:

- Requiring that the electric generator has a rated fuel capacity of at least 10 percent of the energy content of the fuel input.
- Disqualifying any thermal energy that bypasses the electricity production device.
- Disqualifying any thermal energy used while the electricity production equipment is out of service.

7. Metering

The draft rule requires metering of all qualifying thermal energy. This draft does not allow for estimations of data, but it does allow generating facilities to propose an alternate metering methodology.

8. Validation, Monitoring, and Reporting

The draft rule requires that the meter installation(s) be validated by a professional engineer and that qualifying thermal energy usage is verified by an independent third party monitor. The draft rule directs this monitor to also calculate the net qualifying thermal energy and to report this to WREGIS on behalf of the generating entity.

Following are some of the areas that are not yet addressed by the draft and will be included in a future draft:

1. Equations for calculating qualifying thermal energy.
2. Further refinement of metering language, such as any needs for metering hot water return or steam condensate for calculations to determine the quantity of qualifying thermal energy.
3. Any distinctions made between facilities of varying nameplate capacity for purposes of metering, monitoring, or reporting.
4. Clarifying language for retroactive crediting of stranded thermal generation, including any necessary updates to deadlines for facility registration with WREGIS.
5. Any additional language needed on qualifications for independent third party monitors.
6. Any additional language needed on data recording and storage.