



What is the Green-e Verification Process?

The Green-e Verification Process consists of the Green-e Process Audit and the Green-e Marketing Compliance Review. The Process Audit requires companies participating in the Green-e program that supply retail and wholesale renewable energy products to complete an annual third party verification of their purchases and sales of renewable energy. The Green-e Marketing Compliance Review is a semiannual review of a company's marketing materials to ensure that the company is abiding by the Green-e Code of Conduct, which governs the use of the Green-e logo and customer disclosure requirements. The purpose of these verification processes is to instill consumer confidence in the renewable energy market and to document that participating companies are meeting strict Green-e certification standards.

What Does the Process Audit Verify?

The verification Process Audit uses company contracts, invoices and billing statements to verify the following eight items for renewable electricity and Renewable Energy Certificates (RECs):

- 1) that the company purchased enough renewables in quantity and type to meet its customer demand for each specific power product;
- 2) that the renewables were purchased from eligible renewable energy generators;
- 3) that the information provided on the Annual Product Content Label is accurate;
- 4) that the company did not make any specific purchases of nuclear power;
- 5) that the renewables purchased and sold by the company were not sold to more than one customer;
- 6) the product contained only 'new' renewables, which were generated by a facility first operational on or after January 1, 1997;
- 7) that the company has purchased no power from fuel sources for which negative marketing claims were made, (e.g. that no coal was purchased for a product if the company claims that none was); and,
- 8) that any non-renewable portions of all electricity products meets the requirements set by the Green-e Renewable Energy Certification Program National Standard.

What Does the Marketing Compliance Review Verify?

The Green-e Marketing Compliance Review looks at a company's marketing materials including direct mail, print ads, customer welcome package, radio and TV scripts, Web site and customer training materials. During Marketing Compliance Review, CRS staff confirms that the company is not making false or misleading statements about their Green-e certified product(s) and that they have made pricing and contract disclosure to customers in the standardized format, required by the Green-e Code of Conduct. In addition, CRS ensures the company is using the Green-e logo properly and that they are describing the certification process by using approved language.

When Does Verification Occur?

The Process Audit cycle is based on sales made during the calendar year, January to December. Companies entering the market mid-year will audit only those months in which they were purchasing and delivering Green-e certified products to customers. The timing of the audit is such that relevant

information for the previous calendar year is available in its final form, and such that the final audit report can be delivered to the Center for Resource Solutions (CRS) on or before June 14 of the year following the year being audited.

The Marketing Compliance Review is conducted in February and August. Companies are given a number of weeks to respond to the Marketing Compliance Review and to correct any problems.

Who Performs the Verification?

The Green-e Process Audit is conducted by an independent certified public accounting firm free of any conflict of interest with respect to the company. The verification is paid for by the company. The auditor submits a report on the Process Audit and copies of verification documents to CRS, which reviews them for completeness. All Marketing Compliance Review materials are submitted directly to CRS, and CRS staff conducts the Marketing Compliance Review.

What Happens if the Verification Process Reveals a Company is Not Meeting Green-e Standards?

According to the Green-e Code of Conduct, a company who knowingly uses deceptive or unethical practices/advertising will be denied the right to use the Green-e logo or statement of verification on any of their products for 18 months. A repeat or egregious offender could be permanently censured at the discretion of the Green-e Board, and may be liable for damages incurred by this program and/or the Board as a result of these offenses. In addition, Green-e has the option of informing appropriate State and Federal agencies concerning egregious consumer practices.

In the event that the Board decides that a company shall not be eligible to use the Green-e logo, the Board may require the company to:

- Immediately desist using the Green-e logo;
- Refrain from making public reference to participation in the Green-e Program; and
- Allow any customer to terminate (without penalty) any existing contracts for previously Green-e certified products and offer to compensate any customer for switching expenses.

Further, pursuant to the terms of the Code of Conduct, the Board reserves the right to:

- Notify the censured marketer's customers in writing of the company's loss of authority to use the Brand;
- Provide such customers with a list of alternative suppliers offering products authorized to use the Brand.

How Does the Green-e Process Audit Differ from the California Energy Commission's Audit?

The CEC audit substantiates the information reported to the CEC in the Annual Retail Supplier Report and annual fuel source disclosure label. These two reports contain information on electricity purchases and sales according to fuel type. Since this information is also needed to complete the Green-e Process Audit, CRS and the CEC have coordinated the audit materials so that a company does not have to conduct two separate process audits. However, there are some important differences. The Green-e Process Audit applies to wholesale and retail Green-e certified power providers nationwide. The CEC audit is applicable only to retail power providers selling renewable power in California. While the Green-e audit does, the CEC does not substantiate any new renewable claims made by a company. In addition, the Green-e Process Audit verifies that the air emissions from any non-renewable portion of the electricity product are lower than or equal to the air emissions from the system power mix and that the company has not made any specific purchases of nuclear power. Finally, the Green-e Process Audit verifies any marketing claims made by a company about their electricity product, e.g. "Our Company will build a new wind turbine for every 3000 new wind customers that sign up." The CEC does not verify such marketing claims in their audit.