Dear Administrator McCarthy,

The Renewable Energy Markets Association (REMA) is pleased to offer comments on the U.S. Environmental Protection Agency’s (EPA) Clean Power Plan (Docket No. OAR–2013-0602). REMA represents the collective interests of businesses that sell or promote the sale of renewable energy products, including renewable technology, renewable electricity, and Renewable Energy Certificates (RECs) to individuals, companies, and institutions throughout North America. We are the leading national organization focused on maintaining the integrity and continued growth of the compliance and voluntary renewable energy markets, and we actively engage in proceedings at the federal and state level when policies impact the renewable energy markets. REMA is pleased to recommend strategies for states to harness existing markets and systems to encourage greenhouse gas (GHG) reductions as they work to meet their state targets under the Clean Power Plan.

REMA applauds the EPA for its leadership in promoting emissions reductions. As proposed, the Clean Power Plan offers states significant flexibility in meeting their 2030 carbon reduction targets through activities such as efficiency improvements at power plants, energy conservation programs, energy storage, renewable energy standards, and market based trading systems, among many others. Twenty-nine states plus the District of Columbia employ renewable portfolio standards (RPS) programs that require increasing levels of renewable generation from levels as low as 10% to 33% of specified sales, while eight states have non-binding goals. Many of the RPS states allow for renewable generation from neighboring states or those in their power pool to be sold into their respective state and applied towards their mandate. This creates markets for green power and encourages maximum resource efficiency. Including these standards in the Clean Power Plan is practical and cost effective, but there is an opportunity to incorporate other sources of renewable energy as well.

Figure 1: Annual U.S. Voluntary Renewable Energy Sales, 2006-2012

Source: National Renewable Energy Laboratory
There exists today a substantial market for purchases of renewable electricity above and beyond state RPS mandates and federal agency purchasing requirements. Better known as the Voluntary Renewable Energy (VRE) market, these purchases support the development of renewable energy generation nationwide. As illustrated in Figure 1 above, 2012’s total retail sales of voluntary renewable energy exceeded 48 million megawatt-hours (MWhs), which is enough electricity to power more than four (4) million American homes for a year.\(^1\) VRE purchases have continued to climb with a year-on-year positive growth rate, despite the recent economic recession and lack of legal mandates.

The VRE market affords renters, homeowners, businesses, and institutions flexibility in purchasing green power. The ‘currency’ of this market and compliance markets is the renewable energy certificate (REC). A REC represents the ownership and claiming rights to the environmental and emissions attributes associated with the generation of one Megawatt hour (MWh) from a renewable energy source. Purchasing options available to voluntary consumers include purchasing RECs alone, participating in utility green power programs, engaging in a Power Purchase Agreement (PPA), and installing generation equipment on-site and purchasing its renewable energy output.

For homeowners, one of the easiest ways to support renewable energy is through their utility. More than 860 U.S. utilities offer their customers an option to voluntarily purchase renewable energy through a green power program wherein ratepayers pay a premium on their monthly bill for all or a portion of their consumption to come from renewable sources. These utility- or supplier-managed programs are affordable. The overall price for renewable electricity has consistently dropped over the past several years, resulting in an average added cost of only $6.70 per month for a household that chooses to purchase clean, renewable energy.\(^2\)

Businesses, meanwhile, have the additional option to purchase renewable energy through a Power Purchase Agreement (PPA). A PPA typically involves a third-party project developer that designs, constructs, and maintains the renewable generation, allowing the business customer to simply contract for the power and RECs. This arrangement avoids the regulatory and technical barriers that non-energy businesses may encounter in attempting to site and build their own generation sources and often locks in

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\(^2\) Ibid, pg. 1
a stable energy rate for multi-year term. Plus, for some commercial customers, it provides a stronger connection to a specific project that may not have otherwise occurred without their PPA contract.

Integrity and accountability are essential to the continued function of the VRE market and its support of renewable energy. First, compliance and voluntary markets can only ensure environmental and contractual integrity if there is a single end-user or claimant for each specific REC and the emissions and environmental attributes it represents. There must be no explicit or implicit duplicate ownership claims to a REC for compliance or voluntary purposes. If this is violated, the REC is double counted, environmental and contractual integrity is compromised, and its value is lost. When a consumer purchases renewable energy, the REC demonstrates that s/he alone owns the rights to the environmental benefits of that MWh. Double counting erodes the renewable energy market by eliminating the value of the REC, thereby turning customers away and eliminating a revenue stream for renewable generators; no one wants—or is willing—to pay for something they do not get. Additionally, if no one pays the premium for the REC, less renewable energy will be built.

Second, tracking systems allow for the movement of RECs across states, regions, or the country by means of individual serial numbers. As seen in Figure 2 above, a network of REC tracking systems covers the country, facilitating the purchase and retirement of RECs. These registries maintain the chain of ownership and limit the potential for double counting RECs, preserving their use for project financing and compliance purposes or voluntary claims.

Figure 3: Comparison of Compliance and VRE Markets, 2005-2012

The EPA’s Clean Power Plan can realize GHG reductions by embracing the VRE and compliance markets in its suite of eligible measures. Together, these existing markets contributed nearly 130 million MWh of renewable energy in 2012. As seen in Figure 3 above, although the voluntary market regularly exceeded the compliance market for new renewables until 2010, the compliance market’s rapid increase is set to reach 140 million MWh alone by 2015. Until national electricity consumption is 100% renewable, profit, non-profit, and residential consumers will continue to go above and beyond legal purchase requirements through accessing the voluntary renewable energy markets. The two markets co-exist, and they are essential to the growth of renewable energy generation. We encourage the EPA to outline a

4 Ibid, pg. 14
basic framework for states that will ensure that renewable energy purchased to meet a mandate or voluntary objective is not credited towards more than one state’s target. The EPA need not create a parallel or additional tracking system for renewable energy generation.

A majority of states have mandates or legal protections in place against simultaneous claims to RECs, while nearly all states are covered by established tracking systems (New York’s registry is in development). These existing networks operate—for the most part—in harmony when exchanging REC information. Previous federal legislative efforts to promote renewable energy and reduce GHGs through a Renewable Energy Standard or Cap and Trade scheme have recognized these markets by including a simple “Do No Harm” provision that protects renewable energy market integrity while permitting state regulators flexibility in navigating compliance. REMA strongly recommends comparable regulatory language in the Clean Power Plan to guarantee the same critical market protection.

We thank the EPA for the opportunity to share our expertise on strategies to support the vibrant VRE market and maintain its momentum towards more renewable energy purchases. Including the recommendation above will enable states to structure their implementation plans without jeopardizing the voluntary actions of millions of American citizens and businesses.

Sincerely,

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5 Language from the SAFEST Act, S. 559, 112th Congress, as introduced by Sen. Klobuchar. Sec. 603, “IN GENERAL.— It is the policy of the United States to support the continued growth of voluntary renewable energy markets. (b) ADMINISTRATION.—Nothing in this Act or the amendments made by this Act is intended to interfere with or prevent the continued operation and growth of the voluntary renewable energy market.”