



Maximize Your Renewable Energy Purchasing Options:

RENEWABLE ENERGY CREDITS

A Renewable Energy Credit, also known as a REC, is a certificate corresponding to the environmental attributes of energy produced from renewable sources. Electricity cannot be considered “renewable” without a REC to substantiate it. The actual power is sold into the local grid, and the societal benefits are sold in the form of RECs, sold separately as a commodity into the marketplace.

While RECs are not actually a measure of power, each REC represents one megawatt hour (MWh) of renewable-generated energy. For each REC purchased the buyer is able to claim the equivalent MWh of energy reduction as an offset to their conventional energy use. Because RECs provide an additional revenue stream to renewable energy projects, they are essentially a subsidy meant to allow clean resources to economically compete with fossil fuel based resources.

RECs are at the core of every renewable energy transaction in the country and are available to customers of all sizes. RECs are simple since the process is only a paper transaction. The price of RECs, like traditional energy, fluctuate with supply and demand.



What's important to know about RECs is that:

- RECs are appropriate for locations of all sizes.
- RECs can be purchased from a project, technology and/or region of choice.
- RECs can be purchased independent of commodity and electric supply.
- REC volumes can be purchased to cover any percentage of the customer's power load.
- REC types can be blended to manage REC cost.
- REC contract terms are very flexible.

While there are many benefits to RECs, they should not be confused with the tax credits that renewable energy projects are eligible to receive. It is also important to note that there is no return on your investment with RECs—a building or business owner is simply writing a check for the cost. While there are federal tax credits available, this is not a benefit companies with minimal to no tax liabilities will benefit from.



At MD Energy Advisors, one of our most important roles is to educate business consumers about their energy purchasing options. [**Learn more.**](#)