



August 16, 2023

Rajinder Sahota  
Deputy Executive Officer, Climate Change and Research California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**RE: Community Choice Aggregators Comments on Potential Amendments to the Cap-and-Trade Regulation**

Dear Ms. Sahota,

The undersigned Community Choice Aggregators (CCAs) appreciate the opportunity to provide feedback on the California Air Resources Board's (CARB) July 27<sup>th</sup> workshop considering amendments to the Cap-and-Trade Regulation. We submit these comments to express our concerns about the future of the Voluntary Renewable Energy Program (VREP), and urge you to amend the Cap and Trade Program Regulation to extend the allowance set-aside for the VREP.

Numerous parties have participated in the VREP since its inception in 2013. The VREP supports purchases of renewable energy credits (RECs) that are not mandated by the existing Renewable Portfolio Standard (RPS), and provides a mechanism to acknowledge voluntary purchases of RECs in the Cap and Trade Program. The existing Cap and Trade regulation specifies allowances set aside for the VREP between 2013 and 2020.<sup>1</sup>

In October 2022, the Center for Resource Solutions (CRS) reached out to all the CCAs who participate in their Green-e Energy certification program to inform us that the volume of California Carbon Allowances that CARB set aside to retire as part of the VREP may run out in the next few years and that CARB did not have a plan to allocate any additional Cap and Trade allowances

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<sup>1</sup> Guidance on Retiring Allowances from the Voluntary Renewable Electricity Reserve Account, September 2020.

beyond the 2020 vintage for the VRE. If no additional allowances are allocated to the VRE, CRS predicts that the pool will run out in the next several years. The CCAs urge CARB to amend the existing regulation and extend the allowance set-aside beyond the 2020 vintage, with the possibility to further extend in the future.

Without these allowances, voluntary purchases of renewable energy from California or generation imported to California will not be recognized for their emissions reduction and instead a larger pool of allowances will become available to subsidize compliance for emitters. In addition, the lack of allowances being allocated to the VRE Program creates several challenging issues for the Green-e Program participants.

First, if VRE set-aside allowances are completely depleted, Green-e Energy program rules require participants to independently procure allowances and retire the required number of allowances to correspond with the retired renewable energy credits (RECs) calculation using CARB's default Emissions factor of 0.428. Green-e Program participants would then need to buy allowances in addition to retiring RECs, substantially and unnecessarily increasing costs to Green-e Program Participants. This creates a disincentive for those who wish to purchase renewable energy above the requirements set by RPS.

Secondly, if VREP set-aside allowances are completely depleted, Green-e Program participants may choose to leave. The additional cost to procure California Carbon Allowances may be difficult for Green-e Program participants to absorb, and may lead to passing the additional cost on to customers via rate adjustments to keep Green-e participation available. This would especially impact commercial customers with sustainability goals that require Green-e certification for the renewable electricity they purchase from CCAs.

Relatedly, without VREP set-aside allowances, many CCAs that administer the California Public Utilities Commission- (CPUC) funded Disadvantaged Communities and Community Solar Green Tariff (DAC/CS-GT) program may become non-compliant with the program's requirements, or will need to procure additional allowances to administer the program, as the DAC/CSGT program requires Green-e certification pursuant to CPUC Resolution E-4999. This could potentially impact CCAs' ability to provide access to renewable energy to customers in State-Defined Disadvantaged Communities, those most affected by climate change and pollution, but with the least access to renewable energy.

Further, noting the importance of the Green-e Energy program as a tool to help building owners meet U.S. Green Building Council (US-GBC) Leadership in Energy and Environmental Design (LEED) building certification, reductions in Green-e Energy program participation may negatively impact US-GBC LEED certification, undermining the US-GBC's policy framework that encourages building decarbonization.

We therefore respectfully request that ARB extend the California Cap-and-Trade allowances set-aside for the VREP beyond the 2020 vintage, with the possibility to further extend the set-aside in the future. Green-e Program participants greatly appreciate an opportunity to talk with ARB Staff.

Please reach out to Zsuzsanna Klara at Peninsula Clean Energy to set up a time to discuss.

Thank you for your consideration of this request.

/s/ Jeremy Waen

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