CRS center for resource solutions

[SUBMITTED BY EMAIL TO: info@rggi.org.]

May 5, 2016

Nicole Singh
Executive Director
RGGI, Inc.
90 Church Street, 4th Floor
New York, NY 10007

RE: Comments from Center for Resource Solutions (CRS) for the April 29, 2016 Regional Greenhouse Gas Initiative (RGGI) Stakeholder Meeting for the 2016 Program Review

Dear Ms. Singh,

CRS appreciates this opportunity to comment as part of the April 29, 2016 RGGI Stakeholder Meeting and 2016 Program Review. Our comments here focus on incorporating a mechanism for voluntary retirement of RGGI Allowances as a program design element and new functionality in the RGGI CO_2 Allowance Tracking System (COATS).

Introduction to CRS and Green-e®

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. CRS has broad expertise in renewable energy policy design and implementation, electricity product disclosures and consumer protection, and greenhouse gas (GHG) reporting and accounting. CRS administers the Green-e programs. Green-e Energy is the leading certification program for voluntary renewable electricity products in North America. In 2014, Green-e Energy certified retail sales of 38 million megawatt-hours (MWh), representing over 1% of the total U.S. electricity mix, or enough to power nearly a third of U.S. households for a month. In 2014, there were over 836,000 retail purchasers of Green-e certified renewable energy, including 50,000 businesses.

Stakeholder-driven standards supported by rigorous verification audits and semiannual reviews of marketing materials ensure robust customer disclosure and are pillars of Green-e Certification. Through these audits and reviews, CRS is able to provide independent third-party certification of renewable energy products. Green-e program documents, including the standards, Code of Conduct, and the annual verification report, are available at www.green-e.org. CRS also has a long history of working with state agencies to design and implement consumer protection policies that ensure accurate marketing and avoid double counting of individual resources towards multiple end uses.

Comments

Related to the request for comment on “trading” with non-RGGI states, our comments more specifically pertain to facilitating mutually beneficial interactions with other markets, non-compliance use of RGGI allowances, use of RGGI allowance for non-RGGI compliance, generally expanding participation in RGGI markets and accommodating voluntary demand for RGGI allowances.

We strongly recommend that RGGI introduce an allowance retirement mechanism for non-compliance entities within COATS.

RGGI does not currently have an allowance retirement mechanism for non-compliance entities or non-RGGI compliance in COATS. This means that there is no way for voluntary participants to retire allowances. "Retirement" of allowances can only occur through compliance accounts and allowance set-asides.

One group of non-compliance entities that may be interested in retiring RGGI allowances are voluntary buyers of renewable energy. Once emissions from the power sector are capped, voluntary renewable energy generation no longer avoids emissions on the grid since the level of emissions is set by the cap. Historically, it has been an important benefit for voluntary renewable energy buyers that their generation reduces emissions beyond the level of the cap. Green-e requires that Green-e certified renewable energy include this avoided emissions benefit. To maintain or restore this benefit, allowances must be retired by or on behalf of voluntary purchasers of renewable energy in RGGI states.

During the initial development of RGGI, CRS and others successfully argued for a Voluntary Renewable Energy (VRE) Set-aside on this basis,[1] which sets aside and retires allowances on behalf of voluntary sales of renewable energy in the state. The VRE Set-aside therefore effectively allows voluntary buyers in a state to buy renewable energy from inside their own state and other RGGI states and still get the full emissions benefits of renewable energy generation. Since the VRE Set-aside is located in the state of sale, renewable energy generation from facilities in RGGI can only be sold to voluntary buyers in RGGI states with set-asides, where allowances can be retired on their behalf.

All RGGI states have adopted the VRE set-aside, except Delaware. Without a VRE Set-aside, voluntary buyers in Delaware must source their renewable energy from outside of RGGI, and renewable energy facilities in Delaware can sell to customers in other RGGI states with set-asides, but not to customers in Delaware. We have recently submitted comments to Delaware about the benefits of potentially adopting a VRE set-aside to both voluntary buyers and renewable energy facilities in that state.[2]

However, the VRE Set-aside mechanism in RGGI does not help voluntary buyers located outside of RGGI purchase renewable energy from RGGI states. There is currently no allowance retirement mechanism for these voluntary participants; they cannot voluntarily retire RGGI allowances for their renewable energy. Renewable energy products for customers outside of RGGI that are supplied with renewable energy from RGGI cannot be certified by Green-e. If RGGI were to create an allowance retirement mechanism for voluntary participants in COATS, voluntary renewable energy purchasers outside RGGI would be able to voluntarily retire a RGGI allowance with their renewable energy, and renewable energy in RGGI states could be sold to voluntary buyers outside RGGI, fostering the development of the voluntary market. We anticipate volumes of voluntarily retired allowances will be relatively low, but nevertheless very important for these types of purchasers.

[1] See Section XX-5.3(d) of the RGGI Model Rule, 12/31/08 final with corrections.
[2] See Joint Stakeholder Comments for the March 1, 2016 Public Workshop and Listening Session Regarding the Delaware Clean Power Plan here: http://resource-solutions.org/site/wp-content/uploads/2016/03/Joint-Stakeholder-Comments-DNREC-CPP-Workshop.pdf.

This same functionality would also allow entities in other states to procure and retire RGGI allowances for compliance with other state requirements, if permitted. For example, the state of Washington has recently proposed new regulations on GHG emissions from stationary sources in the state through its Clean Air Rule. The Washington Department of Ecology has proposed that allowances from other programs (e.g. RGGI) could be eligible for compliance in Washington. However, compliance entities in Washington will not be able to retire RGGI allowances without some non-RGGI compliance mechanism in COATS. The volume of expected retirements for Washington's program can be estimated by the state.

Expanding participation in RGGI markets to other state compliance entities and accommodating voluntary demand for RGGI allowances will increase the value of allowances and decrease surplus volume (address oversupply). It will also allow voluntary renewable energy purchasers to affect the level of emissions from the power sector in the RGGI footprint and purchase Green-e certified renewable energy from within the RGGI footprint. There will be economic benefit to RGGI states through the growth of the voluntary market in the state and an expanded market outside the state for voluntary renewable energy from RGGI.

Thank you very much for the opportunity to comment. We would be happy to supply any other supporting or clarifying information that would be helpful.

Sincerely,

Todd Jones
Senior Manager, Policy and Climate Change Programs

CC:

- Jonathan Binder, Associate Attorney, Office of General Counsel, New York State Department of Environmental Conservation
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