



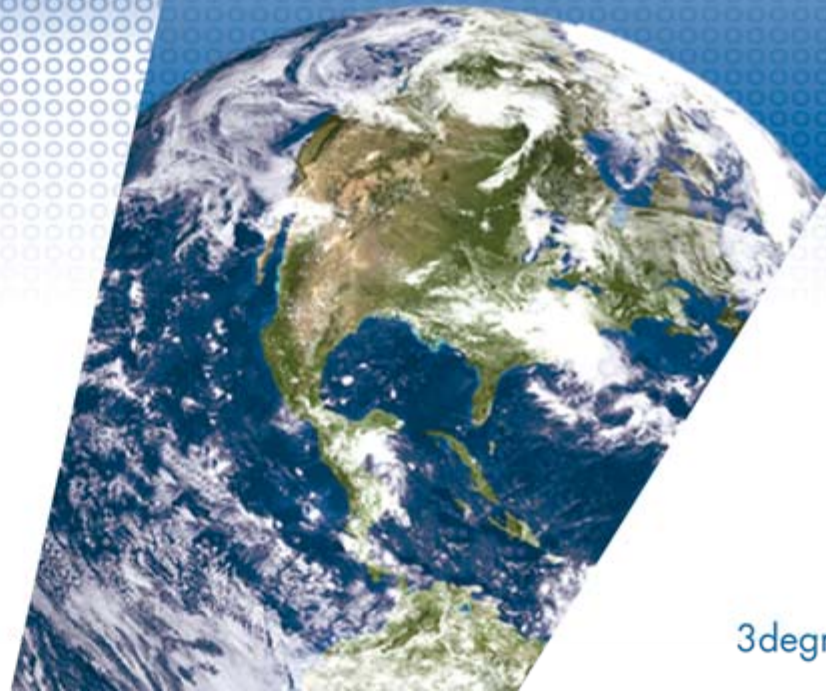
Renewable Energy and Climate Change: Integrating Policies is the Rationale Approach

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Gabe Petlin
Director of Regulatory Affairs
and Carbon Markets



3Degrees Products and Services

Carbon Footprinting

Calculation of the Bounds of Organizations' Carbon Profile

Renewable Energy Certificates

Resale and Wholesale Sales of Renewable Energy Certificates

Regulatory Advisory

Federal, Regional, and Local Renewable Energy and Climate Advisory Services

Globally Sourced Carbon Offsets

Resale and Wholesale Sales of Verified Emission Reductions

Marketing

Communications Strategy, Messaging and Design

Utility Green Pricing Programs

Green Power Program Design and Management

2007, 2005 DOE Renewable Energy Marketer of the Year

2005 U.S. EPA/CRS Beacon Award for inspiring corporate demand for renewable energy

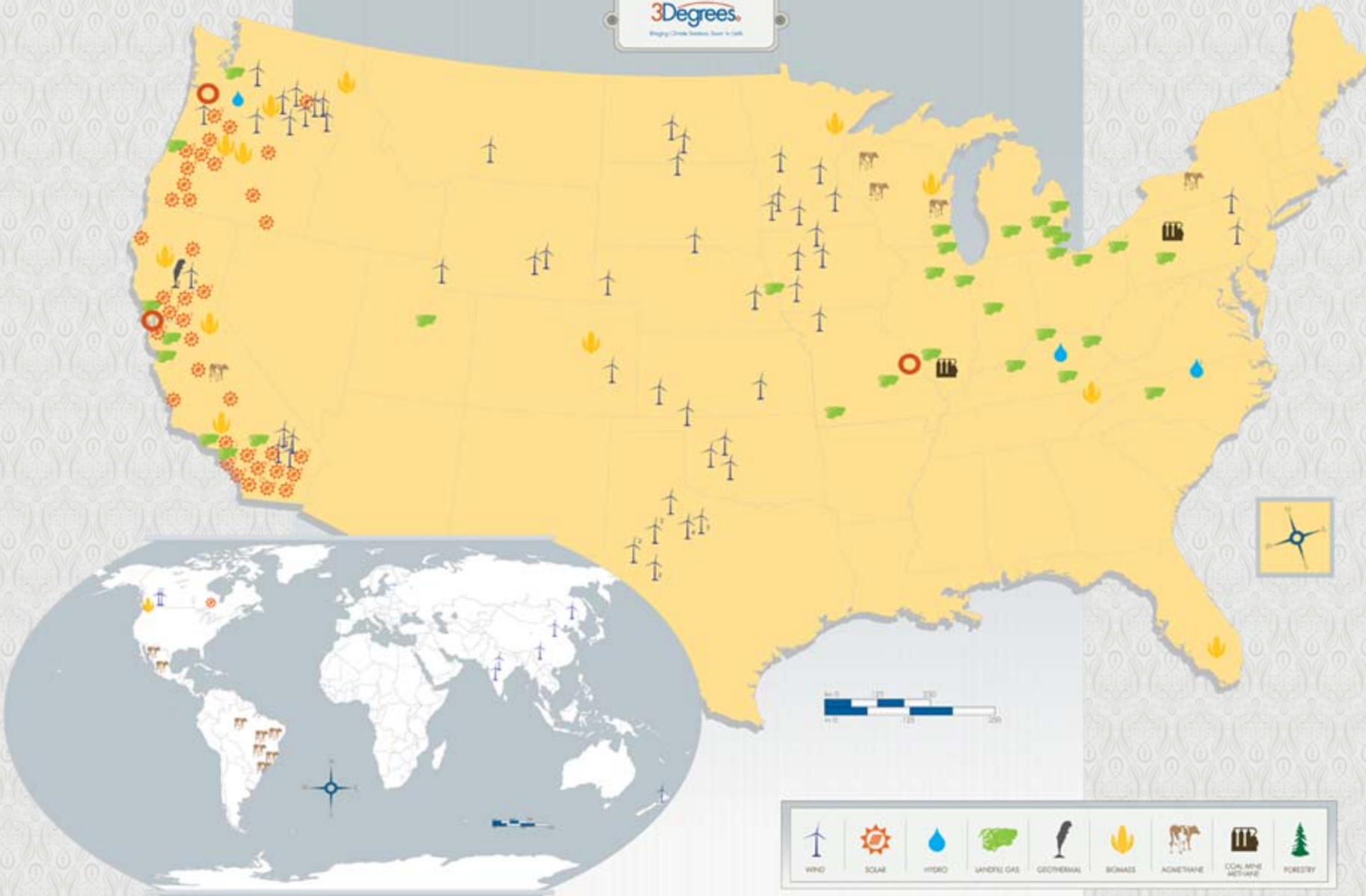
What does 3Degrees do?

1. Help customers understand and analyze their carbon footprint
2. Enable customers to become ***green powered*** and ***carbon balanced***
3. Channel capital to clean energy and carbon reduction projects

How?

Utilizing best-in-world protocols, we develop a **complete picture** of your direct and indirect carbon impact.

We **find high quality** projects and bring to market **Renewable Energy Certificates** and **Verified Emission Reductions** from around the world.



Over 200 Projects Around the World

Our Clients

Proud supplier to:

- 9 of the Top 25 Green Power Purchasers
- 15 Fortune 500 Challenge companies
- 29 Fortune 500 companies (Global & U.S.)
- 27 Climate Leaders



US Air Force, Pepsi, Dell, NBC11, IKEA, Coca-Cola, Staples, IBM,
and over 250 other businesses and institutions...

Renewable Energy and Climate Policy: What is at stake?

- Vibrant and growing voluntary renewable energy market exists today.
- Reducing GHG emissions is an important motivator in green power purchasing.
- Design of GHG regulation should support the continuing vitality of the voluntary market and the reductions in carbon emissions that result from that market.
- Voluntary demand for renewable energy must result in either retirement of allowances or in lowering of the cap.
- One way to do this is carbon allowances should be made available to voluntary purchasers or renewable energy, thus reducing the total number of allowances available and effectively reducing the overall carbon cap.
- Ignoring voluntary market under cap and trade guarantees a sub-optimal outcome:
 - Less renewable energy and associated job creation at home
 - Fewer reductions below capped levels
 - Sends wrong message to non-capped entities who seek to do their part

How is the Voluntary Renewable Energy Industry Responding to this Challenge?

- Formed Renewable Energy Marketers Association (REMA) 2007.
- REMA represents the collective interests of organizations that sell or promote renewable energy products through voluntary markets.
- REMA include: REC sellers, Direct Access Providers, Project and Solar Developers. Open to utilities & support organizations.
- “Post-Cap World” Agenda - REMA’s primary objective is to ensure that any cap-and-trade program supports the ability of voluntary renewable energy demand to reduce emissions.
- “Pre-Cap World” Agenda – Promote awareness of voluntary market and ensure that GHG accounting platforms properly account for voluntary renewable energy purchases.



- Reducing GHG emissions is an important motivator in green power purchasing.
- If you're buying green power, what environmental claims can you make?
 - Reducing *indirect* emissions (GHG Protocol)
 - Reducing your carbon footprint
- Can't say you're reducing emissions under the cap because the number of allowances is fixed.
- The only way to make a legitimate claim of emission reductions under a cap is to retire allowances.

- If no cap on emissions, then:
 - RE displaces and avoids fossil generation
 - GHG emissions are reduced
 - Renewable generator (or owner/purchaser of the REC) claims the reduction
- If emissions are capped, then:
 - RE still displaces fossil generation, but
 - The number of emission allowances is fixed by the cap—unchanged by the RE generation
- Hence the claim of reducing emissions as a direct result of RE purchases is problematic.

REMA Active in GHG Regulatory Regimes Where Voluntary RE Market is at Stake

- Regional Greenhouse Gas Initiative (RGGI)
 - Cap on electric sector of NE states starting in 2009
 - Voluntary Renewable Energy (VRE) set-aside
- California AB 32
 - Economy-wide cap starting in 2012
 - Voluntary market not included yet – we must fight for it
- Western Climate Initiative (WCI)
 - 8 Western states developing economy-wide cap
 - Draft Design does not include the vol market yet – fight
- Federal Cap and Trade
 - Last Senate bill included 4% allocation to renewables



- Most state RGGI rules include language that enable states to retire allowances on behalf of voluntary renewable energy (VRE) purchases
 - States set aside a number of allowance for VRE at the beginning of an allocation period (usually a year)
 - States auction or give away the remaining allowances
 - At the end of the period, providers or buyers report actual purchases
 - Administering state agency retires the reserved allowances
- 9 of 10 states will do this
 - Delaware does not include the VRE provision

- It's possible to reduce emissions by retiring allowances in most RGGI states
- This will strengthen claims by green power purchasers and motivate more purchases
- To ensure that allowances are retired, providers (mostly) must provide documentation of voluntary purchases by consumers in each RGGI state
 - In some states customers may provide this documentation
- Providers must pay close attention to deadlines and how to apply for the allowance retirements or their customers won't be able to claim that they reduced emissions

Conclusion: Keep Our Eyes on the Prize -The size of the voluntary market is growing

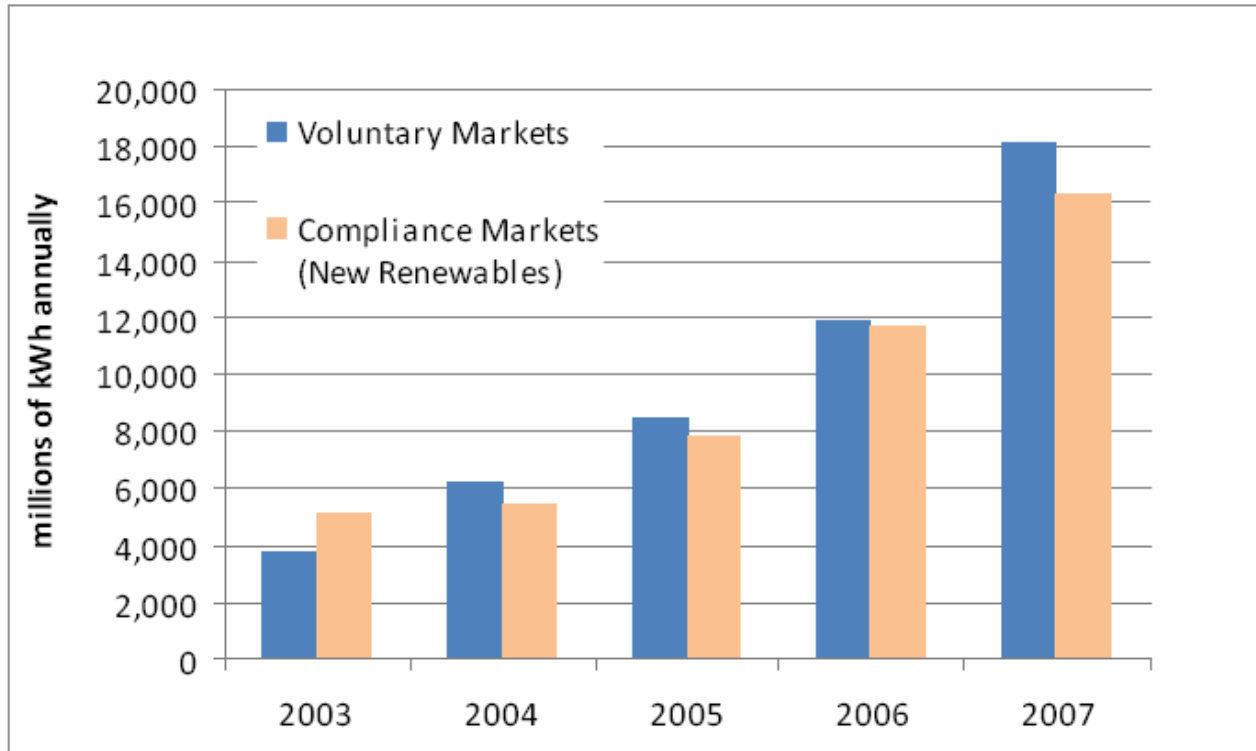


Figure 3. Comparison of voluntary and compliance markets for renewable energy

Note: Compliance market data sourced from Lawrence Berkeley National Laboratory (LBNL)(Barbose 2008).

Conclusion: Yes We Can Have a Voluntary Market that Reduces GHG Below the Cap

- We can only do this if we get organized and fight.
- The RGGI model is not perfect, but it sets a precedence that cap and trade can integrate the voluntary market.
- The argument needs to be won on the merits of creating more renewable energy, jobs, and less emissions.
- The size of the voluntary market is far greater than regulators and some advocates realize.
- REMA New Member Recruitment Reception
 - October 28, 5:00 – 6:30 PM. Room 2008
- YES WE CAN!



3Degrees™

Bringing Climate Solutions Down To Earth™

Gabe Petlin

DIRECTOR, REGULATORY AFFAIRS
AND CARBON MARKETS

gpellin@3degreesinc.com

T 415.595.1679

F 415.680.1561

Presidio of San Francisco
6 Funston Avenue
San Francisco, CA 94129



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**Additional Slides for Specific Questions
on RECs and Carbon**

RECs and their carbon value have been on a journey

- Historically, RECs and “offsets” were used interchangeably.
- Shift by providers, purchasers, certifiers and EPA to RECs offsetting electricity-related emissions.
- Doubts raised, industry debate has led to:
 - *Skittish* - make no carbon claim with RECs
 - *Diehards* – continue using RECs as offsets for everything
 - *Mainstream* – Follow EPA and WRI GHG accounting guidance, e.g. “RECs offset electricity emissions”
- US EPA standardized how to calculate avoided carbon emissions of renewable energy with *EPA Green Power Equivalency Calculator* based on eGRID regional and national grid emission factors. RECs have a defined carbon value -1,569 lbs/MWh based on the national average.
- **Tip:** Use EPA guidance to make claims about the carbon value of RECs as well as carbon equivalents, e.g. # of cars removed etc.



**I keep hearing people saying that they're
“offsetting” with RECs Is that OK?**

Offset the noun vs. offset the verb

- “Offset” is a **noun** as defined in technical standards promulgated by various bodies, aka VER.
- Colloquial use and marketing terms: “offset” is often used as a **verb**. Buyers purchase RECs to counterbalance GHG emissions associated with consumption of electricity. According to widely accepted GHG accounting rules, it’s common to state that such a corporation is “offsetting” its indirect emissions from electricity use, meaning that it is subtracting the emissions reduction represented by the purchased RECs from the emissions caused by its electricity purchases.
- **Tip:** RECs aren’t “offsets” like the noun. But, RECs do allow companies “to offset” the impact of their electricity by supporting renewable sources.
- **Note:** *Green-e Energy recently announced that RECs should be used to offset electricity-related emissions only. Some marketers and buyers still claim RECs are offsetting their Scope 1 and 3 emissions.*