



CRS

center for
resource
solutions

February 13, 2014

Mr. Burl Haar, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul MN 55101-2147
Via: PublicComments.PUC@state.mn.us

Re: Docket No. E - 999/M - 14 - 65: Establishing a Distributed Solar Value Methodology

Dear Sir,

The Center for Resource Solutions (CRS) appreciates the opportunity to provide input to the Minnesota Public Utilities Commission (the Commission) on Docket No: E999/M-14-65, *In the Matter of Establishing a Distributed Solar Value Methodology under Minn. Stat. § 216B.164, subs. 10 (e) and (f).*)

CRS is a 501(c) (3) nonprofit organization that creates policy and market solutions to advance sustainable energy and mitigate climate change. CRS administers Green-e® Energy, the nation's only independent certification and verification consumer protection program for renewable energy sold in the voluntary market. We also recently submitted comments to the Commission regarding E999/CI-13-720 and provided further organizational background in those comments.

CRS's role in this market is to protect renewable energy purchasers against double counting and false claims, and ensure the purchaser of renewable energy that they are receiving all of the attributes of renewable energy generation that they purchased.

Our comments are concerned with the consistent and clear representation of Renewable Energy Certificates (RECs) in Minnesota Statute § 216B.164 (the Statute), the Value of Solar calculation methodology, net-metered generator contracts and disclosures, and other related documents. REC ownership and transfer must always be clear in order to achieve the goals of the Minnesota RPS and to fully compensate net-metered generators for their generation.

1. VOS Methodology is Unclear Regarding REC Transfer and Specific REC Compensation

Subdivision 10(i) of the Statute says clearly that "Renewable energy credits for solar energy credited under this subdivision belong to the electric utility providing the credit". While the Statute is clear about REC transfer, reading only the VOS methodology, a generator could easily not understand that they are transferring their RECs to the utility.

If the intent of the VOS methodology is to include the value of some or all of the attributes contained in RECs, clearly stating this in the VOS methodology would add extra clarity to the generator that the REC is being surrendered, and help avoid some amount of future dispute about REC ownership and double claims. Double claims on renewable electricity can easily occur due to lack of clear information, and are not only the result of intentional misrepresentation or gaming.

The Value of Solar (VOS) methodology does not include any specific compensation to the generator in exchange for the REC itself. Adding explicit language to the methodology regarding RECs would also clarify the compensation for the REC transferred under the statute.

2. Contract Clarity and On-going Customer Disclosure on Amount of RECs Transferred

Likewise, it is essential that the contract signed by a generator, and/or any other party who has ownership rights to the RECs, in order to take part in net metering is clear about REC ownership and claims. Through billing or other disclosures, generators and/or other relevant parties should also be annually (or more frequently) notified of the exact amount of RECs being transferred to the utility, so that they have the information necessary to clearly understand their property rights and to make their own appropriate claims, and to avoid making claims that could interfere with the utility's claim or violate truth in advertising guidelines and rules, such as those contained in the Federal Trade Commission's Green Guides.

3. "Avoided Environmental Cost" Ignores Many Environmental Attributes and Value of Renewables

REC markets, both for voluntary programs and state RPS programs, typically define a REC to include all the environmental benefits of renewable energy, including avoided emissions of pollutants that result from the generation of renewable energy, whether or not there are existing markets for these emission benefits (such as a carbon markets) or regulations that create value for their reduction (such as with NOx emissions in some areas). The value and marketability of RECs is very much dependent upon RECs containing all the environmental benefits of renewable energy generation.

Though the VOS methodology identifies some of the benefits, it does not identify all potential avoided emissions. Transfer of RECs includes transfer of all their attributes, including the avoided direct emissions of pollutants. There are attributes associated with renewable electricity generation that are not explicitly mentioned in the VOS methodology, and are therefore not explicitly claimed under the VOS. Specific dollar values for each attribute may be difficult to calculate, but it should be clear that all attributes of generation are transferred to

the utility (through the REC), and that the VOS methodology is not attempting to strip off certain attributes and leave others to the generator or another party.

The Midwest Renewable Energy Tracking System (MRETS) requires that only Whole Certificates may be tracked in the system.¹ The MRETS definition of Certificates includes that “[a]n M-RETS Certificate represents all of the attributes from one MWh of electricity generation from a renewable generating unit registered with the M-RETS tracking system...”. The MRETS definition of Whole Certificates states that:

“A “Whole Certificate” is one where none of the renewable attributes have been separately sold, given, or otherwise transferred to another party by a deliberate act of the Certificate owner. Renewable attributes shall include the environmental attributes that are defined as any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to the generation from the generation unit(s)...”

Other states and tracking systems in the U.S. have similar requirements to MRETS.

Green-e Energy also requires that RECs used in certified sales be “fully aggregated to the extent possible under law” and that “must contain all the greenhouse gas (GHG) emission reduction benefits, including carbon dioxide (CO2) reduction benefits, associated with the MWh of renewable electricity when it was generated.”²

Such definitions and requirements for fully-aggregated RECs are common across the US. Implying that only certain attributes of renewable electricity generation are conveyed could hinder market access or compliance use for RECs generated by net metered facilities.

4. RECs Must be Retired for RPS Compliance Regardless of RPS Compliance Structure

It is critical to the functioning of REC markets, both for RPS programs and the voluntary market, that RPS compliance require REC retirement. To maintain REC value and prevent double counting, if the utility makes use of a net-metered generator for RPS compliance, regardless of other mechanisms chosen by the Commission to demonstrate RPS compliance, RECs generated by net-metered customers and transferred to the utility should be retired in proportion to the RPS compliance level the utility can claim.

If, for example, RPS compliance is capacity-based and is demonstrated through interconnection with a particular generator by the utility, the RECs generated from the amount of capacity

¹ MRETS Operating Rules are available at: http://m-rets.com/resources/M-RETS-Operating-Procedures_032012.pdf

² The Green-e Energy National Standard is available at: <http://www.green-e.org/energystandard>

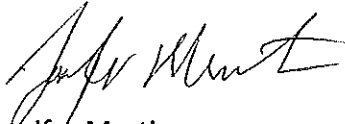
claimed for RPS compliance should also be retired. Any RECs created from the generation from such capacity would not be eligible for use in the Green-e Energy certified sale or for use toward an RPS that uses RECs for compliance. In order to prevent the potential for double claiming in the voluntary market and other RPS markets, RECs from generators used for MN RPS compliance must be retired as well. Without such retirement, similar market access issues will occur as described in our comment #3 above.

In conclusion, CRS recommends the Commission revise the VOS methodology and related contracts and disclosures to provide consistent and clear information about REC ownership and claims, and that the Commission require that RECs associated with RPS claims be retired regardless of the ultimate RPS compliance structure. In these ways double counting and double claiming can be further prevented, generators will be fully aware of what they are transferring to the utility and being paid for, and Minnesota generation will continue to have access to other renewable energy markets.

Sincerely,



Alex Pennock
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Jennifer Martin
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Center for Resource Solutions

