Voluntary Renewable Energy Markets 101

Green Power and Green Power Partnership: Motivations, Claims, & Standards

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Green Power Partnership Overview

Summary

- The U.S. EPA’s Green Power Partnership is a **free, voluntary** program that encourages organizations to use green power as a way to reduce the environmental impacts associated with conventional electricity use.

Objectives

- Reduce U.S. greenhouse gas emissions
- Expand the voluntary green power market
- Standardize green power procurement as part of best practice environmental management
- Provide recognition platform for organizations using green power in the hope that others follow their lead

1,300 Partners are purchasing >28 B kWh annually
Partnership Offerings & Benefits

- **Benchmarks**
  - Definition of eligible renewables
  - Metric for “How much green power?”
  - Green Power Communities

- **Resources**
  - Purchasing guidance
  - Marketing and communications support
  - Informational webinars

- **Recognition**
  - Top Partner Lists
  - Green Power Leadership Awards
  - Use of the Partner logo
Key Partnership Activities

- **Top Partners Lists**
  - National Top 50
  - Top 20 Retail
  - Top 10 Federal Government
  - Top 20 College & University
  - Top 20 On-site Generation
  - Long-term Contracts

- 100% Green Power Users
- Fortune 500® Partners
- Top 20 Local Government
- Top 20 Tech & Telecom
- Top 20 K-12 Schools
- Green Power Communities

- **College & University Green Power Challenge**

- **Green Power Leadership Awards for Purchasers and Suppliers**
GPP Summary Statistics

Program kWh by Product type 2014

Average Green Power Use by Product Type 2014
The Green Power Partnership represents:

• Nearly 1300 Partners

• 52 percent of the total voluntary market
Topics

- MOTIVATIONS  Why purchase?
- CLAIMS  What are safe statements?
- STANDARDS  Where to look for guidance?
- SUPPORT  Who can help?
Green Power Purchase Motivations

- Range from basic desires to strategic goals

- Basic motivations:
  - Be a market leader
  - Do the right thing
  - Make an impact

- Strategic motivations:
  - Plans to be a more socially responsible organization
  - Seeks to reduce a corporate greenhouse gas (GHG) inventory
  - Desires to differentiate products or services
  - Reduce electricity costs and/or stabilize electricity costs
Example: Corporate GHG Accounting

- Many organizations are accounting for the GHG emissions related to their operations and doing business

- Purchased electricity is often a big source of GHGs

- Renewable electricity is one way to reduce the emissions associated with purchased electricity
Example: Corporate GHG Accounting

- **Renewable electricity benefits**
  - Actual emissions of renewable electricity are very low, if not zero
  - When renewable electricity reduces need for electricity from sources that emit GHGs, there are avoided emissions
Environmental Claims

- **A simple, safe claim**
  - I use renewable electricity which has lower GHG emissions

- **Focus on GHG emission claims, rather than clean air**
  - Environmental regulations for SO₂ and NOₓ complicate those claims
Types of Partner Claims

- **Purchaser claims**
  - Powered in part or wholly by renewable electricity
  - Reducing our emissions associated with purchased electricity
  - Supporting renewable energy

- **Generator claims**
  - Generates renewable electricity
  - Produces zero or low emissions electricity
Making Environmental Claims

- **Explain green power & the environmental benefits**
  - Most have a limited understanding of green power and its benefits
  - Provide simple information about the difference you will make
  - Ensure that you have retained the contractual rights to make claims

- **Make your message tangible**

More info → http://www3.epa.gov/greenpower/buygp/claims.htm
Partners’ Procurement Options

- **Install a renewable electricity system**
  - Self-generate or have a third-party owned system installed

- **Purchase renewable electricity**
  - Purchase electricity and RECs bundled from an electricity supplier
  - Purchase unbundled RECs from a REC marketer or broker

- *Renewable electricity use is demonstrated by the ownership and retention of Renewable Energy Certificates (RECs)*
A renewable energy certificate (REC) is a tradable commodity generated by renewable electricity sources

- 1 REC = 1 megawatt-hour (MWh) of renewable electricity

RECs allow one to monetize the renewable attributes and can be sold separately from the underlying power

REC contracts give the buyer the exclusive rights to the renewable and environmental values of renewable electricity

- RECs are the mechanism used to track the emissions benefits and environmental attributes of renewable electricity
- RECs can be formally recognized by bilateral contracts and tracking systems
RECs Are Not Offsets

Don’t confuse RECs with carbon offsets

RECs

- RECs are the environmental benefits of 1 MWh (1,000 kWh) of renewable electricity
- RECs can reduce GHG emissions associated with purchasing and using electricity
- GHG claims pertain to purchased electricity only

Offsets

- Offset is a metric ton of GHG emissions reduced or avoided
- Offsets can offset an organization’s GHG emissions
- GHG claims pertain to GHG reductions achieved by the offset project

http://www.green-e.org/learn_re_faq.shtml
Market Standards & Guidance

- **U.S. EPA**
  - Green Power Partnership minimum purchase requirements

- **U.S. FTC revised Green Guides on marketing claims**
  - [https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides](https://www.ftc.gov/news-events/media-resources/truth-advertising/green-guides)

- **WRI/WBCSD GHG accounting standards**

- **Third-party certification/verification**
  - Certification is a best practice for voluntary REC markets
  - While certification is not mandatory or necessary for REC generation, the standards used by REC certifiers set expectations for both the compliance and voluntary REC markets
Market Standards & Guidance: Avoiding Double Counting

- Counting RECs for compliance that were bought by a voluntary buyer is prohibited by state RPS rules.

- Double counting RECs is also prohibited by third-party certifiers, such as Green-e.
  - Overt double counting – selling a REC to more than one party.
  - Implicit double counting – having multiple parties unwittingly claim the environmental attributes or benefits.

- Standards (and standard REC contracts) prohibit customer-sited projects from selling hosts ‘renewable electricity’ if RECs are sold separately.
Support for Buyers and Sellers

- **US EPA’s Green Power Partnership**
- **US DOE’s Green Power Network**
  - Current information on green power providers, products, consumer protection issues, & policies affecting green power markets
- **Center for Resource Solutions**
  - Green-e Energy for sellers
  - Green-e Marketplace for purchasers
- **Tracking systems**
  - Tracking systems provide a basis for creating, managing, and retiring RECs, ensuring that each REC is counted only once
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