

Submitter's Name/Affiliation: Center for Resource Solutions

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The Center for Resource Solutions (CRS) appreciates the opportunity to comment on the Clean Energy Standard (CES) white paper. CRS is a nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change. CRS administers the Green-e® 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 applauds the U.S. Senate Committee on Energy and Natural Resources for moving forward on discussions of a CES. A CES will help our nation meet our energy needs, reduce our dependence on foreign oil, mitigate climate change, and strengthen our economy.

CRS is submitting comments on the CES White Paper in the following subject areas:

Question 1: A federal mandate should not undermine state electricity standards. States should retain their authority to enforce their laws and regulations and adopt electricity standards with more stringent targets than the CES.

Question 2: Clean energy resources should be expressly listed and qualify based on a greenhouse gas emissions threshold, as well as a threshold that considers other environmental impacts. To help spur new technological development, additional clean energy resources should be allowed to qualify in the future if they meet the thresholds. The threshold should be tightened over time.

If energy efficiency is included in the CES, it should not reduce an entity's renewable energy target. However, energy efficiency should be able to qualify in a tier with non-renewable technologies.

Question 3: Allowing for existing capacity to qualify under the CES would not result in a significant change in our nation's energy supply, nor help achieve the goals of a CES. Should existing facilities be eligible, the target should be increased in order to provide incentives to new facilities.

Allowing the use and trading of Renewable Energy Certificates (RECs) will reduce the overall costs of the program, help utilities meet their targets more easily, increase flexibility among participants, and simplify the verification process.

Should the CES allow non-renewable technologies to qualify, a substantial tier should be reserved solely for renewable energy. For remaining tiers, renewable energy should receive a full credit, while non-renewable technologies should receive partial credits.

Question 5: Allowing the use and trading of Renewable Energy Certificates (RECs) will reduce the overall costs of the program, help utilities meet their targets more easily, and increase flexibility among participants.

Additional Topics: The CES should include language to allow the voluntary renewable energy market to continue to exist alongside the compliance CES market. The CES should expressly prohibit voluntary renewable purchases by end-use customers to be used towards compliance with the CES, and thus prohibit the double counting of credits and claims.

Thank you for considering our comments. Do not hesitate to contact us with any questions.

Question 1. What should be the threshold for inclusion in the new program?

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- *What is the role for energy efficiency in the standard? If energy efficiency qualifies, should it be limited to the supply side, the demand side, or both? How should measurement and verification issues be handled?*

Energy efficiency is central to meeting our nation's energy needs while increasing our energy independence, improving our economy, and reducing greenhouse gas and other emissions. However, if energy efficiency is included as a qualifying resource in the CES, it should not compete with renewable energy (i.e. energy efficiency measures should not be allowed to reduce a utility or other regulated entity's renewable energy target). Should the CES include non-renewable technologies such as nuclear power, clean coal, and natural gas, energy efficiency could qualify in a tier with those technologies. While energy efficiency is needed to the maximum extent possible, it is important that a CES provides incentives for installing renewable technologies to meet our energy demand.

Question 2. What resources should qualify as “clean energy”?

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- Should qualifying clean energy resources be expressly listed or based on a general emissions threshold? If it is determined that a list of clean energy resources is preferable, what is the optimal definition for “clean energy” that will deploy a diverse set of clean generation technologies at least cost? Should there be an avenue to qualify additional clean energy resources in the future, based on technological advancements?

Qualifying clean energy resources should be expressly listed as to provide clarity to regulated entities and reduce market uncertainty. The resources that qualify should do so based on a greenhouse gas emissions threshold as well as a threshold that considers other environmental impacts (such as waste, particulate emissions, mining and extraction impacts, and other pollutants). Additional clean energy resources should be allowed to qualify in the future, as this will help spur new technological innovations. As new resource types are developed, they should be evaluated against the thresholds and qualify if they meet them. The threshold should be tightened over time to further spur innovation and to continue improved generator performance.

Question 3. How should the crediting system and timetables be designed?

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- *What are the tradeoffs between crediting all existing clean technologies versus only allowing new and incremental upgrades to qualify for credits? Is one methodology preferable to the other?*

The overall goal of a CES is to increase the amount of clean energy on the grid, so allowing existing capacity to qualify for credits would hinder the country from meeting that goal. If older facilities are eligible to qualify for credits under the CES, the target should be significantly increased in order to provide sufficient incentive to build new facilities. Otherwise, the CES would be too easily met using generation from existing capacity and would not result in a significant change in our nation's energy supply.

Question 5. How should Alternative Compliance Payments, regional costs, and consumer protection be addressed?

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- *What options are available to mitigate regional disparities and contain costs of the policy?*

As mentioned in a Section 3 response, allowing the use and trading of Renewable Energy Certificates (RECs) as a way of meeting compliance to a CES will reduce the overall costs of the program and help utilities meet their targets more easily. RECs help to overcome the various barriers to clean energy development, such as transmission and geographic restraints. They increase flexibility amongst participants, increase the overall efficiency of the market, and aid in the development of the most cost-effective resources.

Additional Topics

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- *If there is an additional topic related to the design of a mandatory market based program that you would like to address, please submit comments on this form.*

The Center for Resource Solutions (CRS) is pleased to see the U.S. Senate Committee on Energy and Natural Resources moving forward on discussions of a Clean Energy Standard (CES). A CES is an important part of any long-term clean energy policy, and one that will help strengthen our energy security, mitigate climate change, and revive our economy. Implemented correctly, it will allow the current voluntary market for renewable energy to continue to thrive alongside it, with both markets functioning as important catalysts for new construction of renewable energy.

This voluntary renewable energy market consists of individuals, businesses, and other entities that choose to purchase green power. These groups do so for a variety of reasons, such as reducing their global warming footprint, supporting the local economy, increasing our nation's energy independence, and meeting corporate environmental goals. The voluntary market has been a driver of clean energy development across the U.S. for over a decade responsible for millions of dollars in new private investment that hasn't cost taxpayers a single cent.

For many renewable energy projects, voluntary renewable energy sellers play an integral role in project finance, as evidenced by the size of the voluntary market. The voluntary market for renewable energy exceeded 30 million megawatt-hours (MWh) in 2009, a 17% increase from 2008.¹ This surpassed the amount of renewable energy generation from new facilities sold into all state Renewable Portfolio Standard markets combined.

While the voluntary market serves as a compliment to a CES, helping to bolster the market for clean energy, a CES has the potential to inadvertently harm the voluntary market if language is not written to allow the voluntary market to continue to exist alongside the compliance market. If renewable energy purchased by voluntary buyers is allowed to count towards a federal mandate, the incentives of voluntary purchasers are stripped. Consumers pay more for renewable energy with the expectation that their purchase goes beyond that required by law. The businesses that purchase renewable energy, and are most responsible for driving this market, do so in order to make an environmental claim, which will be significantly diluted if their purchase is "double counted" toward the CES.

CRS requests that the CES expressly prohibit voluntary renewable purchases by end-use customers to be used towards compliance with the CES. The same credit claimed by a voluntary buyer should not be allowed to meet a federal mandate. CRS also recommends that the CES recognize the existing renewable energy tracking systems and their ability to track ownership and retirement of renewable energy certificates (RECs) from renewable generation. These tracking systems currently help prevent the double counting of renewable attributes, ensuring that credits used for compliance with state mandates are not also used in the voluntary market. Any compliance tracking mechanism created for the CES should recognize these existing tracking systems, which renewable energy claims for both the voluntary and state compliance markets are built upon.

¹ Bird and Sumner, *Green Power Marketing in the United States: A Status Report (2009 Data)*, U.S. National Renewable Energy Laboratory, September 2010