

CEM Corporate Sourcing of Renewables Campaign

Five Policy Recommendations

Input to discussions at the 9th Clean Energy Ministerial, Copenhagen, May 2018

The last years have seen an extraordinary growth in corporate sourcing of renewables. As renewable energy costs further decline and the appetite to contribute to the energy transformation grows, corporate demand will only accelerate. With a suitable enabling framework in place, corporate sourcing of renewables has the potential to trigger additional investment in renewables and contribute to governments meeting their energy and climate targets.

The strength and potential of corporate sourcing is vast as relatively few policy adjustments can enable a quick market pick-up, particularly in less-regulated power markets.

The following policy recommendations are a contribution to the [CEM Corporate Sourcing of Renewables Campaign](#) and are based on Campaign outputs. They are supported by its operating agent [International Renewable Energy Agency \(IRENA\)](#) and Campaign partners, [Business Renewables Center \(RMI\)](#), [Center for Resource Solutions \(CRS\)](#), [Clean Energy Investment Accelerator](#), [RE100](#) (led by The Climate Group with CDP), [RE-Source Platform](#), [World Business Council for Sustainable Development \(WBCSD\)](#), [World Resources Institute \(WRI\)](#), and [WWF](#).

To fully capture the potential of corporate sourcing of renewables, governments may consider the following five policy recommendations:

- 1. Support a credible and transparent system for issuing, tracking, and certifying energy attribute certificates** (e.g. GOs in Europe, RECs in US).

Credible and transparent market infrastructure, including formally recognised energy attribute certificates, tracking systems, and certification is crucial to enable renewable electricity sourcing whether through corporate PPAs, utility purchases, unbundled certificates or direct investments in self-generation. Attribute certificates help clarify ownership and allows companies to make credible claims about their renewable electricity use. Governments may incorporate these market instruments into existing renewable energy trading mechanisms, policies, and practices to avoid double counting and double claiming.

2. Create an energy market structure that allows for direct trade between corporate buyers of all sizes and renewable energy developers.

Corporate PPA deals thrive in markets which allow for direct contracts between corporate buyers and energy developers – so-called third-party sales. Other necessary market conditions include fair, transparent and predictable costs for access to the grid with clearly defined transmission policies as well as retail rates reflecting time of use costs.

3. Work with utilities or electricity suppliers to provide options for corporate renewable energy sourcing.

Retail access and the tailoring of retail products to specific consumer demand is a key enabler for increased corporate renewable energy sourcing. In vertically integrated markets, governments, utilities and electricity regulators may consider green tariff programmes that enable the utility to provide renewable energy to corporate buyers directly. These programmes should be additional to government mandates and support new renewable energy deployment.

4. Stimulate direct investments in production for self-generation of renewable energy.

Key policies that enable this development include transparent and predictable interconnection and permitting practices, and in case of off-site projects, reasonable and predictable costs for transporting the power to the site of consumption. Further, policy mechanisms to feed excess electricity to the grid (*e.g.*, net metering schemes) should be clearly defined to encourage corporate direct investment. Such direct investments could also be incentivised by enriching the energy attribute tracking system with additional features that track the initial date of commercial operation and whether or not the facility was built to serve a mandate.

5. Remove regulatory barriers and implement stable frameworks to facilitate the uptake of corporate renewable energy sourcing.

To remove legislative uncertainty, governments should increase transparency related to the enabling regulatory framework and administrative requirements in place, financing tools available, and how long it will take to develop a renewable energy project. Corporate sourcing further thrives in countries that have adopted comprehensive and ambitious long-term targets and plans for renewable energy uptake.

