



Solar Energy on Campus

Part III: Key Considerations for Solar Developers Working With Higher Education Institutions

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Large electricity consumers, such as universities, are increasingly interested in using solar. Developers engaged in these deals must be prepared to address a range of concerns and goals that differ from those of their traditional customers, typically utilities and electricity providers. Importantly, there can be reputational and legal risk for both developer and customer if the deal is not properly understood in terms of the renewable energy benefits to the involved parties.

This document outlines best practices for developers marketing renewable energy products to customers, some of the risks and consequences associated with misleading marketing, and additional factors that solar developers need to consider when creating a marketing strategy and associated materials.

Renewable Energy Marketing Best Practices

1. Clearly Define Renewable Energy Certificates (RECs)¹

Provide a definition of RECs within your marketing that is easily understood by your customers. This full definition should be displayed on your website, shown to customers when they purchase, and provided to customers on any other materials where it can reasonably be included. The definition should state that RECs represent renewable energy generated and are essential to renewable energy ownership and usage.

RECs should not be described as only a financial instrument, only a state compliance instrument, or as an incentive. Developers must be clear that RECs are always required for renewable energy claims and are produced in association with all renewable energy generation in all states.

Example REC definition:

Renewable energy certificates (RECs) are used to track ownership of clean energy generation from renewable resources

1. For more information on RECs and claims please see www.resource-solutions.org/learn

such as wind, solar, hydropower, and biomass. A REC is created whenever renewable energy is generated.

Example incomplete and inaccurate definition:

Renewable energy certificates (RECs) exist in some states and can be sold off to help lower the cost of your PV system.

2. Accurately Represent REC Ownership

Beyond defining RECs for your customers, it is important to accurately represent which party to the transaction owns the RECs and the corresponding environmental benefits. This is particularly important if the customer does not receive RECs or will be given a choice on REC ownership.

Example language for when customer does not receive RECs and/or when developer retains RECs:

The RECs associated with the generated electricity will be sold off to others. As such, you will not receive renewable energy through this deal and you cannot claim to be using renewable energy. Only the entity that owns RECs can claim to be using renewable energy.

Example language for when customers will be given the choice on whether to retain RECs, which conveys in general terms what REC ownership means:

RECs can be sold separately from the electricity produced by a facility and whoever owns the RECs can claim to be using renewable energy. If you choose not to receive RECs as part of this deal then you will not receive renewable energy and cannot claim to be using renewable energy as a result of this purchase.

3. Align Messaging Across All Marketing

In addition to providing clear disclosure pertaining to RECs and REC ownership, it is important that all marketing and associated messaging correctly communicate the benefits of the customer's purchase. This includes brochures, flyers, websites, newsletters,

and in-person meetings. For instance, developers cannot market a product as “renewable energy” or “clean energy” (for example, “Go Solar with our solar product!”) if a customer will not be receiving RECs with the purchase—even if the developer includes proper REC disclosures within the same marketing piece. The Federal Trade Commission (FTC) prohibits telling customers that they will reduce their carbon footprint if they are not receiving RECs. The emissions associated with renewable electricity can only be claimed by the entity that owns the RECs.

CRS encourages aligning marketing with the default product offering. For instance, if customers must request to receive RECs, it is misleading to market using statements such as “Power your institution with solar energy!” This type of language increases the likelihood that your customers will misunderstand the benefits of their purchase, which can have severe consequences (see below).

4. Align Marketing With the Contractual Representation Of RECs

REC ownership should be included within the terms of the power purchase agreement (PPA) or contract. The Solar Energy Industries Association (SEIA) *Solar Business Code*² specifically states that REC ownership is a material term in a solar contract and that solar companies must include all material terms within their contracts.

Your PPA or contract with a customer must include a comprehensive definition of RECs and clearly state who owns the RECs produced by the solar PV system. This information should align with verbal representations and marketing associated with the transaction or product.

Consequences of Misleading Marketing

The FTC, state attorneys general (AG) offices, the Environmental Protection Agency, SEIA, the Interstate Renewable Energy Council, and other renewable energy associations all align around the principle that sole REC ownership is required for renewable energy ownership. They have all released rules and guidance reiterating the necessity for accurate renewable energy marketing that aligns with this principle.

By skirting the rules and regulations of these agencies and organizations, a solar developer puts itself at risk in several ways. A developer is in danger of legal consequences at the federal and/or state level by disobeying state and federal consumer protection laws. For example, a state AG could investigate and file a suit against a developer. A developer could suffer the loss of reputation in the industry or receive formal complaints through the Better Business Bureau. Misleading marketing could also lead to breach of contract or financial losses. A developer that poorly advertises a product to

customers could lead its customers to believe that they are using renewable energy. If these customers claim renewable energy usage, this would constitute a claim on the renewable energy and make it ineligible to be sold by the developer into the voluntary market.³

General Marketing Examples

Customer Receives RECs

“Go solar and reduce your carbon footprint!”

Utility Receives RECs

“Support solar energy! All renewable energy generated will be used to help the state meet its goal of 20% renewables by 2020!”

Other Entity Receives RECs

“Support solar energy! All renewable energy generated will be sold to others to keep your electricity rates low!”

Additional Considerations

Developers should be aware that other factors, even some outside of their PPA or contract with a customer, might impact REC ownership and/or what constitutes as misleading marketing. Two important examples are discussed below:

1. REC Arbitrage

Under certain circumstances, for instance where solar RECs (SRECs) have a high market value due to state solar requirements, a developer might choose to procure RECs from a different renewable energy facility for customers who request RECs or renewable energy use (often called “REC arbitrage”). In this case, the renewable energy marketing claims made must be associated with the replacement RECs provided to the customer and not the facility for which they have a contract or PPA. A developer can therefore only market its product as solar if the replacement RECs are from another solar facility.

2. State and/or Utility Incentives

Some incentives that are used to finance a project can affect REC ownership. In these instances, accepting the incentive requires that the RECs from the facility being financed are assigned to the utility or state to help meet state requirements for renewable energy. An example is Xcel’s Solar*Rewards program, which transfers RECs to Xcel. If a project receives an incentive like this, the developer cannot use marketing such as “Go solar!” or “Use solar energy!”

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2. SEIA Solar Business Code available online at: www.seia.org/policy/consumer-protection/seia-solar-business-code.

3. For example, please see Green-e Energy’s *Explanation of Green-e Energy Double-Claims Policy*, available at: www.resource-solutions.org/13218743.

