

**U.S. DEPARTMENT OF ENERGY  
STATE ENERGY ADVISORY BOARD  
*Resolution 06-04***

**BACKGROUND**

The expansion of renewable electric supplies is being driven by consumer demand, competitive pricing, and state policies such as the Renewable Portfolio Standards (RPS) program. Political favor is being driven by heightened concerns in global climate change, escalating prices in traditional power generation and geopolitical energy security. The positions of traditional energy sector stakeholders continue to evolve to one of advocacy and acceptance.

Energy conservation also continues to become more imminent as existing generation and infrastructure is strained. The same climate, geopolitical and price concerns affecting renewable energy are also influencing greater demand for conservation.

**ISSUE**

As the U. S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) provides national leadership in the expansion of renewable energy resources while respecting state regulatory sovereignty, EERE must still serve as a moderator in order to facilitate national uniformity. There also exists a need to enable utilities under portfolio mandates to acquire those resources at the lowest possible cost. The formation of a national renewable energy credit trading system would allow mandated utilities to acquire credits rather than invest the capital in renewable generation facilities or buy renewable electricity on the market. A national energy conservation trading system could also achieve a similar objective – allowing a utility to acquire conservation at the lowest cost.

**RECOMMENDATION**

Members of the State Energy Advisory Board (STEAB) recommend that the EERE develop a national framework for the creation of a national renewable energy credit trading system that will enable and allow utilities and private industry, as well as state and local governments, the ability to acquire energy credits in addition to or in lieu of investing capital in renewable generation facilities, or purchasing high-cost renewable energy resources and supplies from the marketplace. In addition to entities that increase or implement renewable energy use, the STEAB recommends this proposed system include such entities that practice energy conservation and efficiency as well.