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Renewable Energy Certificates: An Effective Tool for Renewable Energy Development

REMA issues statement on recent Bloomberg article

WASHINGTON, DC – Today, the Renewable Energy Markets Association (REMA) issued a statement in response to a recent Bloomberg Markets Magazine article, “*Energy Credits Prove Inflated With Green Claims Seen as Hot Air.*” REMA challenges the article’s premise that renewable energy certificates (RECs) do not help support the development of renewable energy in the United States, because:

RECs create a more robust national voluntary market for renewable energy. The U.S. National Renewable Energy Laboratory (NREL) recently reported that voluntary purchases of renewable energy in 2009 alone accounted for over 30 million megawatt hours of renewable electricity. The amount represents annual electricity use of approximately 2.6 million average American households. RECs, according to NREL, represented 62% of this market.

The voluntary market is the only mechanism for ensuring that more renewable energy enters the electricity grid than would otherwise be required by state and federal laws. More than half of the US states have laws requiring utilities to purchase a certain amount of their electricity from renewable energy, but efforts to pass a similar law at the national level have so far proved unsuccessful. Voluntary customers, both commercial and residential, want to see more renewables than required by law and so they choose to vote with their dollars for that vision by buying RECs and green power. The voluntary market for renewable energy is a free market mechanism that enables individuals and organizations to make meaningful choices about how their electricity is generated.

While not the only factor in development, RECs reduce project risk and provide an additional revenue stream for renewable energy project developers. When Jiminy Peak, a ski resort in Hancock, MA, was looking to finance the installation of an on-site wind turbine in 2007, the project costs were initially too great for the resort’s lender, Legacy Banks. However, the deal was able to go through thanks in part to the revenue stream from a 10-year REC contract. “The renewable-energy credits were a key piece,” said Edward Rizzardini, a senior vice president at Legacy, in a [2007 Wall Street Journal article on the project](#). The counterparty on the long term REC contract, Community Energy, Inc., a renewable energy developer and marketer, was only able to make this commitment due to demand for wind power from its residential and business customers in New England. This is just one example of a story that has played out hundreds of times across America. RECs help make renewable energy projects happen.

RECs are recognized by government and many environmental organizations as an effective pathway to increasing renewable energy development. A few key quotes:

- “EPA regards REC purchasing as the simplest way for organizations and institutions to affect the United States’ electricity generation mix at a national scale.” – *U.S. Environmental Protection Agency*
- “RECs represent an investment in future renewable energy generation projects...purchasers of RECs ensure that renewable facilities deliver clean energy into the grid and displace nonrenewable energy sources.” – *Natural Resources Defense Council*
- “Retail, commercial, and industrial energy users can meet voluntary renewable energy goals and support the deployment of green power through the purchase of RECs.” – *World Resources Institute*

“The recent Bloomberg article presents an incomplete and misleading representation of renewable energy certificates,” said Jay Carlis, President of REMA and Vice President at Community Energy, Inc. “The voluntary market has a ten-year track record of success in jump-starting new renewable energy development ahead of state and federal policy. Voluntary customers build demand for new renewables and, as with any functioning market, where demand exists supply follows, meaning more renewable energy projects. While RECs are not typically the sole determinant of whether or not a project gets built, for many renewable energy projects REC demand can be the factor that leads to the final investment decision. This is how consumers know that their purchases are making a difference. We would welcome the opportunity to provide Bloomberg Markets Magazine’s readers with the real story on the value of RECs.”

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About the Renewable Energy Markets Association (REMA): The Renewable Energy Markets Association (REMA) is a nonprofit trade association dedicated to maintaining and growing strong markets for renewable energy in the United States. REMA engages in education and advocacy efforts on behalf of an industry coalition of renewable energy marketers, utilities, equipment manufacturers, and others supportive of renewable energy markets. www.renewablemarketers.org