State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Subcommittee on Renewable Energy

Volume 7, No. 3 *Fall 1998*

State Activities

Arizona

ACC Modifies Competition Rules

In August, the ACC modified its retail competition order and made some changes to the provisions of the solar portfolio standard (SPS) and the system benefits charge (SBC) (***SREN***, Fall 1996). The rules allow for a gradual, 2-year phase-in of industrial and residential access to competition with all consumers included in the competitive market by January, 2001. Customers that produce or purchase at least 10% of their electricity consumption from photovoltaic (PV) or solar thermal electric facilities installed in Arizona after January 1, 1997, will be eligible for retail competition, subject to certain limitations.

The SBC was amended to include market transformation, nuclear fuel disposal, and public benefit R&D, in addition to the low income, demand-side management (DSM), environment, renewables, and nuclear power plant decommissioning programs that were already included. The ACC also ordered the creation of a solar hot water heater rebate program using SBC funds, with $200,000 allocated proportionally among the distribution companies in 1999. The rebate program increases by $200,000 annually until it peaks at $1 million in 2003.

The initial portfolio requirement for new solar resources was lowered to 0.2% of electricity sold competitively by electric service providers (ESPs) in 1999. The ACC retained the longer-term SPS requirement at 1% but extended the compliance date to January 2003. New solar resources include photovoltaic and solar thermal electric facilities installed after January 1, 1997. The SPS applies only to competitive retail electric sales in 1999 and 2000 but to all retail sales in 2001 and beyond.

The ACC also approved a number of credit multipliers for early installation, solar economic development, and distributed system development. ESPs that fail to meet the portfolio standard must pay 30¢/kWh to a solar electric fund administered by the ACC. Proceeds from the fund will be used to buy solar electric generators or solar electricity for public entities such as schools, cities, counties or state agencies.

ACC Contact:
Ray Williamson, (602) 542-0858

Colorado

Renewables Included in Resource Plan

The PUC has approved a settlement agreement on the integrated resource plan of Public Service Company of Colorado (PSCo) that will include 25 MW of wind energy, to be supplied to all of the utility's customers, and an additional 15.5 MW from other renewables such as small hydro and biogas resources. The utility forecasts a need for 676 MW of new resources by the summer of 2000. PSCo will issue a competitive RFP for alternative suppliers to supply a portion of the needed capacity.

PUC Contact:
Morey Wolfson, (303) 894-2000 x306

Illinois

ICC Readies Disclosure Rule

Over the summer, the ICC issued the first and second notices of an environmental disclosure order called for in the state's electricity restructuring legislation (***SREN***, Winter 1998). A legislative oversight committee must still review the proposed rules after which time the ICC can issue a final order.

Under the law, every retail electric supplier must provide customers with, on a quarterly basis, the following information:

- The known sources of electricity supplied. Utilities that only deliver and distribute electricity, without generating it, are exempt.

- A pie chart that illustrates the sources of electricity supplied. The ICC said fuel sources must be identified with specific colors as follows: biomass (light brown), coal (black), hydro (blue), natural gas (gray), nuclear (red), oil (dark brown), solar (yellow), wind (green), other resources (white), and unknown resources (purple).

- A chart that provides the amounts of carbon dioxide, nitrous oxides, sulfur dioxide, and low-level and high-level nuclear waste attributable to the electricity generation sources.

Fuel source percentages must be rounded to the nearest whole number. The ICC dismissed a request to allow percentages of generation sources less than one-half of 1% to be disclosed as <1% rather than zero, stating that "electric utilities and alternative retail electric suppliers that wish to earn the business of environmentally conscious consumers may invest resources in obtaining and developing renewable energy sources in Illinois in order to make their electricity more attractive to such consumers."
ICC Contact:
John Stutsman, (217) 524-0690

Iowa
Utility Contests Net Metering Policy
MidAmerican Energy Company, an Iowa-based, interstate public utility, has petitioned with the Federal Energy Regulatory Commission (FERC) to enjoin the IUB from enforcing Iowa's net billing policy for residential renewable energy systems. MidAmerican argues that the policy violates previous FERC rulings, which have found that utilities cannot be required to purchase power from renewable energy producers at a price in excess of avoided cost, as well as the Federal Power Act, under which FERC is the appropriate regulatory authority for wholesale electric energy transactions in interstate commerce (***SREN***, Winter 1997).

The IUB, as well as other state commissions, has taken the position that net metering "relates to a utility's metering and billing practices (which) fall squarely within state regulatory jurisdiction over retail practices of electric utilities and are not preempted by FERC rulings or other federal law."

The outcome of this case is viewed as having important implications for the future of state net metering programs—23 states, including Iowa, have net metering rules or laws in place.
IUB Contact:
Bill Smith, (515) 281-6496

Maine
PUC Issues Proposed Rulemakings
The PUC issued three proposed rulemakings on the renewable portfolio standard (RPS), voluntary contributions for renewable energy research and development, and net billing, pursuant to the state's electricity restructuring law passed in 1997 (***SREN***, Summer 1997).

The RPS requires each competitive electric provider to obtain not less then 30% of its retail sales from either small power or cogeneration qualifying facilities, as defined under PURPA, or from facilities of 100 MW or less using "eligible technologies," which include renewable energy sources. Suppliers would have to meet the RPS on an annual basis, which takes account of the variation in the output of renewable facilities (e.g., hydropower). The RPS would also apply to standard offer providers. Energy used to meet the RPS cannot be sold, marketed, or claimed for serving load in other jurisdictions. The PUC considered but decided against adopting a tradable credit system.

Under the proposed renewable R&D rule, transmission and distribution (T&D) utilities must allow customers, at least quarterly, to voluntarily contribute to a renewables R&D fund through a "check-off" on customer bills, or through a separate mailing. The utilities must also develop educational materials to inform customers of the program's existence and how to contribute.

The proposed net metering rule would apply to residential and commercial customers with on-site renewable facilities rated at 100 kW or less. Customers can net out usage and generation over a 12-month period, with any

excess generation after this period granted to the utility. The T&D utilities can require 2 meters to measure usage and generation, but can only bill the customer for the cost of 1 meter. The utilities must also file a standard contract for net billing customers.
PUC Contact:
Mitchell Tannenbaum, (207) 287-1391

<u>*New Mexico*</u>
PUC Orders Renewables Rate Rider
The PUC issued a final order on the proposed development of solar power by Public Service Company of New Mexico (PNM). Under a 1997 stipulated agreement, PNM agreed to issue and evaluate an RFP for up to 5 MW of solar power (***SREN***, Fall 1997). Several intervenors objected to the eventual proposal as too large and costly for ratepayers.

The PUC ruled that PNM should implement a rate rider for the development of renewables on a "pay as you go" basis. The charge will be 0.5% of each customer's bill, applicable to all customers. One-half of the proceeds are to be used to pursue the solar projects and the other half for an annual bidding process to purchase or acquire other renewables.

Separately, the PUC issued a notice for a proposed rulemaking that would establish renewables rate riders for utility customers statewide. A first fund would provide a minimum level of required funding for renewables development. The tariff would be set to collect revenues equal to 0.5% of utility revenues. A second fund would allow customers to voluntarily choose to further contribute funds for renewables development.

The PUC also has a notice of proposed rulemaking (NOPRs) pending on net metering and information disclosure.
PUC Contact:
David Warren, (505) 827-6936

<u>*New York*</u>
Wind Project Cost Share Available
The New York State Energy Research and Development Authority (NYSERDA) announced that it will provide $6 million to co-fund one or two New York-based wind power projects totaling at least 4 MW in size. The funds are available under New York's public benefit program (***SREN***, Summer 1998).
NYSERDA Contact:
Jennifer Harvey, (518) 862-1090 x3264

<u>*Pennsylvania*</u>
Customers Ready for Switch
At least 1.8 million of the state's 5.2 million electric customers have enrolled for the opportunity to choose their electric generation supplier when the market opens to competition next year. Beginning January 1, 1999, two-thirds of Pennsylvania's electricity customers will be able to choose their electricity supplier, with the remaining customers eligible to choose in 2000. Three companies have announced that they will offer "green power" products that contain at least 50% renewable energy content and the Center for Resource Solutions has introduced its "Green-**e**" green power certification program in the state.

Several utility-specific restructuring settlements include provisions for renewable energy, such as a renewable energy requirement for the "competitive default provider" and establishment of a "sustainable energy fund" for the development and use of renewable energy and clean energy technologies (***SREN***, Summer 1998).
PUC Contact:
John Rohrbach, (717) 787-1031

<u>*Rhode Island*</u>
Net Metering and SBC Projects Approved
Noting that it is state policy to encourage renewables and that the benefits of cleaner air and distributed generation "presently outweigh any subsidy incurred by other ratepayers," the PUC voted to continue the practice of net metering with a single meter and established a size limit of 25 kW for new facilities, which can include wind, hydro (without construction of new dams), solar, sustainably managed biomass, and fuel cells. A net metering customer's usage and generation is to be netted over a 12-month period.

The PUC also approved several renewable projects for funding from the SBC established by the state's restructuring legislation (***SREN***, Fall 1996). Among the projects are eight PV

systems of up to 25 kW in size integrated into roofing material; up to 100 kW of rooftop PV systems for commercial and institutional establishments; and the addition of 350 kW of capacity at an existing landfill gas site. ReGen, a green power marketing subsidiary of *All*Energy Marketing Company, will purchase the output from the latter two projects. The PUC earlier approved Project SunRise, which has a goal to install 250 kW of new PV capacity by the end of 1999.
PUC Contact:
Mary Kilmarx, (401) 222-3500, ext. 104

Texas
PUC Approves Green Pricing Rule
Noting that "customers throughout the state told their utilities that they placed a high value on environmental quality and wanted renewable energy," the PUC Texas adopted a rule allowing electric utilities to establish green pricing programs that offer customers an option to purchase electricity from renewable resources. Important elements of the rule include:

- the green pricing premium must be determined from the utility's average cost of power, rather than its marginal cost

- marketing and administrative expenses are limited to 20% of the monthly premium in the first 2 years and 10% thereafter

- renewable energy used for the program must come from new wind, solar, landfill gas, or hydro resources built in Texas or neighboring states

- marketing materials should be distributed to all customers if a utility decides to offer a renewable option.

PUC Contact:
Gillan Taddune, (512) 936-7398

Wisconsin
Utilities Act on Renewables Requirement
Several utilities have responded to a state renewables requirement by announcing plans for new renewables development. A 50-MW renewables mandate was included in a statewide electricity reliability bill passed earlier this year (***SREN***, Summer 1998). All four of the affected utilities (Wisconsin Electric Power, Wisconsin Power & Light, Wisconsin Public Service, and Madison Gas & Electric) have announced plans for new wind energy development. One utility, Wisconsin Electric Company, is soliciting for significantly more renewables capacity than required "in order to capture potential economies of scale, provide an opportunity for larger projects to bid, and provide strategic business options as we continue to assess the renewable energy market."

Other Activities

REA Weighs in on Disclosure
Noting that fuel use disclosure is "an important element of a competitive marketplace," the Renewable Energy Alliance, a trade association of renewable power marketers, released a paper for policymakers to use "as a guide to implement meaningful rules for disclosure in their respective states." Fuel source disclosure is important to green power marketers because electricity customers need to be able to compare the environmental characteristics of different power products. The REA policy paper includes an outline of a model disclosure rule as "a blueprint for a workable, efficient means of disclosing electricity characteristics."
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This newsletter is prepared for the NARUC Subcommittee on Renewable Energy to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Utility Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey at (303) 384-7455 or Blair_Swezey@nrel.gov. The newsletter is also available via the Internet at: http://www.nrel.gov/analysis/emaa/projects/sren/

The Subcommittee Chairman is the Honorable R. Brent Alderfer, Commissioner, Colorado Public Utilities Commission. NREL/BR-210-25788