

Platts Emissions Adjusted Renewable Energy Certificates (RECs)

Platts has extensive coverage of the US RECs market with prices published across all compliance and voluntary state markets.

Buyers purchase RECs in order to have an impact on their emissions. However, there is an information gap for buyers who can't see the impact of their procurement. Not all RECs have the same emissions impact and crucially emissions impact is not currently reported for any REC. As a result, the carbon reduction potential of individual REC instruments is not captured in current pricing.

S&P Global Commodity Insights has partnered with REsurety, a software and services company in clean energy, to bring transparency to renewables based emissions impacts.

How can market participants better understand the emissions reductions achieved when buying RECs?

To provide the market with the missing emissions impact information for individual RECs, Platts has launched Emissions Adjusted RECs.

REsurety and S&P Global Commodity Insights combine emissions data with spot market data to generate REC prices that reflect the different levels of emissions avoided by different RECs.

These first to market Emissions Adjusted REC prices will calculate and publish the emissions impact of each REC instrument; enabling more impact-efficient trading.

What methodology is used?

We use an hourly, project-specific generation and emissions rates, where Platts will calculate the avoided emissions by each REC instrument.

How will the Emission Adjusted prices be assessed?

REC prices are currently published on a MWh basis. Using Locational Marginal Emissions (LMEs) data combined with Platts RECs data, the new Emissions Adjusted REC prices will provide a MTCO₂/MWh value for individual RECs.

- Emission Adjusted REC price Value (\$/mtCO₂e) =
REC price (\$/MWh) / average LME value (mtCO₂e/MWh)

Emissions Adjusted RECs output:

REC Product	REC Price (\$/MWh)	* Abatement value or LME Rate (mtCO ₂ e/MWh)	Carbon Value (\$/mtCO ₂ e)
National Green-e, Any Technology	\$2.83	0.38	\$7.37
Texas Non-Solar	\$2.82	0.37	\$7.60
National Green-e, Any Technology	\$23.86	0.55	\$43.93

* Abatement value is also known as Locational Marginal Emissions (LMEs)

Locational Marginal Emissions (LMEs)

Locational Marginal Emissions are curated and calculated by RESurety, using data published by system operators, the EIA, and RESurety's generation models.

The LME is a metric that measures the tons of carbon emissions displaced by 1 MWh of clean energy injected to the grid at a specific location and a specific point in time.

LMEs measure emissions by identifying the marginal generators in each power market interval.

If the renewable resource can displace output from a coal plant, the LME reflects a high carbon impact of the clean energy injection; LMEs are calculated at each power system node that is similar to the Locational Marginal Prices (LMPs) used to set wholesale electricity market prices.

If the renewable resource is injecting power in an over-saturated region where renewables are already being curtailed, the LME shows a low or zero carbon impact from the clean energy injection.

Where can the published prices and reports be found?

The assessments are published in Megawatt Daily and Platts Connect. Platts pricing is available in the following product packages:

- Market Data
- Market Insight

CONTACT US

ci.support@spglobal.com

North America

+ 1-800-PLATTS8 (toll-free)
+ 1-212-904-3070 (direct)

Latin America

+55-11-3371-5755

EMEA

+44-(0)20-7176-6111

Asia-Pacific

+65-6530-6430

Copyright © 2023 S&P Global Commodity Insights. All rights reserved.

spglobal.com/commodityinsights