

Best Practice Principles for Renewable Energy Certificate Markets

The Environmental Markets Association (EMA) is focused on promoting market-based solutions for environmental challenges through sound public policy, industry best practices, effective education and training, and member networking. EMA represents a diverse membership including large utilities, renewable energy certificate (REC) traders and brokers, financial exchanges, law firms, project developers, investors, consultants, academics, non-governmental organizations, and government agencies. EMA strongly supports the utilization of markets to achieve environmental policy goals. Well-designed markets yield many benefits including, but not limited to, transparent price signals determined through competition, risk mitigation opportunities, incentives for technological innovation, efficient allocation of capital and resources, investor certainty, and ratepayer protection. In support of RPS objectives, EMA endorses the following set of Best Practice Principles for REC Markets:

EMA Best Practice Principles for REC Markets

1. **Tradable RECs**
2. **Market-Based Pricing**
3. **Market Design That Fosters Transparency, Competition, and Liquidity**
4. **Market Oversight**
5. **Market Integrity and Stability**

In the case of Renewable Portfolio Standards (RPS), EMA believes that market-based programs will enable the most cost-effective, flexible, and innovative approach to maximizing renewable energy. EMA further believes that this is best accomplished through open, transparent, and competitive markets, and the use of tradable RECs as the primary means of RPS compliance. As such, well-designed RPS policies and REC markets offer stakeholders many advantages toward achieving their economic, social, and environmental objectives:

EMA RPS Advantages from Best Practice Principles

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| ✓ Accountable Policy Objectives | ✓ Investor Certainty |
| ✓ Pricing Transparency | ✓ Information Feedback Signals |
| ✓ Compliance Flexibility | ✓ Market Efficiency & Liquidity |
| ✓ Policy Cost-Effectiveness | ✓ Financial Innovation |
| ✓ Ratepayer Protection | ✓ Lower Costs of Capital |
| ✓ Market Integrity & Stability | ✓ Diverse Participant Bases |

For additional information about these Best Practice Principles for Renewable Energy Certificate Markets and their RPS advantages, please view our Supplemental Guidance Document for REC Markets [here](#).