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November 9, 2010

Ms. Denise Sheehan, Executive Director  
Ms. Robyn Camp, Executive Vice-President  
The Climate Registry  
523 W. 6th St, Suite 445  
Los Angeles, CA 90014

**Comments from the Renewable Energy Markets Association concerning TCR's Draft  
Climate Registered Requirements**

Dear Ms. Sheehan and Ms. Camp:

The Renewable Energy Markets Association (REMA) commends The Climate Registry (TCR) for recognizing the use of renewable energy certificates (RECs) to offset Scope 2 emissions in the current Climate Registered pilot program. REMA appreciates the difficult work of TCR in establishing uniform protocols for quantifying and reporting greenhouse gas emissions. Our organizations share a dedication to both accurately measuring and achieving meaningful carbon reductions, and REMA would like to stress the importance and appropriateness of retaining RECs as an option for offsetting Scope 2 emissions as TCR works to update and institutionalize its draft Climate Registered requirements.

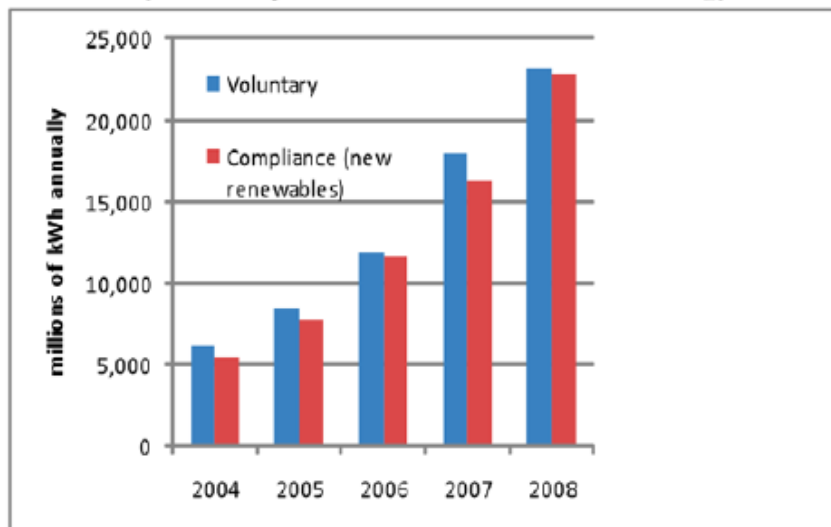
REMA represents the collective interests of both for-profit and nonprofit organizations that sell or promote renewable energy products through voluntary markets, including renewable electricity and renewable energy certificates (RECs), to individuals, companies and institutions throughout North America.

Currently, many businesses, households, government agencies, and other organizations voluntarily purchase "green power"—renewable electricity or renewable energy certificates—or install on-site renewable electricity generation like solar as part of their commitment to reducing their global warming footprint. The green power market is strong and growing. In 2008, U.S. consumers made voluntary purchases of renewable energy totaling about 24.3 million MWh. Voluntary demand is served almost exclusively by new renewables, meaning renewable generation that began commercial operation since the beginning of 1997. Further, voluntary purchases of renewable energy have grown at an average annual rate of 41% since 2004.<sup>1</sup> The voluntary market continues to be an important driver of clean energy development across the United States, responsible for millions of dollars in new investment.

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<sup>1</sup> Bird, L., C. Kreycik and B. Friedman. *Green Power Marketing in the United States: A Status Report (2008 Data)*. Golden, CO: National Renewable Energy Laboratory, September 2009.

## Comparison of voluntary and compliance markets for renewable energy in the U.S., 2004-2008



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

It is true that many consumers, especially small consumers, have multiple motivations for the purchase of renewable energy, and that there are many benefits to putting more renewable energy on the grid. Large corporations and organizations, however, are primarily motivated by the ability to make greenhouse gas reductions claims, and these buyers constitute 77% of the voluntary renewable electricity demand and are responsible for most of the growth in this industry.<sup>2</sup> The importance of emission reduction claims to these large purchasers is substantiated by the evidence that claims of reducing emissions are seen in most, if not all, press releases announcing the purchases.<sup>3</sup> Further, this motivation is likely to become even stronger. Several examples substantiate this point:

- Executive Order 13514 requires federal agencies to make greenhouse gas emission reductions a priority for federal agencies, and begin reporting greenhouse gas emissions from direct and indirect activities.<sup>4</sup> Moreover, on October 6, 2010, the White House Council on Environmental Quality (CEQ) released its Federal Greenhouse Gas Accounting and Reporting Guidance, which clearly states that RECs are among the limited number of instruments that may be used to reduce the purchaser's Scope 2 emissions associated with conventional energy purchase and consumption.<sup>5</sup>

<sup>2</sup> Bird, L., C. Kreycik and B. Friedman. *Green Power Marketing in the United States: A Status Report (2008 Data)*. Golden, CO: National Renewable Energy Laboratory, September 2009.

<sup>3</sup> Bird, L., E. Holt and G. Carroll. *Implications of Carbon Regulation for Green Power Markets*. Golden, CO: National Renewable Energy Laboratory, April 2007.

<sup>4</sup> Executive Order 13514 of October 5, 2009, "Federal Leadership in Environmental, Energy, and Economic Performance," *Federal Register* Vol. 74, No. 194. Thursday, October 8, 2009.

<sup>5</sup> Page 23-25, Federal Greenhouse Gas Accounting and Reporting Guidance, released by CEQ October 6, 2010, available: [http://www.whitehouse.gov/sites/default/files/microsites/ceq/GHG%20Guidance%20Document\\_0.pdf](http://www.whitehouse.gov/sites/default/files/microsites/ceq/GHG%20Guidance%20Document_0.pdf)

- The U.S. Securities and Exchange Commission recently issued a rule requiring the assessment, by publicly traded companies, of material risks related to climate change, and disclosure in public corporate filings.<sup>6</sup>
- The Environmental Protection Agency’s (EPA) Green Power Partnership, which supports Fortune 500 companies, utilities, and government agencies in procuring renewable energy, explicitly clarifies that voluntary purchasers of renewable energy or RECs may—and should—rightly claim the indirect emissions reductions resulting from their organization’s delivered electricity consumption.<sup>7</sup>
- On January 1, 2010, the EPA began, for the first time, to require large emitters of greenhouse gases to collect and report data with respect to their greenhouse gas emissions.<sup>8</sup>

Moreover, we would also add that the voluntary renewable energy industry works extremely hard to ensure the validity of its products. Green-e® Energy, the voluntary certification program run by the Center for Resource Solutions in San Francisco, certifies a large majority of the voluntary renewable energy market. The Green-e® product certification standards require that voluntary REC or renewable energy products be additional to what is required by mandates or legal requirements, be new as defined by an online date of 1997 or later, and this is reinforced by EPA’s Green Power Partnership (as mentioned above).<sup>9</sup> Green-e® Energy performs an annual audit of participating marketers to determine whether they in fact have purchased and retired on behalf of their customers’ renewable energy or RECs of the type and quantity promised to customers in their product disclosures and marketing. Additionally in its certification standards, Green-e® states, “Green-e® Energy certified MWhs (electricity or REC) must contain all the greenhouse gas emission reduction benefits, including carbon dioxide reduction benefits, associated with the MWh of renewable electricity when it was generated.”<sup>10</sup>

We see no evidence that voluntary renewable electricity customers are motivated in any *significant* way by factors beyond CO<sub>2</sub> emissions reductions. Green power customers see renewable energy as a simple and valuable way to reduce CO<sub>2</sub> emissions from the electricity they consume, and we are pleased that TCR’s draft Climate Registered requirements appropriately provide for the use of RECs for Scope 2 reductions.

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<sup>6</sup> U.S. Securities and Exchange Commission, 17 CFR Parts 211, 231 and 241, “Commission Guidance Regarding Disclosure Related to Climate Change; Final Rule.” *Federal Register* Vol. 75, No. 25. Monday, February 8, 2010.

<sup>7</sup> See specifically item 7, *Making Environmental Claims*. U.S. Environmental Protection Agency. Last updated, March 24, 2010. Available at <http://www.epa.gov/greenpower/buygp/claims.htm>

<sup>8</sup> U.S. Environmental Protection Agency, 40 CFR Parts 86, 87, 89 et al. “Mandatory Reporting of Greenhouse Gases; Final Rule.” *Federal Register* Vol. 74, No. 209. Friday, October 30, 2009.

<sup>9</sup> The reason 1997 is used to denote “new” renewables is that is when the voluntary market first began to grow and have an effect on the development of renewable generating facilities.

<sup>10</sup> Page 8, Green-e® Energy National Standard, Appendix D. (July 15, 2010). Center for Resource Solutions. Available at [http://www.green-e.org/docs/energy/Appendix%20D\\_Green-e%20Energy%20National%20Standard.pdf](http://www.green-e.org/docs/energy/Appendix%20D_Green-e%20Energy%20National%20Standard.pdf)

We would also like to address TCR’s statement in the draft Climate Registered requirements that, “*While there is not a guarantee that a REC constitutes a reduction of global carbon, when purchased by an organization it can demonstrate a reduction in corporate responsibility for indirect emissions.*” We believe the first portion of this statement is unnecessary and pejorative, and we recommend that it not be included when the Climate Registered requirements are updated. The explicit purpose of the Climate Registered program is for organizations to have a high quality, transparent, and credible GHG inventory tool that helps them to understand and manage their carbon risk. As the second portion of the extracted sentence correctly identifies, procuring RECs is one method for an organization to reduce the emissions associated with their electricity consumption. Legally, RECs represent proof that renewable electricity has been generated and embody the environmental and generation attributes of the given renewable generating unit.<sup>11</sup> National and state utility law validates the purchase of all environmental benefits through the purchase and sale of RECs, and the contracts between REC sellers and purchasers explicitly specify the transference of these environmental benefits. TCR is respected as the policy-neutral arbiter for developing fair, consistent, and transparent GHG accounting standards. While the efficacy and additionality of carbon offsets have also received their fair share of contention, we do not believe it is necessary or appropriate for this document to weigh in on either subject.

REMA applauds TCR for recognizing the use of green power (green pricing, bundled green electricity, or unbundled RECs) to offset Scope 2 emissions in the current Climate Registered pilot program, and, as TCR works to update and institutionalize its draft Climate Registered requirements, we urge you to retain RECs as an option for Scope 2 reductions. If we can be of assistance in this process, please do not hesitate to call on REMA’s staff or its members.

Sincerely,



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<sup>11</sup> Please see for example Green-e Energy [www.green-e.org/learn\\_dictionary.shtml#rec](http://www.green-e.org/learn_dictionary.shtml#rec), the World Resources Institute [www.wri.org/publication/bottom-line-renewable-energy-certificates](http://www.wri.org/publication/bottom-line-renewable-energy-certificates), and the Environmental Protection Agency [www.epa.gov/greenpower/documents/gpp\\_basics-recs.pdf](http://www.epa.gov/greenpower/documents/gpp_basics-recs.pdf).