



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20503

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MEMORANDUM FOR AGENCY CHIEF SUSTAINABILITY OFFICERS

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COUNCIL ON ENVIRONMENTAL QUALITY

SUBJECT: CLARIFICATION OF GRID-SUPPLIED CARBON POLLUTION-FREE
ELECTRICITY CALCULATION METHODOLOGY

The Council on Environmental Quality, in consultation with the Office of Management and Budget, is refining the method for calculating grid-supplied carbon pollution-free electricity (CFE) in accordance with section 203 of Executive Order 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*, December 8, 2021, and section 4.2.4 of the associated Implementing Instructions, August 2022,¹ to account for market data that has become available on the CFE content of delivered electricity.

Grid-supplied CFE is CFE that is delivered to a Federal customer as part of default electricity service or the electricity grid mix from a utility or electric service provider. As outlined in Section 4.2.4 of the Implementing Instructions, grid-supplied CFE is one of four CFE strategies—along with purchased CFE, onsite CFE, and purchased energy attribute certificates (EACs)—that can be layered or stacked together within an individual CFE offering from a supplier in furtherance of achieving the net annual CFE goal. The Implementing Instructions provide that the Federal Energy Management Program (FEMP) will use eGRID to calculate the CFE residual grid mix² that agencies can include as grid-supplied CFE, until a more refined calculation method becomes available based on market data (Section 4.2.4).

For a number of Federal facilities, new market data has become available that supports a refined and preferred methodology to calculate grid-supplied CFE. The new “supplier-attested” methodology is intended to capture CFE in the supplier’s existing grid mix that is delivered to Federal customers pursuant to state and local laws or regulations.

Agencies may use the CFE percentage attested to by the electricity supplier rather than the FEMP-calculated residual grid mix percentage, so long as the electricity supplier

¹ https://stage.sustainability.gov/pdfs/EO_14057_Implementing_Instructions.pdf

² The residual mix is calculated using eGRID regional mix data, then excluding biomass generation and also removing voluntary renewable energy certificate (REC) claims using Center for Resource Solutions data.

tracks each MWh of delivered CFE in the supplier's grid mix using EACs and delivers or retires those EACs³ on behalf of the Federal customer.⁴ Accordingly:

- EACs to track supplier-attested CFE may be sourced from the agency's *pro rata* share of:
 - In **vertically integrated utility markets**, CFE delivered from the utility's rate-based and contracted generation; or
 - In **retail electric choice markets**, the sum of: (i) CFE delivered from the competitive supplier's requirement to meet a renewable portfolio standard or clean energy standard, and (ii) any electric utility distribution provider's non-bypassable⁵ charges for CFE (*e.g.*, a state program supporting existing nuclear power).
- The electricity supplier should adhere to the principles listed in the appendix when determining and attesting to its grid-supplied CFE.
- To calculate the supplier-attested CFE percentage, the electricity supplier should sum the EACs described above and then divide by the total electricity consumed by the Federal customer from that supplier.
- The EAC accounting, tracking and validation process for grid-supplied CFE in vertically integrated utility markets (*i.e.*, a tariff offering that is separate from the utility's standard offer service) or in retail choice markets does not redefine that offering as any CFE strategy other than grid-supplied CFE.

Agencies are encouraged to use the supplier-attested methodology where available to calculate grid-supplied CFE. To determine the availability of the supplier-attested methodology in vertically integrated markets, agencies should consult with their utility providers. In retail choice markets, agencies should consult with their own contracting support, the General Services Administration (GSA), and/or Defense Logistics Agency Energy (DLA Energy).

³ Electricity suppliers may charge a fee for this service.

⁴ Annual agency-wide greenhouse gas emissions from grid-supplied electricity use will continue to be estimated using the eGRID regional factors.

⁵ "Non-bypassable" refers to a tariff charge that may not be avoided by the tariff customer.

Appendix

Agencies may rely on CFE attested to by electricity suppliers in their grid-supplied CFE calculation if the supplier attestation:

- Meets the definition of CFE in Section 603(d) of Executive Order 14057;⁶
- Includes only CFE delivered to the balancing authority where the Federal facility consumes electricity;
- Ensures a verifiable claim to the CFE through EACs and by attestation (to meet the Federal annual matching requirement, EACs must be generated within six months prior to or three months after the compliance year); and
- Excludes an agency's *pro rata* share of alternative compliance payments, regulatory multiplier credits and unspecified sources of generation (e.g., null power⁷).

There is no generation placed in-service date requirement for grid-supplied CFE.

In vertically integrated utility markets, the grid-supplied CFE calculation should not exceed on a percentage basis what the Federal consumer would have otherwise received as part of the standard offer service.

⁶ “Carbon pollution-free electricity” or “CFE” means electrical energy produced from resources that generate no carbon emissions, including marine energy, solar, wind, hydrokinetic (including tidal, wave, current, and thermal), geothermal, hydroelectric, nuclear, renewably sourced hydrogen, and electrical energy generation from fossil resources to the extent there is active capture and storage of carbon dioxide emissions that meets Environmental Protection Agency (EPA) requirements.

⁷ “Null power” is electricity from which EACs have been separated and sold off, leaving the underlying power without specific attributes.