

CHAPTER 7: WHAT IS THE PROCESS FOR RETIRING ALLOWANCES FROM THE VOLUNTARY RENEWABLE ELECTRICITY RESERVE ACCOUNT?

(Guidance for Regulation Sections 95831(b)(6) and 95841.1)

Under the Cap-and-Trade Program (Program), voluntary purchases of renewable electricity only reduce GHG emissions if tied to retirement of allowances budgeted for the program. Sections 95831(b)(6) and 95841.1 of the Cap-and-Trade Regulation (Regulation) set aside a percentage of allowances that are eligible to be retired for voluntary renewable electricity. These provisions help support increased voluntary investment in renewable resources. *Voluntary renewable electricity* (VRE) refers to renewable electricity purchases that are not mandated by the Renewables Portfolio Standard (RPS). Technologies eligible for VRE are subject to the same eligibility requirements as RPS.

Retirement allows voluntary purchasers of renewable electricity to credibly claim a reduction in GHG emissions. Without retirement, these compliance instruments would be used by other entities with compliance obligations resulting in no GHG emission reductions from the use of voluntary renewable electricity.

7.1. How Many Allowances Were Set Aside for Voluntary Renewables?

Sections 95841 and 95870(c) set aside approximately seven million allowances in a reserve account called the *Voluntary Renewable Electricity Reserve Account*. The annual allocation of allowances is in Table 7.1 below. Each year, allowances will be retired on a first-come first-served basis until the annual allocation has been exhausted.

Year	Percent of Allowances	Number of Allowances
2013	0.5	814,000
2014	0.5	798,500
2015	0.25	986,250
2016	0.25	956,000
2017	0.25	926,000
2018	0.25	895,750
2019	0.25	865,750
2020	0.25	835,500

7.2. What Eligibility Criteria Does Voluntary Renewable Electricity Generation Need to Meet in Order to Qualify for the Retirement of Allowances?

Section 95841.1 identifies three general requirements electricity generation needs to meet to be part of the VRE program:

- The generator must be new and not have served load prior to July 1, 2005.
- The generator must meet California Energy Commission eligibility requirements.
- Voluntary renewable electricity must be directly delivered to California.

7.3. How Do I Request Allowance Retirement for Eligible Voluntary Renewable Generation?

To meet the requirements of section 95841.1(b), a VRE participant must submit a formal written request for ARB to retire allowances. One application for multiple systems with nameplate capacities of 200 kilowatts (kW) or less may be submitted as one aggregated request. A request for allowance retirement must be submitted along with information noted in Section 7.3.1 below. Applicants can either submit information online and upload required documents, or may download the forms and submit with required documentation by mail to ARB. See example 7.1.

The regulation requires that a request for the retirement of VRE allowances due to generation in a given year be submitted by July 1 of the following year.

7.3.1. What Information Does the Request Need to Include?

Requests must include the following information delivered by certified mail:

- Either the generator's RPS certification identification number, as determined by the California Energy Commission, or proof (e.g., an approved incentive claim) that each system has met design and installation standards pursuant to the California Energy Commission's *Guidelines for California's Solar Electric Incentive Programs, Third Edition*, June 2010;
- Number of megawatt-hours of renewable electricity generated and/or the number of Renewable Energy Certificates (RECs) produced by the eligible generator for the year;
- REC retirement report (if applicable);
- Contract, settlement data, or invoices to display purchase from eligible generator and sale to applicant or end-user; and
- Signed attestations.

Example 7.1

A high school installs a 200 kW photovoltaic renewable electricity generating system on their school building. The system was installed in 2012 following the standards in the California Energy Commission's Guidelines for *California's Solar Electric Incentive Programs, third edition, June 2010*. The system is not used by the local utility to meet its' Renewable Portfolio Standard requirement. Before July 1, 2014, the high school submits an application to the Air Resources Board requesting retirement of VRE allowances for electricity generated by their photovoltaic system during 2013. In the application, the school provides a copy of their incentive claim—proving they followed the CEC guidelines for design and installation standards. The school district also includes the number of megawatt-hours (MWh) (or RECs) generated in 2013 and required attestations signed by an authorized employee, such as the Business Services Officer. If RECs were generated for the system, the district will include the REC retirement report. The application is submitted to ARB using certified mail.

7.3 .2. Do I Need to Calculate the GHG Emissions from Voluntary Renewable Electricity Generation?

No, ARB will perform this calculation so the VRE program participant is not required to calculate the avoided emissions. If applicants wish to calculate the avoided emissions for their own reference, section 95841.1(c) contains the equation for converting the megawatt-hours from VRE generation to metric tons of emissions. The referenced default emissions factor (EF) is 0.428 metric tons of carbon dioxide equivalent (MTCO₂e)/MWh. VRE program participants only need to report their qualified VRE generation according to section 95841.1(b). ARB staff will verify the eligibility and compute the metric tons of allowances that will be retired.

7.4. Is ARB Going to Track Allowances Set-Aside for Voluntary Renewables?

ARB will host a Voluntary Renewable Electricity Program web page that will be periodically updated. It will display approved eligible megawatt-hours and total allowances retired. The public will be able to view the remaining number of

allowances available for future retirement. Program participant's identification can be included if desired.

7.5. Address and Contact Information for Submitting Claims

ARB staff contact and information for submitting claims or questions with the VRE program is located on the Program website:

<http://www.arb.ca.gov/cc/capandtrade/renewable/renewable.htm>

This website will be periodically updated.