

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 21, 2024

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COMMONWEALTH OF VIRGINIA, *ex rel.*

CASE NO. PUR-2024-00183

STATE CORPORATION COMMISSION

Ex Parte: In the matter of updating the
GATS Business Rules and for consideration
of additional GATS-related questions

ORDER FOR COMMENT

In 2013, the Virginia State Corporation Commission ("Commission"), in coordination with PJM Interconnection, L.L.C. ("PJM"),¹ established business rules to facilitate the registration, transfer, and retirement of eligible renewable energy certificates ("RECs") in the PJM Environmental Information Services, Inc.'s ("PJM-EIS")² Generation Attribute Tracking System ("GATS"),³ pursuant to § 56-585.2 of the Code of Virginia ("Code"), which established a voluntary renewable RPS program for the Commonwealth ("GATS Business Rules").⁴

During its 2020 Session, the Virginia General Assembly enacted Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly. These duplicate Acts of Assembly, known as the Virginia Clean Economy Act ("VCEA"), became effective on

¹ PJM is a regional transmission organization that coordinates the movement of wholesale electricity in certain states and the District of Columbia.

² PJM-EIS is a subsidiary of PJM.

³ GATS provides a mechanism to buy and sell 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.

⁴ *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of registering and retiring Virginia-eligible renewable energy certificates*, Case No. PUR-2021-00064, Doc. Con. Cen. No. 210410225, Order for Comment at 1 (Apr. 9, 2021). The GATS Business Rules are not regulatory rules of the Commission. *See id.*

July 1, 2020. The VCEA, among other things, repealed Code § 56-585.2 and established a mandatory RPS program ("RPS Program") for investor-owned electric utilities in Code § 56-585.5. To comply with the mandatory RPS Program, utilities must procure and retire RECs originating from qualifying sources.

Pursuant to Code § 56-585.5 C, for compliance year 2025 and all years thereafter, only RECs from identified RPS eligible sources ("RPS Eligible Sources") may be used. In order to qualify as an RPS Eligible Source, the source must meet the requirements set forth in Code § 56-585.5 C, which will include "geothermal heating and cooling systems located in the Commonwealth."⁵ Accordingly, and as detailed further below and in Attachment A, the Commission is proposing to update the GATS Business Rules to address these geothermal heating and cooling systems.

Further, during the 2024 Session, the Virginia General Assembly enacted Chapter 597 (SB 508) as part of the 2024 Virginia Acts of Assembly. Chapter 597, among other things, amends Code § 56-585.5, effective January 1, 2025, to state:

Energy from a geothermal heating and cooling system is eligible for inclusion in meeting the requirements of the RPS Program. RECs from a geothermal heating and cooling system are created based on the amount of energy, converted from BTUs to kilowatt-hours, that is generated by a geothermal heating and cooling system for space heating and cooling or water heating. The Commission shall determine the form and manner in which such RECs are verified.⁶

Also effective January 1, 2025, Code § 56-576 defines the following terms:

"Geothermal heating and cooling system" means a system that:
1. Exchanges thermal energy from groundwater or a shallow ground source to generate thermal energy through an electric geothermal heat

⁵ SB 508, Code § 56-576.

⁶ Code § 56-585.5 C 5.

- pump or a system of electric geothermal heat pumps interconnected with any geothermal extraction facility that is (i) a closed loop or a series of closed loop systems in which fluid is permanently confined within a pipe or tubing and does not come in contact with the outside environment or (ii) an open loop system in which ground or surface water is circulated in an environmentally safe manner directly into the facility and returned to the same aquifer or surface water source;
2. Meets or exceeds the current federal Energy Star product specification standards;
 3. Replaces or displaces less efficient space or water heating systems, regardless of fuel type;
 4. Replaces or displaces less efficient space cooling systems that do not meet federal Energy Star product specification standards; and
 5. Does not feed electricity back to the grid.

"Renewable thermal energy equivalent" means the electrical equivalent in megawatt hours of renewable thermal energy calculated by dividing (i) the heat content, measured in British thermal units (BTUs), of the renewable thermal energy at the point of transfer to a residential, commercial, institutional, or industrial process by (ii) the standard conversion factor of 3.413 million BTUs per megawatt hour.

Finally, SB 508 requires:

That the State Corporation Commission (the Commission) shall convene a stakeholder work group ["Workgroup"] to examine the feasibility of establishing renewable energy portfolio standard program (RPS program) requirements under § 56-585.5 of the Code of Virginia, as amended by this act, that require each Phase I and Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, to procure and retire renewable energy certificates (RECs) from geothermal heating and cooling systems, as defined in § 56-576 of the Code of Virginia, as amended by this act, placed in service after August 16, 2022, as a percentage of the number of RECs used for RPS program compliance. The work group shall include representatives from the geothermal industry, Phase I and Phase II Utilities, the Department of Energy, environmental advocacy organizations, environmental justice organizations, consumer advocates, and other interested stakeholders. The Commission shall report the findings and recommendations of the work group to the Chairmen of the Senate Committee on Commerce and Labor, the House Committee on Labor and Commerce, and the Commission on Electric Utility Regulation no later than December 1, 2024.

In light of the foregoing, the Commission finds it is appropriate to consider updated GATS Business Rules ("Updated GATS Business Rules"), as reflected in Attachment A.

Commission Staff ("Staff"), both independently and through the Workgroup, have considered how to appropriately calculate RECs from geothermal heating and cooling systems. It is the Commission's understanding through Staff's conversations with stakeholders that there is general consensus that "renewable thermal energy equivalent," as that term is set forth above and defined in Code § 56-576, is a reasonable method to ultimately determine the electrical equivalent output of these systems. However, a fundamental part of this calculation requires knowing the heat content of the system. Accordingly, the Commission proposes to update the GATS Business Rules to state: "RPS eligible sources that do not produce metered electricity will utilize a meter that meets equivalent accuracy levels [to the ANSI C-12 standard] in determining the heat content that will be used to calculate the renewable thermal energy equivalent as defined in § 56-576."

The Commission clarifies that further revisions to GATS will be addressed at a later time to reflect maturation in Virginia's RPS Program and any subsequent amendments in the related statutory authority.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that interested persons should be provided an opportunity to comment on the Updated GATS Business Rules, which are attached hereto as Attachment A. As part of any comments, interested parties may propose related revisions or issues not otherwise addressed herein.⁷

⁷ After receiving such comments, the Commission will determine whether it is appropriate to decide such additional issues as part of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed as Case No. PUR-2024-00183.

(2) All documents in this matter shall be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").⁸ Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

(3) On or before November 8, 2024, any interested person may submit written comments on the Updated GATS Business Rules or other issues described herein by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2024-00183.

(4) On or before December 6, 2024, the Staff shall file with the Clerk of the Commission a report on or a response to any comments submitted to the Commission concerning the Updated GATS Business Rules or other issues described herein.

(5) Within five (5) business days of the filing of this Order for Comment with the Clerk of the Commission, Staff shall electronically transmit copies of this Order to those persons and

⁸ 5 VAC 5-20-10 *et seq.*

entities identified by Staff as potentially having an interest in this matter. Staff shall maintain a list of names and addresses of the persons and entities to whom the Order was transmitted.

(6) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service Lists for Case Nos. PUR-2021-00064 and PUR-2022-00045. The Service Lists are available from the Clerk of the Commission.

**Generation Attribute Tracking System ("GATS") Business Rules for Issuing
Virginia ("VA")-Approved Renewable Energy Certificates ("RECs")
Revision 43 pursuant to Va. Code § 56-585.5 C**

1. For compliance years 2025 and beyond~~2021-2024~~, the GATS Administrator can automatically certify as eligible for use toward the VA RPS Program all RPS eligible sources~~renewable energy~~ (as defined in Va. Code § 56-585.5~~76~~) 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,~~ fuel cell, or solar thermal unit/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, Appendix 3, or Appendix 4~~ 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 2025 and beyond~~2021-2024~~:

VA-Eligible Fuel Types: <u>2025 and beyond</u> 1-2024	Non-Eligible Fuel Types
<ul style="list-style-type: none"> • LFG Captured Methane - Landfill Gas in VA • FCR Fuel Cell - Renewable Fuel for fuel types defined in § 56-585.5 • GEO Geothermal as defined in § 56-585.5 in VA • WAT Hydro as defined within "falling water" in § 56-585.5 • OC1 Ocean as defined within "falling water" in § 56-585.5 • AB Biomass - Agriculture Crops in VA • OBG Biomass - Other Biomass Gases 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

<ul style="list-style-type: none"> • 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 • SW Biomass - Swine Waste in VA • SUN Solar - Photovoltaic • STH Solar - Thermal as <u>defined in § 56-585.5</u> • MSW Solid Waste - Municipal Solid Waste <u>in VA</u> • WH Waste Heat, <u>as defined within "waste-to-energy" in § 56-585.5 or "renewable thermal energy" as described in § 56-585.5 and § 56-576, in VA</u> • 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"> • NG Gas - Natural Gas • <u>CNG Gas - Compressed Natural Gas</u> • 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
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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. For RPS geothermal heating and cooling systems, as defined in § 56-576, the GATS will add the suffix "-TH" after the appropriate fuel type, e.g., VA-#####-fueltype-TH. Owners of resources seeking to qualify as RPS eligible sources must self-certify that the facility meets the eligibility requirements of Va. Code § 56-585.5 C using the renewable thermal energy equivalent definition from Va. Code § 56-576, and provide such supplemental or technical information as may be required by the GATS Administrator.
5. 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.
6. 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.
7. 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. RPS eligible sources that do not produce metered electricity will utilize a meter that meets equivalent accuracy levels in determining the heat content that will be used to calculate the renewable thermal energy equivalent as defined in § 56-576.

~~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 units (unit name) at facility called (facility-plant name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates towards ~~help~~ satisfying Virginia's RPS Program compliance for an electric investor-owned utility.

Signature

Biomass information:

- o Physically located at _____
- o Yes or no ~~i~~ n operation as of January 1, 2023
- o ~~Facility~~ Biomass unit(s) fuel source(s)

- o Yes or no ~~h~~ 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 ~~s~~ supplies ~~no~~ more than 10% of annual net generation to the electric grid
- o Yes or no ~~s~~ 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 units (unit name) at facility called (facility-plant name)- located in Virginia hereby meets the eligibility requirements of Va. Code §-56-585.5-C to provide renewable energy certificates towards help-satisfying 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 Waste heat Facility-unit(s) fuel source

- o Yes or no The above-identified fuel source ~~does not~~ includes fossil fuel combustion:
 - o If "Yes" a fossil fuel must be listed as the primary fuel in the GATS to prevent accidental inclusion of RECs from fossil fuel combustion.
 - o If "Yes" attach documentation for the method used to isolate identified fossil fuel sources from REC production.
- o Yes or no The unit(s) utilize a meter that meets equivalent accuracy levels of the ANSI C-12 standard in determining the heat content that will be used to calculate the renewable thermal energy equivalent as defined in § 56-576.
- o Facility's 2022 annual net generation was _____ MWh

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

_____.

APPENDIX 3

Eligible Fuel Cell - Renewable Fuel 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 fuel cell units (unit name) at facility called (plant name) hereby meet the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates towards satisfying Virginia's RPS Program compliance obligations for an investor-owned electric utility.

Signature

Fuel Cell information:

- o Physically located at _____
- o Date of interconnection with the electric transmission or distribution system as verified by a signed letter from the utility authorizing the unit(s) to interconnect, energize, and operate. _____
- o Fuel cell unit(s) fuel source(s) _____
- o Yes or no The above-identified fuel source includes fossil fuels:
 - o If "Yes" the fossil fuel must be listed as the primary fuel in the GATS to prevent accidental inclusion of RECs from fossil fuel combustion.
 - o If "Yes" attach documentation for the method used to isolate identified fossil fuel sources from REC production.

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

APPENDIX 4

Eligible Solar - Thermal 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 solar thermal units (unit name) at facility called (plant name) hereby meet the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates towards satisfying Virginia's RPS Program compliance for an electric investor-owned utility.

Signature

Solar Thermal information:

- o Physically located at _____
- o Date of the interconnection with the electric transmission or distribution system as verified by a signed letter from the utility authorizing the unit(s) to interconnect, energize, and operate _____
- o Yes or no The above-identified solar thermal unit produces electric energy.

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

_____.