

# MEETING MINUTES

Green-e Governance Board Conference Call  
Wednesday, September 6, 2006; 9:30 AM Pacific

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## Participants

Audrey Chang, Natural Resources Defense Council  
Jan Hamrin, Center for Resource Solutions  
Rita Kilpatrick, Southern Alliance for Clean Energy  
Natalie McIntire, Renewable Northwest Project  
Alan Noguee, Union for Concerned Scientists  
Karl Rábago, The AES Corporation  
Jan Smutny-Jones, Independent Energy Producers Association  
Michael Vickerman, RENEW Wisconsin  
Lori Bird, National Renewable Energy Laboratory

## PMAC/UGPAC Representatives

Brent Beerley, Community Energy, Inc.  
Mike Brown, Santee Cooper  
Kristin Sullivan, Community Energy, Inc.

## CRS Staff

Siobhan Doherty  
Lars Kvale  
Dan Lieberman  
Jennifer Martin

## **1. Green-e 2006 Update**

### a. Recent and Upcoming Green-e Certifications

New Green-e Certifications include the following:

- a. Bonneville Environmental Foundation's Denali Green Tags
- b. CarbonFund.org's Zero Carbon
- c. Hess Corporation's Hess Green (New England)
- d. Hess Corporation's Hess Green (New York)
- e. Hess Corporation's Hess Green (Mid-Atlantic)

The following Green Pricing Application is currently in a stakeholder comment period:

- a. Xcel's WindSource Minnesota – Comments are due September 30<sup>th</sup>

Companies that have recently joined the Product Labeling Program include the following:

- a. Neenah Paper
- b. National Envelope
- c. Forest Ethics

d. CTI Paper Group, Inc.

b. Update on Sustainable Biomass

CRS has submitted several proposals for funding to develop sustainable biomass criteria and are currently waiting to hear back. We expect to receive notification in November on whether we received funding from Town Creek Foundation. If we receive the funding, we will start work on this at the beginning of 2007 and expect to bring this issue to the Board by the end of 2007. One board member mentioned that there is a national bio-based product initiative under the farm bill and that as part of this some research on emissions has been done by the National Institute for Standards and Technology. Another board member indicated that environmentalists in the northwest are concerned about whether biomass sourced from forestry is coming from sustainable forests. These are both issues that we expect to look into as part of designing the criteria for sustainable biomass.

c. Reporting Year 2005 Verification Update

We expect to have the verification report published in early October. In 2005, Green-e certified over 5 million MWh of renewables, of which, 4.5 million MWh were from RECs, less than 0.5 million MWh were from green pricing and less than 0.5 million MWh were from electricity. The number of MWh of Green-e certified sales increased significantly over 2004.

d. PMAC/UGPAC Call Update

The Power Marketers and Utility Green Pricing Advisory Committees met via conference call on August 10<sup>th</sup>. The main topic of the call was a survey on the carbon offsets market, which was conducted by Trexler Climate + Energy Services that several marketers of Green-e certified products received. Some marketers were concerned by this survey because articles written by Trexler in the past were critical of using RECs for carbon offsets. In addition, there was no promise of confidentiality for the information provided in the survey. The PMAC and UGPAC agreed to form a subcommittee to draft a briefing paper on the carbon value of RECs and how Green-e certification ensures that carbon value.

**2. Community Aggregation Proposed Standard**

Background

The proposed Standard for Community Aggregation and Utility Supply establishes certification criteria for system-wide electricity supply including electric utility default service and Community Choice Aggregators (CCAs)<sup>1</sup>. This certification standard would be an enhancement to the Green-e program's focus to date on retail renewable energy products purchased by select consumers on a voluntary basis. Under this new proposed standard, if the utility's or CCA's default electricity supply has sufficient renewable energy content, the utility or CCA would be eligible for Green-e certification. Green-e believes that utility default supply and CCA electricity composed of significant amounts of qualifying renewable energy and voluntarily exceeding what is required by law or regulation should be encouraged, and therefore recognized by the Green-e program. This new certification option will allow utilities to promote their supply as Green-e certified, and will lower barriers for electricity customers to join the Green-e Product Labeling Program, while still requiring that customers make a renewable energy purchase in order to qualify for programs such as the EPA Green Power Partnership.

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<sup>1</sup> For more information on community aggregation see page number 21 at [http://www.resource-solutions.org/policy/TariffHandbook/Handbook\\_on\\_Renewable\\_Energy\\_Programs\\_&\\_Tariffs.pdf](http://www.resource-solutions.org/policy/TariffHandbook/Handbook_on_Renewable_Energy_Programs_&_Tariffs.pdf)

Green-e conducted a 30-day stakeholder review period during which we received six sets of comments on the proposed Standard for Community Aggregation and Utility Supply. The complete comments are available for download on the Green-e Web site: <http://www.green-e.org/ipp/comments/>

### Staff Recommendation

Green-e staff recommended adopting the standard with minor clarifying modifications as recommended by the commentors.

### Board Discussion

The standard would create inequitable circumstances between utilities in states with a renewable portfolio standard (RPS) and those in states without an RPS.

The standard would not drive changes in the renewable energy industry. Only those utilities that are already close to qualifying would become certified.

Green-e certification should not be used as a way to reward green utilities. If this is our goal, we should find another way to reward them.

Some Green-e certified products would be sourced from existing renewable resources while others would be required to use new. This would also mean that some products labeling with the Green-e logo would be offsetting their electricity use with existing renewables while others would be offsetting with new renewables.

The proposed standard is driving several changes in the market. First, the standard would push utilities that are close to the 50% renewable threshold over that threshold. Second, for utilities that are already 50% renewable, this standard would ensure that they remain at 50% renewable as their load increases. Third, the standard provides communities considering a CCA another tool to keep large, non-residential customers from opting out of the program. CCA laws allow companies to opt-out of the CCA. This standard offers businesses in a CCA that is more than 50% renewable to use the Green-e logo, which would encourage these businesses not to opt-out of the CCA.

The standard was set up to be far more aggressive than any state RPS program. The utility or CCA mix must be comprised of at least 50% renewable energy from Green-e eligible sources. Currently, any RPS that is even close to this percentage allows a much broader definition of renewable sources than does the Green-e standard.

The standard recognizes utilities that go above and beyond what most other utilities do.

The standard rewards choices that are along the path that we want utilities to follow and the large, non-residential customers that would benefit from use of the logo under this certification standard were influential in making these choices.

It is unfair to punish businesses that are located in greener utility service areas from participating in the Product Labeling Program.

Jan Hamrin motioned for a vote. The vote tally was 3 oppositions, 5 in favor. The Board and staff agreed to table this discussion for a later Board meeting.

### **3. Platte River Power Certification Application**

This is a consent calendar item. Green Pricing Subcommittee members reviewed Platte River's Green-e application and voted unanimously via e-mail to approve the application for certification. Green-e received an application for Green-e Certification of Platte River Power Authority's green pricing product, available to electric customers through participating distribution cooperatives in Platte River Power Authority's service territory. Green-e conducted a 30-day comment period, during which we received just one comment from Susan Innis of Western Resource Advocates.

All Board members voted in favor of certifying the Platte River Power Authority application for Green-e certification.

#### **4. Pricing**

##### Background

Staff wanted to explore the idea of including language on green pricing rates in the Green-e National Standard. We want to discuss this briefly with the Board and if there is interest, bring the issue to the Utility Green Pricing Advisory Committee (UGPAC) for their input. Currently, the only mention of pricing in the Green-e National Standard is related to marketing costs for the green pricing program. This language would not be a criterion, but rather a trigger for review. This issue was raised for Board discussion following several conversations on the current average price for utility programs and a couple of programs that seem to lay outside the normal pricing spread for green pricing programs. The concern was that a green pricing program with an abnormally high price premium would apply for certification and there would be no criteria in the Green-e National Standard that would allow for a price review. Staff proposed language that would allow the Board to ask for more information regarding the price for a green pricing program if the price was more than 50% above the median price. This language would only ask for more information for the basis for that price. This would not mean that we would not certify a product with a high price point.

##### Discussion

It is within our role as a consumer protection program to ask for an explanation for a large price disparity. We would not want to certify utility programs that might be foisting very expensive renewables on a smaller customer base. Especially since customer participation is sensitive to price. A trigger for review at 50% above the median price is reasonable.

Board would make a decision about the utility program. Adding this language to the standard would allow staff to request information from the utility if there is a high price and to bring this information to the Board. This would also allow local stakeholders to raise this question to the Board if there were concern that a price was set unreasonable high. This would not necessarily mean that we would reject the utility's application for certification based on a high price.

For existing programs staff suggested that an increase of \$.005 and stakeholder request would trigger a review. Green-e would not police utilities' green pricing rates, but if stakeholders come forward with concerns, we would consider a review.

We would look for cost-based reasons for increasing rates. If this is in the criteria as triggering a review, perhaps utilities would pause before increasing rates without justification.

Including this language in the Green-e National Standard is not a good idea because we do not have objective criteria to evaluate pricing, only indicators. We do not state what we would investigate. In

order to follow through on this in a credible, consistent way, we should be prepared to do this review for all programs that apply for certification, but Green-e does not have the funding or staffing for such a review. Local stakeholders and regulators know these issues better and we should leave pricing up to them to decide.

The intention of the pricing language is not to turn down programs, but to express that price is a factor in our consideration of certification and that if we certify programs with a high price, we have information on why there is a high price.

We should let the market decide on pricing even for utility green pricing programs.

A utility that is the sole supplier of electricity is not operating in free market. It is difficult to say that this is a market place consideration when customers have no other choice for renewable energy and no recourse. This pricing language is not saying that a high price is wrong; it just allows us to ask for additional information.

It could be potentially embarrassing for Green-e to certify a program that meets all other criteria, but that has a really high price or to reject a program for certification based on price without a basis for that rejection.

Stakeholders should have the opportunity to provide comments if this language is added to the Green-e National Standard.

Following the meeting, Green-e staff used the Board's input to draft a decision memo which concluded: We will not add language to the Green-e criteria regarding price. Pricing will be left to the market and to regulators of utilities. Customers that disapprove of a product's price may elect to purchase Green-e certified renewable energy certificates.

## **5. Next Steps and Adjourn**

The next Green-e Board meeting will be the December face-to-face meeting. This will take place on Sunday, December 3<sup>rd</sup> at 4:30 PM in San Francisco at the CRS office.