

Green-e Governance Board Minutes of the Meeting
Tuesday, January 29, 2008; 11:00 AM – 1:00 PM PST

Attendees:

Doug Denio, *Board Chair, Center for Resource Solutions Board Member*
Michael Vickerman, *RENEW Wisconsin*
Jesse Jenkins, *Renewable Northwest Project*
Bud Beebe, *Sacramento Municipal Utility District (Ret.)*
Cynthia Mitchell, *Energy Economics, Inc.*
Jan Hamrin and Arthur O'Donnell¹, *Center for Resource Solutions*
Rick Weston, *Regulatory Assistance Project*
Audrey Chang, *Natural Resources Defense Council*
Erin Meezan, *Interface, Inc.*

Non-Voting Members:

Rob Harmon, *Bonneville Environmental Foundation; PMAC Chair*

Items 1, 2: Welcome from Chair Doug DeNio, Review and Adopt Agenda

The Board Chair began the call by welcoming all participants, and asked the three new members of the Board – Arthur O'Donnell, newly hired Executive Director of CRS, Bud Beebe and Cynthia Mitchell – to introduce themselves. Andreas Karelak, a recently hired Green-e Energy Program Associate also took the opportunity to introduce himself. After the introductions, CRS staff took roll and determined quorum. The Board then reviewed and adopted the agenda.

Item 3: Vote to Approve Documents

The first item requiring approval from the board was the minutes of the October 18th, 2007, Green-e Governance Board Meeting. These were approved unanimously.

The second item requiring Board approval was the recent updates made to the Green-e Climate Standard. CRS staff explained that the updates were all minor, and were made to provide clarification and consistency in program language. No substantial changes were made. After a description of the changes made, and after one Board member's question of clarification was answered, the Board unanimously approved the listed revisions to the Climate Standard.

Item 4: Discussion of Endorsed Programs

CRS staff led the discussion of Endorsed Programs. It was first determined that all board members had in their possession the guidance document that was sent to them explaining CRS staff recommendations on this issue. CRS staff then provided background on the process that CRS staff undertook in getting to this point in the development of Green-e Climate, and the specific goals for the Board meeting. CRS staff briefly explained the function of the previously approved Green-e Climate Standard and how this process of "endorsing programs" involves judging the programs in question against the criteria set forth in the Green-e Climate Standard.

¹ As of January 29th, 2008 Jan Hamrin was the acting President of the Center for Resource Solutions and Arthur O'Donnell was the active Executive Director. During this meeting they shared one vote for Green-e Governance Board decisions.

CRS staff explained that during the month of December 2007, CRS opened a comment period to solicit input from stakeholders on endorsing four greenhouse gas (GHG) Project Certification Programs: The Gold Standard, the Voluntary Carbon Standard (VCS) 2007, the Clean Development Mechanism (CDM), and the Green-e Climate Protocol for Renewable Energy. After the close of this comment period, Green-e Climate staff worked with the Greenhouse Gas Subcommittee of the Green-e Governance Board to discuss several issues that arose during the comment period. Most of these issues were non-contentious and resolved by the Board without objections to the CRS staff recommendations. CRS staff provided The Board with a list of issues raised during the comment period and the CRS staff recommendations. CRS staff did not raise each issue individually, but requested that the Board raise issues that it felt needed the most discussion. The GHG subcommittee felt that several issues, listed below, should be brought to the overall Green-e Governance Board for discussion before calling for a vote on which GHG Programs to endorse.

Issue 1: VCS – Afforestation/Reforestation

One stakeholder raised a concern over the permanence criteria for Afforestation and Reforestation projects within VCS. The stakeholder felt that for VCS Forestry credits there is a safeguard measure for permanence but no actual replacement guarantee. CRS staff then provided an in-depth explanation of the VCS “shared-risk” approach for addressing non-permanence, and stated that the CRS staff feels that permanence issues are adequately addressed under VCS 2007. After a brief discussion during which several Board members asked clarifying questions, the Board was satisfied with the CRS staff response to the stakeholder comment and recommendation.

Issue 2: VCS – Additionality Performance Test

A stakeholder voiced a concern that VCS 2007 allows use of the Performance Test but does not require the Technology Test alongside it. CRS staff then provided background explanation of what is required by the Green-e Climate Standard, stating that all projects need to meet a Timing and Regulatory Test, as well as one more test of the following tests: Financial, Barrier, or Performance. According to the Green-e Climate Standard, in the case of using a Performance Test to document additionality for Green-e Climate, this must be performed in conjunction with a Technology Test.

While the Performance Test under VCS 2007 references a list of approved performance standards that will be posted on the VCS website, currently there are no approved performance standards. CRS staff explained to the Board their recommendation that only projects using performance standards that explicitly list the eligible technologies will be eligible under Green-e Climate. If performance standards that do not list eligible technologies are approved by the VCS, then CRS staff will bring the issue back to the GHG Subcommittee for further discussion. After a brief discussion by the Board with several clarifying questions for CRS staff, the Board members agreed with the recommendation and explanation provided by CRS staff.

Issue 3: The Additionality Validation Process of the VCS

CRS staff explained that during discussion with the GHG Subcommittee, one Board member raised a concern that there is not enough oversight on validators to ensure that projects are truly additional under VCS 2007. CRS staff provided background information on the VCS additionality validation process to the Board. CRS staff then

acknowledged that despite this perceived risk, the VCS additionality process meets the requirements set forth in the Green-e Climate Standard, and that the safeguards the VCS has put in place (i.e. ISO or UNFCCC accreditation) help to minimize this risk to the satisfaction of CRS staff. At this point, one Board member emphasized that the Board could always revisit at a later time if needed, if it became apparent that this was risk was too great for Green-e Climate to endorse the VCS. After a brief discussion, the Board agreed with the CRS staff recommendation to endorse VCS 2007, given that the Board and the Green-e Climate staff have the ability to monitor the process moving forward and can withdraw or revisit endorsement if needed.

Issue 4: VCS Board Structure

CRS staff explained that during the GHG Subcommittee discussion, the issue of the structure of the VCS Board was also raised. There was a concern as to whether the Board reflected a balance of stakeholders. CRS staff acknowledged that the composition of the Board could be enhanced by including members of more organizations that represent additional types of environmental stakeholders. CRS staff also recognized that the process of developing VCS included a wide variety of stakeholders, including environmental organizations. One Board member stated that VCS has publicly announced their intention to expand the range of organizations comprising their Board as the organization matures over the next year. CRS staff felt that this issue should not prevent Green-e Climate from including VCS as an Endorsed Program at this time, and the Board members on the call concurred.

After discussing the above issues at the behest of the GHG Subcommittee, CRS staff presented its recommendations for which GHG Programs to endorse, including program specific stipulations; these recommendations are below.

Clean Development Mechanism:

- Due to permanence issues, no CDM biological sequestration projects are eligible under Green-e Climate.
- No Hydro projects with a capacity over 10 MW are eligible under Green-e Climate.

Voluntary Carbon Standard:

- VCS Forestry projects are eligible as long as the Seller provides proof that the native species requirements under the Green-e Climate Standard are met.
- No Hydro projects with a capacity over 10 MW are eligible under Green-e Climate.
- No projects that qualify as additional using the VCS “Test 2 – Performance Test” are eligible for Green-e Climate, unless the performance standard used explicitly lists the eligible technologies.
- Projects certified according to previous versions of the VCS that are grandfathered in under VCS2007 are not eligible under Green-e Climate.

The Gold Standard:

- No Hydro projects with a capacity over 10 MW will be eligible under Green-e Climate.

The Green-e Climate Protocol for Renewable Energy:

- N/A

CRS staff then responded to several clarifying questions from the Board. The Board Chair elected to call a vote on the proposed endorsed programs.

Vote to approve the Endorsed Programs as recommended by CRS staff:

For: 8

Abstain: 1

Against: 0

**** Endorsed Program recommendations were approved.**

Item 5: Discuss and Vote on Seattle City Light's Utility Green Pricing Application

CRS staff explained that Seattle City Light (SCL) has applied to have its "Green Up" green pricing program Green-e Energy certified, and during the comment period Green-e Energy received one comment related to SCL's allocation of RECs they have been purchasing from Stateline Wind to both their rate base and the Green Up program. CRS staff explained that has been purchasing the full output (RECs and electricity) from a portion of capacity of a wind generation facility, and SCL had been allocating this renewable electricity to their rate base customer. SCL recently began shifting a portion of this renewable electricity their Green Up customers. The stakeholder comment that arose from SCL's application expressed concern that this allocation may not lead to new renewable energy developed as a result of participation in Green Up.

CRS staff informed the Board that the Green-e Energy staff have spoken with SCL about this, and engaged the Green Pricing Subcommittee for their opinion. Two Sub-Committee members supported certification, one supported it with reservations, and one did not support it on the basis of this allocation issue. CRS staff reminded the Board that Green-e Energy does not expressly forbid the use the output of a particular generator going to the rate base in one year and to a green pricing program the next, so long as and particular MWh is sold to and claimed by only one customer.

CRS staff asked that the Board recall that they should vote on the Seattle City Light's Certification Application based on the criteria set forth in the Green-e Energy National Standard. CRS staff recommended the Board approve the application based on its compliance with the current National Standard, but with the caveat that SCL be informed that if the National Standard changes in such a way that causes Green Up to be ineligible their certification will not continue. Several board members echoed their support for this course of action, and requested that CRS staff and the Board look into potentially revising our Standard to address if and under what circumstances renewable capacity that had been allocated to rate base customers can be reallocated at a later time to a green pricing customer. At this point the Board Chair elected to call for a vote on the approval of Seattle City Light's application for Green-e Energy Certification of their Green Pricing Program.

Vote to approve SCL's application:

For: 9

Abstain: 0

Against: 0

***** Seattle City Light's application was approved unanimously; CRS staff notified SCL of the caveat when communicating the results of this vote.***

Item 6: Green-e Energy Decertification of Clean and Green

CRS staff provided an update to the Board on the decertification of Clean and Green's REC product on November 7, 2007 for being out of compliance with Green-e Energy verification obligations for its 2006 sales. CRS staff and the Board discussed next steps and decided to alert the Colorado Attorney General and continue to follow up with Clean and Green about their verification and customer notification requirements.

Item 7: Vote on Methodology for Calculating RECs in a Co-firing Facility

CRS staff explained that Georgia Pacific has submitted a methodology to calculate the amount of the electricity generated at a Toledo, OR biomass co-firing facility that can be attributed to renewable energy. This methodology was provided to the Board prior to the call. CRS staff explained that it felt the methodology was appropriate for calculating the quantity of Green-e Energy eligible RECs generated at the facility. During the course of the brief discussion of the methodology, a Board Member explained that these are very difficult calculations, and that they are subject to the biases of the creators of the methodologies. The Board member offered to review the methodology in detail, before sending recommendations to the Board. The Board agreed that it would hold a final vote once this Board member had further reviewed the application and CRS staff had followed up with Georgia-Pacific as necessary.

Next Steps:

The next Green-e Governance Board meeting will be held in late April 2008.

CRS staff will coordinate the approval of the co-firing calculation methodology via email.

Call was adjourned at 1:00 pm PDT.