

**2009 – 2010 REVISIONS TO THE GREEN-E® ENERGY NATIONAL STANDARD:
RESPONSE TO COMMENTS RECEIVED DURING THE SECOND COMMENT PERIOD**
Summary of and Response to Stakeholder Comments, and Green-e Governance Board Decision
(Comment Period: April 1, 2010 – May 14, 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. Transitions to the New Standard

Stakeholder Comments:

The majority of responses received were in favor of approving the proposed changes. Commenters who supported the proposed language felt that the requirements and motivation of developing a long-term contract are sound and will provide market stability. A small number of commenters disagreed with the new language, requesting further information on how exactly to demonstrate that they were meeting the criteria in the new language or expressing their dissatisfaction overall with the 15-year proposal. Some proposed that the window for a facility to be considered "new" be expanded to 20 years.

CRS Response and Discussion:

Staff recommended that the Board accept the proposed language. Such a change will ensure current contracting expectations are upheld. Staff and the Board discussed changes to the proposed language that would clarify how to demonstrate compliance. The issue of 15 years versus 20 years was left for discussion of the New Date.

The Board voted to adopt the staff recommendation with the additional language to clarify how to demonstrate compliance with the revised criteria.

2. Updates to the New Date

Stakeholder Comments:

General responses were in favor of the proposed updates. Thirteen comments were received regarding approval of the "New Date" (the date by which a facility must have come online in order to be eligible to supply renewable MWh to a Green-e Energy Certified product). Most comments supported the change, stating that the requirement add credibility to the Green-e Energy Standard and will foster new development. Similar comments were received from supporters whether or not they required adoption of the grandfathering language discussed in the previous section. Commenters with reservations about the revisions expressed that avoided emissions are the same for new and old renewable generators so Green-e Energy should not discriminate. Some felt that Green-e Energy should extend the period through 20 years as that would enable the long term contracting that some marketers would like to have in place, especially in the southeast where biomass is more prevalent. They stated that a 15-year window would discourage investment in new generation.

CRS Response and Board Discussion:

Staff recommended that the Board discuss whether the appropriate amount of time a facility is considered new should be 15 or 20 years, and adopt the proposed New Date language with that number

of years. The Board discussed the comments received and the implications of a 15-year period versus a 20-year period. The Board felt that, in order for Green-e Energy to meet its goal of having voluntary renewable energy sales influence development of new facilities, it is important to have a limited amount of time that the voluntary market can be relied upon to provide support to renewable facilities. The Board also discussed that the voluntary market is not the sole mechanism or market for support of renewable facilities, and that after the prescribed period of eligibility for Green-e Energy, facilities would sell into other markets.

The Board voted to pass the language as proposed with a 15-year period of eligibility for facilities supplying their output to Green-e Energy Certified products.

3. Geographical Sourcing Requirements for Electricity Products

Stakeholder Comments:

In response to the question of proposed Geographic sourcing requirements, the majority of respondents agreed with proposed revisions, and more commenters than not thought that this would be an opportunity to expand and strengthen the market or increase consumer awareness. Negative comments expressed strong concern with the increased potential of fraud, consumer confusion, and double counting. Such commenters emphasized the increased accounting needs would be a potential threat to the potential success of the change. They were also concerned with such a change damaging the reputation and effectiveness of Green-e Energy.

CRS Response and Board Discussion:

Under the current Green-e Energy rules, utilities may offer standalone REC products to their electricity customers or any other customers with much the same disclosure that would be required in the event that the proposed geographic sourcing boundaries were expanded. This point and the potential for customer confusion were discussed. The Board weighed input received, including from small consumer interests, and was particularly concerned with consumer perception of renewable energy products and consumer expectation. The Board discussed the implications of a renewable electricity product that did not require that the renewable resources use to supply the product deliver electricity onto the regional grid. Feedback indicated that renewable electricity customers expect resources to be within their grid, in order to affect the regional generation of electricity by other resources.

The Board voted in favor of not changing the National Standard in reference to geographical sourcing boundaries for renewable electricity products. The Board expressed that it is open to revisiting the issue depending on market changes and feedback received in the future.

4. General Clarification to Timing of Eligibility of Generators

Stakeholder Comments:

While the vast majority of overall responses submitted were in support of the change, the majority of comments received expressed concern regarding the potential for discouraging of long-term forward contracts and the level of uncertainty they felt the change could bring. The remainder of the comments were in favor of the change, stating that it was an appropriate clarification to a policy that was not sufficiently explicit in earlier versions of the National Standard.

CRS Response and Board Discussion:

Staff recommended that the Board approve the revisions to the Introduction in Section II. Staff explained the necessity of such a clarification and that most of the concerns raised in the comments derived from misunderstanding the intent of the change, which is to ensure that a generating facility meets all applicable criteria in the Green-e Energy National Standard at the time of generation, rather than coming into compliance only after the generation has occurred. Regarding impacts on forward contracts, it was mentioned that future changes to the National Standard would most likely contain a provision for honoring certain contracts put into place under a previous version of the standard.

The Board voted to accept the language.

5. Non-Eligible Startup and Maintenance Fuels and Co-firing

Stakeholder Comments:

When asked whether or not they supported the revisions to the co-firing eligibility language, the feedback from general respondents was overwhelmingly in favor. The few who were opposed commented that rules should allow for up to 5% of heat input to come from non-eligible sources without the resulting MWh being factored out when calculating MWh from eligible renewable sources. Other comments in opposition argued that the cutoff should be 10% before a facility must provide a specific methodology for calculating the electricity derived from eligible fuel sources. Commenters also called for the Board to provide greater clarity about the requirements and probability of obtaining co-firing approval for co-firing calculation methodologies submitted to the Board for review.

Commenters in favor of the revisions expressed that it will be difficult to verify that approved co-firing calculation methodologies are being followed, but that they support the changes if Green-e Energy has a way to verify compliance. They advised that Green-e check for consistency with REC tracking system rules for mixed fuels projects. One comment called for not removing the 1% cutoff under which MWh from non-eligible fuels did not have to be deducted from a co-firing facility's total production.

CRS Response and Board Discussion:

The staff recommended that the Board adopt the proposed revisions to the co-firing eligibility language, with additional language describing the co-firing worksheets developed by Staff and how they are to be used. Additional language was also discussed, which would clarify the period over which data should be used to calculate if the 5% cutoff was being met. The Board discussed that in all cases the electricity derived from non-eligible fuels had to be factored out, even below the 5% cutoff, and discussed the removal of the 1% cutoff all together. Regarding verification, public data sources are available for comparison, and Green-e Energy is able to request supplementary data at any time from facilities that have submitted a calculation methodology.

The Board voted to adopt the proposed language changes with the addition of language stating that the 5% calculation must be based on quarterly data at least and requiring the removal of the 1% cutoff.

6. General Comments

Stakeholder Comments:

11 general comments were received, many of which were not substantive to the National Standard rules. However, there were 5 comments regarding specific issues. Only 1 related to the types of issues addressed by the National Standard, which was a request to revisit certain rules around the criteria for considering a renewable generation facility "repowered" under section II.E of the National Standard.

The other 4 comments addressed overarching program objectives and the Code of Conduct and Customer Disclosure Requirements.

CRS Response and Board Discussion:

General comments were presented by Staff, and the Board indicated that they are open to including them in future discussions as applicable, in particular the issue of repowering criteria.