



National Standard Version 1.6

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I. INTRODUCTION

This is the Green-e Energy National Standard for Renewable Electricity Products in all regions of the United States. The following criteria apply to all Green-e Energy Certified products (Renewable Energy Certificates, utility green pricing programs, and competitive market electricity products). Additional details about the Green-e Energy certification criteria, the application process, verification protocol, marketing compliance review, etc. can be found in the Green-e Energy Code of Conduct and Customer Disclosure Requirements, available on our website www.green-e.org.

II. ELIGIBLE SOURCES OF SUPPLY

A. Definition of Eligible Renewables

The following types of renewable energy are eligible to supply Green-e Energy Certified products:

- 1) Solar Electric;
- 2) Wind;
- 3) Geothermal;
- 4) Hydropower from new generation capacity on a non-impoundment or new generation capacity on an existing impoundment that meets one or more of the following conditions:
 - a) The hydropower facility is certified by the Low Impact Hydropower Institute;
 - b) The facility is a run-of-the-river hydropower facility with a total rated nameplate capacity equal to or less than 5 MW. Multiple turbines will not be counted separately and cannot add up to more than a 5 MW nameplate capacity; or
 - c) The hydropower facility consists of a turbine in a pipeline or a turbine in an irrigation canal.

The Board will consider on a case-by-case basis new incremental capacity on an existing dam, where the “new” output is equal to or less than 5 megawatts.

Green-e Energy will not certify renewables from new impoundments of water.

Green-e Energy will consider adopting ocean-based resources and will review these technologies as they mature and as practical application reaches near term.

- 5) Solid, liquid, and gaseous forms of Biomass from the following fuels:
 - a) All woody waste;¹
 - b) All agricultural crops or waste;
 - c) All animal and other organic waste;
 - d) All energy crops;
 - e) Landfill gas and wastewater methane; and

¹ Includes “black liquor” from pulp and paper processing, mill residues, industrial waste wood, and waste wood from woodworking or wood processing, so long as the wood is not chemically treated or coated.

- f) Municipal Solid Waste is eligible if it is first converted to a clean burning fuel that is then used to generate electricity. The solid waste conversion facility for converting the municipal solid waste to a clean burning fuel must meet the following criteria²:
- i. The facility uses a non-combustion thermal process to convert the municipal solid waste to a clean burning fuel.
 - ii. The technology is designed to produce no discharges of air contaminants or emissions, including greenhouse gases.
 - iii. The technology produces no discharges to surface or groundwaters.
 - iv. The technology produces no hazardous wastes.
 - v. To the maximum extent feasible, the technology removes all recyclable materials, including plastics, and marketable green waste compostable materials from the solid waste stream prior to the conversion process and the owner or operator of the facility certifies that those materials will be recycled or composted.
 - vi. The facility complies with all applicable laws, regulations, and ordinances.

Third-party verification that an MSW facility has met these criteria is required in order for the electricity or RECs from a facility to be used in a Green-e Certified product. The California Energy Commission can provide this verification in California and TerraChoice, an environmental consulting firm, which provides facility verification services (www.terrachoice.com), may be able to provide this service in other regions. Facilities may also petition Green-e Energy to allow an alternative third-party to perform this verification if that party meets appropriate standards.

Biomass resources excluded from eligibility include:

- a) Wood that has been coated with paints, plastics, or formica; and
- b) Wood that has been treated for preservation with materials containing halogens, chlorine or halide compounds like CCA-treated materials, or arsenic. (CCA = chromated copper arsenate)

Qualified wood fuels may contain de minimis quantities (less than 1% of total wood fuel) of the above excluded contaminants.

6) Biodiesel (B100) that is used to generate electricity is eligible for Green-e Energy. Biodiesel blended with petroleum diesel is permitted if all of the following conditions are met:

- a) The biodiesel is separately measured (and verified) from the petroleum diesel; and
- b) Contracts are in place to allow CRS to verify that the biodiesel was converted to electricity.

Only the amount of electricity generated from the biodiesel may be counted as part of a Green-e Certified product.

7) Fuel cells are eligible only if powered by hydrogen derived from any of the above eligible renewable resources. (see section II.E.7)

² Criteria adapted from the California's "Renewables Portfolio Standard Eligibility Guidebook, August 2004. This guidebook can be downloaded at: http://www.energy.ca.gov/portfolio/documents/guidebooks/2004-08-20_500-04-002F1.PDF.

B. Co-firing of Biomass with Non-Renewables

Co-firing of eligible forms of biomass with non-renewables is permitted if at least one of the following conditions is met:

- 1) The facility is located in an electric system control area that makes use of a generation tracking system (e.g., NEGIS, PJM-GATS, WREGIS) that is fully capable of accurately measuring and reporting the differentiated (biomass-fired and non-biomass-fired) electrical output from the facility; or,
- 2) The biomass is in a gaseous or liquid state, is separately metered and there are contracts in place to verify that the biomass portion was converted to electricity; or
- 3) Facilities that do not meet either of the criteria above may be eligible subject to a case-by-case review by the Green-e Governance Board. The methodology presented to Green-e Energy must demonstrate that the Btu value of the electrical output from the facility is attributed to the eligible biomass fuel. Some of the criteria that the Board will consider in making a decision are:
 - a) Whether the facility was modified to accept biomass fuel;
 - b) Whether there is an independent entity involved in verifying or determining the appropriate measurement; and
 - c) Whether there is a way to determine and ensure the net electricity increment being sold as "renewable" can be attributed to eligible biomass fuel.

The Board would prefer a verification methodology that is brought forth by the Power Marketers Advisory Committee (PMAC) and Utility Green Pricing Advisory Committee (UGPAC) that could be applied universally.

Only the amount of electricity generated from the eligible biomass may count towards the Green-e Energy criteria.

C. Emissions Limits on Biomass

All facilities must be in compliance with all state and/or federal laws/rules regarding emissions. For facilities subject to New Source Review (NSR), the facility must be compliant with all applicable regional and state standards pertaining to NSR.

(Please note: For other facilities, the Green-e Governance Board intends to adopt a comparable standard for biomass generators that are not subject to NSR. Stakeholders and generators are invited to provide CRS with emissions and sustainability criteria they feel are appropriate, which will be shared with the Green-e Governance Board.)

D. Emissions Criteria for the Non-Renewable Portion of a Green-e Energy Product

Some renewable electricity products do not meet 100% of a customer's electricity load and/or will contain non-renewable energy. The emission rates per kWh for SO₂, NO_x, and CO₂ from the non-renewable portion of the eligible product may not exceed customer's average utility, state or regional power emissions rates. Rates are calculated from the latest available EPA EGRID data, unless the regional system administrator, PUC or other authority makes more up-to-date information available. The product may not include any specific purchases of nuclear

power in the non-renewable portion of the product other than what is contained in any system power purchase (i.e. the product may not include differentiated nuclear power). A utility's or power pool's system mix may be used to satisfy the non-renewable portion of a Green-e Energy Certified product.

E. New Renewables

Only new renewables are eligible to meet Green-e Energy standards. The term "new" is defined to include any eligible renewable facility beginning operation or repowered after January 1, 1997. An eligible new renewable generation facility must meet at least one of the following conditions:

- 1) Placed in operation (generating electricity) on or after January 1, 1997;
- 2) Repowered on or after January 1, 1997 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering. In order to be recognized as repowered for the purposes of Green-e Energy, the owner of the facility seeking "repowered" status must satisfactorily complete the Green-e Energy Repowering Worksheet available on www.green-e.org;
- 3) A separable improvement to or enhancement of an existing operating facility that was first placed in operation prior to January 1, 1997, such that the proposed incremental generation is contractually available for sale and metered separate from the existing generation at the facility;
- 4) A biomass co-firing facility that meets all requirements for biomass co-firing outlined in section II.B. above and began co-firing non-eligible fuels with eligible biomass as defined in II.A. above on or after January 1, 1997;
- 5) A 100 percent switch from a non-eligible fuel to an eligible fuel on or after January 1, 1997;
- 6) A separately metered landfill gas resource that was not being used to generate electricity prior to January 1, 1997; and/or
- 7) A fuel cell that began generating electricity on or after January 1, 1997. The hydrogen powering the fuel cell must be derived from a facility that meets the resource eligibility requirements described in section II.A. above. The renewable resource facility that produces the fuel from which the hydrogen is derived does not need to meet the new date criteria but does need to meet Green-e Energy resource definitions (section II.A).

Any enhancement of fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate, with the exception of new landfill gas resources identified in (5) above. An eligible "new renewable" must qualify as an "eligible renewable resource" as described herein.

Please Note: Green-e Energy plans to consider adopting a policy articulating the number of years a facility will be treated as "new". We will solicit stakeholder feedback on this issue.

F. Energy Storage

Energy storage systems or plants, including pumped hydroelectric storage, battery storage, compressed air energy storage, superconducting magnetic energy storage, flywheels, and super capacitors, are not energy resources. While each of these storage technologies may play an important future role in managing the delivery of non-dispatchable renewable energy, they are not in themselves a renewable energy resource. Therefore, these storage technologies themselves are not qualifying sources of renewable generation.

G. Parasitic Load

Renewable energy consumed as parasitic load of an eligible facility is not eligible for use in a Green-e Energy Certified product. Parasitic load is a load that contributes to the process of electricity generation.

III. PRODUCT SPECIFICATIONS

A. Minimum Purchase Quantity

Green-e Energy Certified products sold to residential customers must contain at least the minimum amounts of Green-e Energy eligible renewable energy described below.

- 1) **Percentage-of-Use Products**: Retail electricity offerings must offset at least 25% of a residential customer's electricity usage with new renewables above and beyond any state mandated Renewable Portfolio Standard (RPS) renewable amount. If a marketer or utility offers the option to offset less than 50% of a residential customer's electricity use, they must also offer a 100% option to residential customers.
- 2) **Block Products**: Electricity and REC products sold as block products must be 100% Green-e Energy eligible renewables in a minimum size of 100 kWh/month³.

Green-e Energy Certified products sold to non-residential customers have no minimum purchase quantity requirement. However, commercial purchasers interested in using the Green-e logo to promote their purchase must meet the requirements of the Green-e Marketplace Program: http://www.green-e.org/getcert_bus_what.shtml .

B. Vintage of Eligible Renewables

A Green-e Energy Certified product may include only renewables that are generated in the calendar year in which the product is sold, the first three months of the following calendar year, or the last six months of the prior calendar year.

C. Fully Aggregated Renewables

Green-e Energy only certifies renewable energy products that are fully aggregated to the extent possible under law.

Green-e Energy certified MWhs (electricity or REC) must contain all the greenhouse gas (GHG) emission reduction benefits, including carbon dioxide (CO₂) reduction benefits, associated with the MWh of renewable electricity when it was generated.

Emission reductions of capped and traded pollutants where allowances are not routinely assigned to renewable electricity generators, which include sulfur dioxide (SO₂) nationally,

³ When RECs are sold on a one-time basis to a residential customer, the minimum purchase quantity shall be 100 kWh.

mercury (Hg) nationally, and the oxides of nitrogen (NOx) regionally, are not required to be included in Green-e Energy Certified renewable electricity or RECs.

D. Renewable Portfolio Standard (RPS) Renewables, Other Mandated Renewables, and Financial Incentives

Green-e Energy Certified products must be comprised of eligible renewable generation over and above anything required by state or federal RPS requirements, legislation, or settlement agreements. If a utility or electricity marketer is subject to an RPS or other mandate or agreement, they must comply with it regardless of the existence of a voluntary market for renewable energy. If a participant in Green-e Energy is determined to be out of compliance with these obligations, or is selling renewables from a mandated facility, that may be grounds for decertification from Green-e Energy.

Renewable energy or RECs may NOT be used in a Green-e Energy Certified product under the following circumstances:

- 1) The REC or the electricity from which the RECs are derived is being used simultaneously to meet a local, state, or federal energy mandate or other legal requirement; or
- 2) The RECs are derived from a renewable facility that has been mandated by a local, state, or federal government agency or was required under any legal requirement.

The sole exception to (1) and (2) is a facility that is generating renewable energy in excess of the government mandate or other legal contract, in which case that excess (either renewable electricity or the RECs associated with the renewable electricity) may be used in a Green-e certified product.

If the product meets 100% of a customer's electricity use with eligible renewables, Green-e Energy allows a percentage of a product's content to be satisfied by renewable portfolio standard (RPS) state-mandated renewables up to the percentage RPS requirement. For example, if the RPS is set at 5% (either company based or product based), up to 5% of the Green-e Energy Certified product can be satisfied with renewable power purchased to meet a mandated RPS requirement. This applies only to products that meet 100% of a customer's electricity use with Green-e Energy eligible renewables.

RECs or renewable energy from renewable generating facilities that obtain tax or financial incentive payments are eligible under Green-e Energy (to the extent allowed by law, regulation, and contract language governing the tax or financial incentives program).

E. Double Counting and Use of Utility Resources

Eligible RECs or renewable energy can be used once and only once; making a claim (e.g. stating "we buy wind power") is one example of a 'use' that results in retirement. Renewable energy or RECs (or the renewable or environmental attributes incorporated in that REC) that can be legitimately claimed by another party may NOT be used in Green-e Energy Certified REC products.⁴ Examples of prohibited double uses include, but are not limited to:

⁴ If the owner of a renewable generation facility is reporting direct greenhouse gas emissions in a legally binding voluntary or regulated cap-and-trade program, this constitutes a claim of the environmental attributes of the renewable generation. Therefore, renewable energy facilities that are owned by entities participating in a legally

- 1) When the same REC is sold by one party to more than one party, or any case where another party has a conflicting contract for the RECs or the renewable electricity;
- 2) When the same REC is claimed by more than one party, including any expressed or implied environmental claims made pursuant to electricity coming from a renewable energy resource, environmental labeling or disclosure requirements. This includes representing the energy from which RECs are derived as renewable in calculating another entity's product or portfolio resource mix for the purposes of marketing or disclosure;
- 3) When the same REC is used by an electricity provider or utility to meet an environmental mandate, such as an RPS, and is also used to satisfy customer sales under Green-e Energy; or
- 4) Use of one or more attributes of the renewable energy or REC by another party (See Section III.C. "Fully Aggregated Renewables" for details). This includes when a REC is simultaneously sold to represent 'renewable electricity' to one party, and one or more Attributes associated with the same MWh of generation (such as CO2 reduction) are also sold, to another party.

When a utility is involved in a REC transaction, either as a generator, a purchaser of RECs, or a purchaser of the commodity electricity from which the RECs have been derived, the local utility commissions in the states where the electricity was generated and where the electricity is sold must be notified of the transactions and, in some cases, of the money received by the utility.

F. Customer-Sited Facilities

On-grid customer sited (behind the meter) facilities that meet the eligible renewables definition are eligible sources for Green-e Energy. Customer sited off-grid renewables are not eligible. Any generation unit less than or equal to 10 kW may use a conservative engineering estimate of output. CRS must pre-approve the estimation methodology. Systems over 10 kW must be metered.

Customer-sited generators (such as net-metered solar) cannot claim to be selling/supplying renewable electricity if they sell the RECs (in part or in whole) separately.

G. Canadian-Sited Facilities and RECs sold into Canada

RECs or electricity from Canadian-sited facilities that meet the eligible renewable definition are eligible if they are generated at facilities certified by the EcoLogo^M program, the Canadian government's environmental certification program (<http://www.environmentalchoice.com/>).

Green-e Energy will certify RECs or electricity generated at facilities located in the U.S. to be sold into Canada provided that they meet the eligible renewable definition and the facility is certified by the EcoLogo^M program. De minimis amounts of sales to Canadian customers from facilities that are not EcoLogo^M participants will be tolerated.

binding greenhouse gas cap-and-trade program are ineligible under Green-e Energy. Green-e Energy may grant exceptions on a case-by-case basis if the cap-and-trade program has an accounting mechanism that assures that the GHG emissions benefits of renewable electricity and/or RECs are not double counted or double claimed.

IV. ADDITIONAL CRITERIA FOR COMPETITIVE ELECTRICITY AND UTILITY GREEN PRICING PRODUCTS

A. Geographic Eligibility for Electricity Products⁵

For electricity products (i.e. products used to meet a customer's electricity needs), provider can source from one or more of the following geographic boundaries:

- a) The state where the customer is located; and/or
- b) The North American Electric Reliability Corporation (NERC) region, Independent System Operator (ISO), Regional Transmission Organization (RTO) or Balancing Authority Area of the customer being served; and/or
- c) An adjacent NERC, ISO, RTO or Balancing Authority Area region where the electricity, bundled with a REC, is wheeled into the respective region of the customer being served.

B. Use of Renewable Energy Certificates in an Electricity Product

Renewable Energy Certificates (RECs) can be combined with nonrenewable power to serve green electricity customers under the following conditions:

- a) The Renewable Energy Certificates must come from the defined geographic boundary of the customer being served as noted above if they are to be marketed as an "electricity" product;
- b) The emission rates per kWh for SO₂, NO_x, and CO₂ for the underlying electricity must be at or below the customer's average utility, state or regional power emissions rates⁶; and,
- c) The underlying electricity cannot include any specific purchases of nuclear power in the non-renewable portion of the product other than what is contained in any system power purchase (i.e. the product may not include differentiated nuclear power).

If the RECs are sourced from outside the defined geographic boundary defined in Section IV.A. (Geographic Eligibility for Electricity Products), the product will need to be marketed as a REC product and contain the appropriate disclosure language (see Green-e Energy Code of Conduct and Customer Disclosure Requirements).

⁵ For Green-e Energy Certified products sold in Connecticut under the CT DPUC ATSO Program, renewable resources can be sourced from eligible renewable facilities located in New England, New York, New Jersey, Delaware, Pennsylvania and/or Maryland consistent with the CT DPUC ATSO rules. This change will remain in effect as long as the CT DPUC ATSO rules are in effect.

⁶ This only applies to specific purchases of electricity from a specific generation source(s) rather than purchases of system mix or local power pool electricity.

V. ADDITIONAL CRITERIA FOR UTILITY GREEN PRICING PRODUCTS

A. Product Pricing

In no case should the above market costs of the energy used directly for a certified utility green pricing program be allocated to customers who are non-participants in the program. If such costs are related to public policy initiatives deemed acceptable by their regulators, a utility may appeal to the Green-e Governance Board for approval.

B. Marketing and Performance Targets

If local stakeholders believe a certified program is not receiving sufficient marketing support, the stakeholders can petition CRS to require that the utility offering the program provide additional information, such as overall marketing expenditures for the certified program. All information provided by participating utilities to fulfill this criterion will be treated as confidential by the Center for Resource Solutions. The Board reserves the right to make case-by-case determinations on the adequacy of individual marketing efforts made by participating utilities.

C. Waitlists

In the event that a utility green pricing program becomes fully subscribed, consumers may have to be placed on a waiting list before they can officially subscribe to a green pricing program. If green pricing program providers have a waiting list, the waiting period must not last more than one year from when the customer seeks to join the green pricing program. Should the green pricing program provider accrue a waiting list of interested participants, the provider shall send a stand-alone letter to the waiting list on a semi-annual basis explaining why the list is not being served and what steps the provider plans to take to rectify the supply/demand imbalance. In the event that the program provider holds a waiting list, it shall notify CRS immediately stating the reasons for the insufficient supply and actions planned to remedy the situation. In the event of a semi-annual wait-list notification, the provider shall notify CRS of the event and provide the number of customers on the waiting list. Enrolling but not serving customers for more than one year may be grounds for removing certification.

D. Regulatory Approval

Certification is only available to programs that have been approved by the appropriate regulatory or oversight body with jurisdiction over the program prior to the program's nomination for certification.

E. Programs Serving Multiple Utilities (Hub and Spoke)

Some utilities are offering green pricing to customers in conjunction with other local utilities. In one such model, there is a central body (hub) that develops a renewable energy product that is marketed by more than one utility (spokes). For example, the output of a wind turbine, a landfill gas facility, and a solar array could be bundled into one product and sold by all of the members of a transmission and distribution cooperative. Since there is a single product and a single point of contact (the hub), Green-e Energy is willing to treat this as one certification regardless of the number of vendors selling the product so long as they meet all of the conditions below.

1) In order to qualify for Green-e Energy certification using the hub and spoke model, the product must:

- a) Contain exactly the same mix of resources for each participating vendor. The same facilities must be used and shared equally among customers. In other words, if the customers of one utility in the Midwest are purchasing 50% wind from Minnesota and 50% biomass from Wisconsin, then all participating vendors must sell the same mix of renewables from the same resources. That way Green-e Energy can do a single verification audit. All of the renewable energy supply for the product must be sourced from the hub.
- b) Be sold within the same regional area. To receive hub-and-spoke treatment from Green-e Energy the product resources must be sited in the same area of the country as the customer. The resources do not have to be located all in the same state, but must be in the same region (see section above; Geographic Boundaries for Sourcing Eligible Electricity) as the customers.
- c) Utilize the same marketing materials for each participating vendor. All participating vendors must use the same marketing materials. Individual utility vendors may brand the marketing materials. However, marketing materials must be consistent across the product service territory so Green-e Energy can do a single marketing compliance review. Limited exceptions to this rule will be tolerated so long as Green-e Energy is notified.
- d) Undergo a single verification process audit. Green-e Energy program staff must have a single auditor as point of contact. The auditor must have access to customer records of all participating vendors.

2) Obligations of the Hub and Spoke Facilitator (the Hub):

- a) Offer the exact same product to all participating vendors.
- b) Provide a single point of contact for Green-e Energy.
- c) Undergo a single annual verification process audit.
- d) Undergo single marketing compliance reviews.
- e) Ensure that all requirements of Green-e Energy certification are met.
- f) Keep Green-e Energy informed at all times regarding which distributors are marketing the product.

3) Obligations of the Hub and Spoke Distributors (the Spokes):

- a) Offer the auditor access to billing records.
- b) Abide by the Green-e Energy Code of Conduct.
- c) Meet the Green-e Energy Customer Disclosure Requirements, which include sending a system mix disclosure to all customers, regardless of their participation in the green pricing program.

There is a single annual fee assessed per product regardless of the number of participating vendors.

VI. REVISIONS TO THIS STANDARD

This Green-e Energy National Standard is considered a dynamic document and may change over time to accommodate changes in the renewable energy marketplace, policy changes that affect renewable energy, and/or innovations in renewable energy technology. For any substantial changes to the Green-e Energy National Standard, the Green-e Energy Program commits that:

1. Stakeholders will be solicited in advance of Green-e Governance Board meetings for input on substantive policy change issues; and
2. At least one year of notice (following the date of announcement of Board approval) will be granted to utilities, green power marketers and other stakeholders before the substantive changes go into effect, unless a more timely change is necessary to respond to a significant and imminent problem threatening the integrity of green power markets.

Marketers of Green-e Energy Certified products may petition Green-e Energy for an exemption from specific changes in the criteria if they can document current contracts or other conditions that prevent them from meeting the change. Products that are granted criteria exemptions will be noted on the Green-e web site, and the exemption must be noted to customers in the Terms and Conditions in a clear manner (e.g. "25% of the renewable energy content of this product is supplied by facilities put online prior to 1997").

Changes that are not limiting to marketers of Green-e Energy Certified products (i.e. will impose no burden on currently certified products) or need to be implemented in the short term to accommodate external policy changes may take effect immediately upon Board approval.

APPENDIX A: STATE-SPECIFIC REQUIREMENTS AND RESTRICTIONS

A.1 Texas Market Advisory and Green-e Energy Policy Update March 24, 2008

On January 1, 2008, the Texas PUC implemented docket 33492 of Substantive Rule number 25.173. Under this docket, non-wind renewable electricity facilities first operational on or after September 1, 2005, are granted both a REC and a "Compliance Premium" (CP) for each MWh generated. CPs can be bought by a Load Serving Entity to satisfy its RPS obligations, leaving the REC to be bought by another party, who may be buying the REC to make a voluntary claim outside of any RPS obligation. However, since both the LSE and the buyer of the REC are claiming the benefits of the renewable MWh, a double claim occurs.

The applicable section of the docket reads:

"(I) Target for renewable technologies other than wind power. In order to meet the target of at least 500 MW of the total installed renewable capacity after September 1, 2005, coming from a renewable energy technology other than a source using wind energy as set forth in subsection

(a)(1) of this section, the program administrator shall award compliance premiums to certified REC generators other than those powered by wind that were installed and certified by the commission pursuant to subsection (n) of this section after September 1, 2005. A compliance premium is created in conjunction with a REC.

(1) For eligible non-wind renewable technologies, one compliance premium shall be awarded for each REC awarded for energy generated after December 31, 2007.

(2) Except as provided in this subsection, the award, retirement, trade, and registration of compliance premiums shall follow the requirements of subsections (d), (k) and (m) of this section.

(3) A compliance premium may be used by any entity toward its RPS requirement pursuant to subsection (h) of this section.

(4) The program administrator shall increase the statewide RPS requirement calculated for each compliance period pursuant to subsection (h)(1) of this section by the number of compliance premiums retired during the previous compliance period."

This docket is available from the Texas PUC web site, at:

<http://www.puc.state.tx.us/rules/subrules/electric/25.173/25.173ei.cfm>

Resulting Green-e Energy Policy

In order to prevent double counting of renewable generation sold in Green-e Energy Certified products, Green-e Energy requires that for facilities meeting all four of the criteria listed below, RECs and an equal amount of CPs from the same facility are both retired. Any party, not just an LSE, may buy and retire a CP.

Criteria for policy to apply (all must be met):

- Generating facility was first operational on or after September 1, 2005
- Generating facility uses a renewable resource (as defined in this document) other than wind energy
- Generating facility is locating in Texas
- Generation occurred on or after January 1, 2008

This requirement applies to RECs and renewable electricity used as supply for either 2007 or 2008 Green-e Energy Certified sales. *This policy is effective immediately and will remain in effect until further notice.*

This requirement allows the buyer of both the REC and the CP to make a full renewable energy claim about the particular MWh of generation. The REC and the CP must both meet the Green-e Energy vintage requirements for the year of sale, though you are not required to procure and retire a REC and a CP that were actually generated simultaneously.

RECs and CPs will be minted and tracked in ERCOT, once the first quarter of generation is reported in generators' ERCOT accounts. Retirement or transfer of RECs and CPs must be substantiated through ERCOT reports and Tracking Attestations by following the methodology laid out in Requirements for Using Tracking Systems in Green-e Energy Annual Verification. This Green-e Energy document is available through the [Green-e Energy Verification page](#) of the Green-e web site and was sent to contacts at each company participating in Green-e Energy as part of a verification email sent in February.

Green-e Energy has made this decision based on discussions with a number of involved parties, all of whom agreed that this policy addresses the issue appropriately and reasonably.

The EPA Green Power Partnership shares the same stance on how to address non-wind Texas RECs in the voluntary market.

A.2 RGGI State Set-Aside Provisions for Voluntary Renewable Energy Sales and Green-e Energy Eligibility

December 5, 2008

Regional Greenhouse Gas Initiative Summary

Ten states in the Northeast and Mid-Atlantic (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont) have agreed to take part in the Regional Greenhouse Gas Initiative (RGGI), a regional cap-and-trade program for greenhouse gas emissions arising from the electricity sector in those states, commencing January 1st, 2009. Green-e Energy would like to notify all program participants that RGGI policies will affect sales of renewable energy made within RGGI states, as well the eligibility for Green-e Energy Certification of the sale of renewable energy generated in RGGI states but sold outside of RGGI states.

The Green-e Energy National Standard currently requires that bundled renewable electricity and unbundled renewable energy certificates (RECs) (collectively “renewable MWhs”) contain their full CO₂ emissions reduction benefits. In a region where the emissions from the electric power sector are capped, certain policy provisions must be made to ensure that this core tenet of Green-e Energy policy is preserved; otherwise, Green-e Energy will no longer be able to certify renewable energy transactions in the capped region. In RGGI, nine of the ten states (all of the above except Delaware) have adopted a provision that allows retail voluntary market sales of renewable MWhs that are generated in a RGGI state and sold into a RGGI state other than Delaware to have CO₂ emissions allowances retired on behalf of the sales. The rules and mechanisms for retiring emissions allowances on behalf of retail voluntary renewable energy sales are referred to as set-aside provisions.

Under these nine states’ rules, renewable MWhs can maintain their CO₂ emissions avoidance value through the retirement of RGGI emissions allowances on their behalf. This will allow these renewable MWhs to retain their Green-e Energy eligibility, as they will prevent a certain amount of CO₂ from being emitted under the cap. Accordingly, in states that do not retire allowances on behalf of the voluntary renewable energy market, sales of renewable MWhs will not be credited with any CO₂ emissions reductions benefits under the emissions cap, and thus will not be considered eligible for Green-e Energy certification.

Each of the nine states has developed its own requirements for the process of retiring allowances on behalf of retail voluntary renewable MWh sales, and these requirements must be followed in order to ensure that such transactions remain eligible for Green-e Energy certification, and that retirement of such renewable MWhs allows for the ability to make the valid environmental claim that purchasers expect. In response to the creation of these state-specific policies, Green-e Energy must change a number of rules to maintain the requirements of the Green-e National Standard.

These Green-e Energy rule changes are listed below, and go into effect for Green-e Energy Certified sales starting January 1, 2009. Because RGGI policies are enforceable by law, Green-e Energy can not offer grandfathering of any affected Green-e Energy rules.

Green-e Energy fully supports set-aside provisions for renewable energy sales in these nine RGGI states as a leading example of how cap-and-trade can preserve the emissions reduction benefits of the voluntary

renewable energy market. Sellers of RGGI renewable MWhs into the nine RGGI states with voluntary renewable energy set-aside provisions must follow states' rules in order to ensure that voluntary renewable energy sales retain their full value.

Due to the RGGI rules addressing the treatment of voluntary renewable energy purchases, effective January 1, 2009 renewable energy from eligible generators located in RGGI states (including Delaware) can *only* be Green-e Energy Certified if sold to end use customers located in the nine RGGI states that have voluntary renewable energy set-aside provisions. Such customers may still purchase Green-e Energy Certified renewable MWhs generated outside of RGGI states. Please read all of the text below for important rules regarding the treatment of renewable MWhs generated and sold in RGGI states.

Green-e Energy Policy Changes Arising from RGGI Rules

Each state participating in RGGI has developed its own definition of the types of renewable energy that may apply to have RGGI emissions allowances retired on their behalf. Renewable MWhs sold in Green-e Energy Certified transactions must meet the eligibility definitions determined by *both* the state of the sale *and* the Green-e Energy National Standard. In the case where one set of rules is more stringent than the other, the more stringent rules must be followed.

A summary table of the following rules is provided at the end of this document.

Wholesale versus Retail Sales of RGGI Renewable MWhs

Because there is no mechanism in RGGI for wholesale transactions of renewable MWh generated in RGGI states to have CO₂ emissions allowances retired on their behalf, Green-e Energy can no longer certify wholesale transactions of renewable MWhs generated in RGGI states.

Geographic Eligibility within and outside of RGGI

Because a renewable MWh generated in a RGGI state must have CO₂ emissions allowances retired on its behalf to meet Green-e Energy requirements, RGGI renewable MWhs that are sold in Delaware or outside of RGGI are not eligible for Green-e Energy certification. See Table 1 for Green-e Energy eligibility of RGGI renewable MWhs inside and outside of RGGI.

Table A1: Green-e Energy Eligibility by Location of Generation and Location of Retail Sale

		Renewable MWh sold to retail customers in:	
		<i>RGGI minus DE</i>	<i>All other states incl. DE</i>
Renewable MWh generated in:	<i>RGGI state incl. DE</i>	Must get allowance to be eligible	Ineligible, since no allowance available
	<i>All other states</i>	Eligible; no RGGI allowance necessary	Eligible; no RGGI allowance necessary

Generator Operational Date ("New" Date) Definitions

The Green-e Energy eligibility "new" date of January 1, 1997 remains in effect, with the following exceptions:

Maine: Eligible renewable MWhs purchased in Maine must come from facilities that first came online on September 1, 2005 or later. Therefore, renewable energy facilities in any RGGI state that were built prior to that date may not sell their renewable MWhs into Maine in Green-e Energy Certified transactions.

Massachusetts: Eligible renewable MWhs must come from facilities that first came online on December 31, 1997, or later, which is a year later than Green-e Energy's "new" date. Massachusetts also has a provision for facilities online before this date to apply for a "vintage waiver" so that they may sell renewable MWhs into the state and receive allowances for those sales. Green-e Energy will recognize facilities that have been both granted a vintage waiver by Massachusetts *and* that first came online between January 1, 1997 and December 31, 1997. For facilities that first came online before 1997, Massachusetts vintage waivers will *not* be recognized by Green-e Energy.

New York: Eligible renewable MWhs must come from facilities that first came online on January 1, 2003, or later. Therefore, renewable energy facilities in any RGGI state that were built prior to that date may not sell their renewable MWhs into New York in Green-e Energy Certified transactions.

Additional State Restrictions and Considerations

Delaware: Green-e Energy will not certify sales of renewable MWhs generated in RGGI states and sold into Delaware because Delaware does not have a set-aside provision for voluntary renewable energy sales. Renewable MWhs generated in Delaware and sold into one of the other nine RGGI states may be eligible for Green-e Energy certification, provided that those MWhs meet the eligibility requirements of that RGGI state.

Maryland, New Hampshire and Vermont: These three states are either still deciding on their rules or may be revising their rules soon. If and when their rules are changed, Green-e Energy may issue further rules in response.

State Renewable Resource Type

Each RGGI state has its own definitions of which types of renewable resources will be eligible to have allowances retired on their behalf.

In order for a sale of RGGI state renewable MWhs into a RGGI state other than Delaware to be Green-e Energy Certified, the renewable MWhs sold must come from facilities that meet the resource eligibility definitions of *both* Green-e Energy and the RGGI state into which the renewable MWh was sold.

Connecticut, New Jersey and Rhode Island: The RGGI Model Rule definition of eligible renewables, used by these three states, matches Green-e Energy's definition with one exception: Green-e Energy does not yet have a specific provision for wave and tidal energy resources. Therefore, sales of wave and tidal electricity generated in a RGGI state is not eligible for Green-e Energy certification unless and until Green-e Energy adopts wave and tidal resources as eligible.

Maine: Renewables sold in the state must meet the definition of Maine Class I renewables in the Maine Portfolio Requirement 65-407 CMR Chapter 311. For Green-e Energy purposes, this means that renewable MWhs generated by facilities with nameplate capacities of over 100MW may not be sold as Green-e Energy Certified in Maine. This also means that renewable MWhs from tidal power and hydropower in a RGGI state may not be sold in Maine as Green-e Energy Certified (unless the hydro facility is either certified by the Low Impact Hydropower Institute, a run-of-the-river facility with a nameplate capacity of 5MW or less, or a turbine in a pipeline). Fuel cells, biomass and municipal solid waste may be eligible if they meet the Green-e Energy National Standard, but may not be eligible in all cases.

Maryland: Maryland is expected to propose new rules addressing resource, geographic and generator vintage eligibility rules. Once these rules are put into place, Green-e Energy will issue further guidance regarding Maryland.

Massachusetts: Renewables sold in Massachusetts must meet the state's RPS Class I definition of renewable energy generating sources as well as Green-e Energy eligibility rules. Therefore, ocean thermal, wave and tidal resources are not eligible; hydroelectric facilities that are above 25MW in capacity are not eligible; hydroelectric facilities must be Low Impact Hydropower Institute certified; biomass from wood sources are only eligible if the wood sources can be shown to meet Green-e Energy's criteria for being waste wood; marine or hydrokinetic energy is not eligible; a Class I renewable generating source may be located behind the customer meter within the ISO-NE control area if the output is verified by an independent verification system participating in the NEPOOL GIS accounting system and approved by the Massachusetts Department of Energy Resources.

New Hampshire: Renewables sold in the state must meet New Hampshire's RPS rules. Ocean resources, solar hot water that displaces electric water heating, and methane gas that fall into Class I are not eligible for Green-e Energy. Class I biomass, hydrogen fuel cells and hydroelectric resources must meet the Green-e Energy eligibility rules. Class II solar is eligible for Green-e Energy. Class III and Class IV renewables are ineligible, as they are comprised of pre-1997 generation facilities.

New York: For renewable MWhs from run-of-the-river hydro greater than 5MW sold in New York to be eligible for Green-e Energy certification, the hydro facility must be certified by the Low Impact Hydropower Institute. Ocean thermal, wave and tidal are not eligible.

State Geographic Eligibility

Similar to above, the geographic eligibility requirements of both Green-e Energy and the RGGI state into which the renewable MWh was sold must be met in order for the renewable MWh sale to be Green-e Energy Certified. While Green-e Energy does not have geographic requirements for RECs, if Green-e Energy Certified renewable MWhs are used to supply a Green-e Energy Certified renewable electricity program in a RGGI state, buyers and sellers should be aware of Green-e Energy geographic requirements for electricity products. These requirements are available in the Green-e Energy National Standard.

Massachusetts: In order for renewable MWhs from RGGI states to be eligible in Massachusetts, the electricity generated with the renewable MWhs must be delivered into ISO-NE.

New Hampshire: Once the state conforms to RPS eligibility requirements, it *may* have similar requirements as Massachusetts around electricity delivery.

Tracking System Use for RGGI Compliance

Maine: In order to have allowances retired for voluntary renewable energy sales, documentation provided to the state's environmental agency must be derived from data from a tracking system if possible; there are some eligible generators in Maine that are outside the footprint of the NEPOOL-GIS tracking system that may provide data from the entity that oversees the electricity transmission system in a generator's area.

Other RGGI states may begin requiring use to tracking systems at some point, in which case Green-e Energy will require tracking system use for sales into those RGGI states as well.

Additional Issues Pertaining to RGGI and Green-e Energy Policies

Verification and Reporting Timing

Each RGGI state has developed its own timelines for compliance with its voluntary renewable energy set-aside provision. These timelines include the date a renewable MWh seller must report to the state's environmental agency, the date the agency will retire the allowances, and the date the retirements are actually made. In many states, the deadline for reporting retail voluntary sales to the environmental

agency falls after Green-e Energy’s deadline for delivery of the annual Green-e Energy Verification Submission. Green-e Energy is monitoring these state deadlines as they are announced and will develop verification protocols and deadlines for 2009 Green-e Energy Certified sales reporting with them in mind.

Full Carbon Value and Renewable MWh Sales Exceeding Available Allowances

Each RGGI state will put aside a finite number of allowances that can be retired on behalf of voluntary renewable MWh sales in the state. There is the possibility that the volume of renewable MWhs sold in a state could exceed the allowances that have been put aside to ensure that each renewable MWh can claim its full carbon value. Based on the manner in which states’ rules are currently written, there are two possible results in terms of the carbon value assigned to a particular renewable MWh. Either all renewable MWhs sold in the state in that year receive the same carbon value, which would be less than a renewable MWh would have received if the allowances had not been exhausted, or allowances are retired on a first-come-first-served basis such that later sales receive little or no carbon value.

Based on analysis of renewable MWh sales in RGGI states in recent years performed by Green-e Energy and others, this scenario of allowances falling short of renewable MWh sales is unlikely within the first year or two of RGGI implementation, but it is a very real risk over the course of RGGI implementation. Green-e Energy will continue to work on this issue internally and externally, and will release a policy statement on this issue as soon as possible. For 2009 RGGI sales, renewable MWhs must be granted their full possible carbon value as prescribed in the state voluntary renewable energy set-aside provision in order for their sale to be eligible for Green-e Energy certification.

Summary of Resulting New Green-e Energy Rules

State	New Date	Renewable Resources Eligibility	Geographic Eligibility	Where MWhs Can Be Sold	Other Rules and Restrictions
Connecticut	Jan. 1, 1997	No ocean resources	Green-e Energy National Standard	RGGI states other than DE	
Delaware					Ineligible
Maine	Sept. 1, 2005	100 MW and under only; no ocean resources	Green-e Energy National Standard	RGGI states other than DE	Tracking Systems must be used where available in ME
Maryland	Not yet finalized	Resource definitions not finalized	Not yet finalized	RGGI states other than DE	
Massachusetts	Dec. 31, 1997; no pre-1997 vintage waivers	Hydro over 25 MW ineligible; wood must be waste wood; behind-the-meter restrictions; no ocean resources	The electricity generated with RECs must be imported into ISO-NE with	RGGI states other than DE	

State	New Date	Renewable Resources Eligibility	Geographic Eligibility	Where MWhs Can Be Sold	Other Rules and Restrictions
			the RECs		
New Hampshire	Jan. 1, 1997	No solar hot water heating; no methane; no Class III or IV renewables; no ocean resources	Green-e Energy National Standard; may require electricity import like MA	RGGI states other than DE	Some rules still not finalized.
New Jersey	Jan. 1, 1997	No ocean resources	Green-e Energy National Standard	RGGI states other than DE	
New York	Jan. 1, 2003	Run-of-the-river hydro over 5 MW must be LIHI certified; no ocean resources	Green-e Energy National Standard	RGGI states other than DE	
Rhode Island	Jan. 1, 1997	No ocean resources	Green-e Energy National Standard	RGGI states other than DE	
Vermont	Not yet finalized	Resource definitions not finalized	Not yet finalized	RGGI states other than DE	

The US EPA hosts a broader summary of RGGI state information, which is available here: http://www.epa.gov/greenpower/documents/events/rggi_status_table.pdf