
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Renewable and Distributed Resources Subcommittee

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State Activities

California

Public Benefits Charge Extended

On September 30, California Governor Gray Davis signed legislation that extends the state's public benefits charge for 10 years. The surcharge, which amounts to less than 3% of the average customer's bill, was initially established in the state's 1996 electric industry restructuring law and supports energy efficiency, renewable energy sources, and research and development of alternative energy supplies.

In addition to production incentives and project financing support, the renewables portion of the fund has supported customer rebates for existing, new, and emerging renewables, including the state credit for qualifying retail "green power" purchases. The availability of the credit, which started at 1.5¢/kWh but since has been lowered to 1.0¢/kWh, has provided an important offset to the higher cost of green power in the California market. However, municipalities, which represent an important segment of the state's green power purchasers, are excluded from receiving the credit after 2001.

The legislation calls for the California Energy Commission (CEC) to develop investment plans for the renewable and RD&D programs aimed at the development of a fully competitive and self-sustaining California renewable energy supply.

CEC Contact:

Marwan Masri, (916) 654-4531

Colorado

Pollution Settlement Funds Green Power

The Colorado Air Pollution Control Division (APCD) finalized a settlement with the largest electricity user in the state in which the company agreed to purchase approximately \$300,000 worth of wind power for up to five years to offset a violation of air quality regulations. The state typically allows violators to offset up to 80% of a civil penalty by performing a Supplemental Environmental Project (SEP).

In this case, the two parties agreed to a SEP in which the company will place funds into an escrow account to be managed by Public Service Company of Colorado, which will be used to pay for power from the utility's *WindSource* program. The average annual purchase called for in the SEP is roughly equivalent to the annual output of one 750-kW wind turbine.

APCD Contact:

Jill Cooper (303) 692-3269

Maine

PUC Considers Alternative to RPS

In September, the PUC circulated for comment draft legislation that would replace the existing renewables portfolio standard (RPS) with a system benefits charge (SBC). In a document explaining the rationale for the proposed change, the Commission wrote that "the current portfolio requirement appears to have raised electricity costs in Maine without providing any clearly identifiable benefits."

The PUC goes on to explain that, “based on prices offered to Maine utilities when they sought standard offer supply, discussions with suppliers, and comments in our recent standard offer rulemaking, the portfolio requirement may be increasing the cost of generation services in the range of 2% to 10% (or approximately 1 to 5 mills).”

The draft legislation circulated by the Commission called for replacing the RPS with an SBC of 1 mill/kWh, which would raise an estimated \$12 million annually and be used to fund eligible renewable resources that can demonstrate need. Because of comments received that largely opposed the RPS replacement plan, the Commission is reconsidering its proposal.

PUC Contact:

Marjorie McLaughlin, (207) 287-1365

Maryland

State Adopts Clean Energy Incentives

On May 11, Governor Parris Glendening signed the Maryland Clean Energy Incentive Act into law, which creates tax incentives for individuals and businesses that purchase or invest in renewable energy and energy efficiency. The law provides for income tax credits of up to \$2,000 for the purchase and installation of solar systems as well as production tax credits for wind, landfill gas, and biomass resources, including energy crops, poultry litter, and co-firing. Eligible wind and biomass resources can receive a credit of up to 0.85¢/kWh on power delivered during the first 10 years of service.

The law also provides full or partial sales tax exemptions for purchases of electric and hybrid vehicles, highly efficient HVAC equipment, fuel cells used for generating heat and electricity in buildings, and energy-efficient appliances, such as washers, refrigerators, and air conditioners, that carry the *Energy Star* label. In most cases, the incentives are available for purchases made between July 1, 2000, and December 31, 2004.

Energy Office Contact:

Fred Hoover, (410) 260-7511

Minnesota

DOC Calls Retail Competition “Unwise”

The Minnesota Department of Commerce (DOC) has determined that “it is not in the public interest to substantially restructure regulation” of the state’s electric power industry. In a report entitled *Keeping the Lights On*, the DOC says that it “cannot currently support authorizing competition” in the state “given the chaos that retail competition is causing in the states that are experimenting with it, and given the looming reliability dilemma facing the Midwest region.”

Instead, the DOC proposes to utilize a combination of market forces and “efficient regulation” to ensure safe, reliable, environmentally sound and universally available energy services. Noting that “a new era of small, high efficiency generation technologies will soon be market-ready,” the DOC proposes to promote renewables and distributed generation (DG) in a number of ways.

For DG, the DOC notes the need to (1) eliminate barriers to deployment of DG resources by developing standard regulatory procedures, uniform interconnection agreements, and standard offers, and by updating antiquated interconnection rules, (2) identify and implement, through a state energy policy planning process, appropriate sites for DG facilities, and (3) provide incentives for DG placements that provide benefits to a local electric system by relieving constraints or offsetting needs for additional transmission, distribution, or plant construction. Incentives used would include limiting exit fees and stand-by generation costs and providing financial assistance.

Noting that “as with DG facilities the development of new renewable energy facilities is critical to ensuring Minnesota’s energy future,” the DOC proposes establishment of renewable energy development goals based on “an analysis of potential renewable resources in the state and the amount of new capacity needed.”

DOC Contact:

Caren Warner, (650) 296-7502

Montana

SBC Funds Green Power Web Site

A portion of the SBC applied to customers of Montana Power is being used to fund a Web site called *Montana Green Power*, which provides state-based news and information on renewable energy such as renewable energy programs, suppliers, projects, cost and siting considerations, and utility restructuring. The site also includes educational materials for teachers.

Web Site Contact:

Jim Tracy, (800) 275-6228

New Mexico

PRC Resolves Renewables Requirement

Upon rehearing, the PRC ruled that cost should be a consideration in meeting a requirement that standard offer electricity service contain a minimum of 5% renewable energy (**SREN**, Summer 2000). The PRC's revised order states that the renewables purchase is only required "when the effect of including the renewable power in standard offer service increases the price of standard offer service by no more than 0.1¢/kWh." With the cap, the maximum impact on a typical customer using 500 kWh per month would be 50¢ per month.

The PRC also ordered that utilities offer a separate renewable energy tariff for customers who want the option to purchase additional renewable energy, regardless of cost.

PRC Contact:

John Curl, (505) 827-6960

New York

PSC Staff Recommends SBC Increase

Noting that "the creation of competitive retail markets for electricity has taken more time than originally foreseen" and thus "it appears that the marketplace is not yet ready to assume the full provision of SBC-funded services," PSC Staff has recommended that the Commission consider extending SBC programs for five years beginning January 1, 2001, and increase the overall annual funding level by \$60 million, from \$78.1 million to about \$138 million. The charge would be non-bypassable and would be uniform at about 1.4 mills/kWh across all utilities and their customers.

The SBC, the collection of which commenced in July 1998, is designed to fund, during the transition to full retail electric access and possibly thereafter, the following public policy initiatives not expected to be adequately addressed by competitive electric retail markets: energy efficiency programs; R&D projects; environmental protection efforts; and efforts on behalf of low-income utility customers.

Although renewables R&D represents only a small portion of the program expenditures, the renewable energy program is supporting the development of 29 MW of in-state wind energy generation and a total of 1 MW of photovoltaics (PV) installed on commercial and residential buildings.

PSC Contact:

John McLaughlin, (518) 486-2883

Oregon

PUC Endorses SBC Nonprofit Plan

The PUC approved a concept for the establishment of a nonprofit organization to oversee approximately \$30 million a year in funding that will be collected from ratepayers for investment in conservation and renewable energy resources. Under the state's electricity restructuring law, Portland General Electric and PacifiCorp will collect a 3% public purpose charge when direct access begins on October 1, 2001. The proposal was the culmination of several months of discussions among stakeholders following a PUC decision that the funds be managed by a nonprofit organization—the restructuring law allows the Commission to direct how utilities spend the funds or to direct the funds to a nongovernmental entity.

PUC Contact:

Lynn Kittilson, (503) 378-6116

Rhode Island

Solar Tax Credits Enacted

Rhode Island Governor Lincoln Almond signed into law a bill that provides for both a sales tax refund and an income tax credit for investments in qualifying residential renewable energy systems, which include PV, solar domestic hot water, solar space heating, and wind energy systems. The tax credit starts at 25% of the installed cost in 2000 and declines in 5% increments until it reaches 5% in 2004.

The maximum eligible system cost is \$15,000, except for solar hot water systems, which have a \$7,000 maximum. All systems must be certified by the state energy office.

State Energy Office Contact:

Janice McClanaghan, (401) 222-6920

Other Activities

NEPOOL Approves Certificate Mechanism

The New England Power Pool (NEPOOL) Participants Committee approved the development of a "Generation Information System (GIS) Database" for implementing the various disclosure policies, renewables portfolio standards, and emissions performance standards adopted by New England states. The system will use tradable certificates representing the fuel source and emissions characteristics of a generator.

The GIS concept is detailed in a white paper prepared by the GIS Working Group, which is comprised of representatives of New England's regulatory agencies, NEPOOL participants, and ISO New England. The group has been meeting since early 1999 to develop a consensus on how a regional database could be used to implement the various state policies. Now that the concept has been approved, an advisory committee will be formed to oversee the selection of a third-party administrator and to establish rules and procedures.

GIS Contact:

Nils Bolgen, (617) 727-4732

CRS Reports Commercial Buying Surge

The Center for Resource Solutions (CRS) reports that green power purchases by nonresidential customers in California and Pennsylvania surged during 1999. The data is contained in a report that documents the green power purchases and sales of companies that sell *Green-e* certified electricity.

The *1999 Green-e Verification Report* notes that 38% of the demand for the 29 *Green-e* certified products came from large customers (industrial, small and large commercial, municipalities, and agricultural), up from 21%

in 1998. This translates to nearly 28,000 nonresidential customers that are purchasing *Green-e* certified power nationwide. With the inclusion of residential customers, more than 170,000 customers purchased *Green-e* certified electricity during 1999. The analysis also found that, in aggregate, participating marketers purchased more renewable energy than required to service their customers.

The information contained in the report was derived from independent supplier audits. CRS requires annual audits to verify that *Green-e* certified suppliers meet the program's stringent environmental and consumer protection standards.

CRS Contact:

Kirk Brown, (415) 561-2100

Businesses Commit to Green Power

Eleven major U.S. businesses announced that they are working with the World Resources Institute (WRI) and Business for Social Responsibility (BSR) to support the development of 1,000 megawatts of new "green" energy capacity over the next 10 years. The partnership, called the Green Power Market Development Group (GPMDG), was organized to support the development of green energy markets. The diverse group of businesses, which includes DuPont, General Motors, IBM, Interface, Johnson & Johnson, Kinko's, and Pitney Bowes, hopes to identify its first sources of cost-competitive green power within the year.

GPMDG Contact:

Jennifer Finlay, (202) 729-7657

NREL Reports on Green Power Markets

The National Renewable Energy Laboratory (NREL) released a report providing information on green power market trends and product offerings in both competitive and regulated markets. Among the key findings of the report, entitled *Green Power Marketing in the United States: A Status Report*, is that California and Pennsylvania have been the most active competitive markets for green power. In Pennsylvania, 10% of eligible customers have switched to an alternative supplier with 15% of these customers switching to a green power supplier. And in

California, virtually all residential customers that have switched suppliers, and many commercial customers, are receiving green power.

In regulated markets, more than 80 utilities in 28 states have either developed or announced intentions to develop green pricing programs for their customers. Over the last two years, there has been significant growth in the number of utility offerings—more than 60 new green pricing programs

were started compared to a total of 28 programs in all previous years.

Overall, green power marketing activity has resulted in the installation of more than 125 MW of new renewable energy capacity with nearly 180 MW more under development, representing an addition of nearly 2% to the nation's nonhydro renewable power supply.

NREL Contact:

Blair Swezey, (303) 384-7455

Internet Links:

California Energy Commission Renewable Energy Web Page:

<http://www.energy.ca.gov/renewables/index.html>

Colorado Renewable Energy Special Enforcement Project Summary

http://www.eren.doe.gov/greenpower/apcd_0900_pr.html

Maine Draft RPS Legislation and Rationale:

<http://janus.state.me.us/mpuc/2001legislation/2001legislation.htm>

Maryland Clean Energy Incentive Act:

<http://mlis.state.md.us/2000rs/billfile/hb0020.htm>

Minnesota Department of Public Service Energy Reliability Initiative:

<http://www.dpsv.state.mn.us/docs/restruc/mainrs.htm>

Montana Green Power Web Site:

www.montanagreenpower.com

New Mexico Public Regulation Commission Electric Restructuring Web Page:

<http://www.nmprc.state.nm.us/electres.htm>

New York Public Service Commission SBC Web Page:

<http://www.dps.state.ny.us/sbc.htm>

Oregon Public Utility Commission Public Purpose Funds Web Page:

<http://www.puc.state.or.us/erestruc/indices/ppindex.htm>

Rhode Island Renewable Energy Tax Credit Bill:

<http://www.rilin.state.ri.us/publiclaws/law00/law00145.htm>

ISO New England Web Site (GIS Working Group)

<http://www.iso-ne.com/main.html>

Center for Resource Solutions Green-e Web Site:

<http://www.green-e.org>

WRI/BSR Green Power Market Development Group

<http://www.wri.org/press/greenpwr.html>

NREL Report: *Green Power Marketing in the United States: A Status Report*

http://www.nrel.gov/analysis/ema/brief_5.html

This newsletter is prepared for the NARUC Renewable and Distributed Resources Subcommittee to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey, National Renewable Energy Laboratory, at (303) 384-7455 or Blair_Swezey@nrel.gov. Past issues are available at: <http://www.nrel.gov/analysis/ema/projects/sren/>

The Subcommittee Chairman is the Honorable Roger Hamilton, Commissioner, Oregon Public Utility Commission.