

ISDA Publishes US Renewable Energy Certificate Annex

NEW YORK, May 6, 2021 – The International Swaps and Derivatives Association, Inc. (ISDA) has published a new US Renewable Energy Certificate (REC) Annex, reflecting increased interest in trading products that help companies meet renewable energy and emissions-reduction targets as part of their environmental, social and governance (ESG) strategy.

The ISDA US REC Annex allows firms to buy and sell US RECs based on standardized product definitions and terms under the umbrella of the ISDA Master Agreement, enabling more efficient trading of these instruments.

RECs represent the environmental attributes of renewable energy generation, and are issued when one megawatt hour of electricity is generated by a renewable energy source. Buyers of RECs have the rights to the characteristics of renewable energy, allowing firms that may not be able to connect directly to a renewable electricity supply to support clean energy and meet their ESG goals.

“The financial sector will play a crucial role in the shift to a greener economy by mobilizing capital to invest in sustainability projects and infrastructure. RECs help achieve this by enabling organizations to support renewable electricity wherever they are based, even if local energy suppliers do not offer it directly. By publishing the ISDA US REC Annex, firms will be able to trade these certificates based on standardized terms, making the process simpler, more efficient and more cost-effective,” said Katherine Tew Darras, General Counsel, ISDA.

The ISDA US REC Annex is the latest in a suite of documents published by ISDA designed to support trading of emissions and certain types of environmental derivatives, including templates for US and EU emissions and temperature-related weather transactions. ISDA will continue to work with members to identify other ESG-related areas where standard terms, documents and definitions are necessary.

Law firm Jones Day worked with ISDA to draft the annex.

A short video on the ISDA US REC Annex is available [here](#).

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 925 member institutions from 75 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org. Follow us on [Twitter](#), [LinkedIn](#), [Facebook](#) and [YouTube](#).

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