Proposed Revisions to Green Power Partnership Program Requirements

The U.S. Environmental Protection Agency (EPA) established the Green Power Partnership as a voluntary program that encourages the use of renewable energy to reduce the risk of global climate change and the environmental impacts associated with conventional electricity use. The Green Power Partnership provides a purchase framework that includes credible purchase benchmarks, market information, technical assistance, and public recognition to organizations that purchase green power.

Commercial, nonprofit, and public organizations can become Partners by procuring an amount of renewable energy that is proportional to their annual electricity use. In return, EPA will provide a network of Partners, technical information, and public recognition.

EPA recognizes organizations that switch to green power as environmental leaders who are establishing the choice for renewable energy as the next step in sustainable business practice. Launched in 2001, the Green Power Partnership now has more than 1,000 Partners that are buying green power.

The primary objectives of the Partnership are to:

- Expand awareness of renewable energy by providing objective information and public recognition for those making it their choice for energy supply;
- Lower transaction costs for organizations interested in switching to green power;
- Make green power purchasing a part of "best practice" environmental management; and
- Reduce greenhouse gas emissions associated with conventional electricity use.

A Partner's commitment may be met by purchasing renewable energy delivered to the grid, renewable energy certificates, or by generating electricity from on-site renewable energy installations. For more details about the Green Power Partnership, visit http://www.epa.gov/greenpower.

Since the Green Power Partnership was established, EPA has continually reviewed and updated the program requirements. The changes proposed in the following pages are intended to:

- Enhance program credibility by reflecting changes in the green power market;
- Support best practices in green power procurement;
- Strengthen program integrity and stakeholder relationships by making changes that are easy to communicate, understand and implement; and,
- Increase program cost-effectiveness by simplifying program administration.

We invite comments on these changes. Please address your comments by January 15, 2009 to both:

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PROPOSED CHANGES TO GREEN POWER PARTNERSHIP REQUIREMENTS

The proposed changes to the program requirements include minimum purchase levels and the Green Power Leadership Club, the requirement for “new” renewables, accounting for “Future RECs,” the scope of purchases for organizations with franchises and for rented space, and the treatment of required purchases.

Minimum Purchase Levels and Green Power Leadership Club

Partnership data show that most Partners are exceeding the minimum purchase requirements for in each electricity usage category[1]. The minimum purchase percentage for each Partner size category will be increased to reflect these market realities (see Table 1). Partners can still initially purchase green power for a subset of their facilities, and add other facilities later. We recognize that many Partners first join the Partnership at the minimum level and later increase their purchase above the minimum, and we expect this will continue.

Under the proposed changes, minimum purchase requirements will increase for all four annual electricity usage categories.

The Green Power Leadership Club (GPLC) automatically provides greater recognition to those Partners who make significant purchases relative to their electricity use. The purchase levels for automatic membership in the GPLC will increase along with the minimum purchase levels.

Table 1.

Annual Electricity Usage	Current Minimum	Current GPLC	Proposed Minimum	Proposed GPLC
> 100,000 MWh	2%	20%	3%	30%
10,000-100,000 MWh	3%	30%	5%	50%
1,000 - 10,000 MWh	6%	60%	10%	75%
< 1,000 MWh	10%	NA	20%	NA

[1] As of 11/20/2008, more than 95% of Partners were exceeding their minimum purchase requirements, and nearly 85% were purchasing more than double than minimum requirements.

Requirement for "New Renewables"

"New renewables" are defined as green power produced by a generating facility that commenced commercial operation on or after January 1, 1997 or by an on-site system that commenced operation on or after the same date. "Existing" renewables commenced operation before January 1, 1997. Currently, Partners must purchase 100% of their minimum purchase requirement from new renewables. Any purchase of "new" or "existing" renewable energy above the minimum amount is also recognized by the program. The proposed requirement will change the definition of eligible green power to include only green power generated by facilities or systems that commenced commercial operation on or after January 1, 1997. Under the proposed requirements, the Partnership will not recognize a Partner's purchase of existing renewable energy.

The Partnership is designed to increase the development of new renewable energy generating facilities in the United States. Directing Partners' full purchases to new facilities will help ensure that Partners' purchases result in maximum marginal environmental value and greenhouse gas emissions reductions. Most Partners already comply with the proposed requirement[2].

In the future, EPA may consider updating the date that defines a new renewable generating facility.

Current "New" Requirement	Proposed "New" Requirement
100% of minimum purchase	**100% of green power purchase**

Accounting for Future RECs

Future RECs are products that allow a Partner to purchase in one year a multi-year stream of RECs, usually from a facility that is not yet constructed. Currently, the Partnership allows a Partner purchasing future RECs to count the entire stream of future RECs towards the Partner's current year purchase. Under the proposed requirement, Partners could still purchase future RECs, but would count only the renewable facility's current year's output towards meeting their annual purchase commitments. That is, future RECs would not qualify for the Partnership until they become currently-generated RECs.

This change will treat future RECs and annual RECs consistently by only counting RECs that meet the Green Power Vintage Requirement: For a Partners' yearly purchase, EPA requires that Partners buy green power products generated within that vintage year, up to six months prior to that vintage year or up to three months after the vintage year. It will also ensure that the Partnership and Climate Leaders, its EPA sister program, are similar in their accounting treatment of emission reductions from future RECs. Finally, annual verification and reporting for future RECs is simplified by not requiring true-ups of projected and actual RECs generated.

Current Future REC Accounting	Proposed Future REC Accounting
Count future RECs in the year they are purchased, not in the year they are generated.	Count future RECs in the year they are generated, not in the year they are purchased.

[2] As of 11/20/2008, 91% of the Partnership's total green power is from "new" renewable generating facilities.

Scope of Purchase and Green Power Claims

A Partner's purchase scope, and the associated claims that the Partner may make, does not currently distinguish between Partner-owned facilities and non-owned franchised facilities that carry the same brand name.[3] Franchised facilities not owned by a Partner may still be branded with the Partner's name. As a result, a Partner's claim of purchasing 100% green power may give the impression that similarly branded but independently operated facilities are also purchasing green power. To remedy this ambiguity, the Partnership proposes that Partners with branded franchise facilities clearly state in any public disclosure whether or not the purchase scope includes such branded facilities.

Partners may continue to claim to be purchasing "organization-wide" (U.S. facilities only), meaning facilities owned and operated by the Partner—but excluding franchise facilities—or including co-branded or facilities operating under franchise agreements. Either way, the Partner may claim 100% green power, but the chosen organizational categorization must be clearly stated in any public disclosure. Partners purchasing organization-wide (under either scope) are eligible for the Green Power Leadership Club.

Partners will also continue to have the option of joining the Partnership with a single facility, or any logical aggregation of facilities less than organization-wide. This flexibility provides organizations the opportunity to refine their green power procurement strategies as they expand their commitment over time.

With respect to rented or leased space, only the party purchasing the green power may make environmental claims.[4] This will avoid both the lessor and the lessee making claims on the same green power. However, both renter and owner may buy green power for a single facility in order to make the same green claims about that facility. The Partnership already provides guidance to organizations that have no control over electricity use or access to billing data (e.g., for leased space). Partners can estimate total electricity use based on square footage. Partners with leased space will multiply the total square footage leased by the national average for U.S. commercial buildings of all types of spaces, or .0149 MWh/sf/year (14.9 kWh/sf/year).

Current Scope of Purchase and Green Power Claims	**Proposed Scope of Purchase and Green Power Claims**
Franchised or co-branded facilities not addressed (public disclosure not required).	Public disclosure of purchase scope required if franchised or co-branded facilities exist.
Claims for leased space not addressed.	Only the party purchasing the green power may make environmental claims.

Window for Making an Initial Green Power Purchase

Currently, organizations have one full year from the date they join the Partnership to make an initial qualifying green power purchase. The Partnership proposes to shorten that window to six months. This will impact only new incoming Partners.

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[3] A franchise agreement constitutes any agreement in which one organization's products, brand name, business model, facility, operational structure, or other goods and services are granted to another organization.

[4] A lessor that buys green power for its facility could conceivably cede the rights to claim the purchase to the lessee as part of its lease agreement, but this situation should be discussed with Partnership staff.

Effective Dates

These changes are proposed to take effect for all new incoming Partners on February 13, 2009. Organizations joining the GPP on or after this date will do so under the requirements outlined above.

Current Partners will need to meet the revised requirements no later than their next regular required annual update on or after February 13, 2009. GPP account managers can provide Partners with specific schedule information.

Please address any comments on these proposed revisions by January 15, 2009 to both:

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