

United States Senate

WASHINGTON, DC 20510

September 30, 2009

The Honorable Lisa Jackson
Administrator
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Ave., NW
Washington, DC 20460

Dear Administrator Jackson,

As you know, we are strong supporters of a national program to build a clean energy economy and fight global warming. We want to make sure that voluntary renewable energy programs that millions of American consumers and companies participate in can contribute meaningfully in this effort. As the Senate drafts its climate bill, we are writing to draw your attention to the significant impact that comprehensive clean energy jobs legislation, including a cap on greenhouse gas pollution, could have on voluntary renewable energy purchases and the voluntary renewable energy market as a whole if they are not properly addressed in legislation, and to seek your input on how to best address this concern.

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].

Estimates from the National Renewable Energy Laboratory and the Union of Concerned Scientists also show that voluntary renewable energy demand is slightly greater than current state renewable energy standard (RES) requirements for new renewable generation. A primary motivation for these voluntary purchases is the reduction of a buyer's greenhouse gas footprint.

However, we are concerned that the voluntary renewable energy market may be disrupted if it is not specifically accounted for under GHG emission cap and RES programs. If not addressed, voluntary purchases by customers will simply count toward the utility's compliance obligation and will neither be adding more renewable energy nor reducing additional greenhouse gas emissions beyond what the law requires. If promised GHG reductions and renewable energy

^[1] Source: National Renewable Energy Laboratory, Green Power Markets in the United States: A Status Report (12th Edition). September 2009.


generation cannot be assured, the voluntary market and the significant GHG reductions that result from it could essentially disappear.

In addition, voluntary renewable energy programs could be open to allegations of consumer fraud as marketing efforts for those programs would in effect simply be persuading certain consumers to pay more than other customers toward the utility's compliance with a GHG cap or RES.


As the Senate moves to draft its own GHG legislation, we believe that it is imperative that this outcome be avoided and the voluntary renewable energy and GHG markets be preserved. Please provide your recommendations on how GHG caps and allowance allocations can be adjusted to recognize the GHG reductions achieved from the voluntary renewable market. One proposal is that any RES legislation specifically prohibit RECs from voluntary purchases from counting toward federal RES obligations and that, under a GHG cap, an appropriate number of allowances be retired to reflect the GHG reductions achieved by voluntary renewable energy purchases. We request your thoughts on these or other concepts that would ensure that the voluntary renewable energy market is fully credited with its renewable energy generation and GHG reductions and that the national GHG caps and allowance allocations similarly reflect the reductions being achieved in this manner.

It has also come to our attention that the voluntary renewable energy market may be disrupted by RES provisions that effectively re-assign existing RECs to the Federal REC allocation system thereby potentially voiding these private contracts and their resulting contribution to expanded use of renewable energy. Please suggest how best to modify the current proposals to retain the sanctity of the existing contracts and the viability of the voluntary renewable energy market.

Sincerely,



Ron Wyden
United States Senator




Bernard Sanders
United States Senator



Jeff Merkley
United States Senator



Sheldon Whitehouse
United States Senator



Amy Klobuchar
United States Senator