

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, FEBRUARY 9, 2024

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2021-00064

Ex parte: In the matter of registering and retiring
Virginia-eligible renewable energy certificates

ORDER REVISING BUSINESS RULES

On July 6, 2023, the State Corporation Commission ("Commission") issued an Order for Notice and Comment ("July 6, 2023 Order") in this docket. In its July 6, 2023 Order, the Commission determined that its rules ("Business Rules") related to the PJM Environmental Information Services, Inc. ("PJM-EIS")¹ Generation Attribute Tracking System ("GATS") needed to be amended to reflect recent changes to § 56-585.5 of the Code of Virginia ("Code").² The Commission attached proposed amendments ("Proposed Revised Rules") to the July 6, 2023 Order and provided interested persons an opportunity to comment on the Proposed Revised Rules. Interested persons were also provided an opportunity to comment on the appropriate date a generator should be deemed eligible to begin producing RPS-eligible RECs.

The Commission received multiple written comments in this docket (collectively, "Comments on the July 6, 2023 Order"). On August 21, 2023, Commission Staff ("Staff") filed a report ("Staff Report"). As part of its Staff Report, Staff proposed additional edits to the Proposed Revised Rules ("Proposed Staff Revisions"). On October 3, 2023, the Commission

¹ PJM-EIS is a subsidiary of PJM Interconnection, L.L.C., a regional transmission organization that coordinates the movement of wholesale electricity in certain states and the District of Columbia.

² The GATS provides a mechanism to buy and sell renewable energy certificates ("RECs") and provides environmental and emissions attributes reporting and tracking services to its subscribers in support of, among other things, renewable energy portfolio standards ("RPS"). PJM-EIS owns and administers the GATS.

issued an Order Inviting Comments, which provided interested parties an opportunity to file comments on: (i) the Comments on the July 6, 2023 Order; (ii) the Staff Report; and (iii) the Proposed Staff Revisions. One additional comment was received on October 20, 2023.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the revised Business Rules attached hereto as Attachment A should be approved.³ In developing these revisions, we have considered and weighed the comments presented in this proceeding in support of each participant's proposals or suggestions, including those provided by Staff. Certain changes are discussed in further detail below.

First, several of the comments stated that the inclusion of additional categories of eligible fuel types in the Business Rules was needed because more specification is required to enable Virginia's REC producers to fully participate in multiple state markets.⁴ Given these comments and the recent amendments to Code § 56-585.5, we find that it is appropriate to include the following three additional categories of eligible fuel types in the Business Rules: (i) BLQ Wood – Black Liquor in Virginia; (ii) WDL Wood – Waste Liquids in Virginia; and (iii) WDS Wood – Wood/Wood Waste Solids in Virginia.⁵

Second, certain comments supported amending the Business Rules to allow a generator to create RPS-eligible RECs in GATS for up to five years prior to the year of registration in

³ Both a clean copy and a redline version of the revised Business Rules are included in Attachment A.

⁴ See, e.g., WestRock Comments at 1 (July 31, 2023); Virginia Forestry Association Comments at 2 (Aug. 1, 2023); Virginia Agribusiness Council Comments at 2 (Aug. 4, 2023).

⁵ See, e.g., PJM EIS Comments at 1-2 (July 20, 2023); WestRock Comments at 1 (July 31, 2023); Virginia Forestry Association Comments at 2 (Aug. 1, 2023); Virginia Agribusiness Council Comments at 2 (Aug. 4, 2023). We further find, given the statutory requirements of Code § 56-585.5, that the category "waste heat" should be changed to "waste heat in Virginia."

GATS.⁶ We accept this proposed change and concur that such an amendment would reasonably provide a sufficient grace period for small generators to work through any REC registration challenges in the GATS.⁷ As such, we have amended the language to Business Rule No. 5 to reflect this change.

Accordingly, IT IS ORDERED THAT:

(1) The Business Rules, as revised, are hereby approved with such revisions effective as of the date of this Order.

(2) A copy of this Order and the attached Business Rules forthwith shall be posted on the website of the Division of Public Utility Regulation.

(3) Within five (5) business days of the date of this Order, the Commission's Division of Public Utility Regulation shall electronically transmit copies of this Order to those persons and entities previously identified by the Staff at the commencement of this docket as potentially having an interest in this matter.

(4) This case is dismissed.

Commissioner James C. Dimitri participated in this matter.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. A COPY shall also be sent electronically by the Clerk of the Commission to all persons on the official Service List for Case No. PUR-2022-00045. The Service Lists are available from the Clerk of the Commission.

⁶ See, e.g., Blue Ridge Power Agency Comments at 2-3 (Aug. 4, 2023). The Commission did not receive any comments opposing this request.

⁷ See *id.* at 2.

**Generation Attribute Tracking System ("GATS") Business Rules for Issuing
Virginia ("VA")-Approved Renewable Energy Certificates ("RECs")
Revision 3 pursuant to Va. Code § 56-585.5 C**

1. For compliance years 2021-2024, the GATS Administrator can automatically certify as eligible for use toward the VA RPS Program all renewable energy (as defined in Va. Code § 56-576) from facilities located in VA and in the PJM Region, as similarly done today. However, effective January 1, 2021, Va. Code § 56-585.5 expressly prohibits the use of RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, and (iii) biomass-fired facilities that are outside the Commonwealth. Additionally, the definition of renewable energy does not include waste heat from fossil-fired facilities. To ensure that any RECs from a biomass or waste heat facility meet the legislative criteria in Va. Code § 56-585.5 C, such a request to register with the GATS Administrator will not be automatically accepted and must be accompanied by an affidavit provided to the GATS Administrator, with a copy simultaneously furnished to the Commonwealth of Virginia State Corporation Commission Staff ("SCC Staff" or "Commission Staff"), attesting to such eligibility as shown on Appendix 1 or Appendix 2 of these Business Rules. The following table reflects the GATS supported VA-Eligible fuel types that may be used to produce RECs to comply with Va. Code § 56-585.5 C and satisfy the VA RPS Program requirements for compliance years 2021-2024:

| VA-Eligible Fuel Types: 2021-2024 | Non-Eligible Fuel Types |
|---|---|
| <ul style="list-style-type: none"> • LFG Captured Methane - Landfill Gas • FCR Fuel Cell - Renewable Fuel • GEO Geothermal • WAT Hydro • OC1 Ocean • AB Biomass - Agriculture Crops in VA • OBG Biomass - Other Biomass Gases in VA • OBL Biomass - Other Biomass Liquids in VA • OBS Biomass - Other Biomass Solids in VA • PW Biomass - Poultry Waste in VA • SLW Biomass - Sludge Waste in VA | <ul style="list-style-type: none"> • CMG Captured Methane - Coal Mine Gas • BIT Coal - Bituminous and Anthracite • LIG Coal - Lignite • SC Coal - Coal-based Synfuel • SUB Coal - Sub-Bituminous • WC Coal - Waste/Other • EE Energy Efficiency • DSR Demand-Side Response • FCN Fuel Cell - Non-Renewable Fuel • BFG Gas - Blast-Furnace Gas • NG Gas - Natural Gas • OG Gas - Other |

| | |
|---|---|
| <ul style="list-style-type: none"> • SW Biomass - Swine Waste in VA • SUN Solar - Photovoltaic • STH Solar - Thermal • MSW Solid Waste - Municipal Solid Waste • WH Waste Heat in VA • WND Wind • BLQ Wood - Black Liquor in VA • WDL Wood - Waste Liquids in VA • WDS Wood - Wood/Wood Waste Solids in VA | <ul style="list-style-type: none"> • PG Gas - Propane • NUC Nuclear • DFO Oil - Distillate Fuel Oil • JF Oil - Jet Fuel • KER Oil - Kerosene • PC Oil - Petroleum Coke • RFO Oil - Residual Fuel Oil • WO Oil - Waste/Other Oil • OTH Other • HPS Pumped Storage • TDF Solid Waste - Tire Derived Fuel |
|---|---|

2. For generators that are eligible to satisfy the RPS Program in VA pursuant to Va. Code § 56-585.5 C, the GATS will apply a unique state certification number to the certificates created for that generator using a format to be determined by the Commonwealth of Virginia State Corporation Commission ("Commission" or "SCC"). For example, VA-#####-fueltype, where '#####' is a unique number and fuel type is one of the codes from the table above. For small distributed facilities (≤ 1 MW_{AC}), the GATS will add the suffix "-D" after the appropriate fuel type, e.g., VA-#####-fueltype-D. Owners of resources seeking to qualify as small distributed resources (≤ 1 MW_{AC}) must self-certify that the facility meets the small-scale eligibility requirements of Va. Code § 56-585.5 C and provide such supplemental or technical information as may be required by the GATS Administrator.

3. For small distributed resources (≤ 1 MW_{AC}) that also qualify as low income qualifying projects, the GATS will add the suffix "-LIQP" after the appropriate fuel type, e.g., VA-#####-fueltype-D-LIQP. Owners of resources seeking to qualify as low-income qualifying projects must self-certify that the facility meets the established eligibility requirements by electronically attesting to the following language within the GATS.

I ATTEST that this facility qualifies for the "Low Income Qualifying Project" designation because:

- It is a behind-the-meter facility that supplies its output directly to "low-income utility customers" as defined in Va. Code § 56-576. The facility is behind the meter of an individual who meets the definition of "low-

income utility customer" or behind a master meter of a residential complex whose residents meet the definition of "low-income utility customer."

OR

- It is a front-of-the-meter facility that supplies its output to low-income customers through the established Dominion Energy Virginia community solar, shared solar, or multi-family shared solar programs, and it supplies a minimum of 50% of its output to subscribers that meet the definition of "low income utility customers" in Va. Code § 56-576.

I AGREE to notify the SCC Staff and the GATS Administrator within 30 days if the facility no longer satisfies the requirements above for the "Low Income Qualifying Project" designation.

4. If it is not possible for the GATS Administrator to determine if a facility is eligible in VA, any other VA certifications will be applied by the GATS Administrator on an exception basis as directed by the VA SCC. Additional requirements of VA regarding eligibility:
 - RECs associated with capacity or energy generated by a public utility serving the Commonwealth must be from facilities located within VA or within the PJM interconnection region.
 - RECs from biomass-fired and waste heat facilities are limited to that meeting the criteria of Va. Code § 56-585.5 C and accompanied by the appropriate affidavit.
 - Further market, technology or regulatory developments in VA not currently addressed by these Business Rules may be applied on an exception basis by the GATS Administrator as directed by the Commission, directed by the Commission to the SCC Staff, or presented to the Commission for consideration in further revision of these Business Rules.
5. RPS Program compliance in VA will be on a calendar-year basis. RECs meeting the criteria set forth in Va. Code § 56-585.5 C can be used for RPS Program compliance for the calendar year in which the generation occurred or, for RECs created in 2016 and thereafter, within the subsequent five calendar years. A generator not previously registered within the GATS is eligible, if its registration is confirmed to be complete

by the GATS Administrator, to produce RPS-eligible RECs in the calendar year the registration was submitted to the GATS and up to five years prior to the year of registration in the GATS consistent with the GATS Administrator's requirements for historical documentation. For that time period, the Commission and the GATS Administrator may require copies of the relevant calculations, and supporting documentation associated with the GATS Operating Rules to be subject to audit by the GATS Administrator, the GATS Subscriber Regulators, or their agents. Any eligible RECs from small distributed facilities created during this period should be given the appropriate suffix as described in Business Rule 2. Electric investor-owned utilities and entities meeting a VA obligation should retire RECs in VA to meet their respective requirements for the prior calendar, or compliance period.

6. It is understood and expected that all generators will utilize a revenue-quality meter that meets the ANSI C-12 standard to measure and report associated generation and corresponding REC values.
7. For the period 2025 and beyond, further revisions to the GATS will be addressed at a later time to reflect the RPS Eligible Resources as defined in Va. Code § 56-585.5 C and any subsequent amendments in advance of the year 2025.

APPENDIX 1

Eligible Biomass Self-Certification Affidavit

I (officer name and title) of (applicant name) certify on this (date) , that the information provided below is true and complete and that the biomass facility called (facility name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates to help satisfy Virginia's RPS Program compliance for an electric investor-owned utility.

Signature

Biomass information:

- o Physically located at _____
- o Yes or no in operation as of January 1, 2023
- o Facility fuel source(s) _____
- o Yes or no harvesting done in accordance with best management practices for the sustainable harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105
- o Yes or no supplies no more than 10% of annual net generation to the electric grid
- o Yes or no supplies no more than 15% of annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected
- o Facility's 2022 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to the GATS Administrator and Commission Staff

_____.

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APPENDIX 2

Eligible Waste Heat Self-Certification Affidavit

I (officer name and title) of (applicant name) certify on this (date) , that the information provided below is true and complete and that the waste heat facility called (facility name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates to help satisfy Virginia's RPS Program compliance for an electric investor-owned utility.

Signature

Waste Heat information:

- o Physically located at _____
- o Yes or no in operation as of January 1, 2020
- o Facility fuel source _____
- o Yes or no the above-identified fuel source does not include fossil fuel combustion
- o Facility's 2022 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to the GATS Administrator and Commission Staff:

**Revised-Generation Attribute Tracking System ("GATS") Business Rules for Issuing Virginia ("VA")-Approved Renewable Energy Certificates ("RECs")
Revision 3 pursuant to Va. Code § 56-585.5 C 2020 Virginia Clean Economy Act ("VCEA")**

1. For compliance years 2021-2024, the GATS Administrator can automatically certify as eligible for use toward the VA RPS Program all renewable energy (as defined in Va. Code § 56-576) from facilities located in VAirginia and in the PJM Region, as similarly done today. However, effective January 1, 2021, Va. Code § 56-585.5 the ~~VCEA~~ expressly prohibits the use of RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, and (iii) biomass-fired facilities that are outside the Commonwealth, and (iv) biomass-fired facilities operating in the Commonwealth as of January 1, 2021, that supply 10 percent or more of their annual net electrical generation to the electric grid or more than 15 percent of their annual total useful energy to any entity other than the manufacturing facility to which the generating source is intereconnected. Additionally, the definition of renewable energy does not include waste heat from fossil-fired facilities. To ensure that any RECs from a biomass or waste heat facility meet the legislative criteria in Va. Code § 56-585.5-C, such a request to register with the GATS Administrator will not be automatically accepted and must be accompanied by an affidavit provided to the GATS Administrator, with a copy simultaneously furnished to the Commonwealth of Virginia State Corporation Commission Staff ("SCC Staff" or "Commission Staff"), attesting to such eligibility as shown on Appendix 1 or Appendix 2 of these ~~Business Rules~~. The following table reflects the GATS supported VA-Eligible fuel types that may be used to produce RECs to comply with Va. Code § 56-585.5 C the ~~VCEA~~ and satisfy the VAirginia RPS Program requirements for compliance years 2021-2024:

| VA-Eligible Fuel Types: 2021-2024 | Non-Eligible Fuel Types |
|--|--|
| <ul style="list-style-type: none"> • LFG Captured Methane - Landfill Gas • FCR Fuel Cell - Renewable Fuel • GEO Geothermal • WAT Hydro • OC1 Ocean • AB Biomass - Agriculture Crops in VA • OBG Biomass - Other Biomass Gases in VA as defined in Code § 56-585.5 C | <ul style="list-style-type: none"> • CMG Captured Methane - Coal Mine Gas • BIT Coal - Bituminous and Anthracite • LIG Coal - Lignite • SC Coal - Coal-based Synfuel • SUB Coal - Sub-Bituminous • WC Coal - Waste/Other • EE Energy Efficiency • DSR Demand-Side Response |

| | |
|--|--|
| <ul style="list-style-type: none"> • OBL Biomass - Other Biomass Liquids in VA as defined in Code § 56-585.5-C • OBS Biomass - Other Biomass Solids in VA as defined in Code § 56-585.5-C • PW Biomass - Poultry Waste in VA • SLW Biomass - Sludge Waste in VA • SW Biomass — Swine Waste in VA • SUN Solar - Photovoltaic • STH Solar - Thermal • MSW Solid Waste - Municipal Solid Waste • WH Waste Heat <u>in VA</u> • <u>WND</u> Wind • <u>BLQ</u> Wood - Black Liquor in VA • <u>WDL</u> Wood - Waste Liquids in VA • <u>WDS</u> Wood - Wood/Wood Waste Solids in VA | <ul style="list-style-type: none"> • FCN Fuel Cell - Non-Renewable Fuel • BFG Gas - Blast-Furnace Gas • NG Gas - Natural Gas • OG Gas - Other • PG Gas - Propane • NUC Nuclear • DFO Oil - Distillate Fuel Oil • JF Oil - Jet Fuel • KER Oil - Kerosene • PC Oil - Petroleum Coke • RFO Oil - Residual Fuel Oil • WO Oil - Waste/Other Oil • OTH Other • HPS Pumped Storage • TDF _____ Solid Waste – Tire Derived Fuel • WDS _____ Wood _____ Wood/Wood Waste Solids |
|--|--|

2. For generators that are eligible to satisfy the RPS Program in VA pursuant to Va. Code § ~~56-585.5-C~~, the GATS will apply a unique state certification number to the certificates created for that generator using a format to be determined by the Commonwealth of Virginia State Corporation Commission ("Commission" or "SCC") SCC. For example, VA-#####-#####-fueltype, where '#####' is a unique number and fuel type is one of the codes from the table above. For small distributed facilities ($\leq 1 \text{ MW}_{AC}$), the GATS will add the suffix "-D" after the appropriate fuel type, e.g., VA-#####-#####-fueltype-D. Owners of resources seeking to qualify as small distributed resources ($\leq 1 \text{ MW}_{AC}$) must self-certify that the facility meets the small-scale eligibility requirements of Va. Code § ~~56-585.5-C~~ and provide such supplemental or technical information as may be required by the GATS Administrator.

3. For small distributed resources ($\leq 1 \text{ MW}_{AC}$) that also qualify as low income qualifying projects, the GATS will add the suffix "-LIQP" after the appropriate fuel type, e.g., VA-#####-fueltype-D-LIQP. Owners of resources seeking to qualify as low-income qualifying projects must self-certify that the facility meets the established eligibility requirements by electronically attesting to the following language within the GATS.

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OR

- It is a front-of-the-meter facility that supplies its output to low-income customers through the established Dominion Energy Virginia community solar, shared solar, or multi-family shared solar programs, and it supplies a minimum of 50% of its output to subscribers that meet the definition of "low income utility customers" in Va. Code § 56-576.

I AGREE to notify the SCC Staff and the GATS Administrator within 30 days if the facility no longer satisfies the requirements above for the "Low Income Qualifying Project" designation.

4. If it is not possible for PJM-EIS the GATS Administrator to determine if a facility is eligible in VA, any other VA certifications will be applied by the GATS Administrators on an exception basis as directed by the VA SCC. Additional requirements of VA regarding eligibility:
 - RECs associated with capacity or energy generated by a public utility serving the Commonwealth must be from facilities located within VA or within the PJM interconnection region.
 - RECs from biomass-fired and waste heat facilities are limited to that meeting the criteria of Va. Code § 56-585.5-C and accompanied by the appropriate affidavit.
 - Further market, technology or regulatory developments in Virginia not currently addressed by these Business Rules may be applied on an exception basis by the GATS Administrator as directed by the Commission, directed by the Commission to the SCCVA-SCC Staff, or presented to the Commission for consideration in further revision of these Business Rules.

5. RPS Program compliance in VA will be on a calendar-year basis. RECs meeting the criteria set forth in Va. Code § 56-585.5 C can be used for RPS Program compliance for the calendar year in which the generation occurred or, for RECs created in 2016 and thereafter, within the subsequent five calendar years. A generator not previously registered within the GATS is eligible, if its registration is confirmed to be complete by the GATS Administrator, to produce RPS-eligible RECs in the calendar year the registration was submitted to the GATS and up to five years prior to the year of registration in the GATS consistent with the GATS Administrator's requirements for historical documentation. For that time period, the Commission and the GATS Administrator may require copies of the relevant calculations, and supporting documentation associated with the GATS Operating Rules to be subject to audit by the GATS Administrator, the GATS Subscriber Regulators, or their agents. Any eligible RECs from small distributed facilities created during this period should be given the appropriate suffix as described in Business Rule 2. Electric investor-owned utilities and entities meeting a VA obligation should retire RECs in VA to meet their respective annual RPS-requirements for the prior calendar, or compliance year period.
6. It is understood and expected that all generators will utilize a revenue-quality meter that meets the ANSI C-12 standard to measure and report associated generation and corresponding REC values.
7. For the period 2025 and beyond, further revisions to the GATS will be addressed at a later time to reflect the ~~VCEA~~ (RPS Eligible Resources as defined in Va. Code § - - 56--585.5 _C) and any subsequent amendments in advance of the year 2025.

APPENDIX 1

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Signature

Biomass ~~requirements~~ information:

- Physically located at _____
- Yes or no _____—in operation as of January 1, ~~2023~~2020
- Facility fuel source(s) - _____
- Yes or no harvesting done in accordance with best management practices for the sustainable harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105
- Yes or no _____—supplies no more than 10% of annual net generation to the electric grid
- Yes or no _____—supplies no more than 15% of annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected

o Facility's ~~2022~~2019 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to the GATS Administrator and Commission Staff

_____.

APPENDIX 2

Eligible Waste Heat Self-Certification Affidavit

I (officer name and title) of (applicant name) certify on this (date) , that the information provided below is true and complete and that the waste heat facility called (facility name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates to help satisfy Virginia's RPS Program compliance for an electric investor-owned utility.

Signature

Waste Heat ~~requirements~~ information:

- o Physically located at _____
- o Yes or no _____ in operation as of January 1, 2020
- o Facility fuel source _____
- o Yes or no _____ the above-identified fuel source does not include fossil fuel combustion ~~or forest or woody biomass~~
- o Facility's ~~2022~~2019 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to the GATS Administrator and Commission Staff:

_____.