

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

PUC Adopts Portfolio Standard

The PUC issued its long-awaited policy decision on electric utility restructuring that establishes "choice and flexibility" for retail customers and reforms the manner in which monopoly electricity services are regulated. Noting that "we are committed to establishing restructuring policies which maintain California's resource diversity for existing resources as well as encourage development of new renewable resources," the Commission has proposed the establishment of a target level of renewable generation accompanied by a meaningful penalty for noncompliance.

While the details of the renewables "portfolio standard" are still to be developed, the Commission prefers that the requirement be set at the same level for all utilities and that it may be appropriate to establish floors for certain technology types to maintain the diversity of the existing renewable resource base.

In adopting the concept of a minimum renewables standard, the PUC order notes that "this market-based approach will allow buyers and sellers to search the market for the best renewables bargains and to internalize such costs in their prices without the need for a surcharge to fund renewables development."

CPUC Contact:

David Morse, (916) 657-4085

Hawaii

New Renewables Group Formed

The Hawaii Renewable Energy Alliance (HREA) has formed to support, through education and advocacy, the utilization of renewables "for a sustainable, energy-efficient, environmentally friendly, economically sound future for Hawaii." The group's membership is made up of representatives from the renewable energy industry, public interest groups, and state and local government agencies.

HREA's initial efforts have been focused on development of net metering legislation for small solar and wind generators, and efforts to retain the existing state tax credits for solar and wind installations.

HREA Contacts:

Brian Nakamura, (808) 486-4188

Warren Bollmeier, (808) 247-7753

Minnesota

PUC Issues Restructuring Principles

The PUC issued an Order seeking comments on a set of draft principles to guide electric industry restructuring in Minnesota. Two of the 15 principles highlight the need to continue addressing environmental quality and fuel diversity:

Environmental improvement - Any transition to a retail competitive market should include a plan to improve the environmental quality of the state. This plan should address both the improvement or retirement of older, dirtier fossil-fuel generation and the provision of clean new resources to serve the citizens of the state.

Diverse portfolio of energy resources It is in the long-term interests of the electricity consumers in the state to ensure that their needs are being met through a diversified portfolio of energy resources, so as to minimize the risk of heavy dependence on a single fuel or technology. To that end, the state must support and promote participation of cost-effective demand-side management, renewable energy and other diverse resources. In addition, support for the continued research and development of electric generation and delivery technologies must be assured.

The Order notes that "carefully crafted principles, developed with the input of a broad group of stakeholders, will allow the Commission to ensure that the public interest is the primary focus in the restructuring dialogue." The draft principles are based on inputs received to date from involved parties.

PUC Contact:

Betsy Engelking, (612) 296-1337

Montana

PSC Issues Renewables Guidelines

Culminating a 2-year investigation, the PSC issued a set of guidelines on renewable energy that "provide a balanced approach to renewable energy in light of the changing electric industry, focus consideration of renewable resources in utility planning processes, and clarify to the public the process for utilities in consideration of renewables."

The guidelines address specialized applications of renewable energy technologies, upgrades to the least-cost planning and resource acquisition processes, "green pricing" premiums, nonprice preferences, utility RD&D programs, and establishment of a state renewables working group.

Although refraining from a formal rulemaking at this time, the PSC noted that the guidelines are "appropriate and timely" and "should help to ensure that utilities continue to consider renewables in their planning processes."

PSC Contact:

Mike Sheard, (406) 444-6189

Rhode Island

Restructuring Legislation Introduced

The state would allow direct access and require utilities to unbundle rates, including a rate for demand-side management (DSM) and renewables, under legislation introduced. The Utility Restructuring Act of 1996 would provide all customers with direct access by 2001, although certain manufacturers and new commercial and industrial customers could get direct access beginning in

1998, and allow close to full recovery of utility "stranded costs." The legislation was negotiated between the House Majority Leader and the New England Electric System (NEES), which serves 70% of Rhode Island's electricity customers.

The bill calls for a 2.0 mills/kWh customer charge to fund DSM programs and renewables. The PUC estimates that current utility DSM funding alone is more than 3.0 mills/kWh, which suggests that utility investments in these areas would decrease under the legislation. The bill also excludes "old-source review" of existing fossil plants, which could indirectly impact the pace of future renewables deployment in the region.

Separately, the Rhode Island Electric Industry Restructuring Collaborative filed a progress report with the PUC on its deliberations. In response to the Commission's challenge to "creatively address how to integrate renewables into the marketplace" (*SREN*, Fall 1995), the Collaborative agreed to several principles that should guide future market consideration of renewables:

(1) the need for a competitive generation market; (2) the establishment of a least-cost investment process for the monopoly distribution system and attention to distributed generation sources; (3) provision of one or more "green" offers at the time retail choice is implemented; (4) certification of renewables suppliers; (5) provision of additional commercialization support for renewables, through voluntary customer contributions or a coordinated New England consortium; and (6) establishment of goals for achieving greater fuel and technology diversity.

PUC Contact:

Mary Kilmarx, (401) 277-3500

Washington

Restructuring Principles Issued

The UTC issued a set of guidelines for the state's three private electric companies to follow as they adapt to a more competitive market environment. One of the eight principles addresses public policies, stating that the "development of competitive electricity markets should not undermine public policies favoring environmental protection, energy efficiency, resource diversity, and technological innovation . . . Approaches that encourage development of markets for energy efficiency and renewable generation equipment should be emphasized."

The policy statement is the result of a year-long commission inquiry into electric industry competition. The inquiry will continue, with the next step focusing on ways the policy principles can be achieved as the electric industry transitions into a more competitive marketplace.

UTC Contact:

Dick Byers, (360) 753-3006

Wisconsin

PSC Adopts Competition Plan

The PSC adopted "a systematic and sequential approach" toward electricity competition, which details a series of steps that must be accomplished before full retail competition can be achieved. The overall policy goal of the plan is "to attain the most efficient and customer driven electricity marketplace for Wisconsin."

Among the principles of the plan are functional separation of generation, transmission, and distribution; full customer access to competing supply alternatives; and preservation of public benefits. A Public Benefits Policy Advisory Board would be established to, among other

responsibilities, address market reforms to encourage renewable resource development. The goal of the Advisory Board will be to recommend appropriate actions " to transform delivery of these services to a customer-pulled market with uniform statewide programs delivered by nonutility providers." However, the PSC would retain the authority to require a distribution utility to construct or contract for certain types of generation capacity in the case of uncorrected market failure.

The Commission emphasized its commitment to quality customer service under any restructuring model and has given this priority status in the ensuing investigation. The target date for the implementation of retail competition under the PSC plan is the year 2000. Primary issues to be addressed in 1996 are providing open transmission to all users on a fair basis and addressing market power concerns.

PSC Contact:

Gary Mathis, (608) 266-2307

Other Activities

NCSL Documents State Incentives

A state survey has been conducted by the National Conference of State Legislatures (NCSL) to catalog regulatory, legislative, and grant programs that provide incentives for renewable energy development. A report will be available from NCSL in March.

NCSL Contact:

Matthew Brown, (303) 830-2200

Utility Green Pricing Workshop

The U.S. Department of Energy (DOE) and the Electric Power Research Institute are jointly sponsoring a workshop on green pricing for utilities in Golden, CO, in April. The intent of the workshop is to provide information on existing green pricing programs, identify lessons learned, and explore marketing strategies to enhance program success.

EPRI Contact:

Terry Peterson, (415) 855-2594

Renewables Project Database Available

The National Renewable Energy Laboratory (NREL) has updated the Renewable Electric Plant Information System (REPiS). REPiS contains information on almost 104,000 MW of grid-connected renewable energy generation and includes information on roughly 8000 MW of planned renewables projects. Both the database and a report summarizing the data are available.

NREL Contact:

Karin Sinclair, (303) 275-4643

Salem Electric Goes All Renewables

Starting October 1, Salem Electric Cooperative in Oregon will obtain all of its electricity from renewable resources under a 5-year agreement reached with the Bonneville Power Administration (BPA). The cooperative will purchase 7 average megawatts of capacity (17% of its electric needs) at a price of 3.5¢/kWh. The renewables purchased will include wind and geothermal and will displace energy previously provided by coal, natural gas, and nuclear sources. Since the remainder of Salem Electric's energy comes from hydroelectric resources, the cooperative's customers will obtain 100% of their energy from renewable resources.

Salem Electric's renewables commitment continues a trend of renewables purchases among

municipalities in the Northwest (*SREN*, Fall 1995) and responds to a customer survey in which 80% of those surveyed expressed a willingness to pay a little more for a long-term commitment to renewable energy sources.

BPA Contact:

George Darr, (503) 230-4386

SMUD Board Approves Renewables RFP

The Board of Directors of the Sacramento Municipal Utility District (SMUD) approved a request for proposals (RFP) for renewable resources to be issued in 1996. The RFP will solicit 50 MW of renewable resources over 5 years, 1998 to 2002. The acquisition is intended to advance the development of renewables, improve the utility's resource diversity, and identify opportunities for local economic development.

The RFP will have two parts: (1) an open solicitation for 40 MW of renewable resource power purchases and (2) a 10-MW, multi-year photovoltaics (PV) set-aside. The PV component follows SMUD's commitment to the sustained, orderly development of PV.

SMUD Contacts:

Bob Wichert, (916) 732-6222 (for RFP)

Don Osborn, (916) 732-6679 (for PV)

National Restructuring Legislation

Legislation introduced in both the U.S. House and Senate could affect the future status of the mandatory requirement for utilities to purchase power from qualifying facilities under the Public Utility Regulatory Policies Act (PURPA). While Sen. J. Bennett Johnston's (D-LA) bill would eliminate the mandatory purchase requirement immediately upon passage, Rep. Edward Markey (D-MA) would suspend the requirement only if an electric utility has received a "certificate of competition" from a state regulatory authority.

Both bills include renewables-specific provisions. The Senate bill would require states that adopt policies to promote renewables to allocate any above-market costs to all electric consumers. In the House bill, a certificate of competition could not be issued unless suppliers have the "incentive and opportunity" to provide energy efficiency and renewable resources and unless a non-bypassable charge exists to allocate costs associated with low income, fuel diversity, and energy efficiency objectives. The fuel diversity objective also could be met by a portfolio standard.

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