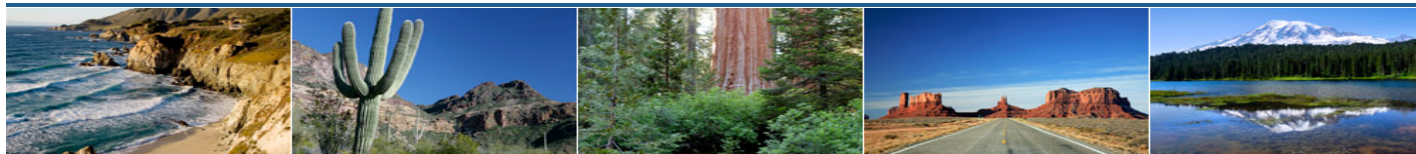


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# Western Climate Initiative



## Public Announcement

### Treatment of Renewable Energy Certificates in the WCI Cap-and-Trade Program

Several states have passed renewable portfolio standards that require electricity load-serving entities to include a minimum amount of renewable electricity in the portfolio of electricity sources used to serve their customers. Most of these programs use Renewable Energy Certificates (RECs) to track compliance and ensure that no renewable megawatt hours are double-counted.

Many states with renewable portfolio standards allow RECs to be sold separately from the generated electricity. The electricity from which RECs have been separated is often referred to as “null” power. In order to prevent double counting of the zero-GHG attribute of renewable electricity in greenhouse gas (GHG) cap-and-trade programs, either the null power or the RECs should carry the zero-GHG attribute. If RECs carry the attribute, they could be bundled with electricity from other sources to negate or reduce the compliance obligation associated with the electricity. Under this approach, WCI Partner jurisdictions would then have to attribute emissions to the null power in order to maintain accurate GHG accounting; otherwise, reported emissions would be lower than actual emissions.

The WCI Partners recommend that RECs have no role in the WCI Partner jurisdictions’ mandatory GHG reporting and compliance protocols. Under this approach, the compliance obligation of first jurisdictional deliverers of electricity would be based only on the actual GHG emissions occurring as a result of generating electricity (as described in the Design Recommendations for the WCI Regional Cap-and-Trade Program). First jurisdictional deliverers with a GHG compliance obligation would not be able to use RECs to reduce their compliance obligations, and null power would not have GHG emissions attributed to it.