VILLAGE OF YELLOW SPRINGS, OHIO
ORDINANCE 2023-30

ENACTING NEW SECTION 238.06 "SALE AND REINVESTMENT OF RENEWABLE ENERGY CREDITS" OF THE CODIFIED ORDINANCES OF THE VILLAGE OF YELLOW SPRINGS, OHIO

WHEREAS, at the recommendation of the Village Manager, Village Council seeks to provide a clear framework for the sale of RECs, the reinvestment of proceeds, and the compliance with relevant regulations and industry standards by enacting a new section of the Yellow Springs Codified Ordinances to establish the Village's policy for the sale and reinvestment of renewable energy credits (RECs); and,

WHEREAS, Village Council is committed to reinvesting proceeds from REC sales back into the Village's electric enterprise, thus fostering growth, innovation, and sustainability in the operations; and,

WHEREAS, Village Council is also committed to the wider green energy market by ensuring that for every compliance REC the Village sells, one Green-e certified REC is purchased, and

WHEREAS, proceeds from the sale of RECs will not only be reinvested into the electric enterprise to support infrastructure improvements and the development of Village-owned renewable energy projects, but can also be allocated towards several other initiatives as delineated in new section 238.06 of the Codified Ordinances of the Village of Yellow Springs, Ohio,

NOW, THEREFORE, COUNCIL FOR THE VILLAGE OF YELLOW SPRINGS, OHIO HEREBY ORDAINS THAT:

Section 1. A new Section 238.06 entitled "Sale and Reinvestment of Renewable Energy Credits" of the Codified Ordinances of the Village of Yellow Springs, Ohio be enacted to read as follows in the attached Exhibit A.

Kevin Stokes, Vice President of Council

Passed: 6-20-2023

Attest: ______________________
Judy Kintner, Clerk of Council

ROLL CALL

Brian Housh _Y___ Kevin Stokes_Y__ Marianne MacQueen __Y_

Carmen Brown _Y___ Gavin DeVore Leonard__Y_

EXHIBIT A to ORDINANCE 2023-30

238.06 SALE AND REINVESTMENT OF RENEWABLE ENERGY CREDITS

(a) Purpose

This section outlines the guidelines for the sale of Renewable Energy Credits (RECs) generated by The Village's Municipal Electric Enterprise. The intent is to reinvest the proceeds from these sales back into our electric enterprise, thus fostering growth, innovation, and sustainability in our operations.

(b) Scope

This policy applies to all employees, contractors, and stakeholders involved in the sale of RECs generated by our electric enterprise.

(c) **Definitions**

1. Renewable Energy Credits (RECs): RECs are certificates that represent the environmental attributes of one megawatt-hour (MWh) of electricity generated from a renewable energy source.

2. Green-e Renewable Energy Credits: Green-e is a trusted global leader in clean energy certification. They verify that RECs meet the highest standards in the industry, with a thorough review of every transaction in the supply chain.

3. REC Arbitrage: REC arbitrage is the practice of capitalizing on price differentials between different markets or products for RECs. This involves buying RECs where prices are lower (or where they are undervalued) and selling them where prices are higher (or where they are overvalued), thereby creating an opportunity to generate net proceeds. It's important to note that REC arbitrage must be conducted in compliance with all applicable laws, regulations, and industry standards.

4. **The Municipal Electric Enterprise**: The Municipal Electric Enterprise in the Village of Yellow Springs refers to a municipally owned and operated entity responsible for providing electric services to residential, commercial, industrial, and institutional customers within the village's service area. As described in Chapter 1042 of the village ordinances, this entity handles the delivery and regulation of electric service, ensuring service availability, billing processes, and setting rates for different customer types and service levels.

(d) **Sales Process**

The Municipal Electric Enterprise will conduct the sale of RECs, generated from renewable energy sources, to third-party buyers in a transparent and competitive process. Additionally, in a bid to support the wider green energy market and uphold our commitment to sustainability, for every compliance REC that the Village sells, we will purchase one Green-e certified REC. This not only ensures our continued contribution to renewable energy but also aligns with our commitment to promote high industry standards as verified by Green-e.

The Enterprise will also be vigilant in identifying and exercising arbitrage opportunities when available, to generate net proceeds. Proceeds from the sale of RECs will be reinvested back into the enterprise to support infrastructure improvements and the development and expansion of Village-owned renewable energy projects.

(e) **Purchases of RECs**

Electric Enterprise, in its pursuit of sustainable and ethical energy procurement practices, should seek to purchase Green-e certified Renewable Energy Certificates (RECs) that align with the attributes of RECs it sells or arbitrages. This strategy shall involve a diligent selection process, verifying the seller's Green-e certification and ensuring that the attributes of Source Type and Vintage (year) of the RECs match those that are sold.

To uphold transparency and inhibit resale, the Electric Enterprise will retire the purchased RECs and shall comply with the Green-e Energy Code of Conduct and Customer Disclosure Requirements associated with environmental claims.

(f) Distribution of Net Proceeds

Proceeds from the sale of RECs will be allocated towards funding the operation, maintenance, and improvement of infrastructure. They will also be used for the development of Village-owned renewable energy projects, carbon reduction projects such as EV Charging Stations, matching funds for energy-related grants, and reinvesting in the electric enterprise for other operational needs.

Net proceeds from the sale of RECs will be apportioned in an 85% to 15% split. Eighty-five percent of these proceeds will be channeled towards the operation, maintenance, and enhancement of the Electric Enterprise's infrastructure. This reinvestment will foster further growth and improvements in our service delivery.

The remaining fifteen percent of net proceeds will be invested in municipal projects designed to lower greenhouse gas emissions and address equity issues among Electric Enterprise customers. These initiatives encompass projects such as Solar and Rooftop Solar Projects, EV Charging Stations, Upgrades to the Metering Systems for improved customer access to energy utilization data, enhancements to the energy efficiency of distribution equipment like transformers, Battery Systems for Electric Distribution and other Carbon Reduction projects to the benefit the Enterprise and Customers.

Please note, however, that the allocation of the fifteen percent towards these municipal projects is contingent upon a certification from the Village Manager or Finance Director affirming the Electric Enterprise's financial stability. The Electric Enterprise is committed to ensuring fiscal responsibility while investing in these critical projects to meet our sustainability and equity goals.

(g) Reporting

The electric enterprise will provide regular reports to Council on the sales of RECs and the allocation of proceeds. This is to ensure transparency and accountability in the process.

(h) Compliance

The electric enterprise will comply with all applicable laws, regulations, and industry standards related to the sale of RECs and the use of proceeds. This includes the guidelines laid down by Green-e for the certification of RECs.

(i) Review

This policy will be reviewed on an annual basis by Council to ensure its continued effectiveness and relevance in light of evolving industry standards and legal requirements.

(j)Implementation

The Village Manager will implement this policy immediately upon approval by Council. This includes ensuring that all parties understand their roles and responsibilities under this policy, and that procedures are in place to achieve the policy's objectives.

(k) Approval and Amendment

This policy will be approved by the Council. Any future amendments to the policy must also be approved by the Council before they take effect. This ensures that the policy remains responsive to changing circumstances and continues to serve the best interests of our electric enterprise and the wider community.