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December 14, 2016

Ms. Melissa Ollevier  
Senior Policy Advisor  
Ministry of the Environment and Climate Change  
Climate Change and Environmental Policy Division  
Air Policy Instruments and Programs Design Branch  
77 Wellesley Street West, Floor 10  
Ferguson Block  
Toronto, Ontario M7A2T5

**RE: EBR Registry number 012-5666, Center for Resource Solutions (CRS) Comments on November 2015 Cap and Trade Program Design Options**

Dear Ms. Ollevier,

The Center for Resource Solutions (CRS) applauds Ontario for proposing such a comprehensive system for reducing greenhouse gas emissions, and appreciates the opportunity to provide feedback on the program design options. CRS is a nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change. CRS administers the Green-e<sup>®</sup> suite of programs, which are independent certification and verification consumer protection programs for voluntary renewable energy and carbon offsets sold in the voluntary market.

CRS writes to strongly urge you to adopt a Voluntary Renewable Energy (VRE) set aside, as has been implemented in California<sup>1</sup> and the Regional Greenhouse Gas Initiative (RGGI) in the Northeast U.S.<sup>2</sup> Implementing a VRE set aside has wide support—when adopted in California, over 50 organizations publically supported such a policy, including energy companies, project developers, environmental and public health advocates, industry associations, academic institutions, and others. Such a mechanism will allow VRE purchases to reduce the overall level of greenhouse gas emissions in Ontario, and let Ontario enjoy the benefits provided by such a market. Without the inclusion of a VRE set aside, once a cap-and-trade program goes into effect, voluntary renewable energy purchases can no longer reduce emissions beyond the level of the cap.<sup>3</sup>

Inclusion of a VRE set aside will provide many benefits to Ontario. It promotes clean energy development, which in turn leads to more jobs and greater economic growth. It leverages private, non-ratepayer funding to help speed the transition to renewable energy sources. It provides a pathway whereby the appetite for voluntary action can be channeled to clean energy development in Ontario,

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<sup>1</sup> California's Voluntary Renewable Electricity Reserve Account. See title 17, CCR, section 95841.1.

<sup>2</sup> RGGI's voluntary RE market set-aside provision. See Section XX-5.3(d) of the RGGI Model Rule, 12/31/08 final with corrections.

<sup>3</sup> See the Additional Resources and Previous Comments on VRE Set Aside Mechanisms listed below.

and will avoid a situation whereby the willingness to invest in voluntary action is diverted to out-of-province projects. A VRE set aside will also help Ontario achieve its climate goals beyond 2020 by encouraging in-region clean energy development.

If a cap-and-trade program does not adequately recognize the carbon-reduction value of voluntary renewable energy purchases or on-site generation, the many benefits of voluntary renewable markets are lost, and the capped level becomes the ceiling for greenhouse gas emissions reductions instead of the floor.

As indicated above, adopting a VRE set aside would also provide consistency with many existing cap-and-trade programs, including the U.S. northeastern states' RGGI and California's cap-and-trade under AB32. CRS has assisted regulators in the design of the set asides in both of these regions, and would be pleased to do the same for Ontario. Please don't hesitate to contact us if you have any questions regarding the benefits and design of a VRE set aside. We appreciate your consideration of our comments.

Sincerely,



Todd Jones  
Senior Manager, Policy and Climate Change Programs

#### **Additional Resources**

- *Voluntary Renewable Energy Market: Issues and Recommendations*. Western Climate Initiative, July 2010. <http://www.westernclimateinitiative.org/document-archives/Electricity-Team-Documents/Voluntary-Renewable-Energy-Market-Issues-and-Recommendations/>
- *RGGI State Set-Aside Provisions for Voluntary Renewable Energy (VRE)*, Draft August 21, 2009, [http://www3.epa.gov/greenpower/documents/events/rggi\\_status\\_table.pdf](http://www3.epa.gov/greenpower/documents/events/rggi_status_table.pdf)
- *Support Voluntary Purchases of Clean, Safe, 21st Century Energy With an Off-the-Top Rule Under Cap and Trade*, May 18, 2009, <http://resource-solutions.org/site/wp-content/uploads/2015/08/CT-Policy-Brief.pdf>
- *Implications of Carbon Regulation for Green Power Markets*, April 2007, <http://apps3.eere.energy.gov/greenpower/resources/pdfs/41076.pdf>

#### **Previous Comments on VRE Set Aside Mechanisms**

- *Joint Letter in Support for Voluntary Renewable Energy Set-Aside in the Proposed California Cap-and-Trade Program*, December 13, 2010, [http://resource-solutions.org/site/wp-content/uploads/2015/08/Voluntary-Renewable-Set-Aside\\_12-13-10.pdf](http://resource-solutions.org/site/wp-content/uploads/2015/08/Voluntary-Renewable-Set-Aside_12-13-10.pdf)
- *Coalition letter to Kevin Kennedy, CARB Office of Climate Change on the issue of off-the-top treatment of voluntary renewable energy purchases*, June 7, 2010, [http://www.resource-solutions.org/pub\\_pdfs/nonprofit\\_and\\_clean\\_energy\\_coalition\\_7\\_7\\_2010.pdf](http://www.resource-solutions.org/pub_pdfs/nonprofit_and_clean_energy_coalition_7_7_2010.pdf)
- *Comments of Renewable Energy markets Association (REMA) on a Western Climate Initiative (WCI) paper*, February 19, 2010, [http://www.renewablemarketers.org/pdf/file\\_111.pdf](http://www.renewablemarketers.org/pdf/file_111.pdf)

- *Letter to Senator Boxer on Recommended Changes to Cap-and-Trade Design Under ACESA to Support the Voluntary Renewable Energy Market*, July 23, 2009, [http://resource-solutions.org/site/wp-content/uploads/2015/08/Senate EPW off the top 072309.pdf](http://resource-solutions.org/site/wp-content/uploads/2015/08/Senate_EPW_off_the_top_072309.pdf)
- *Letter to Claudia Orlando, California Air Resources Board supporting off-the-top approach to voluntary renewable energy purchases in a California cap-and-trade program*, June 12, 2009, <http://resource-solutions.org/site/wp-content/uploads/2015/08/Center-for-Resource-Solutions-comment.pdf>