

**2009 – 2010 REVISIONS TO THE GREEN-E® ENERGY NATIONAL STANDARD:
RESPONSE TO COMMENTS RECEIVED DURING THE FIRST COMMENT PERIOD**
Summary of and Response to Stakeholder Comments, and Green-e Governance Board Decision
(Comment Period: November 16, 2009 – January 15, 2010)

This document summarizes the comments received by the Center for Resource Solutions (CRS) during the first comment period on the Green-e Energy National Standard, provides a summary of CRS' responses, and explains the final decision by the Green-e Governance Board.

1. Facility Online Date, or "New Date" Potential Revision Language

Stakeholder Comments:

The majority of respondents were in favor of the proposed change to the "new" date. Staff received 35 comments from stakeholders, which ranged from being supportive on the change as a means of enhancing Green-e Energy's credibility through meeting consumer expectation and causing voluntary market sales to drive the development of new renewables, to indicating such a change would cause market confusion or financial loss due to facilities' eligibility changing with the new standard. A small number of commenters disagreed with the concept of a rolling window for eligibility. On the matter of the number of years a facility should be considered "new", comments ranged from 10 years to 20 years in general, with some commenters requesting that each renewable energy technology type be recognized for a different number of years.

CRS Response and Board Discussion:

The 15-year period suggested is based on a number of factors: the crediting periods under various facility certification programs, the number of years forward a facility typically can factor the renewable premium into their planning, and customer expectation that their money is going to support a recently-built facility. Board members with experience in utilities and in facility development supported a 15-year period as appropriate. Concerns about the impacts of a changing standard were discussed along with the next section of the stakeholder comment survey regarding treatment of facilities that would be made ineligible by certain standard changes.

The Board voted to address such concerns through updating the proposed language on the impacts of standard revisions, and to include the "new date" language in the second comment period.

2. Grandfathering and Revisions to the Standard

Stakeholder Comments:

The majority of substantive comments supported the language but requested various modifications or clarifications. Such requested changes included describing the process for requesting an exemption to the new "new date" (should it be passed), defining a different period over which applications for extensions would be accepted, and more specificity on the types of documentation accepted for such applications. Some commenters who voted against the new "new date" acknowledged that grandfathering was necessary in order to honor commitments made in good faith before Standard changes were proposed, should the new "new date" be passed. The majority of respondents not submitted comments were in favor of having a provision to address contracts made otherwise ineligible by the proposed change to the "new" date.

CRS Response and Board Discussion:

In response to the call for more clarity, Staff drafted an entirely new portion of the “Revisions to this Standard” section of the National Standard, intended to be added to the existing language. The Board reviewed and discussed this language in light of the comments received.

The Board voted to include the additional language in the second comment period, directing Staff to place the question of Revisions to This Standard before proposed changes to the New Date in the second comment period survey, as the Board and Staff felt that the responses received regarding the New Date were affected by some respondents’ uncertainty as to whether there would be grandfathering language at all.

3. Geographical Sourcing Requirements for Electricity Products

Stakeholder Comments:

More respondents supported the change than not. Comments submitted were split equally between those stating that this change would undermine Green-e Energy’s credibility and those saying that this would help foster broader markets. A few comments called for appropriate disclosure should the change be enacted. Additionally, a letter was received from one commenter and cosigned by 120 green electricity customers stating that not only should Certified green electricity programs be sourced from within their NERC region, RECs and electricity should not be allowed to be unbundled from one another if a seller is going to offer ‘renewable electricity’.

CRS Response and Board Discussion:

Many of the concerns voiced in the sign-on letter are best addressed through the Green-e Energy Code of Conduct and Customer Disclosure Requirements, and will be considered during the next review of that document. Utilities already have the ability to sell standalone REC products that may be sourced from outside of the NERC region, and such a product would have to be marketed as a REC product and the location of generation would have to be disclosed. The Board acknowledged that most residential renewable electricity purchasers are buying through their local utility’s green pricing program and that they expect renewables to come from their region rather than outside it. Staff and the Board discussed updates to related language for the second comment period, in particular expanding the number of response options a respondent can choose, clarifying the impact of each response option, and soliciting feedback on perceived regional renewable energy development impacts should this change to the geographic boundaries be approved.

The Board voted to take the issue back out for stakeholder comment during the second period.

4. Hydro Power

Stakeholder Comments:

While the vast majority of respondents favored the change, the few comments received conveyed that Low Impact Hydropower Institute (LIHI) certification would be too expensive for facilities below 5MW, that small hydro might get excluded with such a change, and that Green-e Energy shouldn’t outsource its standards. No comments were received about allowing EcoLogo certification of a hydro facility in Canada to take the place of LIHI certification.

CRS Response and Board Discussion:

LHI's standards have been developed to address the types of concerns that stakeholders have had with hydropower's impacts during Green-e Energy standard development. Staff provided the Board with a breakdown of LHI certification fees, which were as little as \$1,000 for small facilities, and the Board felt that this was not prohibitive. The Board also agreed that hydro facilities under 5MW could be environmentally damaging, and that a change to respond to this was necessary. The Board had previously compared EcoLogo's hydro standards to LHI's and determined that they were similar enough for EcoLogo to stand in for LHI in Canada, since LHI only certifies hydro facilities in the US.

The Board approved the hydro language changes for Version 2.0 of the National Standard.

5. Ocean/Tidal/Wave Power

Stakeholder Comments:

Most respondents supported addition of language on ocean resources. Comments received pointed to deferring the incorporation of ocean energy technologies until they were proven. Additionally, some commenters felt that Green-e should either wait until another standard for ocean resources, like EcoLogo's, was finalized before incorporation into the National Standard, while other felt that Green-e Energy should not defer to another standard.

CRS Response and Board Discussion:

Staff and the Board agreed that ocean energy technologies are not yet proven, and that as they become more widely used experts and other standards will need to be consulted before Green-e Energy can take a definitive stance on what is considered environmentally preferable. The Board discussed that there are very few ocean power facilities and few other standards on ocean power to reference.

The Board voted to take no action and revisit the issue when EcoLogo is finished with their standard and more information was available. The Ocean Power portion of the National Standard will not be updated as part of the revision of the National Standard to Version 2.0.

6. Methane Digester Clarification

Stakeholder Comments:

The vast majority of respondents supported this change. Most comments indicated that the new language was appropriate, or that the intent made sense but further clarification to the language would be helpful. Two comments expressed the opinion that the environmental benefit of methane flaring was already part of the benefits of renewable electricity generation and should not be recognized for a separate carbon value, and one comment requested specific methodologies for factoring out the carbon value of methane destruction.

CRS Response and Board Discussion:

Calculation methodologies are best left to the carbon offset project guidelines provided by the Gold Standard and similar carbon offset project certification programs, and the Board agreed that such a methodology should not be part of the National Standard language. Regarding the benefits of flaring being captured in the REC already, the Board discussed that landfill methane flaring laws in the US, carbon market common practice, and the fact that the renewable electricity benefits of using LFG stem from backing down polluting electricity generation facilities. Upon further discussion of the comments, the Board felt that the intent and language were clear.

The Board voted to accept the language without further change for incorporation into Version 2.0 of the National Standard.

7. Facilities' Participation in GHG Cap-and-Trade Programs

Stakeholder Comments:

While the vast majority of comments were in support of this change, there were also calls for various further clarifications of the language. Also, comments expressed concern about the interpretation of such language should a national cap-and-trade program be passed or if other new or retroactive caps were set. Most respondents supported the change.

CRS Response and Board Discussion:

Staff drafted changes to the language based on stakeholder feedback, and discussed the comments and language changes with the Board. Changes included citing the Regional Greenhouse Gas Initiative as an example of how the language would be applied, and noted specifically that future cap-and-trade programs would be evaluated as they are proposed.

The Board voted to approve this modified language for Version 2.0 of the National Standard.

8. General Clarification to Timing of Eligibility of Generators

Stakeholder Comments:

The vast majority of responses indicated that this language change should be made. Most comments called for more clarity, particularly on the effects of such language on facilities that had already sold RECs in Certified sales, and how the change would impact forward or long-term contracts. The rest of the comments supported the change and the language.

CRS Response and Board Discussion:

This change is meant to simply clarify what has been implied by the National Standard and implemented through Green-e Energy verification practices: in order for a renewable MWh to be sold in a Certified transaction, the MWh must come from a generator that meets the Green-e Energy rules at the time that MWh was generated. Language from the first comment period was slightly modified and clarified around this intent. The Board further discussed and modified the language to ensure that long-term contracts and facilities that qualified under previous versions of the National Standard were covered appropriately.

The Board voted to approve this modified language for Version 2.0 of the National Standard.

9. Non-eligible startup and maintenance fuels and co-firing

Stakeholder Comments:

Most respondents supported this clarification to the co-firing language. Those respondents who commented generally supported the change and asked for more clarification, such as on the rationale for the change, whether another cutoff would work better (i.e. requiring approval of a co-firing methodology if 10% of heat input came from non-eligible fuels, rather than 5%), and whether there were too many exceptions or variables. Two comments requested more information on how verification of MWh from eligible fuels would be conducted.

CRS Response and Board Discussion:

For facilities getting 5% or less of their heat input from non-eligible fuels, verification will be conducted through attestation by the generator and through checking available Energy Information Administration data as necessary. Rationale for the 5% cutoff is to account for the fact that many biomass-burning facilities must use a small amount of natural gas or other fuels to start up the boiler and maintain the boiler's heat; the MWh from these fuels needs to be deducted out to arrive at the MWh from eligible fuels. Staff updated the language from the first comment period for review by the Board, in response to comments received. The Board suggested a few additional edits.

The Board voted to approve the language, with the additional edits, for circulation as part of the second comment period.

10. Use of Renewable Energy Tracking Systems

Stakeholder Comments:

The vast majority of comments supported requiring use of tracking systems for verification of generation and sales, however most comments contained differing opinions about when such a requirement should go into effect or what other consideration or wording would be necessary. One comment was received saying that tracking systems should not be trusted solely with verification for Green-e Energy.

CRS Response and Board Discussion:

This question of whether and when to require tracking system use was asked in the first comment period survey only hypothetically, and responses were gathered to gauge if and how Green-e Energy might update its rules in the future. Staff and the Board discussed the comments, and will consider them further at a future date when a requirement to use tracking systems is considered.

11. Capped Pollutants – Mercury

Stakeholder Comments:

The vast majority of comments received were in support of the change, with a few more supporting a change to alternate language that would be more general and not require updating as individual emissions laws change. A few comments indicated that no change should be made. Most respondents supported updating the National Standard's Mercury language.

CRS Response and Board Discussion:

This item was presented to stakeholders to receive feedback on manner in which the underlying principle of the treatment of capped pollutants should be conveyed in the Standard.

The Board agreed that the change is necessary, and the updated language will be written into Version 2.0 of the National Standard.

12. General Comments

Stakeholder Comments:

Nine comments regarding Green-e Energy rules were received under the General Comments section of the survey. Of those, many applied to rules covered in governing documents other than the National Standard. Those comments that did apply to the National Standard requested that railroad ties be

considered an eligible renewable fuel, that the municipal solid waste rules be reevaluated, that the repowering rules should be reevaluated, that small incremental hydropower needs special consideration, and that Section III.D of the National Standard on how RPS renewables and voluntary green pricing program renewable interact should be clarified.

CRS Response and Board Discussion:

Staff and the Board discussed each of these issues, and noted each of them for further specific discussion at future Board meetings. On the issue of railroad ties, Staff presented more detailed information on use and potential impacts of railroad ties to the Board, who then discussed the issue and voted to exclude railroad ties as an eligible fuel in the National Standard, on their own or in a co-firing context, under the National Standard.