



CRS

center for
resource
solutions

September 14, 2011

U.S. Green Building Council (USGBC)
2101 L St. NW, Suite 500
Washington D.C. 20037

To Whom It May Concern:

Center for Resource Solutions (CRS) appreciates the opportunity to comment on *LEED 2012 Rating System Drafts*.

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 mitigate climate change. Our leadership through collaboration and environmental innovation builds policies and consumer-protection mechanisms in renewable energy, greenhouse gas (GHG) reductions, and energy efficiency that foster healthy and sustained growth in national and international markets. CRS has broad expertise in renewable energy and carbon policy and accounting.

CRS administers the Green-e programs. Green-e Energy is the nation's leading independent consumer protection program providing certification and verification for renewable electricity and renewable energy certificates (RECs). Green-e Climate is a certification program that sets consumer protection and environmental-integrity standards for carbon offsets sold in the voluntary market. Green-e Marketplace recognizes companies that use renewable energy by allowing them to display the Green-e logo when they have purchased a qualifying amount of renewable energy and passed the program's verification standards.

Stakeholder-driven standards supported by rigorous verification audits are a cornerstone of Green-e and enable CRS to provide independent third-party certification of environmental commodity transactions. The Green-e environmental and consumer standards are overseen by an independent governance board of industry experts, including representatives from environmental nonprofits, consumer advocates, and purchasers. Our standards have been developed and are periodically revised through an open stakeholder process. Green-e program documents, including the standards, contract templates, and the annual verification report, are available at www.green-e.org.

General Comments in Support of the *LEED 2012 Rating System Drafts*

CRS strongly supports the inclusion of criteria and points for green power and carbon offset purchasing in the LEED Standards. The use of renewable energy and offsetting of direct GHG emissions are crucial components of sustainability for buildings. The green power requirement in current LEED rating systems has already contributed greatly to commercial purchases of renewable energy, which make up over three-quarters of the voluntary market. The continued recognition of renewable energy purchasing and the introduction of carbon offsetting in LEED will stimulate substantial market demand for both into the future

and have a significant positive impact on the development of renewable energy facilities and carbon offset projects in the U.S.

CRS also supports LEED's citation and reference to the Green-e Standards for renewable energy (Green-e Energy) and carbon offsets (Green-e Climate). Reference of these standards is an effective way to promote the use of high-quality, verified renewable energy resources and GHG reductions in LEED certified buildings, and it will ensure that credits are only awarded for purchases of renewable energy and carbon offsets in which high-quality project standards are used, the chain-of-custody has been audited, and the retailers involved in the transaction are subject to Green-e's strict marketing and accountability requirements.

CRS offers the following suggested changes to help bolster and clarify the credits for Green Power and Carbon Offsets, Renewable Energy Production, and Green Energy Production and Utilization.

Comments for Building Design & Construction (BD&C) and Interior Design & Construction (ID&C) Rating Systems

EA Credit: Green Power and Carbon Offsets

CRS suggests that the following changes be made to language under the subheading "NC, CS, Schools, Retail, Data Centers, Warehouse & Distribution Centers, Hospitality, Healthcare" in the BD&C Rating System and under the subheading "CI, Retail, Hospitality" in the ID&C Rating System:

1 Engage in a contract for ~~qualified resources~~ green power or Renewable Energy Certificates (RECs) 1) from
2 resources that came online after January 1, 2005;~~;~~ 2) for a minimum of 5 years; 3) to be delivered
3 annually or more frequently; 4) and generated in the year of delivery or in the 6-month period prior or 3-
4 month period after the year of delivery; AND/OR Engage in a contract for carbon offsets, for a minimum of
5 5 years, to be delivered annually or more frequently. Taken together, t~~The contract(s)~~ must specify that, in
6 combination, the provision of at least 50% or and up to 100% of the project's total energy be derived from
7 renewable sources and/or the emissions associated with that energy be offset.

8 Green power and tradable renewable energy certificates (RECs) can be used to mitigate the impacts of
9 electricity use, and "Scope 2" emissions, on a megawatt-hour (MWh)-for-MWh basis. To qualify, green
10 power or REC purchases must be Green-e Energy Certified¹ (or equivalent)². may be procured from a Green-e
11 Energy certified power marketer or a Green-e Energy accredited utility program, or through Green-e Energy-
12 certified tradable renewable energy certificates (RECs) or the equivalent. Only RECs can be used to mitigate
13 the impacts of Scope 2, electricity use.

14 Carbon offsets may be used to mitigate the direct emissions associated with non-electricity energy use, or
15 "Scope 1" emissions, on a metric ton of carbon-dioxide-equivalent (tCO₂e)-for-tCO₂e basis. Only Carbon
16 offsets that are Gold Standard certified or Green-e climate approved may be used to mitigate Scope 1
17 emissions. Offsets procured from an offset seller must be Green-e Climate Certified³ to qualify. Offsets
18 procured directly from an offset project must be certified by a Green-e Climate Endorsed Program⁴ to
19 qualify. If the offset purchase is not Green-e Climate Certified, then the project must demonstrate that the
20 offsets are fully retired in a third-party registry. For U.S.-based buildings, the offsets must be from projects

21 ~~located from within the United States, retired in a third party registry like the California Climate Action~~
22 ~~Registry. International projects should use CDM approved offsets.~~

23 ¹ For more information, visit <http://www.green-e.org/energy>.

24 ² Equivalence must exist for major Green-e Energy program criteria: 1) resource and facility eligibility as described in
25 the program's National Standard, 2) independent, third-party verification that those standards are being met by the
26 green power supplier over time, and 3) documentation demonstrating unique ownership of all renewable energy
27 attributes and no double-counting or double-claiming.

28 ³ For more information, visit <http://www.green-e.org/climate>.

29 ⁴ For the names and information about Green-e Climate Endorsed Programs, visit [http://www.green-](http://www.green-e.org/getcert_ghg_endorsed.shtml)
30 [e.org/getcert_ghg_endorsed.shtml](http://www.green-e.org/getcert_ghg_endorsed.shtml).

Please find our rationale and explanation for these suggested changes in the Attachment: Explanation of Suggested Changes.

EA Credit: Renewable Energy Production

It is unclear whether this credit is intended to be awarded for on-site use of renewable energy or simply hosting a renewable energy system/facility (without owning the RECs or buying the solar electricity from the system). We suggest clarification on this point, and if it is the former (renewable energy use), adoption of the suggested language changes below.

CRS suggests that the following changes be made to language under the subheading "NC, CS, Schools, Retail, Data Centers, Warehouse & Distribution Centers, Hospitality, Healthcare" in the BD&C Rating System and under the subheading "CI, Retail, Hospitality" in the ID&C Rating System:

31 Use [tenant] renewable energy systems to offset building energy use and costs. Calculate project
32 performance by expressing the equivalent ~~cost~~ amount of the usable energy produced by the renewable
33 systems as a percentage of the building's annual energy use cost and use the table below to determine the
34 number of points achieved. In all cases, the Renewable Energy Certificates (RECs) and all emissions
35 avoidance claims must be retained by the project owner and not sold; without REC ownership, the project
36 owner cannot earn this Credit or claim to be using renewable energy.

37 Use the building [project] annual energy cost calculated in EA Credit: Optimize Energy Performance or the
38 U.S. Department of Energy's Commercial Buildings Energy Consumption Survey (CBECS) database to
39 determine the estimated energy use and cost.

40 The use of "solar gardens" or community renewable energy systems is allowed if the following requirements
41 are met:

- 42 • Actual ownership in the system, with an intent to retain ownership for at least 15 years.
- 43 • The system must be located with the same Utility Service Area as the facility claiming the use.
- 44 • The percentage of credit will be determined as a percentage of ownership; if a project owns 10%
45 and retains 10% of the RECs, 10% of the output can be claimed.
- 46 • Must meet requirements applicable to all other onsite renewable energy systems.

Please find our reasoning and explanation for these suggested changes in the Attachment: Explanation of Suggested Changes.

Comments for Existing Buildings: Operations & Maintenance (EBOM) Rating System

EA Credit: Green Energy Production and Utilization

CRS suggests that the following changes be made to language under the subheading “EBOM, Schools, Retail, Data Centers, Hospitality, Warehouse and Distribution Centers:”

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ESTABLISHMENT

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Projects must submit proof of a contract to purchase qualified green power or Renewable Energy Certificates (RECs) 1) from resources that came online after Jan 1, 2005; 2) for a minimum of 2 years with a commitment for at least an additional 3 years (for a total of 5 years); 3) to be delivered annually or more frequently, with the intent to renew on an ongoing basis beyond that; and 4) generated in the year of delivery or in the 6-month period prior or 3-month period after the year of delivery, AND/OR Projects must submit proof of a contract to purchase qualified carbon offsets, for a minimum of 5 years, to be delivered annually or more frequently.

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PERFORMANCE

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Meet some or all of the building’s total energy use with renewable energy systems or mitigate Scope 1 emissions with Carbon offsets or Scope 2 emissions with green power or RECs. Points are earned according to the following table, which shows the percentages of building energy use met by renewable energy generation and, if not, the percentage of energy use that must be mitigated with green power or RECs (for electricity use) and/or offsets (for the emissions associated with non-electricity energy use) during the performance period. Energy use mitigation means purchasing RECs or green power for the electricity portion of listed percentage of energy use, on a megawatt-hour (MWh)-for-MWh basis, and purchasing offsets for the emissions associated with the non-electricity portion of the listed percentage of energy use, on a metric ton of carbon-dioxide-equivalent (tCO₂e)-for-tCO₂e basis.

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Green power sources are defined by the Center for Resource Solutions’ Green-e Energy National Standard¹ ~~program’s products certification requirements, or the equivalent~~. Green power or RECs must ~~may~~ be ~~procured from a Green-e Energy Certified certified power marketer or a Green-e Energy accredited utility program, or through Green-e Energy certified tradable renewable energy certificates (RECs) or the equivalent~~. If the green power or RECs are ~~is~~ not Green-e Energy certified, equivalence must exist for ~~both~~ major Green-e Energy program criteria: 1) resource and facility eligibility as described in the program’s National Standard current green power performance standards, and 2) independent, third-party verification that those standards are being met by the green power supplier over time, and 3) documentation demonstrating unique ownership of all renewable energy attributes and no double-counting or double-claiming.

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Carbon offsets may be used to mitigate the direct emissions associated with non-electricity energy use, or “Scope 1” emissions. Offsets procured from an offset seller must be Green-e Climate Certified² to qualify. Offsets procured directly from an offset project must be certified by a Green-e Climate Endorsed Program³ to qualify. If the offset purchase is not Green-e Climate Certified, then the project must demonstrate that the offsets are fully retired in a third-party registry. Only Carbon offsets that are Gold Standard certified or Green-e climate approved may be used to mitigate Scope 1 emissions. For U.S.-based buildings, the offsets

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81 must be from projects located from within the United States, ~~retired in a third party registry like the~~
82 ~~California Climate Action Registry.~~

83 For on-site renewable energy that is claimed for LEED 2012 credit, the associated ~~environmental attributes~~
84 RECs and all emissions avoidance claims must be retained or retired and cannot be sold or transferred to a
85 third party.

86 Up to the 5X -point limit, any combinations of individual actions are awarded the sum of the points allocated
87 to those individual actions. For example, 1 point would be awarded for producing and using renewable
88 energy to cover 1% of the building's energy use, and 2 additional points would be awarded for meeting 67%
89 of the building's energy load with RECs renewable power, certificates, or offsets during the performance
90 period.

91 ¹ For more information, visit <http://www.green-e.org/energy>.

92 ² For more information, visit <http://www.green-e.org/climate>.

93 ³ For the names and information about Green-e Climate Endorsed Programs, visit [http://www.green-](http://www.green-e.org/getcert_ghg_endorsed.shtml)
94 [e.org/getcert_ghg_endorsed.shtml](http://www.green-e.org/getcert_ghg_endorsed.shtml).

Please find our reasoning and explanation for these suggested changes in the Attachment: Explanation of Suggested Changes.

Thank you again for your consideration of the comments above. Please contact us for any clarification on these comments or with any questions.

Sincerely,



Jennifer Martin
Executive Director

Attachment: Explanation of Suggested Changes

Line 1-2

Regarding the 2005 new date, though we have not suggested a change, it is worth noting that many utilities that have invested in new renewable energy facilities to serve their green power customers have programs that would be excluded due to this date.

Line 1-4:

The suggested changes are organizational and insert a vintage requirement for renewable energy that is consistent with best practices in the market.

Line 4-7:

The suggested changes reflect the inclusion of offsets, which address GHG emissions from direct use of fossil fuels.

For the portion of energy use that is covered with offsets (non-electricity energy use), requirements can either be to cover 50% of emissions or the emissions associated with 50% of (non-electricity) energy use. The suggested changes reflect the latter. USGBC should clarify which metric is intended.

Line 8-13:

The suggested changes clarify that it is the green power and RECs that are certified, as opposed to the seller or utility program.

Line 14-19:

The suggested changes reflect the fact that Green-e Climate is a certification program for the offset products being sold by offset sellers, retailers, and providers, and that Green-e Climate requires the use of project-level certification programs/standards which verify project performance, issue credits for verified reductions, and track issued credits in an incorporated registry.

Current Green-e Climate Endorsed Programs include the Clean Development Mechanism, the Verified Carbon Standard, the Gold Standard, and the Climate Action Reserve, with some project type exclusions (see the Green-e Climate Code of Conduct and the Green-e Climate Standard).

This reference to Green-e Climate is a very effective way to specify use of only high-quality project certification programs as well as to provide the additional protections related to offset retailer accountability and consumer protection that are unique to Green-e Climate. For more information, please visit www.green-e.org/climate.

Line 19-22:

The suggested changes reflect that the California Climate Action Registry was succeeded by two organizations: the Climate Action Reserve and The Climate Registry. The Climate Action Reserve is an organization that creates offset project standards, registers projects under these standards, and certifies carbon credits called Climate Reserve Tonnes (CRTs) that are tracked in its own registry or tracking system for emissions reductions. The Climate Registry, on the other hand, is a voluntary GHG inventory or

reporting system. Registries in which credits are transferred and retired are maintained by all of the project certification programs endorsed by Green-e Climate, including the Climate Action Reserve. Green-e Climate enforces and verifies the retirement/transfer of reductions on behalf of purchasers, but it is necessary to state that retirement in the registry of the project certifier is required in the case that the purchase is made directly from the project.

Line 22:

The suggested change deletes “International projects should use CDM approved offsets” in accordance with previous suggested changes which would allow Clean Development Mechanism, Verified Carbon Standard, Gold Standard, or Climate Action Reserve certified reductions for international buildings. Also, unless a project location is likewise being specified for international buildings, this sentence is unnecessary.

Line 31-34:

Since renewable energy systems can produce energy that is more expensive than natural gas or grid electricity, calculating the benefit in terms of cost only can be misleading. The suggested changes reflect that renewable energy production should be measured in energy output (kWh or MWh), rather than cost, which can then be directly and meaningfully compared to building energy consumption.

Line 34-36:

Assuming this credit is for renewable energy use (as opposed to simply hosting a renewable energy system without using the solar electricity output or retaining the RECs), this sentence clarifies that retention of the renewable attributes is necessary in order to claim renewable energy use.

Line 44-45:

The suggested language inserts “and retains 10% of the RECs” since percentage credit should consider whether/how many RECs are owned. If a project owns 10% of a community system but none of the RECs, then it is inappropriate for them to make a renewable energy use claim and earn the Credit.

Line 48-52:

The suggested changes are for organizational and clarification purposes, and insert a vintage requirement for renewable energy that is consistent with best practices in the market.

Line 49:

Regarding the 2005 new date, though we have not suggested a change, it is worth noting that many utilities that have invested in new renewable energy facilities to serve their customers have programs that would be excluded due to this date.

Line 52-54:

The suggested language reflects the inclusion of offsets.

Line 57:

The suggested change inserts “green power or” to clarify that both green power and RECs are acceptable.

Line 57-61:

The suggested changes reflect the inclusion of offsets, which address GHG emissions from direct use of fossil fuels.

For the portion of energy use that is covered with offsets (non-electricity energy use), requirements can either be to cover a percentage of emissions or the emissions associated with a percentage of (non-electricity) energy use. The suggested change reflects the latter. USGBC should clarify which metric is intended.

Line 61-64:

This sentence is clarification for the “Energy Use Mitigation” as used in the table which follows. Clarification is needed regarding the use of both RECs and offsets to address energy use. Offsets can either be used for a specified percentage of emissions or for the emissions associated with a specified percentage of (non-electricity) energy use. The suggested language reflects the latter. USGBC should clarify which metric is intended.

Line 65-69:

The suggested changes clarify that it is the green power and RECs that are certified, as opposed to the seller or utility program.

Line 70-74:

The suggested language represents the major quality criteria and assurances provided by Green-e Energy certification.

Line 75-78:

The suggested changes reflect the fact that Green-e Climate is a certification program for the offset products being sold by offset sellers, retailers, and providers, and that Green-e Climate requires the use of project-level certification programs/standards which verify project performance, issue credits for verified reductions, and track issued credits in an incorporated registry.

Current Green-e Climate Endorsed Programs include the Clean Development Mechanism, the Verified Carbon Standard, the Gold Standard, and the Climate Action Reserve, with some project type exclusions (see the Green-e Climate Code of Conduct and the Green-e Climate Standard).

This reference to Green-e Climate is a very effective way to specify use of only high-quality project certification programs as well as to provide the additional protections related to offset retailer accountability and consumer protection that are unique to Green-e Climate. For more information, please visit www.green-e.org/climate.

Line 78-82:

The suggested changes reflect that the California Climate Action Registry was succeeded by two organizations: the Climate Action Reserve and The Climate Registry. The Climate Action Reserve is an organization that creates offset project standards, registers projects under these standards, and certifies carbon credits called CRTs that are tracked in its own registry or tracking system for emissions reductions.

The Climate Registry, on the other hand, is a voluntary GHG inventory or reporting system. Registries in which credits are transferred and retired are maintained by all of the project certification programs endorsed by Green-e Climate, including the Climate Action Reserve. Green-e Climate enforces and verifies the retirement/transfer of reductions on behalf of purchasers, but it is necessary to state that retirement in the registry of the project certifier is required in the case that the purchase is made directly from the project.

Line 86-90:

No changes were suggested, but it is important to note that allowing such a low threshold for onsite renewable energy use/production (1%) weakens the impact of the LEED Standard on the development of new renewable energy facilities. We suggest increasing this 1% threshold substantially.