



## Green Tags (also known as Renewable Energy Certificates): Questions and Answers

### Why purchase Green Tags (or Renewable Energy Certificates)?

If you are concerned about climate change/global warming, purchasing Green Tags allows you to offset the impact of your personal electricity consumption from fossil energy and support power production from renewable sources, one of the solutions to climate change. By purchasing Green Tags, you provide an added incentive for utility companies to integrate more renewable electricity into our energy system.

### Why would I want to offset the impact of my personal electricity consumption?

Those who are concerned about climate change might choose to offset the impact of their personal electricity consumption when they are unable to reduce their personal greenhouse gas emissions resulting from their energy use. Our current source of electricity is predominantly based on fossil fuels. These individuals recognize that climate change and its causes are global, and they might seek ways to reduce greenhouse gas emissions by supporting renewable/green electricity production wherever and whenever it is generated.

### Does my purchase of Green Tags mean that the electricity I use at home comes from renewable sources?

No. The energy you use in your home might or might not be derived from renewables. Your purchase of Green Tags *guarantees* the generation of renewable energy and the integration of that energy *somewhere* into our grid system.

Until Green Pricing is available to all customers, Green Tags provide us with a way to get renewable energy onto our energy system. Green Tags represent the environmental attributes of electricity derived from renewable sources, which is otherwise indistinguishable from electricity generated from fossil energy sources. As such, Green Tags are a “scarce” resource. As economics show us, increased demand for a scarce or uncommon resource results in more of that resource being produced — in this case, more renewable electricity is then generated as a result of Green Tag purchases.

### What exactly is a Green Tag, and how does the purchase of Green Tags reduce greenhouse gas emissions?

A Green Tag is a financial mechanism that allows a utility to separate the environmental benefits of renewable electricity from the electrons themselves, allowing a market to be created that rewards generators for the environmental benefits they produce through renewable energy — regardless of where the renewable electricity is generated, what price they get paid for the power, who they sell it to, and when they sell it.

One Green Tag equals the environmental attributes resulting from the generation of 1,000 kilowatt hours of green energy, or one megawatt hour. This generation has zero or near-zero emissions, depending upon the renewable energy resource used to produce the power, and it is environmentally benign. For example, one Green Tag from wind or solar equals 1,400 pounds of avoided air pollution, primarily measured as carbon dioxide\*. (\*Source: Bonneville Environmental Foundation, <https://www.greentagsusa.org/GreenTags>.)

With each Green Tag you purchase, you own the environmental attributes of the 1,000 kilowatt hours of renewable energy put on the grid. The Green Tags are then retired, or taken out of the market, so that they cannot be resold. This requires that a power company must produce more renewable electricity and put it on the grid if it wants to have more Green Tags to sell.

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In partnership with

The Episcopal Diocese of North Dakota Environmental Stewardship Committee, Presbyterians for Restoring Creation, Northern Plains Presbytery, and Troop 123 (including Eagle Scout Service Projects), sponsored by Faith Lutheran Church, Bismarck

Some states mandate the production of renewable energy by companies (see Mandatory Renewable Portfolio Standards). Where this is not mandated, some companies have a voluntary commitment to renewables. Our purchase of Green Tags creates a mechanism to increase generation from renewable sources *beyond* what is required by these mandates or what companies have voluntarily committed to.

As more of us purchase Green Tags, more energy derived from renewable sources is put on the grid. Over time, our demand for energy derived from renewables will reduce the amount of energy that would otherwise be generated by coal-fired power plants, thereby further reducing greenhouse gas emissions from those plants.

**What is the revenue generated from the sales of Green Tags by Basin Electric used for?**

Revenue from the sales of Green Tags by Basin Electric is “used to help the economics of green projects and perhaps build more green projects.” (Source Basin Electric Cooperative: [http://www.basinelectric.com/Commerce/WhatWeSell/Green\\_tags.html](http://www.basinelectric.com/Commerce/WhatWeSell/Green_tags.html))

**It sounds like my purchase of Green Tags is an investment in a utility company. Do I get anything in return?**

Your purchase of Green Tags rewards a utility company for the environmental benefits of renewable energy it produces *beyond* what public policy or the law requires, so it is an investment in the future of the climate and the environment.

Currently, utility companies in the US receive little or no actual financial return for the environmental benefits of renewable electricity. This is especially true for avoided carbon dioxide emissions. Power companies do not get paid for doing the right thing because there still is no penalty for carbon dioxide emissions in the U.S. To make matters worse, wind power — our dominant renewable resources in the region — is available when the wind blows, but not always available when prices are highest on the grid. When we purchase Green Tags, we are rewarding a utility for the environmental benefits of renewable electricity — whenever and wherever it is produced.

**My utility company does not sell Green Tags — Why would I buy them from another company?**

Green Tags provide us with a direct opportunity to respond as consumers by sending a powerful message to the marketplace about the kind of electricity choices we want. As all carbon dioxide emissions are global, whether we purchase a Green Tag from our local power company or from a European or Asian power company makes no difference to the atmosphere. It is far better to purchase independently verified Green Tags from another company (any company in the world for that matter) than to not purchase Green Tags at all and miss the opportunity to offset our own fossil electricity consumption.

**I am interested in being part of an aggregate purchase organized and monitored by Prairie Stewardship Network. What do I do?**

First, determine how much of your personal electric consumption you want to offset. A typical family would need to purchase 12 Green Tags for a year. Then contact us at 701-647-2532 or email us a [psn@prairiestewardship.org](mailto:psn@prairiestewardship.org). We will need a minimum of 1,000 tags committed to in order to execute an aggregate purchase. Currently, one of the benefits of an aggregate purchase is the discount that we would receive per tag. Instead of \$5/tag, each tag would cost \$2.50 (PSN will communicate any change in price should that occur).

**Is this opportunity restricted to individuals and households? Can churches and other groups participate?**

This opportunity is not restricted to individuals and households. Churches and other groups, including businesses are welcome to participate.