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## **REC Contracting**

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# Agenda

- What is a REC?
- What information does a REC contain?
- Who buys RECs?
- How are RECs traded?
- Reasons to buy RECs
- Advantages of purchasing RECs
- Why do Federal agencies buy RECs?
- Resources to help Federal agencies buy RECs
- What is FEMP?

# Agenda (cont.)

- What is Western?
- What is RRFA?
- The purchase process.....
- Western's role.....
- FEMP resources
- EPA resources
- Other resources
- Contacts
- Subscriptions

# What is a REC?

- Renewable Energy Certificate/Renewable Energy Credit
- Green Tag/Tradable Renewable Credit
- Certificate representing one megawatt-hour of electricity from a renewable resource
- Environmental benefit of renewable electricity

# What is a REC? (cont.)

- Examples of renewable resources ..... hydro, wind, solar, geothermal
- Measured in single megawatt-hour increments
- Created at the point of electricity generation

# What information does a REC contain?

- Year generated
- Location of generator
- Owner of the generator
- Date generator began operation
- Type of renewable resource

# Who buys RECs?

- Governmental agencies
- Organizations
- Corporations
- Individuals

# How are RECs traded?

- Voluntary trading market for buyers/sellers
- Sold “bundled” or “unbundled”
- Regional tracking systems register RECs
- Can be bought and sold multiple times
- When a claim is made using a REC, it is permanently retired/can't be resold

# Reasons to buy RECs

- Satisfy renewable energy goals
- Support renewable energy economy
- Environmental benefits
- Support development of renewable electricity
- Satisfy state renewable portfolio standard
- Creates jobs in rural areas

# Advantages of purchasing RECs

- Doesn't require transmission or ancillary services arrangements
- No impact to agency's current power supplier
- RECs are verifiable

# Why do Federal agencies buy RECs?

- Satisfy Federal energy use requirements
- Comply with Energy Policy Act of 2005 and executive orders
- Limit use of fossil fuels
- Environmental benefits
- Support national energy security goals
- Support the economy

# Resources to help Federal agencies buy RECs

- Federal Energy Management Program (FEMP)
- Western Area Power Administration (Western)
- Renewable Resources for Federal Agencies program (RRFA)

# What is FEMP?

- Department of Energy
- Helps Federal agencies implement cost-effective energy management and investment practices
- Supports the nation's energy security
- Environmental stewardship

# What is Western?

- Department of Energy
- One of four Federal PMAs
- Sells hydroelectric power in 15 states in central and western U.S.
- Uses its power marketing authority and authority of the Economy Act to assist Federal agencies in buying RECs

# What is RRFA?

- In 2003, Secretary Abraham directed Western to develop a “Green Tags” program to help Federal agencies increase use of renewable energy
- Increases renewable resource options for Federal agencies
- Cost effective process for Federal agencies to buy RECs

# The purchase process.....

- Complete a Statement of Intent (<http://www.wapa.gov/powerm/pmtags.htm>)
- Specify quantity, generation resource, location of resource, maximum price, and time period for purchase
- Develop/execute contract/interagency agreement to purchase RECs

# The purchase process.... (cont.)

- Western issues Request For Proposal to purchase RECs
- Evaluates proposals from suppliers
- Selects a supplier

# The purchase process..... (cont.)

- Develops/executes contract with supplier
- Supplier delivers RECs to Federal agency
- Supplier invoices Federal agency

# Western's role.....

- Manages REC purchase program and provides program support for federal agencies
- Sample documents:
  - Interagency agreement
  - Request For Proposal
  - Supplier contract

# FEMP resources

- Renewable Energy Requirement Guidance for EPACT 2005 and Executive Order 13423  
([http://www1.eere.energy.gov/femp/pdfs/epact05\\_fedrenewenergyguid.pdf](http://www1.eere.energy.gov/femp/pdfs/epact05_fedrenewenergyguid.pdf) )
- FEMP Home Page  
(<http://www1.eere.energy.gov/femp/> )

# EPA resources

- Guide to Purchasing Green Power  
(<http://www.epa.gov/greenpower/buygp/guide.htm>)
- Power Profiler  
(<http://www.epa.gov/greenpower/buygp/powerprofiler.htm>)
- Green Power Locator  
(<http://www.epa.gov/greenpower/pubs/gplocator.htm>)

# Other resources

- RRFA Program brochure  
(<http://www.wapa.gov/powerm/pdf/renewresbro09.pdf> )
- Western's Energy Services ([www.wapa.gov/es](http://www.wapa.gov/es) )
- Public Renewables Partnership  
([www.repartners.org](http://www.repartners.org) )
- EPA's Green Power Partners  
(<http://www.epa.gov/greenpower/> )

# Contacts

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# Subscriptions

- Green Power News  
( [www.wapa.gov/ES/greennews/default.htm](http://www.wapa.gov/ES/greennews/default.htm) )
- Western's Energy Services Bulletin  
( [www.wapa.gov/es/pubs/esb/default.htm](http://www.wapa.gov/es/pubs/esb/default.htm) )



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