

FREQUENTLY ASKED QUESTIONS

Renewable Energy Certificates

WHAT IS A RENEWABLE ENERGY CERTIFICATE?

A Renewable Energy Certificate (REC) is a non-tangible commodity that provides proof of ownership for the environmental benefits associated with generating 1 megawatt hour (MWh) of renewable energy. While it can be paired with electricity, it should be regarded as a separate entity. Once renewable energy is supplied to the electricity grid, it is tracked in MWh, and the corresponding RECs can be either sold on the open market as a commodity to generate additional revenue or retired; a REC can be retired in either the name of the organization that purchased the energy, or on behalf of a beneficial end user, giving them title to the renewable attributes. Retiring a REC means removing it from market circulation, rendering it unavailable for sale, transfer, or any other transaction as a commodity.

1 MWh of renewable energy = 1 REC

RECs and electricity are generated simultaneously but represent distinct revenue streams for project developers. Holding the title to RECs allows an organization to claim verifiable renewable energy usage and thereby reduce their scope 2 emissions. Additionally, retiring a REC grants the organization or a beneficial end user full ownership of the associated renewable attributes.

RECs can be referred to by various names such as Green Tags, Tradable Renewable Certificates (TRCs), Renewable Electricity Certificates, Renewable Energy Credits, or Clean Energy Credits.

HOW IS A REC OBTAINED & REGISTERED?

Renewable electricity generation facilities, like wind farms, produce environmental attributes associated with every MWh of electricity they generate, such as avoided CO₂ emissions. These environmental attributes have recognized value, and should be accounted for to create a REC. A tracking system can be used to register the attributes, and their owner, by linking each REC to a unique number that allows them to be traced from the generation source to the end user.

WHY WOULD MY ORGANIZATION WANT TO OBTAIN A REC?

RECs enable organizations to demonstrate their use of renewable energy, reducing their scope 2 emissions. As part of the Green Choice Program (GCP), all RECs issued to participants will be retired immediately on behalf of the subscribing organization. This provides renewable energy attributes that align with environmental, social, and governance (ESG) goals, regulatory requirements, or other targets. While some organizations may look to sell RECs in the REC market, it is important to note that RECs originating from the GCP cannot be sold as they are retired upon issuance.

WHAT IS A CERTIFIED REC?

Certification ensures that RECs purchased are in fact delivering renewable energy into the grid. It verifies that the MWh bought is unique and has been retired, therefore is no longer in circulation in the REC market. A renewable energy generator must be certified to issue certified RECs. Typically, this requires annual audits

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or evaluations to ensure that practices are in line with standards set by an independent third-party. RECs in Canada can be certified through the UL EcoLogo label or the Green-e Standard and they guarantee that renewable energy claims made by an organization are legitimate and voluntary and makes sure that all benefits of the RE are accounted for¹.

WILL NOVA SCOTIA POWER BE CERTIFYING THE RECs FROM THE GREEN CHOICE PROGRAM?

RECs generated by renewable energy projects in the GCP do not qualify for certification under UL EcoLogo or Green-e Energy Standard. These certification programs require that the renewable energy generated exceeds any regulated renewable energy targets. Since the GCP will fulfill the Nova Scotia mandates of 40% renewable energy by 2020 and the upcoming target of 80% by 2030, the RECs are ineligible for certification.

The energy produced, and its respective RECs will be sourced from net new low-impact renewable energy projects built in Nova Scotia for the GCP, providing clear origination, therefore reducing the need for third-party certification. In addition, the structure of the program ensures transparency and legitimacy by retiring the RECs immediately on behalf of the participant. The projects will be managed through detailed Power Purchase Agreements between Nova Scotia Power and the Independent Power Producers, guaranteeing that all benefits from the renewable energy are accounted for by the utility provider on behalf of subscribing organizations with no other sale, transfer, or transaction.

WHAT IS AN INTERNATIONALLY RECOGNIZED ORGANIZATION IN THE CONTEXT OF REGISTERING RECs?

Registering RECs with an internationally recognized organization is typically done through a REC tracking system or a REC registry that services multiple electricity markets and jurisdictions in North America. NS Power is in the process of procuring an account at one of the main REC registries serving North American voluntary markets.

CAN I MAKE CLAIMS WITH GREEN CHOICE PROGRAM RECs, THAT AREN'T THIRD-PARTY CERTIFIED, GIVEN THAT NS POWER IS RETIRING THEM ON MY BEHALF?

Yes, you can make a credible renewable energy usage claim with GCP RECs that are not third-party certified. According to the Greenhouse Gas Protocol Scope 2 Qualifying Criteria, a credible claim is one that has been, *“tracked and redeemed, retired or canceled on behalf of the reporting entity,”* and, *“sourced from the same market in which the reporting entity’s electricity-consuming operation are located and to which the instrument is applied.”*²The respective environmental attribute must be accounted using a utility-specific

¹ CRS. “Frequently Asked Questions (FAQ).” Green-E. Accessed July 7, 2023. <https://www.green-e.org/faq#:~:text=Green%2De%2CAE%20certified%20renewable,purchaser%2C%20who%20has%20sole%20title>.

² Sotos, Mary. “GHG Protocol Scope 2 Guidance.” GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard, vol. 1, (20 Jan. 2015),. 59–61, Table 7.1.

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emissions factor calculated on delivered electricity, incorporating RECs sourced and retired on behalf of its customer.