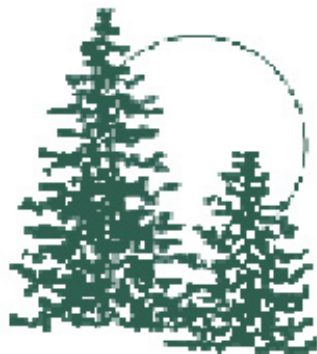


RPS State Collaborative

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Using RECs for Compliance



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Why Use RECs for RPS?

- RPS compliance b.c. (before certificates):
Attestations backed by auditable contracts
 - Bundled energy and attributes
- RECs are more flexible, lowers cost of compliance
 - Attributes of power generation, sold separately from energy
 - 14 of 18 states allow or require RECs for compliance
- RECs can carry a lot of information (attributes) needed for policy compliance
 - Resource, location, vintage, emissions, etc.

REC Definition

- How does your state define a REC?
 - All attributes aggregated (whole REC)?
 - Proof of generation (no attributes)?
 - Can REC be used for RPS compliance and some attributes sold or used for other purposes?
- Lack of clear definition may be problematic if RECs not standardized within state

Data Verification

- RECs are just a collection of attributes (data)
 - Only as good as the info they're based on
- How to verify generating unit characteristics?
 - Required reports (e.g. EIA Form 860)
 - State inspections
- How to verify production data?
 - Units dispatched and settled by RTO or control areas
- Making the effort to verify data enhances data quality and credibility, but at a cost trade-off
 - Will other tracking systems recognize RECs unsupported by similar quality control standards?

Small or BTM Generation

- Is behind-the-meter (BTM) generation eligible?
 - Not dispatched or “seen” by ISOs or control areas
 - State policies often encourage onsite generation
- How to verify unit characteristics and eligibility?
 - Attestations?
 - Onsite inspections?
- How to verify output for issuing certificates?
 - Metering standard?
 - Self-read?
 - Checked by periodic third party reads? Frequency?
 - Continuous monitoring (telemetered data)

REC Ownership Issues

- PURPA contracts
 - Who owns the RECs, the generator or the utility?
- Net metering and interconnections
 - Can the utility require the transfer of RECs as a condition of net metering or interconnection?
 - Be specific in legislation or rulemaking
- Generation projects receiving state funds
 - Are states entitled to claim the RECs if they provide financial support to projects?

What Is Double Counting?

- Double selling
 - Can a generator sell a REC to two different ESPs as long as they are in two different states?
- Double claim
 - If a utility buys the output from a wind generator but the generator sells the RECs to a third party, can the utility claim to buy wind power? What should it claim on a disclosure label?
- Double use
 - If ESP uses REC for RPS compliance, can it later sell the REC to an end-use customer?
 - Can ESP use REC for RPS and also use it for retail disclosure purposes?

REC Tracking Systems

- Tracking systems provide a platform for issuing, tracking and retiring certificates
 - Key mechanism for issuing RECs based on agreed upon standards; adds credibility to market
 - Key to determining ownership of RECs; reduces disputes and double claims
 - Key to determining retirement of RECs and preventing double selling
- Multi-state tracking systems help create larger and more competitive markets
- Coordination and perhaps standardization among tracking systems may be useful
 - North American Association of Issuing Bodies (NAAIB)

Special Issues

- RPS credit multipliers
 - Can you issue two RECs for one MWh?
- REC banking (and borrowing)
 - What is the effect of banking RECs?
- The lifetime of a REC
 - Do RECs have an expiration date?
- In-state vs. out-of-state RECs
 - Can you ensure local or regional benefits?
- Whole RECs vs. disaggregated RECs

Resources

- Center for Resource Solutions, *Regulator's Handbook on Tradable Renewable Certificates*
<http://www.resource-solutions.org/RegulatorHandbook.htm>
- Regulatory Assistance Project, *Renewable Energy Certificates and Generation Attributes*
http://www.raonline.org/showpdf.asp?PDF_URL=%22Pubs/IssueLtr/RenewableEnergyCertificates.pdf%22
- National Wind Coordinating Committee, *Design Guide for Renewable Energy Certificate Tracking Systems*
http://www.nationalwind.org/publications/rec/rec_guide.pdf
- National Renewable Energy Laboratory, *Emerging Markets for Renewable Energy Certificates: Opportunities and Challenges*
<http://www.eere.energy.gov/greenpower/resources/pdfs/37388.pdf>