

17 July, 2008

Dear Local Government Operations Protocol Representative:

On behalf of the City of Edmonton, Office of the Deputy City Mayor, these comments toward your protocol are submitted with all due respect.

Though The City of Edmonton is out of the jurisdiction in which your protocol would take effect, it is understood that this might not be the case should the ultimate goal of having this evolve into a North American protocol be realized. It is with this in mind that this submission is being made.

Overall, the protocol is an excellent guide and provides many references for further information that should be helpful for any municipality that wants to get involved in municipal operation greenhouse gas emissions reporting. Throughout the document there are excellent default value, and referral suggestions to generate reports of reasonable consistency on emissions inventory. Overall, the protocol appears to represent the fair and best interests of the reporting community.

We can only speak on our own behalf, however, Section 6.2.4 (page 45), in its present form appears to have the potential to spark the interest of many ICLEI member municipalities that might take up the reporting banner of this protocol because of membership obligations. Section 6.2.4 covers the reporting mechanism for Green Power and Renewable Energy Certificate Purchases. It reads as follows:

“Some local governments may be engaged in a “green power” purchases (offered by an electric utility or an independent power provider) or may independently purchase renewable energy credits (RECs). These purchases are encouraged and should be reported as supplemental information in your local government emissions report.

However, these purchases may not be deducted from your Scope 2/indirect emissions. Scope 2/indirect emissions result from the power you consume directly, either from a dedicated plant or from the grid, and represent your actual indirect emissions.

We recognize the need to develop a specific accounting framework for green power purchases in order to encourage and incentivize emission reduction efforts. There is not yet consensus on how to accurately and credibly track green power purchases in a GHG accounting framework, beyond allowing you to provide supplementary information about your green power and REC purchases in annual emission reports.”

Austin, Texas for example is an ICLEI member and has an ambitious objective of getting involved with green energy power purchases to achieve its emissions reduction goals (http://www.ci.austin.tx.us/council/mw_acpp_release.htm). I would suggest there are many other municipalities that have the same intention. Having to comply with the reporting conditions of section 6.2.4 would negate the hitherto presumed effectiveness of many municipalities' green power purchase strategies. Being obliged to ICLEI and its reporting protocol might cause municipalities to question their membership or address

this issue at a later stage when it might affect them more directly than will this particular draft of the protocol. The tone of finality of Section 6.2.4 appears to also have the potential to reduce the incentive toward tapping into the green power purchase opportunity, and could simply lead to the rejection of a municipality to accept the reporting protocol proposal in the first place.

In keeping consistent with other sections of the protocol it might be reasonable to suggest some default or exemption status wording to this section, to allow for green power purchases to reduce inventory volumes. Some proposals would be to incorporate statements similar to:

*“Green power credits may be awarded under the following circumstances:
*- *where a green power generating facility is owned, and the owner is using the power, the owner may claim the credits; or
*- *where one has a direct access contract with a green power provider, the buyer may claim the credits; or
*- *if renewable energy is produced within the municipality and is purchased or used by the municipality, the municipality may claim the credits; or*

and if another concern is related to double counting as opposed to legitimacy of transfer:

**- *if it can be assured that the double counting of greenhouse gas emissions is avoided in the inventory where green credits are purchased, the purchaser may claim the credits.*

Another section of the protocol that would be affected in considering any changes mentioned above is located on page 113 in the Recording section Part IV “Reporting Your Emissions” where it states:

“Carbon offsets purchased/sold. Local governments should account for and report all carbon offsets which they purchase and retire. These offsets may not be deducted from Scope 1 or Scope 2 emissions due to the fact that a complete accounting framework which accurately and credibly tracks the ownership and retirement of these credits has not yet been established. Local governments should also report any offsets that they sell as part of a climate mitigation project.

Renewable Energy Credits purchased/sold. Local governments should account for and report Renewable Energy Credits (also called RECs or green tags) which they purchase and retire either from a utility or through another market channel. These credits may not be deducted from Scope 2 emissions as a complete accounting framework which accurately and credibly tracks the ownership and retirement of these credits has not yet been established. Local governments should also report any RECs that they sell as part of a climate mitigation project. Local governments operating renewable energy projects should verify whether the credits are being retained by the government or sold.”

If amendments are made to section 6.2.4 as mentioned earlier, it would then be appropriate to add some words to the Recording Section in Part IV in line with something like: *“... carbon offsets and renewable energy credits may be considered as deductions from inventory where credibility tracking and legitimate retirement processes are in place.”*

In addition, it is of note that the link to the EPA

(http://www.epa.gov/stateply/documents/greenpower_guidance.pdf)

in the draft protocol in section 2.3 (Scope of Sources to be Reported – page 16) leads to green energy credit and offset eligibility fact sheets. These indicate there is an allowance for green energy and offset credits under certain conditions. Similar allowances for green power purchases and renewable energy certificate purchases are also granted in the California Climate Action Registry General Reporting Protocol Part III, Chapter 6, page 35:

(http://www.climateregistry.org/resources/docs/protocols/grp/GRP_V3_April2008_FINAL.pdf).

We would suggest that the wording of item 6.2.4 (and associated wording for Part IV as mentioned above) incorporate exemptions in the following suggested format:

“Some local governments may be engaged in a “green power”,.... purchases (offered by an electric utility or an independent power provider) or may independently purchase renewable energy credits (RECs). These purchases are encouraged and should be reported as supplemental information in your local government emissions report.

However, as the standard practice, these purchases may not be deducted from your Scope 2/indirect emissions. Scope 2/indirect emissions result from the power you consume directly, either from a dedicated plant or from the grid, and represent your actual indirect emissions.

Nevertheless, it is recognized that this area is undergoing rapid advances in sophistication. In light of the potential role that green power and offsets are anticipated to play in the municipal strategy to reduce greenhouse gas emissions in the near and distant future, green power and offset purchases will be allowed to affect Scope 2/indirect emissions under the following circumstances:

Green Power Purchase:

- *when a green power facility is owned (there is some conflict in this statement with scope 1 reporting requirements but the assumption is that the Municipality might have many power supply sources), and the owner is using the green power supplied, the owner may claim the credits; or*
- *when a direct access contract with a green power provider is in place, the purchaser may claim the credits; or*
- *where the renewable energy is produced within the municipality and is purchased or used by the municipality, the purchaser may claim the credit; or*
- *if it can be assured that the double counting of greenhouse gas emissions is avoided in the inventory where green credits are purchased, the purchaser may claim the credits; or*
- *if it can be shown that the green power purchase transaction complies with the standards established by the EPA for green power purchase credits the purchaser may claim the credits.*

Offset Purchase:

**when the offset can be verified by a certified state, provincial or federal authority according to offset protocols developed that define the offset within the jurisdiction and that has accounting practices in place to ensure the offset provision is properly maintained, registered, and cancelled, the purchaser may claim the credits; or*

**if it can be shown that the offset purchase transaction complies with the standards established by the EPA for the purchase of the offset, the purchaser may claim the credits”*

These changes would not hinder the potential advancement needed still in some areas for green power and offset markets to develop to an end that has legitimate market potential. Municipalities would still have a renewable energy and offset mechanism to strive toward using and possibly assist in the development of these markets. Under the present wording this potential has no support in the document as there is no emissions reduction value for the credit and the protocol mentions no apparent explicit mechanism for evolution to attain such.

With due respect we ask you to consider our revision suggestions in your final draft.

Sincerely,
Gary

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