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# Voluntary and Corporate Renewable Energy in the Northeast United States: Barriers and Opportunities for Growth

## Executive Summary

Prepared for the Pace Energy and Climate Center

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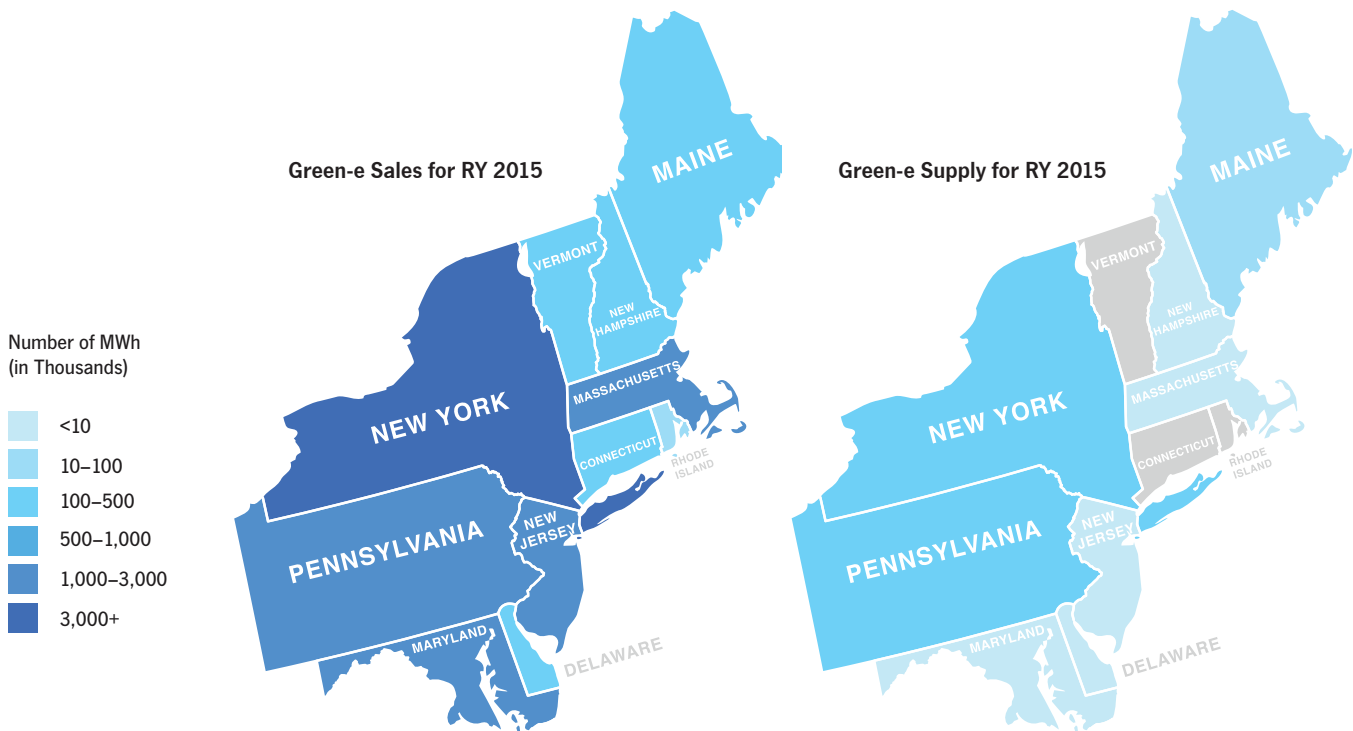
### Overview

States benefit from strong voluntary renewable energy markets that support development. Voluntary demand can drive local private investment and reduce environmental and health impacts of electricity generation beyond what is achieved through regulatory

policy alone, helping states meet their energy, climate, and economic policy goals.

Historically, the Northeast United States has been a large consumer of voluntary green power, but does not supply much of it.

**Figure 1.** Location of Green-e Sales and Supply for Reporting Year 2015 in the Northeast U.S.



This suggests an opportunity to capture private investment and emissions reductions that are currently leaving the region.

## Barriers

The main barrier to local voluntary renewable energy in the region is high Renewable Energy Certificate (REC) prices, driven by supply-constrained state renewable portfolio standard (RPS) programs. Other barriers may include policy uncertainty and complexity and a general lack of awareness and interest in the voluntary market among policymakers.

## Strategies

Increasing the amount of in-region voluntary supply means 1) encouraging corporate, institutional, or municipal voluntary buyers to build or finance new renewable energy in the region, 2) making renewable energy cheaper for other voluntary buyers, and 3) increasing voluntary demand for local renewable energy.

States can help voluntary market participants engage in long-term contracts to drive project development. For example, states can help to guarantee credit or aggregate demand from mid-size voluntary buyers. States can also encourage long-term contracts with generators specifically aimed at corporate or voluntary buyers. States can create communications, recognition programs, awards, challenge campaigns, and other incentives specifically aimed at in-state or in-region voluntary purchasing. States can also provide technical support and provide resources to help voluntary and corporate buyers aggregate their demand and participate in the market, for example, through a renewable energy Request for Proposals (RFP).

States should provide clarity with respect to REC ownership and renewable energy claims, marketing, and communications, particularly where there are specific incentives for distributed generation

and/or solar carve-outs. States should ensure separate accounting of RECs allocated to RPS programs and voluntary buyers to prevent double counting and ensure voluntary renewable energy and emissions reductions are surplus to state mandates. States can adopt goals for voluntary renewable energy and support them by talking about and creating policies to increase the value of local renewable energy. States should create consumer choice with respect to REC ownership wherever possible, for example, by allowing customers participating in distributed generation incentive programs to keep their RECs.

The two strongest opportunities for growing voluntary renewable energy in the Northeast are corporate renewable energy procurement and community renewables programs. Corporate renewable energy procurement and REC arbitrage in particular represent an exciting example of private investment and voluntary demand working together to make the projects happen. Municipal electric aggregation may also represent significant voluntary demand of new, local, clean energy capacity that drives development. States may also encourage community renewables projects, including virtual net metering and meter aggregation policies.

## Conclusion

In the case of both corporate renewable energy procurement and community renewables programs, the current high price of renewable energy in the Northeast may represent an opportunity for states and the voluntary market to provide high impact and value. Local voluntary renewable energy provides local value and individual purchases from the Northeast send a stronger market signal for more renewable energy. Community renewables programs in particular may represent significant voluntary demand for local renewable energy. Corporate purchasers can take advantage of high REC prices by arbitraging RECs to lower the cost of renewable energy and produce primary-tier local supply. •

**Figure 2. RPS and Green-e Supply in the Northeast U.S. (2005–2015)**

**RPS Supply** only includes generation from “new” renewable energy facilities built since the commencement of the RPS. **Green-e annual supply** includes generation that can occur in that year, the back half of the previous year, or the first quarter of the following year. Supply is limited to generation from facilities built within the last 15 years.

