



*February 3, 2009*

Western Climate Initiative – Electricity Subcommittee  
Attn: Scott Murtishaw  
505 Van Ness Avenue  
San Francisco, CA 94102

Dear Scott,

The Renewable Energy Marketers Association (REMA) represents the collective interests of both for-profit and nonprofit 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.

We have been an active stakeholder in the Western Climate Initiative process and submitted comments on multiple occasions.<sup>i</sup> In our comments, we have consistently advocated for the inclusion of appropriate mechanisms that address the active and vibrant voluntary market for renewable energy purchases. A primary motivation of customers in this marketplace is the meaningful reduction of greenhouse gas emissions.

As long as the WCI region has been without a fixed cap on GHG emissions, voluntary purchases of renewable energy (RECs, green power, and onsite generation) have displaced fossil generation and resulted in emission reductions. In this uncapped market, purchasers regularly make public statements about how renewable energy purchasing reduces emissions. These claims can be easily substantiated and certified.

When a fixed cap on GHG emissions is established under WCI, voluntary purchases of renewable energy will still displace fossil generation. However, the total number of emission allowances—and hence the level of emissions produced—will be unaffected. As a result, emission reduction claims will become problematic. Unless allowances are retired commensurate with voluntary renewable energy purchases, renewable energy purchases will no longer reduce GHG emissions once the cap is in effect. This is a result that is unacceptable to the WCI region which represents 38% of voluntary renewable energy supply and 30% of voluntary demand.<sup>ii</sup>

In order to support the voluntary market for renewable energy, REMA urges WCI to include an allocation of allowances that enables voluntary purchasers of renewable energy to reduce greenhouse gas (GHG) emissions below the level of the cap commensurate with the level of voluntary demand.

Creating a voluntary market mechanism will allow voluntary markets to help the WCI region exceed its goals for renewable energy development and GHG reductions. The key points of our proposed solution are:

[www.RenewableMarketers.org](http://www.RenewableMarketers.org)

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Renewable Choice Energy • SmartPower • Sterling Planet • SunEdison  
SunPower • Washington Gas Energy Services

1. *Voluntary Market Mechanism:* WCI should allocate allowances to enable voluntary renewable energy purchases from generation within the capped region to reduce greenhouse gas (GHG) emissions below the level of the cap. A regulatory mechanism that is consistent across the member states should be established to ensure that allowances are allocated for voluntary purchases of renewable energy credits (RECs) and Green Power;
2. *Allocation from Total Allowance Pool:* The voluntary renewable energy allocation should be taken from the total pool of allocations established under the cap and thus result in fewer total allowances available to covered entities;
3. *Reconciliation:* The voluntary market mechanism should have (1) a regular true-up process to reconcile projected versus actual sales, and (2) flexibility to adjust the allocation amount commensurate with actual sales;
4. *No Purchaser Restriction:* The voluntary renewable energy mechanism should be available to all voluntary renewable energy purchases regardless of the location of the purchaser. No geographic restrictions on the purchaser should be included in the voluntary market allocation mechanism;
5. *Null Power Imports:* Any null power imports into the capped region must have an associated emissions value and commensurate allowance retirement.<sup>iii</sup>


To date, the decision-making process of the WCI members and various committees has not been clearly articulated. While our members have received numerous verbal assurances from committee staff that the WCI will consider a voluntary market mechanism, no meetings have been yet been scheduled to engage in this discussion.

REMA respectfully requests that the WCI articulate a clear timeline for including consideration of the voluntary market mechanism within the overall decision-making process of the Electricity Subcommittee. Specifically, we believe that the WCI should schedule a teleconference among interested stakeholders in February. This call should serve to receive initial input regarding the implementation of a voluntary market mechanism (consistent with the principles we have outlined above) and establish a timeline for future meetings and recommendations.

Respectfully Submitted,



Gabe Petlin, REMA President  
Director, Regulatory Affairs & Carbon Markets  
3Degrees  
[gpetlin@3degreesinc.com](mailto:gpetlin@3degreesinc.com)  
(415) 595-1679



Jonathan Edwards, REMA Director  
Vice President  
SmartPower  
[jedwards@smartpower.org](mailto:jedwards@smartpower.org)  
(202) 775-2040

*The views expressed by REMA in this letter do not necessarily represent the views of each individual member company.*

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<sup>i</sup> Specifically, REMA has submitted comments on February 1, 2008 (Allocations Subcommittee; Electricity Subcommittee); April 17, 2008 (Allocations Subcommittee); and, August 13, 2008 (WCI).

<sup>ii</sup> These estimates are based on data from the National Renewable Energy Lab (NREL).

<sup>iii</sup> For the purposes of this discussion, “null power” is defined to mean power from renewable energy facilities that do not include the renewable energy credits (RECs). This is consistent with the terminology used in the working paper prepared by Scott Murtishaw dated December 8, 2008, which defined “null power” as, “power that remains when RECs have been unbundled and sold separately.”