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February 16, 2017

Julia MacAllister
Assessment and Standards Division, Office of Transportation and Air Quality
Environmental Protection Agency
2000 Traverwood Drive
Ann Arbor, MI 48105

Re: Comments of Center for Resource Solutions (CRS) on the Renewables Enhancement and Growth Support Rule, Docket ID No. EPA-HQ-OAR-2016-0041

Dear Ms. Julia MacAllister,

Center for Resource Solutions (CRS) appreciates this opportunity to comment on the November 16, 2016 proposed Renewables Enhancement and Growth Support Rule (“Proposed Rule”). CRS’s comments focus exclusively on part VII of the Proposed Rule regarding Generating RINs for Renewable Electricity (beginning on p.80890, column 3 of Federal Register, Vol. 81, No. 221).

Introduction to CRS & Green-e®

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. Since 1997, CRS has been instrumental in the development of state, regional, and national renewable energy and climate policies. CRS has provided regular technical assistance and guidance to electricity attribute tracking systems and other electricity sector functional support entities across the country. CRS also administers the Green-e programs. Green-e Energy is the leading certification program for voluntary renewable electricity products in North America. For over 20 years, Green-e staff have worked with independent third-party auditors to annually verify renewable energy purchases in the voluntary market and ensure purchasers receive full environmental benefits and sole ownership of each MWh of renewable energy they purchase. In 2015, Green-e Energy certified retail sales of over 44 million megawatt-hours (MWh), representing over 1.2% of the total U.S. electricity mix.

Comments on Section VII of the Proposed Rule: Generating RINs for Renewable Electricity

CRS’s comments focus on the proposal to include a pathway in the Renewable Fuel Standard (RFS) regulations that allows for Renewable Identification Number (RIN) generation for the use of renewable electricity generated from biogas as a transportation fuel. Rather than focusing on any one of the structures identified in the Proposed Rule, these comments apply to any of the

structures, or a hybrid structure, that the EPA might move forward with as a pathway for RIN creation.

CRS's feedback relates to achieving the requirements that must be met for the generation of RINs for renewable electricity: (1) that any pathway be supported by assurance that renewable electricity was generated using approved renewable biomass and (2) that the renewable electricity was used as a transportation fuel.¹ In order to achieve both of these requirements, it is imperative that the final rule require that renewable energy certificates (RECs) be retired in association with RIN creation. RECs are the standard accepted proof that 1 MWh of renewable electricity was generated and used.² They are the most precise means of tracking renewable electricity and therefore the most appropriate tool to verify that renewable electricity is being used as a transportation fuel. Requiring RECs for RIN issuance for the use of renewable electricity generated from biogas as a transportation fuel would: (1) facilitate verification, (2) prevent against double claiming of renewable electricity, and (3) align the program with other renewable electricity programs and regulations.

Requiring that RECs be retired will aid verification of renewable electricity use and prevent double claiming of renewable electricity, two issues identified as integral to RIN generation under this pathway. RECs are used broadly across the US as a tool to track, trade, and claim the environmental attributes of renewable electricity generation.³ RECs can be transacted contractually or within regional tracking systems. RECs issued within regional tracking systems are assigned a unique serial number. Once a REC has been used, it is placed into an account in the tracking system where it is "retired" and it can no longer be traded. REC owners can generate tracking system reports as proof that RECs have been retired in association with use. Tracking systems were specifically created as a means for electricity providers to demonstrate compliance with state regulations that they deliver a certain amount of renewable electricity to their customers. Each REC also has descriptive metadata associated with it that indicates, among other things, resource type, where it was generated, and when it was generated, allowing regulators to ensure that specific resource requirements are met. Where tracking systems are not used, similar data and ownership records can be tracked via contracts and/or attestations. Under any structure for RIN issuance for renewable electricity use, it would be the responsibility of the party requesting RIN issuance to provide REC serial numbers as part of their RIN issuance request. This would prove that the renewable electricity was generated from approved renewable biomass. These RECs could then be associated with the specific amount of electricity used to charge EVs.

CRS has created several diagrams (Figures 1-4 below) that outline how REC retirement is essential to ensuring that renewable electricity is being used for RIN creation, and that no other entity is claiming that renewable electricity. It is important to remember that RECs are created with each MWh of renewable electricity—since RECs exist automatically, it is necessary for the

¹ p. 80892, column 2 of Proposed Rule (Federal Register, Vol. 81, No. 221).

² Jones et al. (2015). The Legal Basis of Renewable Energy Certificates. Available at: <https://resource-solutions.org/wp-content/uploads/2015/07/The-Legal-Basis-for-RECs.pdf>.

³ Ibid.

user of the electricity to have ownership of the REC to claim renewable electricity usage or delivery to a specified user. If the RFS Regulation does not require REC ownership, it is possible and likely that the REC will be sold elsewhere and another entity will have the rightful claim to use of that renewable electricity. Figure 1 below outlines how double-claiming of renewable electricity would occur if RECs were not required to be retired with RIN issuance.

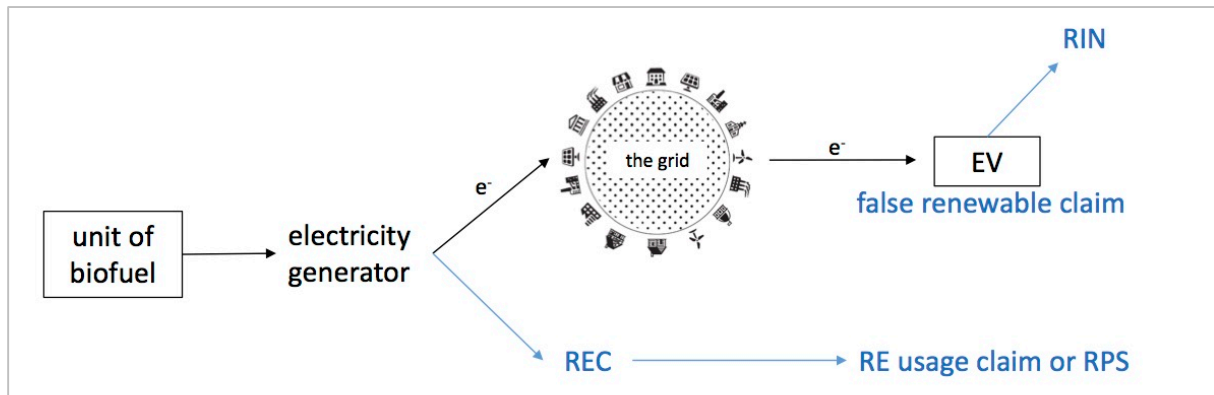


Figure 1. Example of double counting of renewable electricity. One claim for renewable electricity exists with the REC owner, and one claim exists with the issuance of a RIN for renewable electricity without a REC to substantiate the claim.

Figures 2 through 4 provide three examples of acceptable scenarios for RIN issuance (or non-issuance) depending on REC ownership. The issuance structure chosen by the EPA would dictate which entity is responsible for proving REC retirement in the RIN issuance request.

Figure 2. Acceptable Scenario 1: RIN issuance in association with retirement of REC to substantiate EV charging using eligible biofuel.

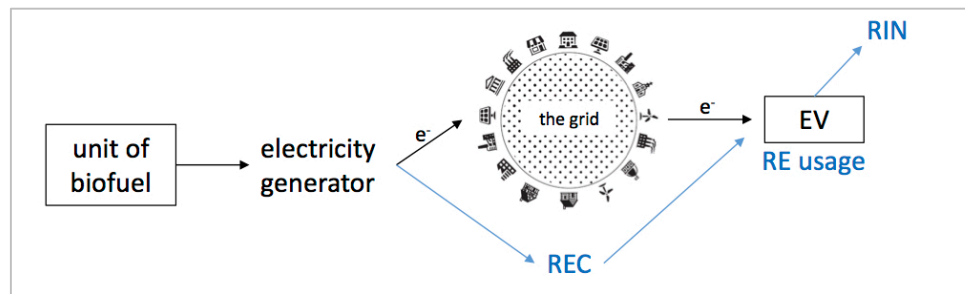


Figure 3. Acceptable Scenario 2: REC sold elsewhere, EV charged with system mix, and no RIN issued.

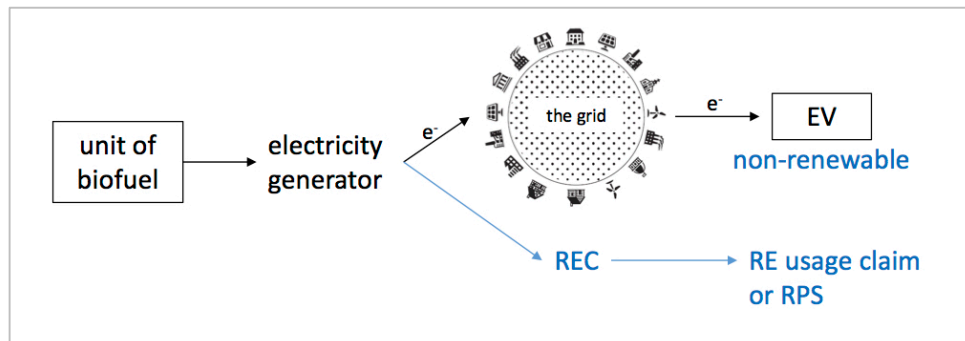
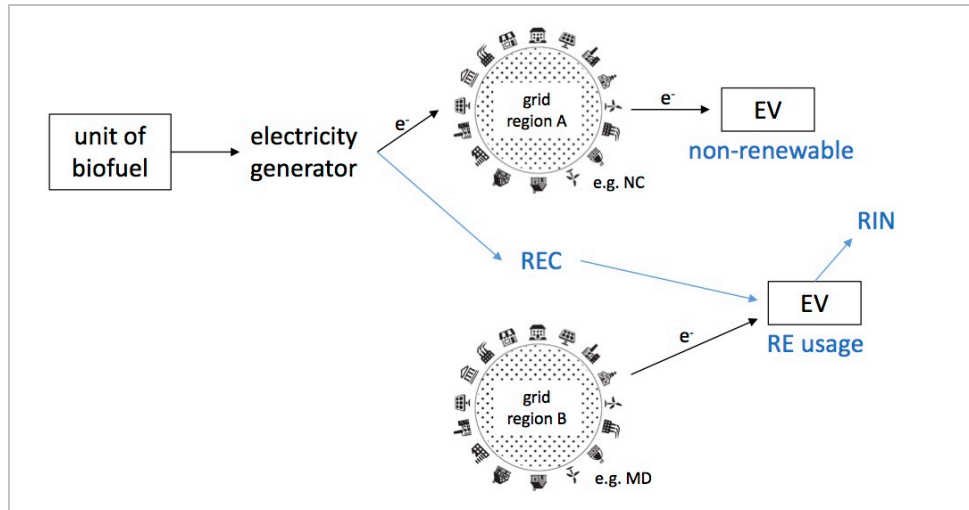


Figure 4. Acceptable Scenario 3: REC and electricity come from different geographic regions. REC is retired in association with electricity from an eligible biofuel and a RIN is issued.



REC retirement to substantiate renewable electricity use for RIN issuance would also align the RFS Regulation with existing regulations and industry best practices. RECs are recognized by all thirty-five states that require or have a goal to deliver renewable generation to users as the instrument used to demonstrate electricity use and show compliance with these mandates.⁴ RECs are also required by the FTC to show renewable electricity use.⁵ Requiring RECs for RIN issuance under this pathway would therefore address the concerns outlined by the EPA that the regulated community “ascertain the extent to which RIN generation under the RFS program has implications for their actions and obligations under state programs and laws administered by other federal agencies.”⁶

CRS thanks you for accepting and considering our input. Please feel free to contact us with any questions. As the administrator of the Green-e programs, CRS staff would be happy to set up a call to discuss REC best practices and the appropriate verification measures to ensure renewable electricity usage with RIN issuance. CRS has extensive experience developing reporting and verification processes, and has advised state, national, and international agencies on verification approaches and procedures.

Sincerely,

Maya Kelty
Senior Analyst, Policy & Programs

⁴ Ibid.

⁵ US Federal Trade Commission (FTC). (2012). *Guides for the Use of Environmental Marketing Claims; Final Rule*. Available at: https://www.ftc.gov/sites/default/files/documents/federal_register_notices/guides-use-environmental-marketing-claims-green-guides/greenguidesfrn.pdf.

⁶ p.80899, column 2 of Proposed Rule (Federal Register, Vol. 81, No. 221).