

**Green-e Governance Board Meeting
October 18, 2007, 12:00 PM Pacific**

Attendees

Doug DeNio, Board Chair
Lori Bird, National Renewable Energy Laboratory
Audrey Chang, Natural Resources Defense Council
Jan Hamrin, Center for Resource Solutions
Jesse Jenkins, Renewable Energy Project
Rita Kilpatrick, Southern Alliance for Clean Energy
Virgil Welch, Environmental Defense
Michael Brown, Santee Cooper – UGPAC Chair

1-3. Roll Call, Welcome, Review and Adopt Agenda, Approval of Meeting Minutes from June 14/19, 2007 Meeting

Introduction by Jan Hamrin, announcement of division of Green-e into two pieces, the traditional Renewable Energy as Green-e Energy, with Alex Pennock as Manager; The GHG Emission Reduction Certification Program is now titled Green-e Climate, with Lars Kvale as Manager. Announcement of opening for one more staff member. Agenda for meeting was reviewed and adopted. Board Meeting minutes from June 14th and June 19th were approved.

4. Summary of all comments period and second comment period

CRS staff members briefed the Green-e Board on the development of the Green-e Protocol for Renewable Energy and a summary of the comments received in both the first and second stakeholder comment periods.

- a. Introduction of Green-e Climate and the Protocol for Renewable Energy
The Green-e Climate Standard was approved by the Board in June. Green-e Climate will ensure that consumers buying emission reduction products are informed of what they are buying, that there is no double selling of offsets, and that there is independent certification. Green-e Climate did not develop all new protocols since there are numerous project protocols that vary in region and focus. However, Green-e Climate could contribute with a protocol for grid connected renewable energy projects in the US. Marketers can source tons from other Partner Protocols or from the Green-e Climate Protocol for Renewable Energy. This protocol sets the rules for what is eligible for renewable energy projects and how to calculate emission reductions. The Protocol for Renewable Energy was developed following guidance from the WRI GHG Protocol. CRS Staff presented a brief overview of the Protocol, section by section.

- b. Discussion of Major Comments
Additionality – There are two required additionality tests under the Green-e Climate standard (the Legal and Regulatory Test and the Timing Test) plus one additional test (the Financial Test, Performance Test or Barriers Test). There was

discussion about the pros and cons of financial additionality versus the performance test. Financial additionality is focused on revenue from RECs making a project additional. In theory this is a good test, but it doesn't work in practice; solar wouldn't be additional, would rely on a case by case determination, lack of transparency. The Protocol uses a performance standard, like CCAR and USEPA Climate Leaders, since it is more transparent. The analysis looked at what generating facilities are being built today, seeing what proportion of those are zero emitting (excluding facilities built for RPS since it is not a reflection of the current market), and determining whether zero emitting facilities are not business as usual.

The Calculation of Emission Reductions – CRS staff received comments mostly in support of the emission reduction calculations. It was developed following WRI guidance and using eGRID data for calculations. Background was given on the analysis and calculations of operating margin and build margin. A Board member inquired if ocean under the Performance and Technology Test meant ocean thermal? The Board voted to from ocean to ocean thermal.

Double Counting – The discussion of double counting addressed stakeholder concerns about the ownership of RECs and risk of double counting. The argument presented by stakeholders was that it is inaccurate to give credits to renewable energy facilities for the reduction of emissions caused by displacing fossil-based generation since the emission reductions occur at the fossil fired power plant and are owned by the fossil generators. The first type of claim is simultaneous (is somebody else claiming it today, other utilities, generators, etc), and the second is the future regulatory action (will reductions today be claimed down the road, as an early action credit). The Protocol includes language surrounding green power claims, registries, and how to avoid double counting. A Board member inquired if we worked with the registries. CCAR was on the advisory group, CRS staff had several conversations with the USEPA, and staff has encouraged registries to figure out how to handle issues related to null power. A Board member commented that to ensure there is no double counting, it would be appropriate to include that if you are selling RECs and reporting to a registry, you have to report emissions.

c. Summary of comments received in the first round

Comments were received in the first round about whether the analysis in the Performance and Technology Test was enough to prove additionality. Additional analysis was added to the next draft of the Protocol to address concerns. Other comments addressed included issues regarding biomass, registries, the timing test, vintage requirements, and tracking systems.

5. Review of Final Draft Protocol

The final draft of the Protocol was discussed by CRS staff and the Board. The following items were discussed.

- a. **Additionality** – The discussion surrounded whether the additionality tests were stringent enough. There was consensus among the Board that we adopt three additionality tests.
- b. **Timing Test** – There was debate amongst stakeholders as to whether the timing test should use 2000 or 2005. CRS staff recommended the use of 2005, but to allow other facilities to become eligible if they can demonstrate on a case by case evaluation. The pros and cons of each date were discussed, as well as the process involved in determination of case-by-case exceptions. The Board agreed on using 2005.
- c. **Performance and Technology Test** – The eligible facilities under the Performance and Technology Test were discussed, relating to the solid biomass, hydro capacity additions, and pumped storage. Discussion followed regarding the lack of a specific ‘threshold’ in the Performance Analysis. While a specific threshold was not selected, CRS staff will solicit stakeholder feedback every five years when the analysis is updated. There was Board agreement not to set a specific threshold number at this time. The Board recommended that CRS staff perform the analysis every three years or more frequently if necessary.
- d. **Least Cost Facilities** – There was discussion as to whether a facility should be considered least cost because of carbon adders added to other facilities. CRS staff recommended that if a carbon adder makes a renewable energy facility least cost, then the voluntary market did not play a role. The Board agreed that this is a regulatory issue.
- e. **Facilities under a cap and trade** – Questions were raised as to whether allowances would be allowed. CRS staff will have to see how cap and trade regulations are structured once they’re in place and to consider the different variants in the design before staff can make recommendations either way.
- f. **Double Counting** – The issues relating to double counting were discussed further. Since we are not currently under a legally binding cap and trade, we will address these issues as appropriate when there are cap and trades in place. For baseload resources, they will replace other baseload resources. There is no claim for facilities that were not built, hence there is no double counting. For non-baseload resources, if they are serving new load there is no double counting since the demand in the US is increasing. If a new renewable facility is backing down a fossil plant, the potential for double counting arises. Today, if a coal plant backs down due to reduced demand, there is no method to allocate credits to that plant. This might be an issue when a cap and trade is implemented, but if allowances are auctioned, the fossil plant will have to buy less, and there is no risk of double counting. If grandfathering occurs, the fossil plants will be allocated less.

6. Board Discussion and Consideration of Protocol for Approval

The Board raised concern over the reporting requirements to registries. The value of null power given to registries should be the same as the emission reduction given to

the REC. The Board urged CRS staff to force registries to make adjustments according to the Protocol. Staff intends to work with registries. Sellers must report the null power as the emission reduction.

The Board requested more clarification for stakeholders between Green-e Energy and Green-e Climate.

Review of changes that will be made

- a. Change Ocean to “Ocean Thermal”
- b. Registries – new calculation of null power
- c. Timing Test – Change to 2005
- d. Performance Analysis – Now a three year review instead of a five year review

Vote:

For: 7, Against: 0, Abstain: 0

**** Protocol Approved by Board**

* Board member who abstained in the June 19th meeting for the approval of the Green-e GHG Emission Reduction Product Certification Program Standard changed their vote to a vote for the Standard.

Next steps – Green-e Governance Board meeting at GP12
Meeting adjourned, 1:58 PM.