March 1, 2016

VIA ELECTRONIC MAIL
Nicole Singh, Executive Director
RGGI, Inc.
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New York, NY 10007
info@rggi.org

RE: Joint stakeholder comments regarding the preservation and continued use of a voluntary renewable energy set-aside mechanism to accommodate the voluntary markets for renewable energy in the RGGI states

Dear Ms. Singh and RGGI States:

Thank you for this opportunity to provide comments as the RGGI member states consider various issues within the context of the 2016 program review, including the potential transition to a federal carbon management program. These comments are in support of the RGGI member states' preservation and continued use of voluntary renewable energy set-aside (VRSA) mechanisms to accommodate the voluntary markets for renewable energy in the RGGI states.[1]

Today, renewable energy marketers in the RGGI region are able to advertise the environmentally beneficial attributes of the renewable energy that they sell on the voluntary market.[2] They have been able to substantiate that the renewable resources they sell do, in fact, displace more carbon-intensive generation and actually avoid CO_2 emissions. This is due to the RGGI states' willingness to make available (i.e., to set aside) a limited amount of RGGI allowances for retirement in coordination with the retirement of renewable energy certificates or "RECs" produced in those voluntary markets.

In simplest terms, a VRSA allows for the retirement of RGGI allowances in an amount that reflects the offsetting effects on CO_2 emissions associated with voluntary purchases of green products. For example, Maryland has established a set-aside account, limited annually to 350,000 allowances. Maryland's overall RGGI allowance budget for 2014 was 18,497,583 tons, making the size of the state's entire set-aside approximately 1.89 percent of that overall budget.

[1] Eight of the nine RGGI states have voluntary renewables "set-asides." See "RGGI State Set-Aside Provisions for Voluntary Renewable Energy (VRE) DRAFT August 21, 2009," accessed February 2016. http://www.epa.gov/greenpower/documents/events/rggi_status_table.pdf.

[2] Voluntary renewable purchases, also known as "green pricing" programs, are voluntary options offered by electric utilities and others that allow customers to support new investment in renewable energy technologies that compete in the market with existing generation. According to research conducted by the Center for Resource Solutions, green pricing customers are often motivated by their interest in reducing pollution, combating global warming, increasing energy security, stabilizing their energy costs, or improving their public image. Customers may make voluntary purchases in various forms, including, for example, a fixed quantity block, e.g., 100 kWh of green resources; a percentage of monthly usage; or a fixed charge per kWh. See Hamrin, Lieberman, and Wingate, *Regulator's Handbook on Renewable Energy Programs & Tariffs*, (Regulator's Handbook) March, 2006, Center for Resource Solutions at 9. http://resource-solutions.org/site/wp-content/uploads/2015/08/Regulators-Handbook-on-TRCs.pdf.

Using available information from the Center for Resource Solutions (CRS), a nonprofit organization whose purposes include strengthening "customer confidence in the reliability of retail electricity products reflecting renewable energy generation," it is possible to get at least a partial picture of how the VRSA has worked across the RGGI region.

In 2014, RGGI's allowance cap was 91,000,000 tons.[3] In the same year, participants in the Green-e Energy program administered by CRS applied for RGGI set-aside allowances for approximately 335,000 MWh of renewable energy.

Making the simplifying assumption that a region-wide emissions factor in 2014 for RGGI was 1,000 lbs/MWh,[4] then RGGI would have retired roughly 167,500 allowances for these voluntary purchases. This translates to less than 0.2 percent of RGGI's overall budget.

Despite being only a small part of its overall carbon budget, RGGI's use of a VRSA is critical to marketers' ability to make commercial representations that they can back up with evidence. This builds confidence in the voluntary market and encourages private capital to invest in clean energy. This, in turn, benefits state economies by building upon the clean energy programs (e.g., RPS) that states promote directly.

Again, thank you for your attention to this matter. We appreciate your ongoing efforts at transparency and clarity in the stakeholder process, as well as the opportunities to provide feedback to the RGGI states as they engage in a 2016 program review.

Sincerely,

Acadia Center
Center for Resource Solutions
CLF
Environment America
Environment Connecticut
Environment Maine
Environment Maryland
Environment Massachusetts
Environment New Hampshire
Environment New York
Environment Rhode Island
Natural Resources Council of Maine
Natural Resources Defense Council
Pace Energy and Climate Center
Sierra Club
Union of Concerned Scientists

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[3] http://www.rggi.org/design/overview/cap.

[4] In 2014, the state of Vermont assumed the 2012 annual average marginal emission rate of 899 lb/MWH as reported in the *2012 New England Electric Generator Air Emissions Report*, ISO NE, January 2014. "In re: 2013 Regional Greenhouse Gas Initiative (RGGI) Set-Aside Retirements, Order RE RGGI Set-Aside Retirements," Order of 12/11/14, http://psb.vermont.gov/sites/psb/files/orders/2014/201404/ORDreAuctionProcedures%26SetAsideProgram.pdf.