# State Renewable Energy News

**A Compilation of Renewable Electric Activities in the States**

Prepared for the NARUC Committee on Energy Resources and the Environment

*Volume 14, No. 2* *Summer 2005*

## State Activities

*Illinois*

**State Enacts Voluntary RPS**

Acting on a proposal from Gov. Rod Blagojevich, the ICC adopted a resolution establishing a Sustainable Energy Plan for the state, which includes portfolio standards for renewable energy and energy efficiency.

The renewable portfolio standard (RPS) calls for 2% of bundled retail load to be obtained from renewable energy resources in 2007, increasing 1% annually until reaching 8% in 2013. Three-quarters of the renewable energy used to meet the RPS should come from wind power and one-quarter from other sources, such as solar and certain biomass resources. The state will not implement a renewable energy credit trading system.

The energy efficiency portfolio standard calls for a 10% reduction in load growth in 2007-2008, 15% reduction in 2009-2011, 20% reduction in 2012-2014, and 25% reduction in 2015-2017.

Both the renewable and energy efficiency standards are voluntary and subject to rate-impact tests. For the RPS, the maximum percentage increase in retail rates is capped at 0.5% in any one year and 2% on a cumulative basis. For the energy efficiency standard, the maximum percentage rate increase is 0.5% per year computed separately for each rate class for which demand response and energy efficiency programs are available, and based on the total annual bill for a typical customer within the class.

**ICC Contact:**
***Harry Stoller, 217-785-5278***

*Iowa*

**State Agencies to Buy Renewable Energy**

Governor Tom Vilsack issued an executive order directing state agencies to obtain 10% of their electricity from renewable energy sources. According to the order, "agencies may generate their own alternative energy or may participate in their utility's green power purchase program, where available, to meet this requirement."

The order also calls for the agencies to reduce their energy consumption by an average of 15% by 2010, relative to 2000 levels, and to procure alternative or hybrid-electric vehicles for 100% of their nonlaw-enforcement light-duty fleet by 2010. In addition, all state bulk purchases of diesel fuel must contain 5% renewable content by 2007, increasing to 20% by 2010.

*Maine*

**Solar Rebate Program Enacted**

Gov. John Baldacci signed into law a bill to provide rebates for qualifying solar thermal and photovoltaic (PV) systems installed at residences and businesses. PV systems are eligible for a rebate of $3 per watt on the first 2,000 watts of installed capacity and $1 per watt for the next 1,000 watts. Solar thermal systems, for water or space heating, qualify for a rebate of 25% of the system cost or $1,250, whichever is less.

A total of $500,000 will be available each year for the solar rebate program and will be raised through a customer surcharge not to exceed 0.005¢/kWh on electric bills. In each fiscal year, 25% of the fund is to be allotted to PV system rebates and 75% allotted to solar

thermal system rebates. The PUC has initiated a rulemaking to develop the rules for the rebate program, which will expire at the end of 2008.

**PUC Contact:**
***Denis Bergeron, (207) 287-1366***

*Massachusetts*

**State Won't Meet RPS Requirement**

The Division of Energy Resources (DOER) issued a report documenting progress toward meeting the state's renewable portfolio standard. Beginning in 2003, all retail electric suppliers were required to obtain at least 1% of their total sales to customers from renewable energy sources, with the requirement increasing in 0.5% annual increments until reaching 4% in 2009.

The report finds that although all suppliers complied with the law in 2003, there will not be enough renewable energy available to meet the entire requirement of 1.5% of total sales for 2004. Those suppliers that cannot meet the requirement must make alternative compliance payments (ACPs), which are expected to raise $15 million, which will be invested in new renewable energy projects to increase available supplies. The ACP rate for 2004 is $51.41/MWh.

The DOER forecasts that the shortfall will be temporary as the premium for renewable electricity fostered by the Massachusetts program and similar programs in other states stimulates investments in new renewable power sources.

**DOER Contact:**
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*Michigan*

**PSC Approves Net Metering Program**

The PSC approved an amended consensus agreement that implements a voluntary statewide net metering program for a minimum of five years.

Under the agreement, net-metered customers will be credited for net excess generation (NEG) at the utility's retail price of generation. Any credits will be carried over from month to month, limited to a 12 billing-month cycle. At the end of each cycle, cumulative NEG credits, if any, may be retained by the utility and the customer's credit reset to zero. The value of any generation credits retained by the utility will be used to offset net metering program costs.

The PSC rejected a provision in the agreement that would have required that ownership of renewable energy certificates associated with a customer's generation be transferred to the utility.

Eligible technologies include solar, wind, geothermal, biomass (including waste-to-energy and landfill gas), and hydroelectric (less than 30kW in size). Both residential and business customers are eligible for net metering, subject to an overall limit of 0.1% of the utility's peak demand in the previous year.

**PSC Contact:**
***Tom Stanton, (517) 241-6086***

*Montana*

**RPS Bill Becomes Law**

Gov. Brian Schweitzer signed a bill requiring each public utility operating in the state to procure a minimum of 5% of its retail electricity sales from eligible renewable energy sources beginning in 2008, increasing to 10% in 2010, and 15% in 2015 and thereafter. At least 75 MW of capacity must come from community renewable energy projects.

Utilities may use renewable energy credits for RPS compliance, but they may not resell renewable energy credits and count the sold credits toward meeting its RPS obligation, nor may they apply credits sold to customers through a voluntary green power program.

Utilities are required to enter into power-purchase contracts for renewable energy with a minimum duration of 10 years. Also, utilities must pay a penalty of $10 per MWh of shortfall, if they fail to meet the RPS in any year and may not recover the penalty in electricity rates.

Restructured utilities operating in the state are relieved from the RPS obligation if the cost of electricity from an eligible renewable resource—including the cost of ancillary services necessary to manage the transmission grid and firm the resource—is greater than the cost of power available from nonrenewable suppliers. Other utilities are relieved from the RPS obligation if the cost of the renewable resource exceeds the cost of power from other sources by more than 15%.

*Nevada*

**Legislature Again Revises RPS Statute**

Gov. Kenny Guinn signed a bill that revises the state's RPS law by lowering the near-term portfolio requirement but raising the long-term requirement and allowing energy efficiency measures to meet up to one-quarter of the standard in any one year.

The RPS is now set at 6% in 2005 and 2006, increasing by 3% every two years until reaching 20% in 2015 and thereafter. Not less than 5% of the requirement must be met from solar energy systems. To be eligible, energy efficiency measures must be installed at a retail customer's location and the cost must be directly reimbursed, in whole or in part, by the utility.

Separately, the PUC opened a hearing into the failure of the state's two utilities, Nevada Power and Sierra Pacific Power, to meet the 5% minimum RPS requirement for 2004—Sierra Pacific met the nonsolar requirement but failed to meet the solar requirement. The state RPS law allows the PUC to exempt the utilities from compliance if renewable energy supply is insufficient to meet the standard. Both utilities were granted exemptions from meeting the target in 2003.

The two utilities were ordered to develop a compliance plan that outlines achievable goals and milestones, addresses all identifiable barriers, and identifies possible solutions to barriers that may prevent compliance with the RPS.

**PUC Contact:**
***Anne-Marie Bellard, (775) 687-6035***

*New Jersey*

**Statewide Green Power Program Okayed**

The BPU approved a new voluntary program that will give the state's retail electricity customers the option of signing up for "green power" on their utility bills. Under the statewide program, electric customers will be able to subscribe to the program and select from multiple green power products and marketers without having to switch their supplier.

The New Jersey Green Power Choice Program will be the first statewide program of its kind where multiple utilities and green power marketers will join with the state to give consumers access to the regional market for renewable energy. Each customer who decides to participate in the voluntary program will pay an amount that is determined by their mix of "green power" selected from their power supplier. Green power sold in the program must be sourced from renewable energy that is not otherwise used to meet a statutory requirement, such as a renewable portfolio standard.

The BPU's Office of Clean Energy will oversee and administer the program and ensure that relevant New Jersey consumer-protection rules and procedures are followed. The program will be available later this year after the utility companies make the necessary changes to their billing and information systems.

**Solar RECs System Operational**

The nation's first tracking and trading system for solar renewable energy certificates (SRECs) is now operating in New Jersey. The system tracks and issues SRECs for solar electricity production from "behind-the-meter" distributed generation systems. Each SREC represents one MWh of solar production. Load-serving entities in New Jersey are required to procure a certain percentage of their electricity supply from solar photovoltaics and demonstrate their compliance through participation in the New Jersey SREC Program.

**BPU Contact:**
***Mike Winka, (609) 777-3312***

*North Dakota*

**New Laws Promote Wind Energy**

Gov. John Hoeven signed into law a comprehensive package of legislation designed to accelerate production of wind energy and biofuels, as well as enhance the transmission infrastructure necessary to get both renewable and conventional energy to market.

New legislation creates an Office of Renewable Energy within the Division of Community Services at the North Dakota Commerce Department. The new office will assist in the development of renewable energy within the state and promote energy conservation in both the public and private sectors. The office will administer programs and advance information pertaining to state and federal incentives available for the full range of renewable energy sources.

Among the new laws designed to promote wind energy development are:

- Creation of a North Dakota Transmission Authority, which will promote new and substantial investment in transmission lines in North Dakota. (HB1169)
- A provision to allow the trading of renewable energy credits to other states, which will promote the development of wind energy in North Dakota. (HB1314)
- A provision to raise the jurisdictional threshold for siting electrical power generation facilities from 50 MW to 100 MW, thus reducing the regulatory burden for wind energy companies to site plants in North Dakota. (HB1283)
- A reduction in the assessed value of a wind turbine electric generation unit from 3% to 1.5% to promote the commencement of construction on wind facilities prior to July 1, 2006. (SB2018)

*Texas*

**State Expands RPS Law**

The legislature passed a bill that expands the state's existing RPS from 2,000 additional MW in 2009 to 5,000 additional MW in 2015 (representing about 5% of the state's electricity supply) and sets a target of 10,000 MW of capacity installed by 2025. The bill provides that 500 MW of generating capacity be derived from nonwind renewable sources, such as solar and biomass.

The legislation gives the PUC the authority to order construction of new transmission lines to meet the state renewables goal and to cap the price of renewable energy credits and suspend the RPS goal, if necessary to protect the reliability and operation of the grid. The PUC also will ensure that all renewable energy capacity installed in the state and all renewable energy credits awarded, produced, procured, or sold from renewable capacity in the state are counted toward meeting the RPS goal. Gov. Rick Perry is expected to sign the legislation.

*Vermont*

**State Establishes Renewable Energy Goal**

Gov. James Douglas signed into law a bill establishing a renewable portfolio goal for the state, which, if not met, will become a mandatory renewable portfolio standard in 2013. The law encourages each retail electricity provider to supply an amount of new renewable energy equal to its total incremental energy growth between 2005 and 2012. The amount of new renewable energy that must be supplied is capped at 10% of a provider's total electricity sales in 2005.

New renewable energy is defined as energy from eligible projects placed into service after December 31, 2004. Incremental capacity obtained from existing renewable energy projects also meets the standard. Providers can meet the requirement through eligible new renewable energy credits, new renewable energy resources with renewable energy credits still attached, or a combination of the two. Eligible generating facilities can be located either inside or outside of the state.

The PSB is charged with developing the regulations and procedures necessary to implement the policy, including establishment of a system of tradable renewable energy credits "designed to be consistent with regional practices." The PSB is also charged with ensuring that "providers disclose the types of generation used and whether the energy is Vermont-based, and shall clearly

distinguish between energy and tradeable energy credits provided from renewable and nonrenewable sources and existing and new sources."

In addition, the PSB is charged with establishing a renewable energy fund that would offer an alternative compliance mechanism for providers to make an as yet unspecified amount per kilowatt-hour payment, in lieu of purchasing tradable renewable energy credits.

Electricity providers can be relieved from the portfolio responsibility if the PSB "determines that compliance with the standard would impair the provider's ability to meet the public's need for energy services . . . at the lowest present value life cycle cost, including environmental and economic costs."

**PSB Contact:**
***Riley Allen, (802) 828-4053***

*Washington*

**State Adopts "Feed-in" Tariff System**

Gov. Christine Gregoire signed two bills into law that provide incentives for renewable-energy manufacturing and deployment. The first law establishes a European-type "feed-in" payment for "customer-generated electricity renewable energy systems." Homes and businesses with solar PV, wind, and anaerobic digester systems will receive a payment from utilities of 15¢/kWh for electricity generated by their renewable energy systems, up to a total of $2,000 annually. Utilities are allowed to take a credit against state taxes for the amount of the payments provided. The payments are available for a 10-year period beginning July 1, 2005, and ending June 30, 2014.

The production incentive couples economic multipliers to increase the earned credit if the solar or wind system components are manufactured in Washington State, which can increase the 15¢/kWh payment to as much as 54¢/kWh. Customer generators retain the rights to any environmental attributes produced by their systems.

The second bill seeks to attract and retain solar manufacturing by providing tax breaks for solar-module and component manufacturers that currently reside in the state or choose to relocate there.

## Other Activities

**PJM Launches GATS**

PJM Interconnection—the regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 12 states and the District of Columbia—announced the launch of the Generation Attributes Tracking System or GATS.

The GATS tracks generation attributes and the ownership of the attributes as they are traded or used to meet government standards, such as renewables portfolio standards or fuel-source disclosure reporting.

The GATS design was developed through collaboration with state utility regulators, state environmental protection offices, state energy offices, consumer advocates, electric market participants, environmental advocates, and other stakeholders. The GATS system is owned and administered by PJM Environmental Information Services.

***State Renewable Energy News*** **is prepared for NARUC's Committee on Energy Resources and the Environment to promote the sharing of information on state-level renewable electric activities.**

**Internet links to the legislation, orders, decisions, and other documents referenced in this newsletter, as well as past issues of this newsletter, can be found at: http://www.nrel.gov/analysis/sren.**

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