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 electricity to reduce the risk of global climate change and the environmental impacts associated with conventional electricity use. The Green Power Partnership provides a framework that includes credible usage benchmarks, market information, technical assistance, and public recognition to organizations that use green power.

Commercial, nonprofit, and public organizations can become Partners by using an amount of green power that is proportional to their annual baseline electricity use. In partnership, EPA provides access to a collaborative network to Partners, technical information, and public recognition for meeting EPA's minimum green power usage requirements.

EPA recognizes organizations that switch to green power as environmental leaders who establish green power use as a sustainable business practice. Launched in 2001, the Green Power Partnership now has more than 1,400 Partners.

The Partnership's primary objectives are to:

- Expand awareness of renewable energy by providing objective information and public recognition for those making it their choice to use green power supply;
- Increase demand for green power as a means to drive the development of new renewable 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 an organization's greenhouse gas emissions (Scope 2) footprint associated with conventional electricity use.

A Partner's commitment may be met through several different supply options ranging from unbundled renewable energy certificates, utility delivered supply or through direct project engagement with either onsite or offsite eligible projects. 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 Partnership's program requirements. The clarifications and proposed updates in the following pages are intended to:

- Enhance program credibility by reflecting continual changes in the green power market;
- Support best practices and leadership in green power use;
- Strengthen program integrity and stakeholder relationships by making changes that are easy to communicate, understand and implement;

- Increase program cost-effectiveness by simplifying program administration; and,
- Enhance value to Partners that meet the program's minimum usage requirements.

EPA is seeking comments on these proposed changes. Please submit comments by Friday, November 18, 2016 to both:

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Anthony Amato, EPA contractor, Anthony.Amato@erg.com

PROPOSED CHANGES TO GREEN POWER PARTNERSHIP REQUIREMENTS

The proposed changes or clarifications to the program requirements include the following topics:

1. Green Power Leadership Club (GPLC)

The GPP introduced the Green Power Leadership Club (GPLC) as a means to provide greater recognition to Partners with organization-wide commitments who demonstrate leadership by using green power beyond the GPP's minimum green power usage requirements relative to their baseline purchased electricity use (See Table 4). The level of procurement required for GPLC recognition is currently 10 times the minimum green power usage requirements for partnership in the GPP.

Table 4: *Current Minimum Green Power Leadership Club Usage Requirements*

If a Partner's annual baseline electricity use in kilowatt-hours is:	Minimum GPLC Green Power usage requirement:
≥ 100,000,001 kWh	30% of your use
10,000,001-100,000,000 kWh	50% of your use
1,000,001 - 10,000,000 kWh	100% of your use
≤ 1,000,000 kWh	Not Eligible

Today, nearly half of all eligible Partners in the GPP qualify for the GPLC, making the GPLC's higher designation of green power procurement less of a distinction of leadership among partners in the program. Partners that meet the minimum GPLC requirements currently average more than twice the minimum GPLC requirements. Many GPLC Partners also receive additional recognition through the GPP's 100% Purchaser List. After December 31, 2016 Partners will no longer be recognized under the GPLC.

The GPP proposes to sunset the GPLC recognition framework. The GPP is seeking comment on this proposed change.

2. "New" renewables requirement

An objective of the Green Power Partnership is to increase demand for renewable electricity to help drive the development of new renewable energy generating facilities in the United States. Requiring that Partners use green power generated from recently built facilities helps ensure that the voluntary green power market stays on the leading edge of market growth and demand.

Currently, "New" renewables are defined as green power produced by a generating facility that commenced commercial operation within the last 15 years (e.g., on or after January 1 of the calendar year 15 years prior). The GPP currently requires that 100% of a Partner's green power use must meet this "New" renewables requirement.

The GPP is proposing two separate changes to the existing "New" renewables requirement:

- **The first proposed change is to reduce the eligible period under the "New" Renewables requirement from 15-years to 10-years.** This proposed change would match the current requirements that govern Federal Agencies under Executive Order 13693[1].

- **The second proposed change is to recognize eligible generation stemming from long-term direct project engagement supply contracts whose contract term extends beyond the maximum "New" renewables eligibility period (e.g., 15- or 10-years). All long-term contracts must be between the original parties to the contract and have been executed before or during project construction or within 6 months of commercial operation. Original owners of eligible self-generation from onsite and offsite projects would also qualify. Only supply contracts or self-generation put in place after January 1, 1997 are eligible.**

The GPP believes that implementing a more stringent "New" Renewables eligibility period of 10 years will help send a stronger demand signal to the market. Under past updates, when GPP adopted the requirement that the entirety of a Partner's purchase must come from eligible "New" renewables (e.g., at 15 years), there was little adverse impact seen on the market. If implemented, it is expected that all newly reported supply contracts would be required to comply with the new 10-year date. Supply contracts previously reported to the GPP would be recognized through the end of their reported contract termination date.

The GPP is seeking comment on both proposed changes to the "new" renewables requirement. In particular, the GPP is seeking comment on how reducing the new renewables eligibility from 15-years to 10-years would impact supply contracts from both a consumer and supplier perspective. EPA is seeking comment on whether a phase in period is needed to accommodate this proposed requirements change. Also, EPA is seeking comment on how long-term contracts that are with existing facilities should be handled, and if those facilities are sold or conveyed to a new owner.

[1] Executive Order 13693; https://www.fedcenter.gov/programs/eo13693/

3. Eligible generation dates (currently referred to as "Vintage") requirement

The GPP currently defines eligible green power generation by its vintage (e.g., date of generation). These vintage requirements define the eligible generation periods of REC-based green power. It is common industry practice to align REC-based green power generation with one's operational use of electricity. Currently, this alignment includes both a 6-month period prior to and a 3-month period following a 12-month period (e.g., total 21 months) whereby sourced green power can be applied to the core 12-month period. To date, what constitutes a "reporting year" or "yearly use" has often been confusing for market stakeholders based on different interpretations of the 12-month period. The following represents the current "Green Power Vintage Requirement" for eligible generation:

> *The green power (kilowatt-hours) produced by renewable generators is identified by the "vintage" year in which electricity is generated (i.e. electrons delivered to the utility grid).*
>
> *For example, the RECs associated with the renewable generation of electricity by a wind facility during the 2007 calendar year are considered to be 2007 vintage RECs.*
>
> *For Partners' yearly use, EPA requires that Partners use 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.*
>
> *For example, a Partner purchasing green power for eligibility in the Green Power Partnership in 2012 may select qualifying green power generated at any point between July 2011 (six months prior to the current calendar year) through calendar year 2012 and up through March 2013 (three months after the vintage year).*

The GPP has received feedback from Partners that the current "Green Power Vintage Requirement" for eligible generation is unclear and may create challenges for buyers of green power in several ways depending on its interpretation. For example, many Partners were unclear if "yearly use" was referring to calendar-year electricity use, or any 12-month reporting period. Many organizations that buy green power do so on different temporal timeframes, or reporting years, that may span a calendar year, a fiscal year, or any other 12-month reporting year that aligns with the organization's budgeting, operating or procurement cycles. These different temporal applications can result in challenges for organizations in matching eligible green power supply on a vintage basis against the organization's 12-month reporting timeframe.

The GPP proposes the following changes to the current Vintage requirement section of the program requirements:

> ***Eligible Generation Dates***
>
> *Green power procured for a 12-month reporting year must be either generated during that reporting year, generated during the three (3) months immediately preceding the reporting year, or the three (3) months immediately following the reporting year. This equates to an 18-month eligibility period for which a Partner's renewable energy certificate-based green power*

can be generated. Partners may, at their own discretion, determine their base 12-month reporting period (See Table 5). The following examples show generation eligibility date ranges for different reporting year options:

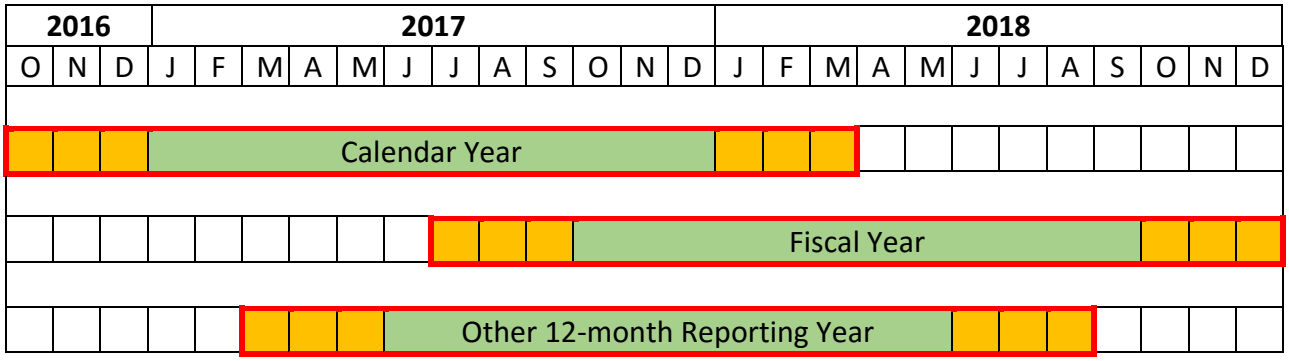
Calendar Year Example
For a Partner purchasing REC-based green power to cover the calendar year of 2017, eligible REC-based green power must be generated between 10/1/2016 and 3/31/2018.

Fiscal Year Example
For a Partner purchasing REC-based green power to cover a fiscal year starting on 10/1/2017 – 9/30/2018, eligible REC-based green power must be generated between 7/1/2017 and 12/31/2018.

Other 12-month Reporting Year Example
For a Partner purchasing REC-based green power to cover a 12-month reporting year that ranges from 6/1/2017 – 5/31/2018, eligible REC-based green power must be generated between 3/1/2017 and 8/31/2018.

The GPP requires that Partners procure their REC-based green power within 6 months of the end of their chosen 12-month reporting period.

***Table 5:** Illustrative Examples of Eligible Generation Periods With Respect to Different Reporting Years*



If adopted, it is expected that this proposed requirement would be instituted immediately for all new supply contracts reported to the GPP. Previously reported or existing contracts that are based on a previous 21-month eligibility term would be eligible through the end of the reported contract term.

The GPP is seeking comment on the proposed language as written. This includes a shortening of the range of eligible generation dates, from a 21-month period to an 18-month period, for which generation can be applied to the Partner's chosen reporting period. The GPP is also seeking comment on the clarifying examples for what constitutes a reporting period. The GPP is seeking feedback on any challenges this proposal may present from a supply or Partner perspective.

4. Arizona Renewable Energy Standard and Tariff (REST) requirement

On December 31, 2014, the Arizona Corporation Commission (ACC) released Decision No. 74882, which provides a resolution to the reporting challenge that public service corporations serving retail electric load in Arizona ("affected utilities," excluding any Utility Distribution Company with more than half of its customers located outside of Arizona) faced in meeting the distributed generation (DG) portion of the state's Renewable Energy Standard and Tariff (REST). With this decision, the ACC adopted language that specifically allows Commissioners to consider null power when determining REST compliance.

Selected language from Decision No. 74882 that affects EPA Green Power Partners follows:

> "Amend [section] § 1812(B)(l) to expand the specific information to be reported annually by a utility to include kWhs of energy produced within its service territory for which the affected utility does not own the associated RECs, which must be differentiated from the kWhs of energy for which the affected utility does own the RECs; and"
>
> "Amend [section] § 1812(C) to allow the Commission to 'consider all available information' to determine whether an affected utility's compliance report satisfies the REST rules."

This ACC decision applies to compliance reports filed in 2015 and thereafter, and includes generation that occurred in 2014. The ACC rule requires an Affected Utility to report all kWh of energy produced within the Affected Utility's service territory. This decision gives the ACC discretion over whether to consider null power generated in the geographic footprint of Affected Utilities when evaluating the compliance status of the utility—which could effectively count RECs generated within the Affected Utility footprint, but not owned by the utility.

The GPP proposes to add the following new requirement to address the double counting and regulatory surplus issue that this situation presents:

Arizona Renewable Energy Standard and Tariff (REST) requirement

On December 31, 2014, the Arizona Corporation Commission (ACC) released Decision No. 74882, which provides a resolution to the reporting challenge that public service corporations serving retail electric load in Arizona ("affected utilities," excluding any Utility Distribution Company with more than half of its customers located outside of Arizona) faced in meeting the distributed generation (DG) portion of the state's Renewable Energy Standard and Tariff (REST). With this decision, the ACC adopted language that specifically allows Commissioners to consider null power when determining REST compliance.

This ACC decision applies to compliance reports filed in 2015 and thereafter, and includes generation that occurred in 2014. The ACC rule requires an affected utility to report all kWh of energy produced within the Affected Utility's service territory. This decision gives the ACC discretion over whether to consider null power generated in the geographic footprint of affected utilities when evaluating the compliance status of the utility—which could effectively count RECs generated within the affected utility footprint, but not owned by the utility.

- *EPA Green Power Partners that either self-generate or have green power contracts with resource eligible projects that originate within the footprints of electricity providers subject to the Arizona Renewable Energy Standard and Tariff (REST) shall be required to attest that all green power generation reported to EPA's Green Power Partnership has not been reported by Affected Utilities to the state's REST. Generally, third-party certified green power procurements will not require additional disclosure beyond the certification itself to meet this requirement. However, RECs or renewable electricity that is not third-party certified and that originate from projects in the aforementioned footprints may require additional disclosure.*
- *Generation stemming from any project that is reported to the state's REST will be determined to be not incremental to regulation and not meet regulatory surplus requirements already required by EPA's Green Power Partnership.*

Partners will need to do the following in order to identify and demonstrate that reported green power generation from projects originating within Affected Utility footprints is, in fact, eligible for meeting EPA's Green Power Partnership requirements:

1. *Green Power Partners shall obtain a copy of the relevant affected utility's REST Report, and*
2. *Using this REST report or through a separate ACC statement, the Partner shall demonstrate and attest that the project or its generation was not used for REST compliance when reporting to the GPP.*

It is expected that this proposed change would be implemented immediately and apply to all existing and future supply that originates from Arizona based projects.

The GPP is seeking comment on the proposed requirement placed on all generation originating from Arizona-based projects. In particular, the EPA is seeking comment from Partners with onsite or offsite self-generation in the state of Arizona.

5. Eligible scope of green power use requirement

One objective of the GPP is to increase US renewable energy supply by encouraging organizations to create demand for US-generated green power. Historically, the GPP has recognized eligible generation from US-based renewable energy projects that is applied to a Partners' electricity use within their US-based operations. The GPP recognizes that approximately 130 Partners are currently buying green power in excess of their baseline electricity use, perhaps for purposes beyond addressing their Scope 2 indirect emissions. In an effort to lend transparency towards these additional uses, the GPP is seeking to recognize certain types of green power procurement beyond the Partnership's current requirements.

There are several reasons why an organization may buy more green power than its baseline purchased electricity use or be buying green power for applications beyond addressing indirect Scope 2 emissions associated with conventional electricity use. Examples of green power usage above an organization's reported electricity baseline use could be due to the realization of operational energy use efficiencies, changes in product manufacturing or service delivery intensity or through divestiture of operational assets during a Partner's current term of green power contract. In addition, some organizations may be buying additional green power to address some forms of Scope 3 emissions sources, such as those related to T&D electricity losses.

The GPP proposes further clarification in its program requirements documentation on eligible reportable green power procurements by adding a new section titled "Eligible Scope of Green Power Use." The GPP proposes the following new section language:

> ***Section X: Eligible Scope of Green Power Use***
>
> *The GPP shall only count eligible renewable electricity (e.g., green power) reported to the Green Power Partnership from US-based generators that generate green power to address a Partner's baseline purchased grid electricity use within its US scope of operations (See section III).*
>
> *Partners may at their option report separately some additional forms of US-sourced green power procurement beyond that which is applied against the baseline electricity use (e.g. Scope 2 emissions associated with electricity use) within the Partner's US scope of operations and which meets any of the following conditions:*
>
> - *Temporary green power procurement in excess of the Partner's total US baseline electricity use resulting from energy use efficiency activities or divestiture of assets*
> - *Green power procurement used to address applicable Scope 3 emissions (i.e., T&D losses and other acceptable applications defined by GHG inventory standards and guidance)*
> - *Other eligible green power procurements in excess of the Partner's operational baseline electricity use on a case-by-case basis*
>
> *Partners are required for all optional reporting instances to provide a written explanation on the reason for the additional procurement to be included in their Partner Profile. The GPP reserves*

the option to not count green power procurements that do not meet industry best practice, GHG inventory standards or lack sufficient transparency of their intended purpose.

It is expected that these clarifications and new reporting requirements would be implemented immediately. Partners would have up to one annual reporting cycle in which to meet the proposed requirement.

The GPP is seeking comment on the proposed clarifying language as it applies to the GPP only recognizing green power use that originates from US-based projects and green power that is applied to US-based facilities/load. The GPP is also seeking comment on the added reporting requirement for reported purchased green power that exceeds the Partner's baseline electricity use (e.g., reporting of more than 100% green power).

6. **Leased space energy use estimation requirement**

The GPP proposes to update the average commercial building energy use factor with the newly released 2012 EIA figures.

EIA has updated the average consumption of US commercial buildings on a per square foot per year basis in February 2016.[2] New partners will be required to use the new factor immediately. Current partners will have up to one year to make adjustments to their level of green power use, which reflects the new energy use factor.

The GPP is accepting comment on this change.

[2] http://www.eia.gov/consumption/commercial/data/2012/index.cfm?view=consumption

7. Hydropower definition

The GPP currently defines eligible hydropower under Appendix A of the GPP Program Requirements document. In addition, any new incremental capacity or repowering of existing capacity is required to also meet the requirements for "new" renewables as described under Section XIII. The following represents the existing Appendix A definition for eligible hydropower:

4. *Hydropower from new generation capacity on a non-impoundment or new generation capacity on an existing impoundment that meets one or more of the following conditions*

    a. Hydropower facilities certified by the Low Impact Hydropower Institute
    b. Run-of-the-river hydropower facilities equal to or less than 5 megawatts nameplate capacity
    c. Hydropower facilities that consist of a turbine in a pipeline or a turbine in an irrigation canal

The GPP will consider new incremental capacity on an existing dam on a case-by-case basis, where the "new" output is equal to or less than 5 megawatts.

The GPP will review and consider ocean-based or tidal generation resources as warranted by technological, implementation and market developments.

The GPP will review and consider ocean-based or tidal generation resources as warranted by technological, implementation and market developments on a case-by-case basis.

The GPP proposes to update the existing definition of eligible hydropower to the following:

Hydropower is eligible if it meets one or more of the following conditions:*

- *Hydropower facilities certified by the Low Impact Hydropower Institute*
- *New incremental capacity** on a non-impoundment or "new" generation capacity on an existing impoundment that is a run-of-the-river hydropower facility*
- *Hydropower facilities that consist of a turbine in a pipeline or a turbine in an irrigation canal*

Hydropower is not eligible if it comes from a new water impoundment.

** All eligible hydropower must still meet other Green Power Partnership eligibility requirements outlined in this document.*
***All "new" output resulting from eligible new incremental capacity must meet the repowering requirements for hydropower outlined under Section XIII "New" Renewables Usage Requirements. New incremental capacity shall be evaluated on a case-by-case basis.*

The GPP also proposes the following amendment to the Section XIII "New" Renewables Usage Requirements under the repowering eligibility definitions:

> *1a. Eligible hydropower facility improvements that increase electrical energy output due to efficiency improvements may include:*
>
> - *Rewinding or replacing the existing turbine generator*
> - *Replacing turbines*
> - *New turbine additions to existing impoundments*
>
> *Improvements may not as a consequence increase the water storage capacity or the head of an existing water impoundment, or otherwise change the run of the river flow of the resource.*
>
> *Qualifying "new" incremental hydropower output will be credited using the following quantification and accounting criteria. The incremental generating capacity (in nameplate MW) is divided by the total uprated generating capacity (in nameplate MW) and then multiplied by generation output (in MWh) from the uprated generator. For example, if a hydroelectric power plant expands generating nameplate capacity from 100 MW to 125 MW and generation output increased to 1,000 MWh, then 200 MWh ((25 MW/125 MW) * 1,000 MWh) would be eligible towards reporting to EPA's Green Power Partnership, regardless of the overall level of generation of the project during the period. Note that the overall generation from the uprated hydroelectric power plant may be higher or lower than generation levels that occurred at the plant prior to the capacity uprate.*
>
> *To verify the "New" incremental output, the GPP reserves the right to request that Partners present an independent third-party report demonstrating that the increased annual output of electrical energy is a result of the "new" incremental improvements.*
>
> *Improvements that increase electrical energy output due to routine maintenance (i.e., output would be increased compared to original design) do not count.*
>
> *The GPP will review on a case-by-case basis ocean-based or tidal generation resources as warranted by technological, implementation and market developments.*

The GPP is proposing to update its eligibility definition for low-impact hydropower to better align with current market definitions. The GPP has recognized that several other market definitions have been updated to better reflect that size is a poor measure or proxy for environmental performance. EPA is also seeking to better clarify the types of improvements that would qualify as eligible for increasing a source's electrical output. It is expected that the proposed hydropower definition would go into effect immediately and partners would have one annual reporting cycle under the GPP to meet the new requirements.

The GPP is seeking comment on the proposed changes to the hydropower eligibility definition. The GPP is seeking comment on the impact this proposal may have on existing supply contracts. The GPP

is seeking comment on the proposed range of eligible hydropower facility improvements. The GPP is seeking comment on the proposed methodology for calculating eligible incremental generation stemming from "new" incremental hydropower capacity.