



Revisions to Green Power Partnership Program Requirements

February 19, 2009

The U.S. Environmental Protection Agency (EPA) established the Green Power Partnership (the Partnership) as a voluntary program that encourages the use of renewable energy to reduce the risk of global climate change and the environmental impacts associated with conventional electricity use. The Green Power Partnership provides a purchase framework that includes credible purchase benchmarks, market information, technical assistance, and public recognition to organizations that purchase green power.

The Partnership received thirteen separate written comments in response to proposed program revisions issued in December 2008.

EPA believes that the changes described below will:

- Enhance program credibility by reflecting changes in the green power market;
- Support best practices in green power procurement;
- Strengthen program integrity and stakeholder relationships by making changes that are easy to communicate, understand and implement; and,
- Increase program cost-effectiveness by simplifying program administration.

Please contact Blaine Collison, EPA Green Power Partnership, Collison.Blaine@epa.gov , with any questions or comments regarding these changes.

Minimum Purchase Levels and Green Power Leadership Club (GPLC)

EPA will delay implementation of the new minimum purchase levels and associated GPLC levels until January 2011 so that Partners have adequate time to integrate the new targets into their planning and budgeting processes. The following adjustments will take effect on January 1, 2011:

Annual Electricity Usage	Current Minimum	Current GPLC	January 2011 Minimum	January 2011 GPLC
> 100,000 MWh	2%	20%	3%	30%
10,000-100,000 MWh	3%	30%	5%	50%
1,000 - 10,000 MWh	6%	60%	10%	100%
< 1,000 MWh	10%	NA	20%	NA

All Partners will be required to meet the new purchasing levels by January 1, 2011 irrespective of when the Partner joined the program.

Example: Partner A joins at the 2% level in November 2010. Partner A has an electric load of 100,000 MWh and purchases 2,000 MWh of green power to qualify for the Partnership. Partner A will need to increase its purchase to at least 3,000 MWh 3% by January 1, 2011 even though its November 2010 purchase may be for a one- or multi-year period.

The Partnership's year-end Top Partner lists are published in early January. Partners appearing on the lists will need to meet the new program thresholds when their data is submitted in late December. .

Organization-wide Partners that are unable to increase their purchases to meet the new requirements may be able to reduce the scope of their participation in the program and maintain their Partnership eligibility with their existing purchases.

Example: Partner B is an organization-wide Partner with an electric load of 100,000 MWh and a purchase of 2,500 MW. If Partner B cannot increase its green power commitment to the new minimum level of 3,000 MWh, it could become a facility-level Partner with a scope that encompasses a headquarters, an operating division, or a different subset of the larger organization. Partner B's 2,500 MWh purchase would meet the minimum 5% purchase requirement for a total electric load of up to 50,000 MWh.

Requirement for New Renewables

The Partnership's primary objective is to reduce the greenhouse gas intensity of the U.S. power sector by increasing renewable energy supply. Purchases of "existing" or pre-1997 renewables were included in Partnership's initial program design in part due to the relatively small supply of new renewables. As of November 2008, 91% of the Partnership's total green power is from "new" renewable generating facilities. EPA

has increased the new renewables requirement on two prior occasions, and has always indicated its intent to support the development of new renewable generation.

Purchases of existing renewables or onsite use of existing renewables (defined as eligible generators having commenced operation prior to January 1, 1997) will now be phased out of the Partnership under the following approach:

1. All Partners' purchase contracts for existing renewables or onsite use of existing renewables which have been reported to EPA as of the date of this memo will be continue to be recognized by the Partnership for the duration of the contract or up to a period not to extend past January 1, 2012.

Example: Partner C has just entered the second year of a three year purchase agreement that is 20% new renewables and 80% existing renewables. The Partnership will recognize the full purchase amount for the full three-year term of the contract. The Partnership will not recognize existing renewables in any extension of the contract.

2. Current and new Partners may enter into new contracts for existing renewables under the present program requirements through June 30, 2009. However, any existing renewables purchased or generated onsite by current or new Partners under this condition will be recognized by the Partnership for no more than one 12 month period.

Example: Partner D purchases 10,000 MWh of existing renewables per year in a three-year agreement that is executed on March 1, 2009. The Partnership will recognize the 10,000 MWh purchase only until March 1, 2010. The Partnership will not recognize the second and third years' purchase.

EPA seeks to minimize any disruption to sales or contract negotiations that may be already underway. At the same time, EPA does not want to encourage the expansion of existing renewables purchases in the program.

Directing Partners' full purchases to new facilities will help ensure that Partners' purchases continue to stimulate new green power supply.

Future RECs

In order to better align the Partnership with the evolving U.S. and international carbon markets and greenhouse gas emissions accounting frameworks, future RECs will be counted in the year they are actually generated, with the same limited flexibility offered to any other REC product. This means they may be claimed to meet Partnership requirements if they are generated in the current year, in the last six months of the prior year, or the first three months of the following year.

Example: In 2009, Partner E purchases a future REC product from a wind farm that is scheduled to begin operation in 2012. The RECs generated by this wind farm will not be eligible to meet Partnership requirements until operations begin and the projected REC generation is realized.

All Partners presently purchasing future RECs may continue to count future RECs against their current year Partnership commitments for the duration of their existing contracts or until January 1, 2011, whichever comes first. GPP staff will contact those Partners in the coming weeks to capture contract details to ensure accurate recognition of agreements already in place.

No later than January 1, 2011, regardless of existing contracts, all future RECs purchases in the program must be counted only in the year generated, with the same flexibility exceptions around the current year.

From the date of this memo, new purchases of future RECs may be counted only in the year generated, with the flexibility exceptions noted above.

Window for Making an Initial Green Power Purchase

New incoming Partners will have six months rather than the currently-allowed 12 months to make an initial qualifying green power purchase. This change goes into effect immediately.

Scope of Purchase and Green Power Claims

A Partner's purchase scope and the associated claims that the Partner may make do not currently distinguish between Partner-owned facilities and non-owned franchised facilities that carry the same brand name.¹ Franchised facilities not owned by a Partner may still be branded with the Partner's name. As a result, a Partner's claim of purchasing 100% green power may give the impression that similarly branded but independently operated facilities are also purchasing green power. To remedy this ambiguity, the Partnership will require that Partners with branded franchise facilities clearly state in any public disclosure whether or not the purchase scope includes such branded facilities.

Partners may continue to claim to be purchasing "organization-wide" (U.S. facilities only), meaning facilities owned and operated by the Partner—but excluding franchise facilities—or including co-branded or facilities operating under franchise agreements. Either way, the Partner may claim 100% green power, but the chosen organizational categorization must be clearly stated in any public disclosure. Partners purchasing organization-wide (under either scope) are eligible for the Green Power Leadership Club.

With respect to rented or leased space, only the party purchasing the green power may make environmental claims.² This will avoid both the lessor and the lessee making claims on the same green power. However, both renter and owner may buy green power for a single facility in order to make the same green claims about that facility.

¹ A franchise agreement constitutes any agreement in which one organization's products, brand name, business model, facility, operational structure, or other goods and services are granted to another organization.

² A lessor that buys green power for its facility could conceivably cede the rights to claim the purchase to the lessee as part of its lease agreement, but this situation should be discussed with Partnership staff.