

October 23, 2013

Re: Comments from the Renewable Energy Markets Association (REMA) regarding Proposed Amendments to the California Cap-and-Trade Regulation

Dear Members of the Board:

The Renewable Energy Markets Association (REMA) appreciates the opportunity to again provide comments on the California Air Resources Board's (ARB) proposed amendments for the Cap and Trade program. REMA represents the collective interests of both for-profit and nonprofit organizations that sell or promote renewable energy products through voluntary markets, including renewable technology, renewable electricity, and renewable energy certificates (RECs), to individuals, companies and institutions throughout North America.

REMA's comments specifically address Sec. 95852(b)(3)(D) of the September 2013 regulatory draft and its potential implications of double counting RECs. As ARB is aware, once RECs are double counted, they are meaningless for compliance with federal mandates, corporate sustainability goals, or for sale to willing buyers (of which there are many). Revising the Sec. 95852(b)(3)(D) to prevent double counting necessitates that ARB consider the following three pillars:

- i. ARB should not allow null power imports to claim a specified emissions rate of zero emissions. The REC must travel with the specified electricity when imported. To allow otherwise is to allow double counting of environmental attributes.
- ii. If the electricity importer is an RPS-obligated load serving entity (LSE), then REC retirement must be demonstrated.
- iii. If the electricity importer is not an RPS-obligated LSE, then reporting of the REC is satisfactory so long as a subsequent party in the contract chain does not sell the REC to an out-of-state RPS or sell the power out-of-state as zero emissions. This would require, essentially, that the benefit stays within the state of California.

Concerns over double counting could be additionally alleviated by ARB's adoption of Sec. 95825(b)(4)(b) as proposed. REC retirements for RPS verification would allow the California Energy Commission (CEC) to prove that electricity claimed for the RPS adjustment was indeed used for the RPS. Moving from REC retirement to "reporting" could instigate delays in reporting between ARB and the CEC, thus unnecessarily complicating the process and risking environmental claims.

On these issues, REMA supports the comments of the Center for Resource Solutions (CRS), as its guidance on double counting represents broadly accepted practices for the voluntary market; its recommendations and analyses are the norm and are reflected in federal programs, regional energy registries, and building performance standards.

We encourage the ARB staff to consider the recommendations above and incorporate them into the state's strategies to promote GHG reductions, increase renewable energy, and avoid double counting. Doing so will ensure that out-of-state RECs are properly reported to prevent double counting and healthy compliance and voluntary REC markets (in and outside California) are maintained. REMA would like to thank the ARB again for allowing us to play a substantive role in its rulemaking process and hope to work closely together as this issue further develops.

For additional questions or clarification on REMA's recommendations, please contact Joseph Seymour, REMA Policy and Governmental Affairs Coordinator, at jseymour@ttcorp.com.

Sincerely,



Josh Lieberman
REMA General Manager
202-457-0868, x322
jlieberman@tcorp.com