



The Climate Registry: General Reporting Protocol

Public Comments



The Climate Registry

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The Renewable Energy Marketers Association (REMA) represents the collective interests of both for-profit and non-profit organizations that sell or promote renewable energy products through voluntary markets, including renewable electricity and renewable energy certificates (RECs), to individuals, companies and institutions throughout North America. REMA applauds TCR for the important work in establishing uniform protocols for quantifying and reporting greenhouse gas emissions, and we appreciate the opportunity to participate in this public comment on TCR's General Reporting Protocol.

Background

As a reminder, in April 2008, TCR staff met with representatives from REMA, Renewable Northwest Project and the Oregon Global Warming Committee to discuss the treatment of RECs within TCR GHG accounting system. The purpose of the meeting was to identify points of consensus and points of diverging opinions, if any. Several points of mutual consensus were discussed, which we reiterate here, including:

- In general, renewable energy reduces greenhouse gas emissions.
- Those GHG reductions should be counted in any GHG accounting system.
- The GHG reduction benefits should be attributed to the owner of the renewable energy facility.
- In the final accounting, no double-counting should occur.
- The GHG reduction attributed to renewable energy facilities should be a reasonable representation of actual electric grid operations, recognizing that absolute precision is not reasonable given the complexities of the current market.
- The accounting system should be reasonably simple.
- To the degree possible, the accounting system should be consistent with electric utility laws and regulations, such as disclosure requirements and renewable portfolio standards (RPS).
- The accounting system should be consistent with other GHG accounting protocols commonly used in the marketplace, such as those developed by the World Resources Institute (WRI) and the Environmental Protection Agency (EPA).
- Reporting of renewable energy purchases must provide TCR participants with actual, quantifiable value.

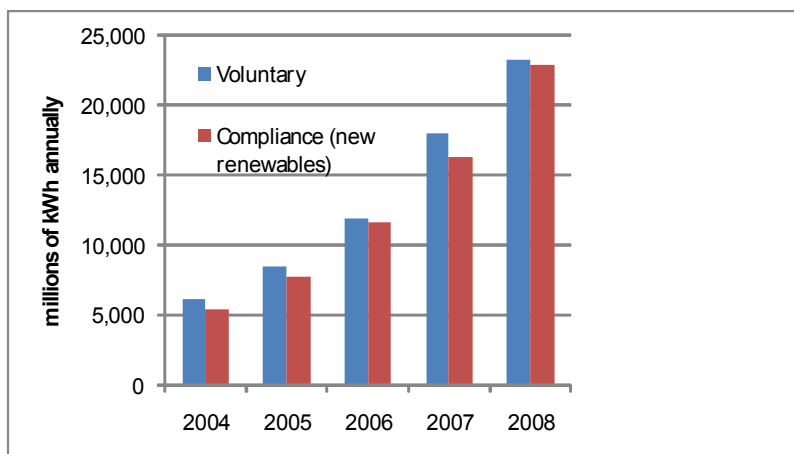
It was also noted in these early discussion that many regional policy programs (such as RGGI, CARB and WCI) have or anticipate creating mechanisms whereby voluntary purchases will result in the retirement of allocations, ensuring that meaningful GHG reductions occur as a result of the voluntary market. As a policy-neutral framework, it is critical that TCR ensure proper accounting of such transactions.

REMA Guidance

REMA’s central concern is guidance for the appropriate accounting of end-use purchases of renewable electricity and RECs as reductions in Scope 2 emissions, not as Scope 3 emissions. We agree that guidance for such purchases belongs in the General Reporting Protocol, and we are pleased to see that TCR is actively pursuing this avenue.

In general, it is our experience that customers purchasing renewable energy in the voluntary market are highly motivated by the opportunity to reduce greenhouse gas emissions. Often these transactions are executed through utility or LSE green power programs, but overwhelmingly they are executed independently through direct, bilateral transactions that rely on third-party certification and verification. Although TCR acknowledges the importance of REC purchases to the reduction of carbon emissions it has consistently been silent on how these voluntary purchases are treated and their impact on an end-use customer’s overall emissions. REMA emphasizes that the accounting protocol is of vital concern to corporations, regional businesses and individuals that purchase RECs independently.

Currently, one million businesses, households, government agencies, farms, and other organizations purchase “green power”— renewable electricity or renewable energy certificates (RECs) — or install distributed renewable electricity generation as part of their voluntary commitment to reduce their electricity-related carbon footprint and help develop nationwide renewable energy capacity that exceeds what mandatory markets contribute alone. According to the U.S. Department of Energy National Renewable Energy Laboratory (NREL) retail sales of renewable energy in voluntary purchase markets totaled 24 billion kilowatt-hours (kWh) in 2008, or 0.6% of total U.S. electricity sales. Green power sales (in kWh) increased by 34% in 2008, with annual growth rates averaging 32% since 2004. The market value of these sales in 2008 is estimated to be between \$110 million and \$190 million.¹



Source: National Renewable Energy Laboratory, Green Power Markets in the United States: A Status Report (12th Edition). September 2009.

¹ Bird, Lori, and Elizabeth Lokey. *Interaction of Compliance and Voluntary Renewable Energy Markets*, Golden, CO: National Renewable Energy Lab, October 2008.



To enable voluntary renewable markets to credibly function and add value, one simple principle should be upheld: either a voluntary or a compliance claim can be made for each MWh of clean energy sold, not both. Customers choose to purchase renewable energy believing that their purchase creates demand that is additional to renewable mandates.

Of note is that 40 million MWh of renewable generation result in a reduction of 31.2 million metric tons of CO₂.² The most recent estimates available from NREL attribute 58% of the total green power sales to REC markets. Of this, 99% is “non-residential,” comprised primarily of corporations and regional businesses.³ We highlight these statistics simply to note that the reporting needs of these businesses are critical to their purposes and to TCR. Clearly they should not be overlooked.

The following are important points for TCR to consider:

- The Climate Registry historically defines power certificates as proof that electricity has been generated. While certificates certainly do provide that assurance, they do much more. TCR should be aware that most states, in regulation, and most consumer protection organizations, define a certificate as embodying the environmental and generation attributes of the generating unit. Please see for example Green-e Energy www.green-e.org/dictionary.shtml#rec, the World Resources Institute www.wri.org/publication/bottom-line-renewable-energy-certificates and the Environmental Protection Agency www.epa.gov/greenpower/documents/gpp_basics-recs.pdf.

Policy Issues

We note some specific areas of inconsistency with other systems currently in use in the following comments. We believe that for TCR to remain policy-neutral, it will be important to track all information related to green power purchases and RECs that is relevant to other regulatory regimes and certification processes. This is particularly important in situations where consumer protection issues may be at play. We offer specific comments in the appropriate sections.

The most critical area for improvement relates to reporting for Scope II emissions. The protocol states,

“A limited number of voluntary and mandated GHG reporting programs include mechanisms by which certain types of RECs can be used to create a deduction to the purchaser’s GHG inventory. In such cases the deduction is applied to Scope 2 emissions.”

² Based on EPA’s e-GRID data for the national average CO₂ emissions resulting from electric generation (0.78 metric tons/MWh). See <http://epa.gov/cleanenergy/energy-resources/egrid/index.html>.

³ *Green Power Marketing in the United States: A Status Report (11th Edition)*. Bird, Lori Claire Kreycik and Barry Friedman. NREL/TP-6A2-44094, October 2008.



As we have noted above, we believe that by far the majority of sales made in the voluntary market for RECs are purchases by entities that would properly account for these RECs in their Scope II emissions reporting. As a policy-neutral body, TCR must create effective mechanisms within the reporting protocol that allow for proper reporting of REC transactions within Scope II emissions.

As we have noted, TCR is striving to maintain policy-neutral approach to RECs and GHG accounting. As stated in section, “Balancing the importance of RECs as a tool for incentivizing the renewable generation industry and the claim that RECs can make to the emissions attributes of Green Power with the lack of clear consensus and the complexities cited above, The Registry seeks to take a policy neutral approach for REC accounting that maximizes transparency.”

We believe that the proper strategy for TCR to employ, therefore, is to focus on clear, accurate and transparent accounting methodologies. With accurate data, the appropriate regulators, certification bodies or market participants will be able to use TCR to apply their criteria and methodologies, as appropriate. We note below several areas related to eligibility that may need to be adjusted to achieve the policy-neutral position to which TCR aspires.

Scope II Emissions

As is well documented, NREL data supports the observation that most voluntary REC and Green Power customers are corporations, regional businesses, local governments and other ‘non-residential’ customers.

Therefore, this protocol must include accounting methodology for Scope II emissions.

It is important to note that TCR seems to believe that RECs are somehow different from bundled green electricity and require different treatment. This is simply not the case. They are the same and should be treated as such by this protocol.

If voluntary purchasers of green power, in all its forms (green pricing, bundled green electricity, or unbundled RECs) cannot deduct from their Scope 2 emissions, it will call into question their ability to substantiate marketing claims (for themselves or the products they sell) as required by the FTC Environmental Marketing Guidelines. To be effective and avoid confusion, these different rules must work together, not at cross purposes.

Further, national and state utility law validates the purchase of all environmental benefits through the purchase and sale of RECs. TCR should not be able to disregard valid and legally binding contracts between REC sellers and purchasers, as codified in both state and federal statute.

Conclusion

Thank you for your consideration of these comments. We welcome an opportunity to speak with you to continue our dialogue.