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
Proposals Submitted on Renewables Policy
The PUC's December 1995 decision on electric utility restructuring called for the establishment of a market structure for electricity which offers retail customers "choice and flexibility" and reforms the manner in which monopoly services are regulated. The decision also provides for the establishment of an enforceable "minimum renewables purchase requirement (MRPR)" within the overall resource mix to maintain California's resource diversity for existing resources and encourage the development of new renewable resources (***SREN***, Winter 1996).

A Renewables Working Group formed early this year to address the major issues involved in implementing the Commission's renewables policy. The group has received six comprehensive program proposals from participating parties. Five of the six proposals present strategies for implementing the MRPR; the sixth is for a surcharge-funded program. The group also received two adjunct proposals that seek to support specific types of technologies within the context of whatever overall renewables program is adopted.

The eight proposals offer a wide range of options regarding the structure and design of an effective renewables program. However, there is broad consensus that renewable energy is important for California's future, and that the best way to accomplish this goal is through the use of market competition to the maximum extent possible, with a system that is flexible enough to facilitate compliance with regulatory obligations. Also, the program should be applied uniformly across the state, with compliance imposed on electric service providers. The working group will prepare a report for submission to the PUC.

PUC Approves PV Pilot
The PUC has approved an 18-month pilot program by Southern California Edison (SCE) to provide a grid-connected photovoltaics (PV) service to its residential customers. SCE is offering the program as a pilot for entering the market for on-grid PV systems. Commission policy requires the state's utilities to provide notice of intent to pursue a solar energy development program and demonstrate that the program will not restrict competition in the market and will accelerate the development of solar energy systems. The program is capped at 5 MW of total installations and will not use ratepayer funds.

SCE will not own the systems but will finance their purchase by customers. SCE will serve as an "integrator" by managing competitive procurement processes, overseeing installation, ensuring quality of construction, providing customer-connected PV service agreements as necessary, and ensuring quality maintenance of the system. The PV systems will be interconnected under single net metering, permitting surplus generation to be credited against customer consumption at other times. SCE is using a $200,000 grant from the Technology Experience to Accelerate Markets in Utility Photovoltaics (TEAM-UP) program to help offset the cost of the systems.

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Colorado

Renewables Task Force Formed

Noting that "Coloradans want to use more renewables,"Governor Roy Romer issued an executive order creating a task force "to develop strategies for how Colorado can better use renewable energy resources." The order sets a preliminary target of 250 MW equivalent of new renewables production during the next decade.

The 25-member task force, which includes representatives of the electric utility and conventional energy industries, renewable energy industries, state and local government organizations, energy users, and environmental groups, is to report back to the governor in a year's time.

Office of Energy Conservation Contact:
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Hawaii

PUC Delivers Renewables Report

The PUC has delivered its renewables report, entitled *Strategies to Facilitate the Development and Use of Renewable Energy Resources in the State of Hawaii*, to the state legislature. The report presents the findings of an informational proceeding to study current renewable energy utilization and identify strategies to overcome barriers to greater renewables use in the state (***SREN***, Winter 1995).

The legislature held an informational briefing on renewables and emerging policies in utility regulation in March. The Senate will be convening a number of study sessions to review the implementation of policies identi-fied in the PUC report and other utility issues.

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Illinois

Waste Preference Law Repealed

Stating that "every dollar diverted to an incinerator . . . is a dollar lost to education and other priority programs," Governor Jim Edgar signed into law a bill repealing a state preference for waste-to-energy (WTE) projects. Titled "An Act to Abolish Incinerator Subsidies Under the Retail Rate Law," the law removes solid waste burning facilities from eligibility for retail rate payment.

The retail rate law requires utilities to purchase electricity generated from eligible facilities at the local government's retail rate. Utilities receive a state tax credit equal to the difference between the retail power purchase rate and the utility's actual avoided cost rate. With the exclusion of WTE projects, only landfill methane generators remain eligible for the incentive.

ICC Contact:
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Massachusetts

DPU Holds Restructuring Hearings

The DPU has scheduled a series of public meetings this summer to receive comments on its proposal for restructuring the state's electricity industry to achieve a fully competitive generation market by January 1, 1998. The overall goal for restructuring "is to develop an efficient industry structure and regulatory framework that minimize costs to consumers while maintaining safe and reliable service with minimum impact on the environment." The DPU believes that "long-term cost reductions would most effectively be achieved by allowing customer choice and full and fair competition in the generation of electricity."

Stating that it "favors market-based approaches that remove barriers to competition and offer incentives for market participants to explore the viability of renewables rather than approaches that require regulatory intervention to maintain a particular level of renewables in the market," the DPU proposes three renewables options:

1. Giving customers a choice to pay a small premium for those renewables that "cost only slightly more than the market price of electricity"

2. Establishing a non-bypassable charge on distribution services for a renewables fund to pay the incremental cost of more expensive renewables that "with greater market penetration and experience . . . have the potential to become more competitive"

3. Providing for distribution companies to continue net billing practices for small renewable generators of 30 kW or less.

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

New Hampshire

Retail Pilot Begins

Following legislative authorization, the PUC has established a Retail Competition Pilot Program "to create a limited experimental program to examine the implications of retail competition in the electric utility industry." Under the two-year pilot, alternative electricity suppliers compete for approximately 3% of each electric utility's peak load, or a total of about 50 MW statewide, which has been allocated proportionately among all customer classes.

The pilot, which officially began on May 28, has elicited participation from more than 30 power suppliers, some of which are differentiating their power product as "cleaner" than their competitors. For example, Working Assets, the company that pioneered socially responsible credit cards and long distance phone service, is marketing its power portfolio as "coal-free, nuke-free, and Hydro-Quebec-free," while Green Mountain Energy Partners is touting a "98.5 percent greenhouse gas free" electricity product. Information is not yet available on customer response to the pilot offerings.

PUC Contact:
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New York

Net Metering Law Pending

Following on the heels of California (***SREN***, Fall 1995), the legislature has forwarded net metering legislation for small, customer-owned solar electric generators to the Governor for signature. Similar to California, the legislation allows net metering for solar facilities up to 10 kW in size and caps total eligible installations at 0.1% of a utility's peak load. Generation in excess of the customer's annual electricity requirements is reimbursed at the utility's avoided cost.

However, unlike California, the bill contains explicit prohibitions gainst burdensome utility requirements. For example, the bill prohibits utilities from imposing special fees, such as backup charges and demand charges, on net metering customers, as well as additional controls, tests, or liability insurance, as long as the systems meet all relevant national safety and power quality standards.
Legislative Contact:
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Pennsylvania
PUC Completes Competition Study
On July 3, the PUC adopted its *Report and Recommendations to the Governor and General Assembly on Electric Competition*, culminating a two-year investigation into retail competition in the state. In the report, the Commission recommends that "it is in the public interest for Pennsylvania to begin a careful transition that will ultimately provide all retail customers the opportunity to choose their electric generation provider."

The Commission rejects regulatory intervention to promote energy efficiency and renewables, stating that these options are "widely available on a competitive basis." However, the Commission "should ensure that customers have ready access to information which objectively assesses these approaches." In addition, distribution utilities must not be prevented from pursuing cost-effective investments in energy efficiency and renewables, especially where there is customer demand. The Commission does recommend that a universal service funding mechanism be established to support low-income customer assistance, including the Low Income Usage Reduction Program.

In an accompanying statement to the report, Commissioner John Hanger wrote that while "currently, consumers must support whatever source of generation the local utility has decided to provide," a restructured electric industry "will permit consumers to choose a preferred type of generation or fuel supply. . . such as renewables." Further, "since renewables and other environmentally friendly technologies currently now have virtually no market share in Pennsylvania, customer choice will generate significant new opportunities for these technologies to gain a market niche."
PUC Contact:
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Rhode Island
Restructuring Plan Submitted
The Division of Public Utilities and Carriers has submitted its plan for a restructured electric industry to the PUC. The objective of the "Division Plan" is "to create a more efficient electric industry, with lower rates and more innovative services for all classes of customers . . . (through) a market in which a large number of independent generators, marketers, brokers and other intermediaries will compete to provide generation service to retail customers." Under the plan, all retail customers would have the right to choose their electric suppliers and to require their local distribution utility to deliver electricity to them, commencing on January 1, 1998.

The plan views several reforms as "crucial to the development and commercialization of cleaner and renewable resources." These reforms include "fully subjecting existing generation to market discipline; direct access by all suppliers to all classes of customers; fair and comparable tariffs for transmission access; operation of the wholesale market by an entity independent from generators and purchasers; and a transition that does not unfairly favor incumbent utilities."

Although the Division "continues to believe that (a systems benefit) access charge . . . would be necessary to ensure development of cleaner technologies," the plan does not call for a charge Plan because the PUC previously rejected this approach (***SREN***, Fall 1995).

Separately, the state House has passed utility restructuring legislation calling for a five-year, non-bypassable distribution system charge of 2.5 mills/kWh to fund energy efficiency and renewables. Although this is increased from 2.0 mills/kWh initially, it is still below the 3.0 mills/kWh estimate of current utility spending on DSM alone (***SREN***, Winter 1996) The bill is expected to pass the Senate as well.

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Wisconsin

PSC Approves Green Pricing Pilot

The PSC accepted for filing an experimental "green" tariff offered by Wisconsin Electric Power Company (WEPCO), which the utility maintains will give "environmentally conscious customers" a choice to purchase power generated from renewable resources. The renewables to be acquired consist of waste-wood-fired power from Minnesota and Canadian hydropower.

In its filing, the utility noted that the purpose of the experimental rate is to "test the market, educate customers, and help the market to develop." The utility believes that "a market needs to be developed before investors will finance new renewable generation facilities in Wisconsin."

Participation in the program, which is limited to residential, farm and small commercial customers, will cost customers an additional 2.0¢/kWh, on top of the existing rate of 6.7¢/kWh, for each green kWh subscribed. Customers may choose to receive 25%, 50%, or 100% of their electricity needs from the renewables offered. Recovery of promotional and administrative expenses is limited to 20% of the purchase power cost.

The PSC indicated that it will examine WEPCO's promotional materials "to ensure that the public is provided with accurate information about the renewable resources WEPCO is acquiring for the program." The Commission also directed WEPCO to submit a plan for program evaluation within 60 days.

PSC Contact
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Electricity Consumers' Power to Choose Act of 1996

Citing the potential for consumer gains of up to $107.6 billion annually and the creation of one to three million new jobs, Congressman Dan Schaefer (R-CO), Chair of the House Energy and Power Subcommittee, introduced legislation that calls for all retail consumers of electricity-no matter their size, location, or the type of utility they are served by-to have choice of electricity suppliers no later than December 15, 2000.

Under the bill, states are given a great deal of authority in implementing retail choice programs, but they would have no choice as to whether or not to offer retail choice. States are given six months to decide whether they wish to allow retail choice, although they can take up to two years if they need additional legislative authority. If retail choice is not adopted by a state, then the Federal Energy Regulatory Commission (FERC) "shall exercise the authorities that would otherwise be exercised by the state regulatory authority." FERC's actions would preempt any state law that is inconsistent or may conflict with FERC's authority to adopt retail choice. Nonregulated utilities are also given six months to adopt retail choice, but if they do not act, then either FERC or a state regulatory authority can act in their stead.

On renewables, Schaefer's bill would repeal the mandatory purchase provisions of the Public Utility Regulatory Policies Act (PURPA) once all customers of a utility have the right to choose their own supplier of electricity. In its place, the bill establishes a national "minimum renewable energy requirement," including a system of tradeable credits.

The renewables requirement calls for all generators selling power in a state to have renewable energy credits equal to 2% of their generation through 2004; 3% from 2005 through 2010; and 4% thereafter. States maintain their existing authority to require additional amounts of renewable energy generation. Electric generators must provide proof of their renewable energy credits to FERC, and FERC must establish rules creating the credit and trading system. The renewable energy requirement would be ended if FERC certifies that the market value of the credits or the number of credits traded, or both, have declined to the point at which the cost to administer the trading program is no longer justified.

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MECO Unveils Retail Pilot

Up to 10,000 residential and small business customers from four cities will have the opportunity to choose their electricity supplier through the Massachusetts Electric (MECO) *Choice: New England* retail access pilot program. The pilot will test the potential for customers to lower their electricity bills and/or receive value-added services through choice of electric supplier.

The utility has issued a Request for Proposals (RFP) seeking suppliers that can offer eligible participants a variety of choices, including (1) lowest price options, (2) environmentally sensitive "green" options, and (3) options that will package electricity along with value-added services, such as conservation programs.

Environmental Futures, Inc., has been selected by MECO to administer the pilot and will prequalify a list of electricity suppliers to serve eligible customers. Although a "green" product standard has not been established, respondents are encouraged to consider the broadest range of environmentally sensitive proposals, such as (1) including renewable power in their fuel portfolio, (2) allocating a portion of anticipated revenue from the pilot to environmental or community projects, or (3) demonstrating a reduction in net emissions. Price will remain an important determinant in the selection of green service providers.

Environmental Futures Contact:
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WAPA Solicits Comments on Renewables

Noting that "the competitive forces brought on by electric utility deregulation have reduced immediate market opportunities for renewables," and that "with its significant transmission resources, customer base, and interconnections with electric utilities throughout the West, Western is in a position to facilitate market opportunities for non-hydropower renewable resources," the Western

Area Power Administration (WAPA) solicited public comments on a proposed policy whereby it would purchase a portion of its expected purchase power requirements from renewables. Comments were due to WAPA on May 31.

Using assumptions of a 5 percent renewables purchase (approximately 30 MW) and a 55 mills/kWh average cost for the renewable power, WAPA calculates that the policy would result in additional costs of 0.2% to 1.7%, depending on customer location, compared to alternative non-firm energy costs of from 10 to 23 mills/kWh. WAPA received more than 150 comment letters and intends to publish a summary of the comments and Western's response.
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Green Power Network On-Line
NREL, with support from the U.S. Department of Energy, is developing an internet site which will serve as a clearinghouse for information on green power marketing. The *Green Power Network* will contain up-to-date information on green marketing programs, relevant literature on green marketing issues and market research, links to other information sources, and a discussion forum through which interested parties can share information and perspectives on green marketing and related policy topics. The site will be accessible via DOE's Energy Efficiency and Renewable Energy Network:
(http://www.eren.doe.gov/greenpower)
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DOE Starts Sustainable Development Pilot
The U.S. Department of Energy has established the Center of Excellence for Sustainable Development, a pilot program to help communities protect the environment while promoting economic development. The center will provide communities a "tool kit" of workbooks, computer programs, and data for guidance on sustainable development projects. Experienced personnel are also available to consult with local officials.

The center is an outgrowth of DOE's involvement with the President's Council on Sustainable Development and DOE's work with Midwest communities devastated by the 1993 floods. DOE helped the communities rebuild using sustainable development strategies.

Interested communities can contact the center toll-free at **(800)357-7732** or via the center's Internet home page:
(http://www.sustainable.doe.gov)

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