



July 22nd, 2024

State of Rhode Island Public Utilities Commission
89 Jefferson Blvd
Warwick, RI 02888

RE: Docket No. 24-26-EL. Comments of Center for Resource Solutions (CRS) on Rhode Island Public Utilities Commission Investigation Into the Current State of Voluntary and Mandated Renewable Energy Market in Rhode Island; Commencement of Docket and Opportunity for Comment.

Dear Luly Massaro and/or other Commission Staff:

CRS appreciates this opportunity to comment on the Rhode Island Public Utilities Commission Investigation into the current state of the voluntary and compliance renewable energy market in Rhode Island. This docket requests information regarding counting voluntary renewable energy certificates (RECs) towards the state's Renewable Energy Standard (RES) compliance. These comments are CRS's response to this request.

BACKGROUND ON CRS AND GREEN-E®

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy and has been providing renewable energy and carbon policy analysis and technical assistance to policymakers and other stakeholders for over 25 years. CRS also administers the Greene® programs. For over 25 years, the Green-e® program has been the leading independent certification for voluntary renewable electricity products in North America. In 2022, the Green-e® Energy program certified retail sales of over 114 million megawatt-hours (MWh), serving over 1.3 million retail purchasers of Green-e® certified renewable energy, including over 314,000 businesses¹.

¹ See the 2023 (2022 Data) Green-e® Verification Report here for more information: <https://resource-solutions.org/g2023/>

Comments

1. Renewable Energy Certificates (RECs) are required for all renewable energy use claims, both voluntary and compliance.

1.1. RECs are the required mechanism to be used for RES compliance.

Renewable Energy Credits (RECs) are tradeable certificates representing a holder's legally recognized property right to the environmental attributes associated with the generation of one-megawatt hour of electricity by a renewable resource². RECs are used in two main contexts: 1) the voluntary renewable energy market, primarily serving demand for corporate, institutional, and individual purchasers, and 2) the compliance market, which most often is mandated by a state renewable portfolio standard (RPS) or, in the case of Rhode Island and select other states, a renewable energy standard (RES).

Currently, 38 U.S. states and territories recognize that RECs are required to track and transact the environmental attributes of renewable electricity injected into the grid and that RECs are required to demonstrate compliance of regulated entities with RPS or similar laws requiring renewable electricity delivery, or participation in voluntary programs for provision of renewable electricity³. Rhode Island has demonstrated its leadership in addressing climate change, not only by setting an RES, but by enabling voluntary purchasers to accelerate the state's decarbonization efforts by going above and beyond what is delivered through the RES. In 2023, Green-e® certified renewable energy sales in Rhode Island accounted for 435,958 MWh, of which 98% were commercial sales, demonstrating the appetite for investment in renewables in Rhode Island and the importance on protecting the voluntary market that enables those investments.

1.2 RECs must be used regardless of procurement type.

There is currently an uptick in federal and state level legislation advocating for the inclusion of matching generation to load for every hour, creating an "hourly renewable energy use claim"^{4,5}. There is consensus among U.S. tracking systems that hourly tracking capabilities will not be viable at scale until 2028⁶, which is when the referenced legislation goes into

² Hamrin, J. 2014. *REC Definitions and Tracking Mechanisms Used by State RPS Programs*. Available at: <https://www.cesa.org/wp-content/uploads/RECs-Attribute-Definitions-Hamrin-June-2014.pdf>

³ Center for Resource Solutions (CRS). 2023. *The Legal Basis for Renewable Energy Certificates*. Available at: <https://resource-solutions.org/wp-content/uploads/2015/07/The-Legal-Basis-for-RECs.pdf>

⁴ See Inflation Reduction Act, Section 45v subsection on Temporal Matching, available at: <https://www.federalregister.gov/documents/2023/12/26/2023-28359/section-45v-credit-for-production-of-clean-hydrogen-section-48a15-election-to-treat-clean-hydrogen>

⁵ California Power Source Disclosure Program Pre-Rulemaking Draft, available at: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?doctetnumber=21-OIR-01>

⁶ Center for Resource Solutions (CRS). 2023. *Readiness for Hourly: U.S. Renewable Energy Tracking Systems*. Available at: <https://resource-solutions.org/document/061523/>

effect. Hourly use claims can only be made by procuring and subsequently retiring an hourly (or time-stamped) REC within a registered tracking system. While this procurement type is more granular than annual procurement, it should by no means replace annual matching, and is not more *accurate*. Annual REC claims are still the basis for renewable energy transitions in the United States and underpin legitimate Scope 2 claims. CRS is happy to help facilitate the design of hourly products should Rhode Island determine those to be products which it wishes to pursue in its decarbonization goals.

2 RECs associated with generation that is counted towards RES compliance should not in any way be associated with voluntary sales of renewable energy.

2.1.1 Allowing voluntary sales to count towards RES percentage is double counting.

Even while the RES requires that retail electricity providers deliver 100% renewable energy to Rhode Island retail electricity consumers by 2033, voluntary renewable energy purchases can nevertheless play an important role in incrementally affecting clean energy development and decarbonization both in Rhode Island and regionally in the northeast, provided that the generation sold to voluntary purchasers is not double counted.

Double counting occurs when two different parties claim the same environmental benefits from the same generated green power. It can lead to a lack of credibility in the marketplace due to falsely depicting a greater number of organizations or people making claims about using renewable resources, and it can lead to credible accusations of greenwashing.

There is state and federal legislative precedence³ indicating that under no circumstances should the Rhode Island PUC allow voluntary renewable energy purchases to be counted toward meeting RES annual percentages. The U.S. EPA explains that double counting can occur “when a utility counts the same renewable megawatt-hours (MWh) or RECs toward meeting its renewable portfolio standards (RPS) requirements and as a sale in its voluntary green pricing program”⁷.

States should not “suggest that voluntary generation was used to meet the RPS [RES] or delivered to, consumed by, produced for, or can otherwise be claimed by any customers other than the REC owner”⁸. Any voluntary REC counted towards RES percentage is a policy flaw resulting in RPS outcomes that are based on inaccurate and incorrect accounting practices and should never be allowed.

⁷ U.S. Environmental Protection Agency (EPA). Updated January 2024. *Double Counting*. Available at: [https://www.epa.gov/green-power-markets/double-counting#:~:text=Double%20counting%20\(also%20known%20as,the%20same%20generated%20green%20power.&text=Dou%20ble%20counting%20can%20occur%20when,are%20sold%20the%20same%20REC](https://www.epa.gov/green-power-markets/double-counting#:~:text=Double%20counting%20(also%20known%20as,the%20same%20generated%20green%20power.&text=Dou%20ble%20counting%20can%20occur%20when,are%20sold%20the%20same%20REC).

⁸ Jones, T. July 2017. *Two Markets, Overlapping Goals: Exploring the Intersection of RPS and Voluntary Markets for Renewable Energy in the U.S.* Page 15. Available at: <https://resource-solutions.org/wp-content/uploads/2017/08/RPS-and-Voluntary-Markets.pdf>

2.2 Counting voluntary sales towards RES percentage diminishes demand for new renewable supply.

Allowing voluntary purchases to be counted towards the RES creates a barrier for private renewable investment in Rhode Island and lowers both supply and demand of renewables. For example, annual renewable capacity additions in the Northeastern region have consistently been below compliance percentage targets from 2000-2022⁹. If all renewable sales (voluntary and compliance) are being counted towards compliance to meet these RES goals, then the voluntary customer is subsidizing compliance. This reduces overall demand and has a negative consequence on renewable supply. Voluntary demand should always be incremental to compliance to drive new supply, furthering the state's overall goal of reducing GHG emissions. As stated previously, there is ample voluntary demand in Rhode Island, demonstrating its worth to the renewable energy market.

If the Rhode Island PUC allows voluntary sales to count towards the RES percentage, voluntary buyers in Rhode Island would have to procure certified renewable energy from outside of the state where it can be verified that the generation has not been claimed and that it is not being used for compliance. Maintaining separate voluntary and compliance markets in Rhode Island would allow for this demand to be met by resources in and around Rhode Island – allowing Rhode Island to capture private investment dollars that may otherwise go elsewhere.

Please let me know if we can provide any further information or answer any other questions.

Sincerely,

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Devon Johnson

Sr. Analyst, Policy

⁹ Barbose, G. June, 2023. *U.S. State Renewable Portfolio & Clean Electricity Standards: 2023 Status Update*. Lawrence Berkeley National Laboratory. Pg. 19. Available at: https://eta-publications.lbl.gov/sites/default/files/lbnl_rps_ces_status_report_2023_edition.pdf