State Renewable Energy News

A Compilation of Utility-Oriented Renewable Energy Activities in the States

Prepared by the NARUC Subcommittee on Renewable Energy

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State Activities

California
State Ponders Restructuring Proposals
California presently has five utility restructuring proposals under consideration. The PUC offered two competing proposals: the majority proposal advocates a central pool dispatching system and the minority proposal seeks direct access for all customers. In addition, Southern California Edison and several large industry groups submitted a memorandum of understanding calling for a voluntary wholesale power pool and phased direct access. A customer-oriented group proposal seeks more direct benefits in terms of bill and rate reductions, and a public interest group proposal focuses on preserving public benefits in restructuring.

Important differences arise in the treatment of utility stranded investments. The PUC majority and utility proposals seek 100% stranded investment recovery, while the other proposals take the position that less than 100% recovery may be warranted.

California state law requires a certain percentage of new electric capacity to be set aside for renewables. All five of the proposals contain provisions for the explicit treatment of renewables, either through development of a portfolio standard or through a nonbypassable system benefits charge.
PUC Contact:
David Morse, (916) 657-4085

Net Energy Metering Law Enacted
California enacted a law requiring the state's utilities to implement net energy metering for residential owners of solar electric systems of 10 kW or less. The state established a limit on cumulative installations equal to 0.1% of a utility's 1996 peak output, or 53.3 MW in aggregate across the state.

The California Solar Energy Industries Association (CalSEIA) notes that the savings to a utility from not having to install and read two meters exceeds the costs and lost revenue incurred with net metering. The group also notes that utilities benefit from the "peak shaving" characteristics and other distributed benefits of residential PV systems. CalSEIA views net metering as a "first step in offering a market-based approach which promotes the use of clean-energy generation to improve the environment."
CalSEIA Contact:
Cathy Murnighan, (916) 649-9858

Florida

Solar Program to be Phased Out

The PSC approved a phase-out of Florida Power & Light's solar water heater incentive plan for residential customers. The PSC accepted the utility's argument that the program, which offered incentive payments for residential solar systems, was not cost-effective for the utility to continue. The utility has agreed to continue providing customers with information on solar water heating during residential energy audits and in response to direct customer inquiries.

PSC Contact:
Richard Shine, (904) 413-6688

Iowa

Legislature Examining Renewables

A legislative committee has been created and charged with reviewing issues related to increasing the use of alternative energy in Iowa. The Iowa Alternative Energy Production Study Committee, composed of 10 legislators, is examining subsidy and incentive issues in conjunction with the state's existing utility mandate to procure a total of 105 MW of renewables. A set of formal recommendations is expected early next year.

Legislative Contact:
Julie Smith, (515) 281-6329

Massachusetts

DPU Issues Restructuring Principles

Noting that "in restructuring, the concepts of competition and customer choice are fundamental," the DPU established a set of principles to guide the development of utility restructuring proposals within the state. The overall goal of the restructuring proceeding is "the development of an efficient industry structure and regulatory framework that minimize long-term costs to consumers while maintaining the safety and reliability of electric services with minimum impact on the environment."

Although renewables are not explicitly treated in the order, the DPU clearly believes that greater competition and retail customer choice will help foster renewables. Increased choice will allow customers "to seek the suppliers that offer the services they want at the lowest price . . . [and] . . . create incentives for suppliers . . . to determine which services and products customers desire." And in addressing environmental issues, the DPU writes that increased competition "should create greater incentives than currently exist for suppliers to anticipate and minimize the costs of complying with current and future environmental regulations at both existing and new plants."

The DPU views the unbundling of electricity service charges as integral to realizing the benefits of competition because "customers must be able to compare the prices and terms of the various products and services that are available." In the order, the DPU established a staggered schedule that requires all of the state's utilities to submit restructuring proposals over the next year.

DPU Contact:
Theo MacGregor, (617) 727-9748

Michigan

PSC Approves Limited Green Pricing

The Michigan PSC approved a special green service for customers of Detroit Edison to help fund a planned 28.4 kW PV demonstration facility. The utility notes that "the success of the project depends on its popularity with customers and their willingness to pay a small premium to fund development of a renewable power source."

Under the *SolarCurrents* rate, residential customers are being asked to pay an additional $6.59 per month for 2 years to receive an average of 140 kWh per year of PV power. This works out to a price premium of 56.5›/kWh to help pay for the $250,000 project. The utility also will receive $113,600 in project cofunding from the U.S. Department of Energy.
PSC Contact:
John Trieloff, (517) 334-7233

Montana
PSC Issues Preliminary RE Proposals
The PSC issued, and requested comments on, a set of preliminary proposals meant to "provide a balanced approach to renewables, given the realities of today and the uncertainties of the future." By issuing these proposals, which are an outgrowth of the commission's investigation of renewable energy issues (***SREN***, Summer 1994), the PSC "does not advocate preferential treatment of renewable resources over traditional resources, but instead intends to establish guidelines that focus attention on renewable energy alternatives."

The proposals address niche applications of renewable energy technologies, upgrades to the IRP and resource acquisition processes, evaluation and appropriate implementation of "green pricing" programs, consideration of nonprice attributes, development of utility RD&D programs, and establishment of a state renewables working group.

In a separate inquiry into the restructuring of Montana's electric utility industry, the PSC requested comments on how, and to what extent, the state's electric industry should support the development of renewable resources. Commentors also are asked to address the merits of a nonbypassable universal system benefits charge to support public policy goals such as renewable energy development.
PSC Contact:
Mike Sheard, (406) 444-6189

Nevada
Legislature Okays Green Pricing
The Nevada legislature authorized the state's utilities to provide a voluntary green service to its customers. The legislation notes that the program "must provide the customers of the utility with the option of paying a higher rate for electricity to support the increased use by the utility of renewable energy resources in the production of electricity." To date, neither of the state's two utilities has filed a green pricing tariff with the PSC.
PSC Contact:
John Candelaria, (702) 486-2620

New York
PSC Approves Green Pricing Pilot
The PSC approved a proposal from Niagara Mohawk to offer an experimental, 3-year "green pricing" pilot program to its residential customers. For a subscription fee of $6.00 per month, program participants contribute to acquiring renewable energy resources "to displace fossil fuel generation . . . to reduce air pollution and to conserve fossil fuels." The company also will undertake a tree planting program within its service territory.

The renewable energy resources will be acquired through a competitive bidding process. The differential between the project contract price and the utility's avoided cost will be paid from accumulated program subscription funds. This program is a response to a DPS request for a utility volunteer to test the feasibility and market acceptance of a green pricing. In addition, the utility's research indicated that such a program may be desirable to its residential customers.

PSC Contact:
Fred Ulrich, (518) 486-5211

Rhode Island

PUC Rejects Renewables Charge

Noting that "if the main priority is to reduce costs via restructuring, it is inconsistent to integrate new costs into the system simultaneously," the three-person PUC, with one dissent, rejected a state collaborative's recommendation that the costs of transitional support for renewables be included in a "non-bypassable, non-discriminatory, appropriately structured charge."

The collaborative, chaired by Mary Kilmarx of the PUC and made up of utilities and industrial, business and consumer groups, developed a set of recommended principles to guide utility restructuring negotiations. The renewables principle addressed the potential need for transitional support for "clean and renewable energy sources (that) can play a valuable role in providing fuel diversity, managing risks and reducing environmental impacts." In rejecting the renewables surcharge, the PUC admonished that "restructuring efforts must fully accept the market approach, and reject special surcharges and subsidies which skew the competitive balance."

However, the order went on to say that "the Commission continues to believe that resource and fuel diversity are important goals. We invite the Collaborative to creatively address how to integrate renewables into a competitive marketplace." The collaborative intends to explore non-surcharge-related options and present them to the commission.

PUC Contact:
Mary Kilmarx, (401) 277-3500

Virginia

PV Incentive Bears Fruit

The availability of an incentive grant for the development of PV manufacturing facilities led to groundbreaking for a $25 million state-of-the-art PV manufacturing plant by Solarex Corp. The state's 2-year-old program will provide 75 cents per watt, for up to 6 MW per year, of PV panels manufactured in Virginia from 1995 to 1999 (***SREN***, Summer 1993). The Solarex plant will produce in excess of 10 MW of solar cells annually and is expected to employ 60 to 80 people. Solarex is a business unit of Amoco/Enron Solar.

Solarex Contact:
Sarah Howell, (301) 698-4272

Other Activities

Utility Markets Green Power

Portland General Electric (PGE) is packaging power from two planned wind projects for sale to wholesale customers. The City of Portland has contracted to purchase 11.25 million kWh (1.29 aMW) of the wind energy for 5 years, equivalent to 5% of its power under a new contract with the utility. The wind energy costs will be blended with lower "market-based" rates; the resulting "blended rate" will still be lower than the city's former contract rate. PGE also is discussing green power sales with at least two other wholesale customers in Oregon.

PGE Contact:
Frank Afranji, (503) 464-7033

Utility Enhances PV Package
To stimulate greater participation in its off-grid PV pilot program (***SREN***, Fall 1992), Idaho Power modified its tariffs in three states to allow customers to purchase utility-installed PV systems for the depreciated value at the end of the 5-year service contract or to renew the system lease for another 5 years.

In Idaho, the tariff change has had a dramatic effect on the number of installations. During the first 2 1/2 years of the pilot program, only six systems were installed. However, the utility has installed more than 25 additional systems in the last six months.
Idaho Power Contact:
Larry Crowley, (208) 388-2683

Analysis Refutes Coal Industry Report
Analysts at the National Renewable Energy Laboratory (NREL) in Golden, Colorado report that a study being distributed by a coal industry group grossly exaggerates the costs to the nation of increased renewable energy deployment. The NREL analysis, commissioned by the Office of Utility Technologies of the U.S. Department of Energy, finds that the conclusions of the study being distributed by the Center for Energy and Economic Development are based on faulty data and assumptions regarding the comparative economics of coal and renewable energy development.

Using data from the U.S. Department of Energy and the Electric Power Research Institute, NREL finds that a modest growth path of renewable resource development would essentially cost the nation little more than projected electricity market costs for coal-fired generation, even before considering the environmental benefits that would accompany this development.
NREL Contact:
Blair Swezey, (303) 275-4664

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The Subcommittee Chairman is The Hon. Renz D. Jennings, Chairman, Arizona Corporation Commission — (602) 542-3935.

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