

INDUSTRY ANALYSIS

The Do's and Don'ts of Marketing your Renewable Energy Purchase

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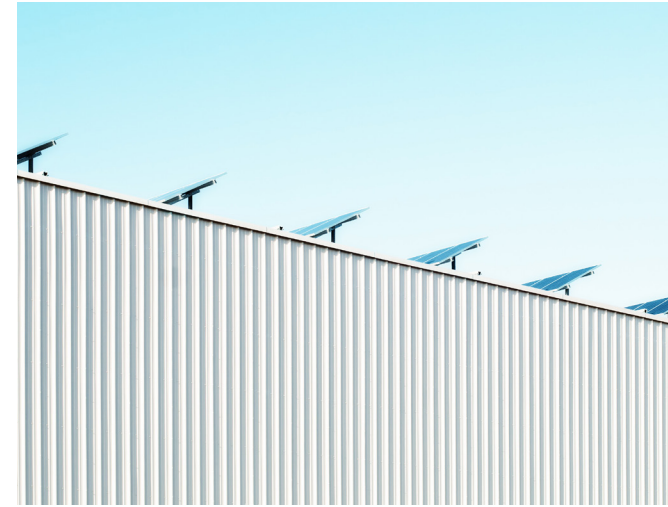


Introduction

Companies are increasingly taking a variety of actions to support the development of renewable energy and mitigate the impacts of their electricity consumption. These actions range from installing solar panels, to financially supporting the development of a new wind project, to enrolling in a utility's green energy offering. Evidence of this growing commitment to renewable energy is clear, from the expansion of the voluntary renewable energy market ([NREL 2016](#)) to the burgeoning list of companies participating in programs such as the Environmental Protection Agency's Green Power Partnership, RE100, and the Renewable Energy Buyer's Alliance (REBA).

A variety of stakeholders want to know about the efforts that companies are making to protect the environment and support a low-carbon future. Interested parties include customers, employees, local communities, shareholders and environmental watchdog groups. In addition, many companies want to market their environmental commitment, garner positive press coverage, and enhance their brand value. This paper provides clear, concise guidance to all organizations that want to accurately communicate their actions to support renewable energy, build public and consumer confidence and avoid greenwashing.

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By accurately communicating your actions to support renewable energy, you can build public and consumer confidence and avoid greenwashing.

The basics: what is an environmental claim?

When renewable energy is generated, two distinct products are created—the actual energy that goes onto the grid and the environmental attributes of that energy. These may be (and often are) sold separately. In order to claim the use of renewable energy, the individual or business must have contractual proof that they own the renewable energy attributes associated with the generation. In North America, Renewable Energy Certificates (RECs) are the primary instrument used to track environmental attributes.

Any statement that either implicitly or explicitly communicates a company's use of renewable energy, is considered a "claim" on that renewable energy. Not surprisingly, only the owner of the environmental attribute is eligible to make such a claim. It is important for companies to understand what is considered to be a renewable energy usage claim, and under what circumstances such a claim can be made.

Environmental attributes are the contractual representation of renewable energy and are used to track ownership of renewable energy.

COMMON RENEWABLE ENERGY CLAIMS



By installing solar panels we have reduced our carbon footprint.



Our product is manufactured using 100% renewable energy.



In order to achieve our renewable energy goals, we purchase energy from Wind Farm X.

NEED MORE?

If you are still confused about how RECs work, watch this short video from the Center for Resource Solutions

[WHAT IS A REC](#)



Who regulates and enforces this?

There are both federal and state agencies that provide guidelines around how to accurately talk about your renewable energy purchase.

The Federal Trade Commission (FTC) is the primary governmental authority on this issue. Through the Bureau of Consumer Protection, the FTC pursues truth in advertising and stops unfair business practices. To help companies comply with FTC regulations as they pertain to environmental marketing, they have published the [Green Guides](#).

In addition to the FTC, the National Association of Attorneys General endorsed similar renewable energy claim requirements, leading several state Attorneys General offices to take up the issue of renewable energy claims. For instance, the Office of the Attorney General in the State of Vermont published "[Guidance for Third-Party Solar Projects](#)" in 2015 that outlines how rooftop solar providers should accurately market their product to customers depending on renewable energy attribute ownership.

Furthermore, non-governmental organizations such as [Center for Resource Solutions](#) create voluntary standards for renewable energy and other commodities that require accurate renewable energy claims by the entire chain-of-custody.



“It is deceptive to misrepresent, directly or by implication, that a product or package is made with renewable energy or that a service uses renewable energy. A marketer should not make unqualified renewable energy claims, if fossil fuel or electricity derived from fossil fuel, is used to manufacture any part of the advertised item, unless you’ve matched it with RECs.”

- *FTC Green Guides*

What is at stake?

A company that knowingly or unknowingly makes false marketing claims about its use of renewable energy puts itself at risk in a number of ways:

- + Making claims to renewable energy when the company does not own the environmental attributes could violate the contracts in place with the project developer or rightful environmental attribute owner.
- + It is a violation of the FTC Act to deceive customers into believing a company uses renewable energy when it does not. The FTC's primary means of enforcement is the filing of lawsuits against companies and pursuing economic settlements.
- + State Attorneys General can also pursue lawsuits and economic settlements since inaccurate claims could also violate the consumer protection laws at the state level.
- + If a company does not own the environmental attributes in association with the renewable energy it supports, it will not be able to achieve the commitments it has made under external initiatives, including Green Power Partnership, RE100, and CDP reporting.
- + Companies may lose the trust and loyalty of employees, customers, and other stakeholders.
- + Inaccurate claims lead to distrust in the value of renewable energy purchasing and diminish the value of the legitimate claims of other companies.

BOTTOM LINE

The voluntary renewable energy market represents an important source of demand for renewable energy and false claims directly put the voluntary market at risk.

Before marketing: set your goals and buy the right product

Before making a purchase, it is useful to step back for a minute and take stock of your company goals. What do you hope this purchase will help achieve? Goals can range from sustainability commitments to carbon footprint reduction to protection against fluctuating electricity prices. If you are participating in a program like the Green Power Partnership or have set a science based target, make sure your purchase supports that commitment. Also consider any marketing goals you might have with this purchase. Do you want to show leadership in your industry? Do you want to support the development of renewable energy in a specific region, based on your operational footprint? Are you responding to stakeholder pressure?

With these goals in mind, work with a well respected provider to ensure that your purchase includes the environmental attributes associated with renewable generation as well as any other specific criteria that are important to you.



UNDERSTANDING IMPACTS OF STATE-LEVEL POLICIES AND UTILITY INCENTIVES

Certain state policies and utility incentives might impact a company's ability to make a unique claim on renewable energy. For instance, in some states, utility incentives for rooftop solar require that the environmental attributes be given to the utility to help meet state mandates for renewable energy. In some states, the regulators allow a utility to claim any renewable energy generated in its service territory towards meeting the state mandate. In any contract you sign related to a renewable energy project, always look for mention of environmental attributes and make sure ownership is clearly conveyed to you, the customer.

Marketing your renewable energy commitment

In a nutshell: Don't be misleading.

But what exactly is considered misleading? The FTC Green Guides provide a couple of good guidelines:

CAN THE AVERAGE PERSON UNDERSTAND WHAT YOU ARE SAYING?

Don't overstate the environmental benefits of your actions. And make sure all of your statements about renewable energy support or use are simple and transparent—and clear to the average person. Things that are perfectly clear to someone who works in energy or sustainability may not be to those outside our industry. When in doubt, ask some friends and relatives what they think a statement means.

IS THE MEANING CLEAR FROM A HOLISTIC PERSPECTIVE?

The message should be clear upfront, meaning that a customer should not need to read fine print or do homework in order to understand if you are using renewable energy.



MARKETING CLAIM	ENVIRONMENTAL ATTRIBUTES REQUIRED?
"We have reduced our carbon footprint associated with electricity usage to zero."	YES
"As part of our effort to achieve our sustainability goals, we have installed solar panels."	YES
"We now source 100% of energy from Wind Farm X."	YES
"Our solar panels supply enough renewable energy to the local grid to power 1000 homes."	NO
"The wind farm we financially supported helps our local utility meet its goal of delivering 25% renewable energy to all its customers."	NO

Marketing your environmental commitment (cont.)

Although these are two good rules, there are a couple of common areas of confusion that bear clarification:

QUANTITY AND TIME FRAME	TECHNOLOGY	MADE WITH 100% RENEWABLE ENERGY	ONSITE SOLAR CLAIMS
<p>It is important to ensure the scope of claims are clear and accurate. Does this renewable energy purchase cover all your electricity usage worldwide? Or only in your corporate headquarters? Is it for the current year? Or the coming three years?</p>	<p>While your marketing does not need to be explicit about what form of renewable energy you purchased, nothing in your marketing should mislead about the technology you purchased. So, for example, you should not include a photo of a solar panel in your press release if you actually purchased wind energy. In addition, you should not make a claim of 100% clean energy if you purchased a landfill gas product (which is not 100% emissions free)</p>	<p>In order for this claim to be accurate, you would need to know that the materials in your supply chain were also made using renewable energy. In many cases, it is more accurate to say “assembled using 100% renewable energy.”</p>	<p>If you have solar panels on your office roof, but do not own the associated RECs, the FTC says it is deceptive to say you “host” the solar panels. This is because the average consumer interprets “host” to mean the use of renewable energy. Instead, depending on the circumstances, companies can talk about how they support renewable energy in the state or support the development of new renewable energy. If you separately purchase environmental attributes to match electricity consumption, make sure to discuss renewable energy usage separately from the solar panels on your property.</p>

Conclusion

Purchasing renewable energy is an important way that companies can demonstrate their environmental commitment and make a meaningful impact on climate change. And telling stakeholders about the purchase can have a number of benefits. First, and most obviously, it can show that the company cares about its impact on the environment. Second, communicating the commitment can encourage other organizations—competitors and suppliers in particular—to take similar steps, thereby acting as a multiplier. It is our belief the communicating about renewable energy investments is a good practice and should be encouraged and supported.

But because renewable energy is an intangible product, it can be easy—whether intentionally or not—to mislead people about the nature of the commitment. For this reason, regulations and best practices have evolved to guide how companies communicate about their investments in renewable energy.

By accurately communicating about your renewable energy investment, you can address stakeholder interests, enhance your brand and support the development of the renewable energy industry overall. A true win-win-win.

Special thanks

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3Degrees works with organizations across the globe to build and implement customized renewable energy and carbon mitigation strategies.

As a B Corp, the 3Degrees team aims to fulfill the vision of “people using business as a force for good” and prides itself on being the honest and trusted voice in helping clients deploy successful strategies to fight climate change.

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