PERSPECTIVE

ON THE PROFESSION

Don't Sell or Cede Your Renewable Energy Credits

By Sonia Marcus

What is your institution ultimately trying to achieve, sustainability-wise, with an on-campus renewable energy system?

- Good PR?
- Climate neutrality?
- Renewable energy carve-out in your Climate Action Plan?
- Creating new research opportunities?
- Accelerated deployment in your state/region/country/planet?
- Accelerated deployment for colleges and universities?
- Flexibility regarding future selling/trading/owning options?
- Helping utilities reach their Renewable Portfolio Standard (RPS) targets?
- Generating business for energy developers?
- Inspiring the next generation of leaders?

If any of the answers that resonated for you are in green, then you need to ask yourself some tough questions before you relinquish control of the Renewable Energy Credits (RECs) associated with these systems, either through sale or through a contract in which they will be sold off by a third party or developer. These contracts and financing solutions can offer you a fast track to your next solar installation. But they come at a cost that many institutions have not taken the time to acknowledge.

I'm sure that many of you have received persistent e-mails and letters about "no-cost" renewable energy projects for your campus. You get the renewable energy and reduce your carbon footprint, all with no upfront capital outlay. Sounds like a no-brainer, right?

In most all of these arrangements, however, part of the deal is that the Renewable Energy Certificates or Credits will be owned by the developer, and they may sell them off as they see fit. Okay, but it's free, right? So what's the issue?

Let's talk about on-campus renewable energy systems and their value to our institutions. Why do we love them?

- Because they are a visible manifestation of our commitment to sustainability.
- Because they provide green electricity to our campus and thus decrease our reliance on conventional energy sources.
- Because they help us satisfy the recommendations of our climate action plan.
- Because they inspire our students, staff, faculty, and community members.

Implications: Self-Financed	Implications: Third-Party Financed
You get bragging rights	You cannot take credit for the system in your GHG inventory
You are reducing your carbon footprint	You are not reducing your own institution's carbon footprint
You own the renewable electricity	You have to pay for the electricity that has been stripped of its RECs
You can report the renewable energy as such on your GHG inventory	You do not choose the REC buyer
You have complete control of RECs	You may not quality for LEED EA c 2 (on-site)
You can receive LEED EA c 2 (on-site)	

If you have a solar array on campus that is owned by the university, you can choose not to certify the RECs at all. Or you can certify the RECs and then hold them, sell them potentially, or permanently retire them. It's up to you. And if you do nothing, then the bragging rights still belong to you. The only condition in which the bragging rights don't belong to you anymore is where the RECs are sold off to someone else. If you keep them, that's a clear relationship between the electricity that the campus uses and the renewable energy system that you own. You can report the renewable energy on your greenhouse gas emissions inventory, you can get points under LEED for on-site renewable energy generation. And you can tell everyone who's willing to listen that the renewable electricity being produced by that array is offsetting your use of coal-fired electricity.

RECs in this case are most commonly sold into the compliance market, though schools can arrange to buy them on a long-term purchasing contract like the electricity. Because they can get such a good price for them on the compliance market, however, they are going to be extremely expensive. Note also that by arranging for the power purchase agreement (PPA) to cover all the electricity produced by the system, they can avoid the crummy deal offered in net metering relationships by the local utility.

What are the implications of how the system is financed? See the figure on page 14 to see the implications of self-financing versus third-party financing.

It is my opinion that your institution should not sell or cede the Renewable Energy Certificates that you have earned and worked to create. But if you are going to sell the RECs, then be a sophisticated player in the market and know as much or more than the developers do. Don't pay more than what you would pay for conventional power over the long run. Carbon benefits and SOx and NOx benefits should be treated separately.

Consider a contract in which you will be buying back the RECs or that has a sunset date after which point the RECs accrue to you. Be clear in your language. Developers ultimately do not necessarily share our campus sustainability goals, and they do not always have your best interests in mind.

Sonia Marcus is a sustainability specialist and former director of sustainability at Ohio University. Her new blog is Parlez-Vous Green Campus, and she can be reached at *sonia@parlezvousgreencampus.com*. This is her first article for *Facilities Manager*.

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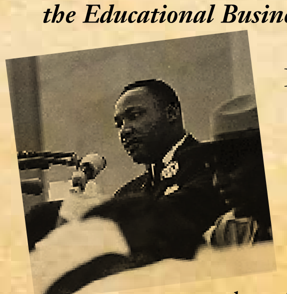
Leading the Challenge of Change:
How Facilities Professionals Can Help Repair the Educational Business Model



Innovation and student expectations -- coupled with economic uncertainties, are placing great stress on the traditional business model for education, resulting in escalating tuition costs, lower funding and reduced services. What corrective measures must be taken to repair the education business model? What will the future hold if measures are not taken? This panel session will engage audience members in the dialogue and discussion on where education is headed; how institutions can remain competitive; and how facilities professionals can help lead for change that will advance their institutions and the education of their students.

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