



CRS

center for
resource
solutions

February 8, 2013

Kate Zocchetti
Technical Director
Renewables Portfolio Standard
California Energy Commission
1516 9th Street, MS-45
Sacramento, CA 95814

California Energy Commission

DOCKETED
02-REN-1038

TN # 69472

FEB. 08 2013

RE: Docket Nos. 11-RPS-01 and 02-REN-1038. Center for Resource Solutions' (CRS's) comments on California Energy Commission (CEC) Staff *Concept Paper for the Implementation of Assembly Bill 2196 for the Renewables Portfolio Standard*

Dear Ms. Zocchetti,

Center for Resource Solutions (CRS) appreciates the opportunity to comment on the *Concept Paper for the Implementation of Assembly Bill 2196 for the Renewables Portfolio Standard*, released for public comment on January 25, 2013. Our comments pertain to Sections C.22 and D.4 of the paper.

CRS thanks Energy Commission Staff for consideration of these and other comments provided during discussions in December 2012.

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, 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 leading certification program for voluntary renewable electricity products in North America. Green-e Climate serves the voluntary carbon market as the first certification and consumer protection program for retail carbon offset products. Green-e Marketplace partners with the business community to help verify and communicate use of certified renewable energy and carbon offsets.

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.

Comments on Section C.22

CRS generally supports the Staff Proposal and rationale provided. We would like to clarify the following (numbered) points regarding the following language:

“If the capture and destruction of the biomethane is not required by law, a retail seller, local publicly owned electric utility, or an intermediary party to a biomethane procurement contract shall not make a marketing, regulatory, or retail claim that asserts that a biomethane procurement contract to which that entity was a party resulted, or will result, in greenhouse gas reductions related to the destruction of methane, unless the environmental attributes associated with the capture and destruction of the biomethane pursuant to that contract are transferred to the retail seller or local publicly owned electric utility that purchased that biomethane and retired on behalf of the retail customers consuming the electricity associated with the use of that biomethane,” (Public Utilities Code Section 399.12.6 (f)) (emphasis added).

1. **Section b.i of the Staff Proposal at C.22 (pg. 18) should be revised to state: “The environmental attributes associated with the capture and destruction of the biomethane are transferred to the POU and are retired on behalf of retail electricity customers and not resold.”**

That the required retirement is on behalf of retail electricity customers (as opposed to the POU itself, for example) is an important distinction and changes the actions that need to be taken to demonstrate assurance of compliance.

2. **We agree with the Staff Proposal that whereas neither the “greenhouse gas reductions related to the destruction of methane” nor “the environmental attributes associated with the capture and destruction of the biomethane” are included in the attributes contained in a renewable energy certificate (REC), the only way to establish that these reductions/attributes have been “transferred to the retail seller or local publically owned electric utility” and (importantly) “retired on behalf of the retail customers consuming the electricity associated with the use of that biomethane,” as required, is with emission reduction credits (or offsets).**

Use of a contract by the retailer/POU may demonstrate its ownership of the reductions/attributes, but not necessarily retirement of them.

In order for the greenhouse gas (GHG) reductions for the methane capture/destruction to be credited as carbon reduction credits or offsets, the biomethane project would need to be registered with a GHG project verification program and registry like the Climate Action Reserve. Then the retail seller or POU could own the reductions and retire them as Climate Reserve Tonnes (CRTs), for example.

It is worth noting that the Climate Action Reserve and the other GHG project standards have their own evaluation criteria, tests, and processes for projects. So it is possible that a biomethane project that is not required by law, and otherwise meets the criteria in AB 2196 or elsewhere, may still not be accepted or registered by Climate Action Reserve for some other reason. However, in our view, if the project does not meet the Climate Action Reserve's criteria for offsets, then the retailer/POU should not be making reduction claims to their retail customers anyway.

3. **Oversight of the retail transaction of the offsets is required (similar to power source disclosure auditing requirements). Green-e Climate performs this function in the retail voluntary offset market to ensure that the retailer/POU is actually delivering what was promised and retail customers can claim ownership of GHG reductions sold or marketed to them by retailers. Green-e Climate could certify the retailer's or POU's product to verify correct retirement on behalf of their retail customers, substantiate GHG claims, and their customers' exclusive ownership.**

The most rigorous way to demonstrate compliance with this language to the CEC and CPUC is with Green-e Climate certification of the offset.

The Climate Action Reserve and other GHG reduction credit issuing bodies and project standards were designed to ensure valid, verified supply of real emissions reductions in the carbon markets. Under these programs, emissions reduction projects are evaluated for quality, registered, and monitored; emissions reductions are verified; and credits are issued to registered projects for verified reductions. The credits are assigned unique serial numbers and tracked, transferred, and ultimately retired in the Reserve's electronic registry between registry account holders.

Once these credits enter the retail market however, where credits are sold retail to customers outside of the registry, and retired on their behalf by retailers, the registry has a limited ability to establish a retail customer's ownership, verify sales and ensure proper disclosure made by the retailer. The Climate Action Reserve and these programs rely on other voluntary standards and retail certification programs for this level of consumer protection in the retail market, and other crucial assurances related to the retail seller and the transaction.

Green-e® Climate is currently the only independent, third-party certification for retail carbon offsets in the voluntary carbon market. Green-e Climate was designed to provide consumer-level assurances to compliment programs like the Climate Action Reserve by certifying the retail offset product being offered by the retailer. Green-e Climate ensures that offset sellers 1) source credits only from high-quality projects registered under high-quality standards, 2) retire correct volumes and types of emissions reductions on behalf of customers, based on an audit of sales and supply, and 3) provide customers with sufficient and accurate disclosure and prohibits inaccurate advertising. This provides assurance that retail customers are getting what they paid for, and that they receive accurate and full disclosure from the retailer about what they are buying.

4. **Transfer of reductions/attributes to the retail seller/POU *and* retirement on behalf of the retail electricity customer are *both* required in order for a retailer/POU to make *either* a marketing, regulatory, or retail claim. The language does not appear to distinguish between regulatory claims and marketing or retail claims in terms of what is required.**

It follows then from earlier arguments that Green-e Climate certification, or equivalent assurance of offset delivery and retail customers' exclusive ownership, is required for either a marketing, regulatory, or retail claim of GHGs associated with methane capture/destruction by the retailer/POU.

Therefore, the paragraph in section b) of the Staff Proposal at C.22 (pg. 18), beginning with, "If the POU makes a regulatory claim..." should be deleted, and the beginning of the following paragraph should be revised to state, "If the POU makes a regulatory, marketing, or retail claim..."

Comments on Section D.4.b

Yes, Green-e Climate certified offsets could be used to demonstrate that GHG reduction attributes have been correctly retired on behalf of retail customers and are not available for another purpose. In fact, for the reasons described above, the Green-e Climate is the most rigorous way for the CEC/CPUC to gain assurance that GHG reductions/attributes are properly and exclusively retired on behalf of a retailer's/POU's retail customers, as required.

Thank you very much for the opportunity to comment on the Staff Concept Paper. We would be happy to supply any other supporting or clarifying information that would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Martin". The signature is fluid and cursive, with the first name "Jennifer" written in a larger, more prominent script than the last name "Martin".

Jennifer Martin
Executive Director