

# Corporate Renewable Energy Procurement Pathways in the Southeast: **ALABAMA**

**Many corporations, higher education institutions, and municipalities use off-site renewable energy purchasing to meet ambitious renewable energy goals. Limited off-site renewable projects in the Southeastern United States may not be a function of limited corporate interest, but rather may reflect regulatory and market barriers. This report summarizes the status of off-site renewable procurement in Alabama, highlighting the potential for market expansion.**

To understand the potential for renewable procurement in the Southeast, NREL gathered and estimated data from corporations, cities, and higher education institutions with renewable energy commitments. We pair this with data on existing renewable energy supply options (Figure 1). A summary of purchasing pathways in the state and their contracted capacity is found in Table 1.

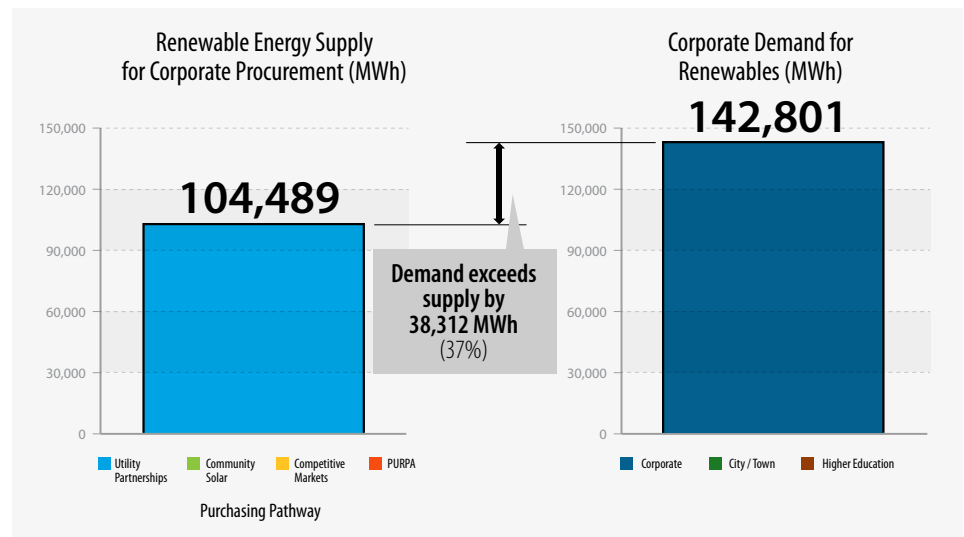


Figure 1. Corporate renewable energy supply and demand

In Alabama, our sample of demand for renewables exceeds supply, by 38,312 megawatt hours (MWh), or about 37%. There may be other entities with demand that did not submit data to us directly.

## Utility Partnerships

In 2015, the Alabama Public Service Commission authorized Alabama Power to secure up to 500 megawatts (MW) of renewable generating capacity by 2021 to meet corporate and military demand for renewable energy. Individual projects are capped at 80 MW. To date, 92 MW of solar photovoltaic (PV) capacity have been procured via this program. Walmart signed a 15-year contract with Alabama Power, providing financing for the 72 MW Lafayette Solar Project in return for renewable energy certificates (RECs). Twenty MW of additional PV capacity has been procured for military partnerships.

In 2018, Google initiated a partnership with Tennessee Valley Authority (TVA) to procure renewables-based power for a new data center at the shuttered Widows Creek Fossil Plant in Jackson County; Facebook is also partnering with TVA to supply a new data center in Huntsville with renewable energy. Total renewable energy capacity for these projects has not been announced.

## Community Solar

To date, community solar options have not been offered by investor-owned or cooperative utilities in Alabama.

## Competitive Market Access

Retail choice programs and wholesale market access are not available in Alabama. While corporate customers located in Alabama have the option to pursue off-site power purchase agreements (PPAs) in states with competitive wholesale markets, potential for energy price hedging is limited due to distance between load and generation.

## PURPA

Corporate customers have not developed qualifying facilities allowed under the federal Public Utility Regulatory Policies Act (PURPA) in Alabama to meet renewable energy targets. Alabama Power’s avoided-cost rates are updated annually, exposing PURPA project developers to price risk. Qualified facilities under PURPA are compensated at actual avoided-cost rates incurred while operating, and they are eligible for capacity payments when capacity needs are identified by the utility.

## Market Outlook

Utility partnerships may be the best option for corporate renewable energy procurement in Alabama. Until 2021, corporate customers with sites located in Alabama Power’s territory have the opportunity to pursue 408 MW of remaining capacity available under the utility’s renewable generation procurement program. In northern Alabama, customers may also be able to leverage TVA’s experience forming bilateral partnerships. Limited opportunities remain for procurement through competitive markets, PURPA qualifying facility development, or community solar projects.

Pathway	Deployed Capacity (MW)	Key Considerations
Utility Partnerships	56.8	<ul style="list-style-type: none"> <li>Alabama Power’s Contract for Renewable Participation is available to corporate customers for projects up to 80 MW. 500 MW program cap, expires 2021.</li> </ul>
Community Solar	0	<ul style="list-style-type: none"> <li>No supportive policies or utility projects</li> <li>Only state in the southeast with no community solar capacity</li> </ul>
Competitive Markets	0	<ul style="list-style-type: none"> <li>No retail choice programs or competitive market access</li> </ul>
PURPA	0	<ul style="list-style-type: none"> <li>Short-term contracts only</li> <li>Avoided cost rate updated annually</li> </ul>

Table 1. Deployed capacity and key considerations for corporate procurement

Heeter, Jenny; Cook, Jeffrey J.; and Jenny Sauer. 2018. *Existing and Potential Corporate Off-site Renewable Procurement in the Southeast*. Golden, CO: National Renewable Energy Laboratory. NREL/TP-6A20-72003. <https://www.nrel.gov/docs/fy18osti/72003.pdf>.