CRS | center for resource solutions

January 18, 2013

Ms. Peggy Foran, Senior Policy Manager
The Climate Registry
601 West Fifth Street, Suite #220
Los Angeles, CA 90071

RE: Center for Resource Solutions (CRS) comments on The Climate Registry's *Draft General Reporting Protocol 2.0*

Dear Ms. Foran,

Center for Resource Solutions (CRS) respectfully offers these comments on The Climate Registry's *Draft General Reporting Protocol 2.0*. We are pleased to have the opportunity to contribute to the development of this very important and comprehensive greenhouse gas accounting and reporting protocol.

CRS is a nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change. CRS administers the Green-e® suite of programs, which are independent certification and verification consumer protection programs for voluntary renewable energy and carbon offsets sold in the voluntary market.

General Comments

CRS would like to express its support of The Climate Registry's reporting requirements for renewable energy purchasing specifically recognizing that purchased renewable energy and renewable energy certificates (RECs) address and can be used in calculating Registry Members' Scope 2 emissions. This is in general alignment with previous guidance put out by CRS, the U.S. Environmental Protection Agency (EPA)[1], the World Resources Institute (WRI)[2], the U.S. Green Building Council's (USGBC's) Leadership in Energy and Environmental Design (LEED) program[3], the U.S. Department of Energy (DOE)[4], The Council on Environmental Quality (CEQ)[5], and others.

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[1] U.S. EPA Green Power Partnership, *The Environmental Value of Purchasing Renewable Energy Certificates Voluntarily, Discussion Draft*, October 2010, http://www.epa.gov/greenpower/documents/gpp_basics-recs_voluntary.pdf. And U.S. EPA, EPA's *Green Power Partnership's Partnership Requirements*, Dec 2010, http://www.epa.gov/greenpower/documents/gpp_partnership_reqs.pdf.

[2] C. Hanson and V. Van Son. September 2003. *Corporate Guide to Green Power Markets, Installment 5. Renewable Energy Certificates: An Attractive Means for Corporate Customers to Purchase Renewable Energy*. World Resources Institute, Sustainable Enterprise Program, http://pdf.wri.org/gpmdg_corporate_guide_05.pdf.

[3] U.S. Green Building Council. *LEED Reference Guide for Green Building Operations and Maintenance*, 2009, pg. 207

[4] L. Bird and J. Sumner. January 2011. *Using Renewable Energy Purchases to Achieve Institutional Carbon Goals: A Review of Current Practices and Considerations*. National Renewable Energy Laboratory, Department of Energy. Prepared under Task No. SA09.3102. Technical Report, NREL/TP-6A20-4993. http://www.nrel.gov/docs/fy11osti/49938.pdf. And March 2010. *Guide to Purchasing Green Power: Renewable Electricity, Renewable Energy Certificates, and On-Site Renewable Generation*. A collaboration of U.S. DOE, U.S. EPA, WRI, and CRS. DOE/EE-0307, http://www1.eere.energy.gov/femp/pdfs/purchase_green_power.pdf.

[5] The Council on Environmental Quality. *Federal Greenhouse Gas Accounting and Reporting Guidance*, Revision 1: June 4, 2012 http://www.whitehouse.gov/sites/default/files/microsites/ceq/revised_federal_greenhouse_gas_accounting_and_reporting_guidance_060412.pdf.

1012 torney avenue
2nd floor
san francisco, ca 94129
tel 415.561.2100
fax 415.561.2105
web www.resource-solutions.org

Comments on Section 14.2, Calculating Indirect Emission Associated with Renewable Energy Certificates

1. In the first sentence of the first paragraph, we recommend removing: "other than those attributes legally counted by a mandate." This is confusing and may be interpreted to suggest that RECs can be disaggregated or that disaggregated RECs can still be counted in The Registry.
2. In footnote 35, we recommend adding the phrase "or ownership" such that the footnote reads "…and no green claims can be made for use or ownership of this null electricity."
3. In the second paragraph, we recommend further clarification regarding the interactions between RECs and utility green power programs. Specifically, in the U.S., REC ownership or retirement is required for all renewable energy usage claims and for GHG accounting associated with renewable electricity usage, and as a result, most utility green power programs retire RECs on behalf of program participants, and Green-e Energy certified programs are required to do so.
4. We have not read through the EPS Protocol, but it is unclear from Sections 14.1 and 14.2 whether quantifying scope 2 emissions using the "special power emission factor for that program" (second paragraph in Section 14.2) appropriately takes REC retirement into account. We recommend further clarification that if the program retires RECs on behalf of program participants, then those participants should be able to claim and report renewable electricity use as a part of scope 2 reporting. If, however, the program does not retire RECs on behalf of voluntary green pricing program participants, the emission factor should only reflect the renewable electricity delivered through the utility's RPS or other non-voluntary renewable purchases for which RECs have been retired.
5. In the third paragraph, we recommend further clarification regarding the interactions between RECs and onsite renewable generation and consumption. Specifically, in the U.S., REC ownership is required in order to claim and account for consumption from an onsite renewable electricity system as renewable and zero-emissions. See the Federal Trade Commission's Guides for the Use of Environmental Marketing Claims §260.15(d).
6. In the fifth paragraph, we recommend further clarification for the net metering scenario, such that if the reporting entity sells RECs from electricity that is consumed onsite (i.e., not net overproduction), it must claim positive scope 2 emissions for those kWh at the system average emissions rate. This is because selling the RECs is equivalent to selling renewable electricity to the grid, and so to "replace" that electricity it would have to "consume" grid electricity.
7. We feel that the quality and eligibility criteria for RECs in the "Registry-recognized RECs" subsection is equally applicable to and should also be enforced for utility green power programs and other bundled renewable energy products (e.g. competitive electricity products). We recommend changing the heading to: "Registry-recognized RECs and Green Power Products."
8. In the second REC Quality Criterion, "Not double counted," permanent retirement in an electronic tracking system alone will not necessarily ensure against double counting. It is therefore not an effective alternative to a chain of custody audit, as currently written. We suggest that the second half of the sentence be rewritten as follows: "or Member must have an account in an electronic tracking system and documentation of permanent retirement in a dedicated, named retirement subaccount for a particular Registry reporting year."
9. In the third REC Quality Criterion, "Surplus to regulatory requirements," we suggest adding "or otherwise counted toward such a mandate" to the end of the sentence.
10. Regarding the "Resource type" eligibility criterion, please be aware that Green-e Energy is currently considering revisions to its biomass criteria, and the list of biomass types provided here will soon no longer be consistent with Green-e Energy requirements. To avoid a future conflict with Green-e Energy requirement, we suggest that The Registry simply reference the most recent version of the Green-e Energy National Standard rather than

listing eligible resource types. The most current National Standard will always be available at www.green-e.org/energystandard.

11. We recommend changing the "Quantifying Emissions Associated with RECs" heading to "Quantifying Emissions Associated with RECs and Green Power Purchasing."
12. We are assuming that the intent of Section 14.2 is to treat unbundled REC purchases the same as bundled renewable electricity purchases—as zero emissions in the reported Scope 2 emissions figure, as opposed to reflecting REC purchases only in an adjusted inventory summary. We suggest additional clarification that the emissions factor of the renewable generation source generating the REC may be used when calculating emissions associated with the amount of electricity consumption for which RECs are owned or retired on behalf of the member.

Comments on Section 17.3, Offsets

13. Regarding the "Owned Unambiguously" accounting criterion for carbon offsets, it is important to note that only Green-e Climate certification (or an equivalent program) provides third-party assurances of exclusive ownership if the offsets are bought retail, i.e. credits are retired on behalf of the Member. Without Green-e Climate certification, the reporting entity must attempt to demonstrate provision of equivalent assurances to The Registry—namely, that an independent, third-party verification audit of the seller's sales and supply, as described in *The Green-e Climate Verification Audit Protocol*, has been performed to ensure that offsets are fully, accurately, and exclusively delivered (i.e. not being double sold) by the seller in the quantity and quality promised/sold.
14. The current list of recognized "offset programs" mischaracterizes the nature of the Green-e Climate certification program, and conflates retail offset product certification under Green-e Climate with offset project certification under the other programs listed. Green-e Climate is the only third-party, independent certification for retail carbon offsets. The other programs are project standards and certification programs whose credits are used as supply in the market, and only a selection of which (VCS, CAR, CDM, or Gold Standard) are endorsed/eligible to supply Green-e Climate certified GHG offset products.

    Since many Registry Members will be or currently are purchasing carbon offsets in the retail market—in which the credits of each listed project certification program are bought wholesale, resold retail to businesses and individuals outside the registry, and retired on their behalf by retailers, and where the registry has a limited ability to establish a retail buyer's ownership, verify sales and ensure proper disclosure made by the retailer—it is important not only to differentiate Green-e Climate here, but to emphasize its unique assurances for retail buyers.

    Green-e Climate incorporates the project- or supply-level assurances of GHG project verification programs and registries (e.g. VCS, Gold Standard, Climate Action Reserve), and adds crucial consumer protections addressing the retailer and the retail transaction/delivery. Without these additional consumer protections for the retail market, Registry Members will not necessarily receive a high-quality carbon offset product. Green-e Climate ensures that offset sellers 1) source only verified and properly tracked and credited reductions from high-quality projects certified under project standards that meet a high standard of quality, 2) retire correct volumes and types of emissions reductions on behalf of customers based on an audit of sales and supply, and 3) provide customers with sufficient and accurate disclosure and do not mislead customers with inaccurate advertising.

    More information can also be found on our website: www.green-e.org/climate.

Thank you very much for the opportunity to comment on the draft reporting protocol. We would be happy to supply any other supporting information that would be helpful. If we can lend our expertise to any future Registry work we would appreciate the opportunity to contribute.

Sincerely,

Jennifer Martin
Executive Director