

Renewable Energy Certificates (RECs)

Enabling Businesses to Meet Renewable Energy Commitments Across North America

What is a REC?

A REC is a type of Energy Attribute Certificate (EAC), which represents the environmental attributes of the generation of one megawatt hour (MWh) of electricity produced by renewable sources. RECs are available to companies with electricity consumption in North America and offer flexibility to source renewable electricity in the locations most important to them.

What is an EAC?

An EAC is a certificate which labels electricity as renewable, enabling companies to credibly claim renewable electricity consumption, reduce the environmental impact of their electricity use, and report lower Scope 2 emissions according to the Greenhouse Gas (GHG) Protocol Scope 2 Guidance. EACs are available as RECs in North America, Guarantees of Origin (GOs) in Europe, and International RECs (I-RECs) across the rest of the world. For global companies to achieve their renewable energy goals, Natural Capital Partners specializes in creating customized portfolios which combine the most appropriate EACs from different regions.

Renewable generators can sell EACs “bundled” together with the electricity, as in a green tariff, or “unbundled,” separately from the electricity. While both are valid, robust methods to track and claim renewable electricity sourcing, unbundled EACs offer a flexible and cost-effective solution for many businesses.

Quality criteria

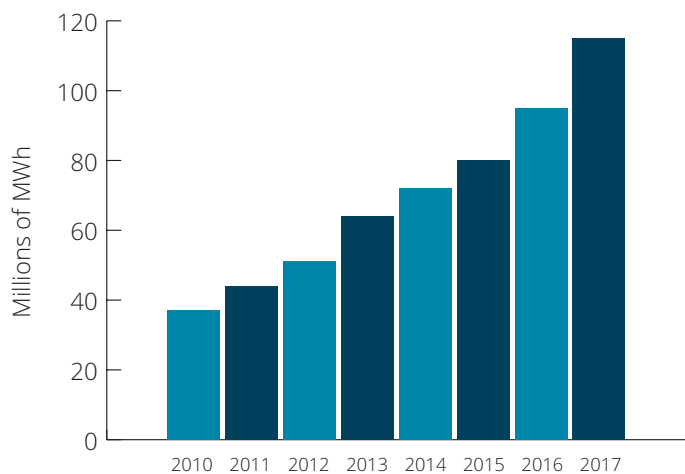
North America is a single market for the purposes of Scope 2 accounting, meaning that a REC can be purchased from and claimed in any location within the United States and Canadian territories.

We work closely with clients to create REC portfolios that align with their business interests, considering criteria such as technology type, location and vintage. RECs sold by Natural Capital Partners adhere to the GHG Protocol Scope 2 Guidance, which specifies that they should be issued and redeemed as close as possible to the period and location of electricity consumption. All RECs purchased through Natural Capital Partners are cancelled on behalf of clients, ensuring they are not double claimed.

“Large customers are continuing to make commitments to renewable energy and greenhouse gas reductions. As these companies start investigating renewable energy purchasing options, they often begin with an unbundled REC purchase, as the purchase has low transaction costs, does not require a long-term commitment, and is straightforward compared to an off-site PPA or participation in a green tariff.”
[National Renewable Energy Laboratory \(NREL\), 2016](#)

A growing market for North American renewable energy

Estimated Renewable Energy Sales (millions of MWh)



52 million

Almost **52 million MWh of unbundled RECs** were sold in 2016

22%

Unbundled REC sales **grew by 22%** and the number of customers **grew by 54%** in 2016, primarily through increased corporate renewable energy procurement



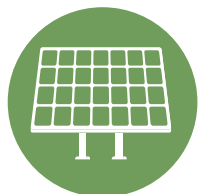
Around 90% of RECs come from **wind energy**



Wind-rich states like **Texas, California, and Illinois** provide the majority of generation

90,000 MW

Over the past decade, U.S. wind power capacity has more than **tripled** to over **90,000 MW**



The unbundled REC market is consistently the **largest source of renewable energy** sales in the overall green power market

Certification programs

The best way to ensure the credibility of RECs is to purchase those certified by an independent third party.

Currently, one organization certifies green power products in the United States: the Center for Resource Solutions' Green-e Energy program. CRS certifies renewable energy products, and independently verifies the products on an annual basis. Natural Capital Partners offers clients Green-e Energy certified RECs which adhere to a set of criteria to ensure transparency for renewable electricity purchasers. Criteria include:

- The renewable energy must be generated from new facilities (<15 years since the start of operations or repowering)
- All RECs must be tracked in an electronic registry approved by Green-e Energy
- The chain of custody from generation to retirement must be verified by independent audits to ensure clear ownership and no double claiming of the renewable energy.

“By purchasing RECs, companies are making an impactful climate leadership statement about their commitment to and demand for renewable energy while ensuring that their electricity sourcing claims are robust, trackable and credible.”

Mark LaCroix
Executive VP, Americas
Natural Capital Partners

“RECs allow for a larger and more efficient national market for renewable energy.”

Green-e Energy, 2016

Voluntary market buyers are shaping the future of renewable energy

The unbundled REC market is consistently the largest source of renewable energy sales in the North American green power market. With RECs, companies can credibly and cost-effectively achieve bold targets such as 100% renewable energy sourcing, giving them a credible voice in the voluntary market.

A number of organizations recognize and promote corporate renewable energy leadership, such as RE100, We Are Still In, and the Renewable Energy Buyers' Principles. RECs are used by many of the member companies to achieve their targets. These platforms allow companies to showcase their voluntary commitments and achievements and enable businesses to collaborate, helping to shape the future of renewable energy by demonstrating market demand.

For example, as sponsors of the [Business Renewables Center \(BRC\)](#), Natural Capital Partners is part of a community of more than 230 members including Microsoft, Autodesk and Workday, working to accelerate corporate purchasing of off-site renewable energy.

The United States Environmental Protection Agency (EPA) Green Power Partnership comprises more than 1,700 Partner organizations voluntarily using 45 billion kilowatt-hours (kWh) of renewable energy each year. The Partnership supports the voluntary renewables market by providing information and assistance to companies committed to sourcing renewable energy in the U.S. In addition, the Green Power Partnership Top 100 gives public recognition to the largest renewable energy users, which include several of Natural Capital Partners' clients - with Microsoft at the top of the list.

Sources of information: Status and Trends in the U.S. Voluntary Green Power Market (2016 Data), National Renewable Energy Laboratory (NREL). Available at: <https://www.nrel.gov/docs/fy18osti/70174.pdf>; U.S. Wind Industry Annual Market Report 2017: Executive Summary, American Wind Energy Association (AWEA). Available at: <http://dl.awea.org/amr-executivesummary2017>; 2016 Green-e Verification Report, Center for Resource Solutions. Available at: <https://www.green-e.org/docs/2016%20Green-e%20Verification%20Report.pdf>.

About Natural Capital Partners

[Natural Capital Partners](#) manages EAC portfolios on behalf of clients. We are a world-leading provider of innovative solutions for positive impact on the world's natural capital. With more than 300 clients in 34 countries, the company delivers high-quality solutions for [renewable energy](#), carbon emissions measurement and reductions, water stewardship, building supply chain resilience and protecting biodiversity.

Contact us to find out how to optimize your EAC purchases and achieve renewable energy targets around the world:

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