

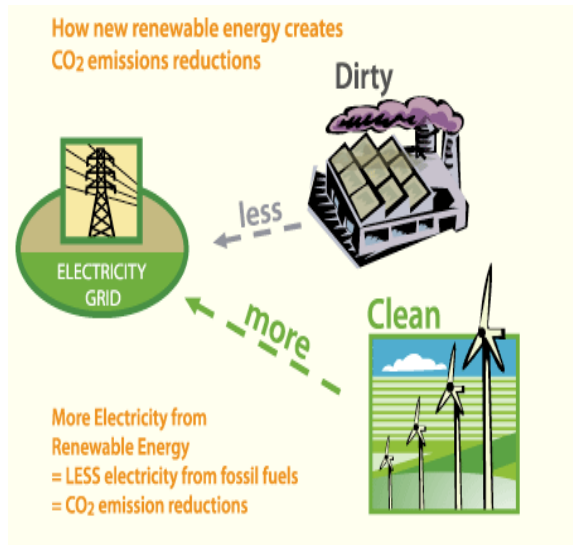
Renewable Energy Certificates

FAQ



What are Renewable Energy Certificates (RECs)?

A Renewable Energy Certificate (REC), also known as Green tags, Renewable Energy Credits, Renewable Electricity Certificates, or Tradable Renewable Certificates (TRCs), is a tradable environmental asset that represents the environmental attributes of one megawatt hour (MWh) of renewable electricity. RECs are sold separately from the actual power generated to consumers who want to essentially "green" their existing power source. This arrangement provides the renewable energy generator an additional revenue stream while allowing the REC purchaser to keep their existing utility and make the environmental stewardship claim that a certain percentage of their electricity is generated from renewable resources.



How do RECs achieve LEED Points?

Renewable Energy Certificates may be used to satisfy the Green Power Credit within many LEED Rating Systems (NC, CI, CS, Schools, and EBOM). The Green Power Credit requires the purchase of renewable electricity for a certain percentage of the building's total electricity consumption. The total electricity consumption may be calculated from an energy model, actual consumption, or from a default Commercial Buildings Electricity Consumption Survey (CBECS) rating multiplied by the square footage of the building.

Points can also be achieved by doubling the purchase requirements, achieving Exemplary Performance in the Innovation in Design section and in some regions for Regional Priority Credits.

How much does purchasing Green Power typically cost?

Renewable Energy Certificates are technically a commodity, meaning that they are subject to the same price volatility as any other commodity (oil, gold, etc) based on market factors such as supply, demand, potential and existing government legislation, and vintage dates of the RECs required. Prices depend on

many factors, such as the location of the facility producing the RECs, whether there is a tight supply/demand situation, whether the REC is used for RPS compliance, even the type of power created. Solar renewable energy certificates or SRECs, for example, tend to be much more valuable in mid-atlantic markets. Currently, prices range from \$1.75 - \$5 per MWh. The average price per LEED point for some recent projects is between \$500 and \$1,500.

Will purchasing RECs affect my relationship with my current utility?

Purchasing Renewable Energy Certificates will not alter your relationship between your home, business, municipality, etc. and its existing utility, nor will it affect the quality or reliability of your electrical services. Your current utility will provide the same electricity it would have provided if you had not purchased RECs, but your purchase of RECs allows you to claim that the electricity that you purchase comes from renewable resources.

What are the major markets for RECs?

There are two main markets for renewable energy certificates in the United States - compliance markets and voluntary markets.

Compliance markets are created by a policy that exists in 29 U.S. states, plus the District of Columbia, called Renewable Portfolio Standard. In these states, the electric companies are required to supply a certain percent of their electricity from renewable generators by a specified year. For example, in California the law is 33% renewable by 2020, whereas New York has a 24% requirement by 2013.^[1] Electric utilities in these states demonstrate compliance with their requirements by purchasing RECs; in the California example, the electric companies would need to hold RECs equivalent to 33% of their electricity sales.

Voluntary markets are ones in which customers choose to buy renewable power out of a desire to go green. Most corporate and household purchases of renewable energy are voluntary purchases. Renewable energy generators located in states that do not have a Renewable Portfolio Standard can sell their RECs to voluntary buyers, usually at a cheaper price than compliance market RECs.

REC's can be obtained through AGPOM. You can be confident that your renewable energy purchase has made a real difference because the Renewable Energy Certificates available through AGPOM are Green-e certified. The Center for Resource Solutions is recognized as the leader in environmental asset certification and administers the Green-e program. Green-e audits its participants annually to safeguard the renewable energy market from false claims and fraud.