

---

# State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Subcommittee on Renewable Energy

---

Volume 8, No. 2

Summer 1999

## State Activities

### California

#### **Green Power Prices Competitive**

The Office of Ratepayer Advocates (ORA), an independent unit of the PUC, documents that some energy service providers (ESPs) are offering renewable power at rates below the default utility price. Customers purchasing power from green power marketers meeting certain state-defined criteria qualify for a 1.5¢/kWh state credit and some ESPs have used the credit to lower the price of green power sold to their customers.

In related news, the Center for Resource Solutions, the non-profit organization that operates the Green-e certification program, reported that California green power marketers have generally used more renewable energy in their electricity mix than required for Green-e certification—99% of the electricity purchased by retail power providers offering Green-e certified products came from renewable resources, despite the fact that 7 of the 13 Green-e products were marketed as having 50% to 75% renewable content.

#### **ORA Contact:**

**David Morse, (415) 703-1628**

#### **CRS Contact:**

**Meredith Wingate, (415) 561-2100**

### Illinois

#### **State Approves Clean Energy Fund**

The General Assembly made changes to the 1997 Restructuring Law, that among other things calls for ComEd to allocate \$250 million to a special fund that will be used to support environmental initiatives, energy efficiency programs, and renewable energy projects, and provide grants for natural habitat and wildlife preservation. The Illinois Clean Energy Community Trust will provide venture capital

support, grants, loans, and other financial incentives to develop, improve, and implement energy efficiency and renewable energy projects and programs. The Trust will be funded with proceeds from the sale of ComEd's coal plants to Mission Energy.

#### **ComEd Contact:**

**Frank Clark, (312) 394-4321**

#### **Environmental Law and Policy Center:**

**Howard Learner, (312) 759-3400**

### Minnesota

#### **Renewable Energy Fund Created**

The legislature approved an agreement between Northern States Power (NSP) and environmental groups to establish and jointly administer a Renewable Energy Development Fund in Minnesota. The fund was established in the 1994 law that authorized additional nuclear fuel storage at NSP's Prairie Island nuclear plant (**SREN**, Summer 1994). The legislation required NSP to place \$500,000 per year in a renewable energy development fund beginning this year for each cask of waste stored at the plant site. The fund will provide \$4.5 million for renewable energy projects this year and is expected to grow to \$8.5 million annually by 2003.

#### **NSP Contact:**

**Carl Lehmann, (612) 330-5500**

#### **Izaak Walton League Contact:**

**Bill Grant, (651) 649-1446**

### Pennsylvania

#### **Updated Estimates of Customer Switching**

The Office of Consumer Advocate (OCA) reports that, as of July 1, nearly 450,000 consumers (about 12% of those eligible to switch) are being served by alternative electricity suppliers in the state's Electric Choice program. According to the OCA data, which are provided by the state's electric utilities, about 357,000 residential customers, 86,000 commercial customers, and 4,300

industrial customers have changed suppliers. More than half of the customer switches have been from PECO Energy, representing 37% of the utility's load. In total, some 7,000 MW of load is being served by alternative suppliers.

Although data are not available on how many consumers have switched to a green-power provider, it is estimated that the number may be as high as 25%.

**OCA contact:**

**Susan Henry, (717) 783-5048**

Rhode Island

**Few Customers Switch Suppliers**

After more than a year of retail competition, very few of the state's electricity customers have switched to a new power supplier. Although Rhode Island was the first state to open its electricity market to competition, only about 1,500 customers or 0.3% of the 470,000 customers served by the state's three major electric utilities have switched power providers, according to reports released by the PUC. Supply competition in Rhode Island (and Massachusetts) has been virtually non-existent because of market rules that, in the early years of competition, set the default electricity price below the cost of wholesale generation.

**PUC contact:**

**John Bell, (401) 222-3500 ext. 144**

**Other Activities**

**Administration Bill Boosts Renewables**

The Clinton Administration released its "Comprehensive Electricity Restructuring Plan," which calls for electricity customers across the nation to be given supply choice by 2003. Several elements of the plan would boost renewables development, including establishment of a federal renewable portfolio standard (RPS) which would require that a minimum level of 7.5% of electricity sales be supplied from nonhydro renewable energy by 2010.

The bill would also (1) establish a public benefits fund that would disburse matching funds to participating states, (2) amend PURPA to require all retail electric suppliers to

make "net metering service" available to consumers, (3) require utility interconnection of combined heat and power and distributed power facilities, and (4) require consumer disclosure of price, energy resource mix, and environmental attributes of electricity supply.

**Labs Analyze State Renewables Policies**

Analysts from the National Renewable Energy Laboratory (NREL) and Lawrence Berkeley National Laboratory (LBNL) estimate that RPS and system benefits charge (SBC) policies adopted in state restructuring legislation will result in the development of more than 4,000 MW of new renewables capacity by 2010. Most of the development will result from the RPS policies with nearly half of the aggregate development total to occur in Texas. In total, 13 states have adopted either an RPS or SBC policy to support renewables.

Meanwhile, NREL analysts calculate that green power programs, in both regulated and restructured markets, have resulted in the development of 75 MW of new renewables capacity with another 45 MW currently planned. NREL estimates that about one-fourth of all U.S. consumers will have the option to purchase green power by the end of 1999.

**NREL Contact:**

**Kevin Porter, (202) 651-7530**

**LBNL Contact:**

**Ryan Wiser, (510) 486-5474**

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 Power Technologies of the U.S. Department of Energy.

Comments can be directed to Blair Swezey at (303) 384-7455 or [Blair\\_Swezey@nrel.gov](mailto:Blair_Swezey@nrel.gov). The newsletter is also available via the Internet at: <http://www.nrel.gov/analysis/emaal/projects/sren/>

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



## Focus on Recent State Restructuring Laws

### Arkansas

Legislation signed by Governor Mike Huckabee calls for the introduction of competition in the retail electric generation market by January 1, 2002, but no later than June 30, 2003. Rates will be frozen for 3 years for utilities seeking stranded cost recovery and 1 year for those that do not.

The law leaves decisions on many substantive details to the PSC. Among the items that the PSC must evaluate is the impact of retail competition on renewable energy development. The law also requires the commission to establish minimum standards regarding the form and content of information that electric service providers must disclose about the environmental impacts of electricity-generating resources.

### Delaware

Governor Tom Carper signed a bill that phases in retail electric competition beginning in October 1999 for large customers, with all other customers to have choice by April 2001. The law requires a rate cut of 7.5% for residential customers of Conectiv followed by multi-year rate freezes.

Public benefits funds will be collected for low-income assistance programs, weatherization, and energy efficiency programs but not for renewables. Fuel mix disclosure is required on an annual basis and a net metering provision was included for renewable energy systems of 25 kW or less in size. The law also gives the PSC authority to promulgate rules outlining "standards for suppliers who offer environmentally advantageous 'green power' options" to protect consumers from misleading claims.

### Maryland

Governor Parris Glendening signed into law a bill phasing in residential choice over a 3-year period, starting with one-third of customers on July 1, 2000; business customers can select an alternative power supplier beginning on January 1, 2001. The legislation calls for a minimum 3% rate reduction for residential consumers.

The bill requires disclosure of fuel sources by electric suppliers. It also calls for the PSC to submit a feasibility report on a RPS requirement, including the estimated costs and benefits of establishing a RPS. The PSC, along with the Department of Natural Resources, is also required to evaluate the long-range plans of the state's utilities, including their renewable resource investments.

### New Mexico

Governor Gary Johnson approved legislation that gives schools, residential, and small business customers the opportunity to choose among competing power suppliers beginning in January 2001. Competition will be expanded to include all customers in January 2002. The law does not include a guaranteed rate cut for residential customers; electric rates during the transition to competition will be set by the PRC.

The law creates a SBC of 0.3 mills per kWh that is expected to raise more than \$9 million annually for consumer education, low income customer assistance, renewable energy, and for Indian tribes without electric service. Four million dollars of the total will go toward investments in renewables technologies. Eligible investments are restricted to schools, colleges, towns, villages, or municipalities. Although there is no explicit sunset date for the SBC, the law does contemplate an evaluation of the renewables support at a future date. The PRC must also establish rules on disclosure of generation sources, fuel mix, and associated emissions.

### Ohio

Governor Bob Taft signed legislation to open the state's electricity market to competition beginning on January 1, 2001. The new law calls for a 5% rate reduction for residential customers followed by a 5-year rate freeze. The PUC is authorized to establish shopping discounts to induce 20% of load by customer class to switch generation providers. The law also allows for customer aggregation by municipalities or local governments.

Although the bill does not include specific transitional policy support for renewables—an amendment to include a RPS failed by two votes—it does require fuel mix and environmental disclosure. The law also requires electric service providers to develop a standard contract or tariff for net metering of customer generators that use a renewable fuel such as solar, wind, biomass, landfill gas, or hydropower, or use a microturbine or fuel cell. Net metering is capped at 1% of a power provider's peak demand.

### **Oregon**

Both the House and Senate approved restructuring legislation that gives commercial and industrial customers of the state's investor-owned utilities direct access to competitive electricity suppliers by October 2001. Residential customers will not be given direct access at the outset of competition but instead will be given a choice of rate options, including a green power option, to be provided by the incumbent utilities. The PUC is to study whether residential customers would benefit from having direct access to competitive suppliers. Governor John Kitzhaber is expected to sign the bill.

The legislation requires electric service providers to charge all customers a 3% "public purpose charge" for a period of 10 years for funding energy conservation programs, low-income weatherization assistance, and the development of new renewable energy resources. Nineteen percent of the expected \$60 million-per-year fund is to be used to cover "above-market costs of new renewable energy resources." Schools receiving funds may use them to purchase electricity from "environmentally focused sources" or to invest in renewable resources. The bill also requires electricity providers to disclose information on fuel source and environmental impacts on utility bills.

### **Texas**

Governor George W. Bush approved a bill that gives electricity supply choice to most customers of investor-owned utilities starting January 1, 2002. Each electric utility is required to operate a pilot program offering choice for 5% of the utility's combined load beginning June 1, 2001. The bill freezes the

rates of most utilities until the competition date and then provides a 6% rate cut for residential and small commercial customers. Rates will then be capped at these levels for 5 years.

The law calls for a statewide reduction of 50% in NO<sub>x</sub> emissions and a 25% reduction in SO<sub>2</sub> emissions from "grandfathered" power plants by May 1, 2003 using a cap-and-trade mechanism. Also included in the law is a RPS that will result in 2,000 MW of additional renewable generating capacity by 2009. All for-profit retail sellers of electricity are required to obtain their share of renewable energy either directly or through a credits trading program. Even with the new requirement, renewables will represent only 3% of future state electric supply.

The law calls for 50% of all new generating capacity to come from natural gas and for the PUC to establish a natural gas credits trading program. The bill also allows suppliers to market and label electricity generated using natural gas as "green" electricity. Finally, the bill requires the PUC to establish rules to disclose the environmental impacts of electricity generation.

### **Virginia**

Governor Jim Gilmore signed a bill that calls for the phase-in of customer choice starting January 1, 2002, to be completed by 2004. Electricity rates for customers that choose to remain with the incumbent utility will be capped through June 2007. The bill allows small consumers to be aggregated into buying groups.

The law requires the SCC to promulgate rules for electricity suppliers to provide, "to the extent feasible," fuel mix and emissions data at least annually. The bill also establishes a net metering requirement for small solar, wind, and hydroelectric systems, up to 0.1% of the utility's peak demand from the previous year.

A Legislative Transition Task Force will examine a number of specific issues including energy efficiency and renewable energy programs.

## Summary Information on State Restructuring Legislation (since February 1999)

State	Start Date	RPS	SBC <sup>1</sup>	Disclosure <sup>2</sup>	Net Metering
Arkansas	Jan 2002	No	No	Yes	No
Delaware	Oct 1999	No	No	Yes	Yes
Maryland	Jul 2000	No <sup>3</sup>	No	Yes	--- <sup>4</sup>
New Mexico	Jan 2001	No	Yes	Yes	--- <sup>4</sup>
Ohio	Jan 2001	No	No	Yes	Yes
Oregon	Oct 2001	No	Yes	Yes	--- <sup>5</sup>
Texas	Jan 2002	Yes	No	Yes	--- <sup>4</sup>
Virginia	Jan 2002	No	No	Yes	Yes

<sup>1</sup>Specifically designed to support renewable resources.

<sup>2</sup>Fuel and/or environmental.

<sup>3</sup>Requires the PSC to submit a report to the legislature on the feasibility of requiring a RPS.

<sup>4</sup>Net metering already required (New Mexico rule under review).

<sup>5</sup>Net metering legislation passed separately in 1999.

### More Information Via the Internet:

#### State Activities

CA ORA Guide to Residential Electric Service Options:

<http://162.15.5.2/SB477/MatrixIntroWeb.htm>

Green-e renewable electricity program:

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

Environmental Law and Policy Center website:

<http://www.elpc.org>

ComEd press release:

[http://www.ucm.com/news/comed/display.asp?a=ComEd&rec\\_id=308](http://www.ucm.com/news/comed/display.asp?a=ComEd&rec_id=308)

NSP press release:

<http://www.nspco.com/aunews/990519nr.htm>

PA Office of Consumer Advocate website:

[http://www.state.pa.us/PA\\_Exec/Attorney\\_General/Consumer\\_Advocate/](http://www.state.pa.us/PA_Exec/Attorney_General/Consumer_Advocate/)

#### Other Activities

Clinton Administration Comprehensive Electricity Restructuring Plan

<http://www.hr.doe.gov/electric/cecp.htm>

NREL/LBNL paper on state renewable policies:

[http://www.nrel.gov/analysis/emma/awea\\_699\\_kp.html](http://www.nrel.gov/analysis/emma/awea_699_kp.html)

## More Information Via the Internet (cont.):

### State Restructuring Laws

Arkansas restructuring law (SB791):

<http://www.arkleg.state.ar.us/ftproot/acts/1999/htm/act1556.htm>

PSC electric deregulation page:

<http://www.state.ar.us/psc/dereg.htm>

Delaware restructuring law (HB10):

[http://Aosta.State.de.us/Lis/LIS140.nsf/d46493839e7692a4852565710057706b/c610102ffb7565928525674500790240/\\$FILE/Legis.html](http://Aosta.State.de.us/Lis/LIS140.nsf/d46493839e7692a4852565710057706b/c610102ffb7565928525674500790240/$FILE/Legis.html)

Delaware net metering/disclosure amendment:

<http://Aosta.State.de.us/Lis/LIS140.nsf/fc4c896d949a9f70852567a7006dd216/a0c2fc05c6fb62a7852567450079023e?OpenDocument>

PSC restructuring page:

<http://www.state.de.us/delpsc/major/major.html#restructure>

Maryland restructuring bill (HB703):

<http://mlis.state.md.us/1999rs/billfile/hb0703.htm>

PSC customer choice page:

<http://www.psc.state.md.us/psc/Proceedings/elecgas.htm>

New Mexico restructuring bill (SB428):

<http://legis.state.nm.us/Sessions/99%20Regular>

Ohio restructuring bill (SB3):

[http://www.legislature.state.oh.us/BillText123/123\\_SB\\_3\\_10\\_N.htm](http://www.legislature.state.oh.us/BillText123/123_SB_3_10_N.htm)

PUC bill summary:

[http://www.puc.state.oh.us/CONSUMER/restructuring/puco\\_summary.html](http://www.puc.state.oh.us/CONSUMER/restructuring/puco_summary.html)

Oregon restructuring bill (SB1149):

[gopher://gopher.leg.state.or.us:70/00/measure.dir/Senate\\_Measures/sb1100.dir/sb1149g.en](gopher://gopher.leg.state.or.us:70/00/measure.dir/Senate_Measures/sb1100.dir/sb1149g.en)

Texas restructuring bill (SB7):

<http://www.capitol.state.tx.us/tlo/billnbr.htm>

PUC restructuring page:

<http://www.puc.state.tx.us/Projects/20970/index.htm>

Virginia restructuring law (SB1269):

<http://leg1.state.va.us/cgi-bin/legp504.exe?ses=991&typ=bil&val=sb1269>

SCC restructuring page:

<http://dit1.state.va.us/scs/news.htm#Electric>