United States Renewable Energy Certificate Market Assessment, By Energy Type [Solar Power, Wind Power, Hydro-Electric Power, Others], By Capacity [0-1000 KWh, 1100-5000 KWh, More than 5000 KWh], By End-use [Compliance, Voluntary], By Region, Opportunities and Forecast, 2018-2032F

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Report description:

United States renewable energy certificate market is projected to witness a CAGR of 10.23% during the forecast period 2025-2032, growing from USD 10.11 billion in 2024 to USD 22.04 billion in 2032. The United States market has experienced significant growth in recent years due to regulatory, corporate, and societal factors and is expected to maintain a strong pace of expansion in the coming years. Renewable Energy Certificates (RECs) are a kind of market-based instruments that are designed to promote the generation of renewable energy and facilitate compliance with renewable purchase obligations (RPO). A single REC represents the one megawatt-hour (MWh) of electricity that has been generated from renewable sources. RECs facilitate the tracking and promotion of clean energy which drives its demand in the market. United States is reflecting a broader trend toward the adoption of renewable energy which has led to the growth of the REC market rapidly in recent years.
Moreover, the growing public awareness about climate change and its impacts has heightened interest in renewable energy solutions, thus prompting different sectors to invest in RECs. In the country, commercial and residential sectors are committing to carbon neutrality and renewable energy targets, boosting the demand for voluntary REC in the market. Companies use RECs to offset emissions and demonstrate environmental responsibility. Furthermore, the ongoing aggressive state-level policies, such as Renewable Portfolio Standards (RPS), mandate utilities to produce a specific percentage of energy from renewable sources, which also contribute to the expansion of RECs market size in the coming years. The rising compliance regarding the use of renewable energy remains a key driver of REC demand, as utilities rely on RECs to meet obligations.
For instance, in February 2023, Solvay and energyRe decided to enter into a 15-year agreement in which Solvay purchased all renewable energy certificates (RECs) generated by the Lone Star Solar project in Calhoun County, South Carolina. This development highlights that companies are entering into contracts to offset decarbonization and achieve the set goals by buying

renewable energy certificates.

Rise in Corporate Sustainability Commitments Amplify Market Size

Companies are increasingly seeking solutions that could help to prioritize sustainability along with the rising production activities. RECs are a kind of cost-effective and flexible solution to meet sustainability targets that are set by the company. Corporations are increasingly committing to sustainability goals and adopting corporate social responsibility (CSR) strategies which include carbon neutrality, also emphasize environmental stewardship, thus driving the demand for renewable energy certificates (RECs) in the market. Companies are engaged in purchasing RECs as certificate allows companies to offset the carbon emissions and demonstrate company commitment to renewable energy usage in several operations.

For instance, in 2023, about 9.7 million customers procured approximately 319 million MWh of renewable energy through green power markets, out of which 117 million MWh was procured through unbundled RECs in the United States. This development highlights that corporations are buying green energy to fulfill corporate social responsibility (CSR).

RECs are viable solutions that help in achieving sustainability goals without incurring significant capital expenditures which boosts its market size. RECs are particularly appealing for businesses which may not have the capacity or infrastructure to produce renewable energy on-site. Investing in RECs is often more cost-effective than investing directly in renewable energy infrastructure. The financial incentive provided by RECs encourages companies to invest in RECs, thus increasing its demand in the market.

Government Policies and Regulations Create a Pool of Market Opportunities

In the United States, policymakers are increasingly recognizing the role of renewable energy in enhancing economic and environmental sustainability. The rising focus on renewable energy mix is leading to support the policies that promote clean energy development, thereby creating a favorable environment for the growth of REC transactions in the country. The United States government commences regulations that mandate the usage of renewable energy at certain levels in commercial and residential sectors. Moreover, the federal government has set aggressive decarbonization targets for various sectors, including electricity generation and transportation which drive the demand for RECs in the market. RECs help as companies strive to offset emissions by purchasing RECs from the market at cost-effective rates.

Several states in the United States have implemented policies such as Renewable Portfolio Standards (RPS), which mandate different sectors, such as utilities, to use renewable energy to produce electricity. The rising compliance standards in the country lead to the purchase of certificates to demonstrate adherence to compliance requirements. For instance, the United States launched the long-term tax credits from the Inflation Reduction Act of 2022, which increased state-level clean energy targets and lucrative prices for solar carve-outs and offshore wind, thus driving the demand for RECs in the market.

With the strengthening of regulations and compliance requirements, the demand for RECs is expected to rise significantly. Furthermore, various regions are establishing aggressive clean energy goals, such as achieving 100% carbon-free electricity by specific target years. This trend is driving the demand for renewable energy certificates in the market. Additionally, the goal of achieving net-zero carbon emissions by 2050 is spurring investment in renewable technologies and services, further increasing the demand for RECs. For instance, Illinois has set a 2050 carbon-free electricity target, which necessitates using RECs to meet these goals. As states enforce existing clean energy laws and develop new regulations, the demand for RECs will rise in the coming years.

Solar Power Holds a Notable Market Share

Solar power currently accounts for the largest segment, which makes it dominate the market. In the United States, several incentives and tax credits are also given to boost the utilization of solar energy which has rendered solar energy cheaper to producers and consumers.

Government support encourages the deployment of more solar projects in the country, which in turn generates more RECs in the solar sector. The declining cost of solar panels makes them an attractive option for utilities and companies looking to meet renewable energy targets efficiently, thereby driving investment in the solar power sector. Solar power is scalable and cost-effective, which leads the corporate sector to place significant focus on it. Companies often purchase RECs from solar projects to meet their sustainability commitments without needing to invest in physical solar installations, further driving market demand.

West Region Leads the United States Renewable Energy Certificate Market

The West region dominates the REC market, holding the highest market share due to the presence of states such as California and Oregon. These states have implemented stringent Renewable Portfolio Standards (RPS) policies that require the utility sector to source a significant portion of its energy from renewable sources. Such mandates create compliance requirements, which drive demand for RECs in the utility sector.

For instance, in 2021, the West region of the country accounted for 36.9% of credits retired and 46.1% of the estimated 2022 US REC value. This development highlights that companies in the western part engage in buying the RECs, which makes the region dominate the market.

In addition, the region has vast natural resources which is suitable for renewable energy generation particularly solar and wind which boosts the growth of RECs in the market. As per the RECs market forecast, the presence of an abundance of facilitates and resources will lead to the generation of many RECs, with projections indicating over 480 million RECs generations annually in the West by 2030.

Future Market Scenario (2025 – 2032F)

- The implementation of Renewable Portfolio Standards (RPS) creates the demand for renewable energy certificates.
- Corporations are increasingly committing to carbon neutrality and renewable energy goals boosting the demand for REC in the forecast period.
- Rising public awareness about climate change and the environment creates market opportunity for the forecast period.
- As industries and homeowners continue to seek cleaner, more efficient, and more reliable power solutions the demand for renewable energy certificates will continue to grow in the forecast period.

Key Players Landscape and Outlook

Continuous innovation characterizes the landscape of renewable energy certificates, as the companies compete concerning energy efficiency, product life, and unique features. The market outlook remains positive, owing to increased demand for integrating renewable energy and automation in the industrial sector. Product launches, agreements, business expansions, collaborations, and developing technologies are projected to increase competition in the fast-paced market.

For instance, in January 2024, The Meridian Group (TMG) and WGL Energy entered a contract for purchasing renewable energy certificates (RECs). WGL Energy will ensure that 100% of the electricity used by The Meridian Group (TMG) properties in 2024 will be supported by renewable wind energy production. This development highlights that companies are entering into contract contracts, which help will help their increase revenue in the coming years.

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