

# 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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*Volume 5, No. 3*  
*Fall 1996*

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### State Activities

#### Arizona

##### **Restructuring Plan Includes Solar**

The ACC has taken the first step toward adopting rules that will phase in customer choice of electric providers, beginning January 1, 1999, when utilities will have to open 20% of their load to competition. All classes of customers will be eligible to participate. Beginning January 1, 2003, 100% of the total electric supply market will be available for the competitive market.

The proposal contains an initial requirement that all participating suppliers obtain at least ? of 1% of power sold competitively from a photovoltaic or solar thermal source. The solar requirement will increase to 1% in 2002.

##### **ACC Contact:**

**David Berry, (602) 542-0742**

#### California

##### **Electric Restructuring Becomes Law**

Culminating a summer of feverish legislative activity, Governor Wilson signed into law a comprehensive bill to restructure the state's electricity industry. The law, AB 1890, calls for the phase in of retail access, beginning January 1, 1998 through 2001, and includes a nonbypassable ``competitive transition charge" for the state's three IOUs to recover their uneconomic costs, estimated by the legislative conference committee to be about \$22 billion, through 2001. Rates are frozen for all large industrial and agricultural customers until 2003, and an immediate 10% rate cut is given to smaller customers, with another 10% rate cut planned by 2002. The law also calls for creation of two new entities, a Power Exchange, which will serve as a market clearinghouse for power transactions, and an Independent System Operator, which will coordinate power scheduling and dispatch and ensure reliability of the electric grid.

The bill adopts a nonbypassable distribution charge for ``public interest" research and development, ``cost-effective" energy efficiency, low-income programs, and in-state renewable energy projects, and authorized \$1.5 billion to be collected for this purpose over the 4-year transition period. Between \$465 and \$540 million of this total is earmarked for renewables. The legislature has asked the California Energy Commission to develop recommendations by March 31, 1997, on how to allocate the renewables funds.

Another aspect of the law provides for early direct access for any customer willing to contract for more than 50% of its load from renewable resources.

**CPUC Contact:**

*Jay Morse, (415) 703-1587*

Colorado**PSCo Files Wind Energy Tariff**

Public Service Company (PSCo) has filed an application with the PUC for authorization to implement "an optional, experimental" program under which the utility would either own or purchase power from small wind power projects in northeastern Colorado to sell to interested "subscribers."

PSCo market research has found that about 5% of its residential customers want the utility to offer wind generation and that customers are willing to pay a premium in the range of 2.5 to 4.0/kWh for this energy. The utility proposes to have customers subscribe in advance for 100-kWh blocks on a monthly basis up to their total electric load. PSCo also proposes that the premium rate be "market based," that is, that the utility be allowed to select a rate "within these two ranges which maximizes growth of the market while minimizing loss and potentially yielding a profit."

Several groups have intervened in the filing, which is scheduled for PUC hearing in February.

**PUC Contact:**

*Morey Wolfson, (303) 894-2000 x306*

Iowa**IUB Reaffirms State Renewables Policy**

Pursuant to the "Alternate Energy Production" (AEP) statute, which requires the state's utilities to purchase a total of 105 MW of power from alternate energy production facilities, the IUB has given the utilities until February 1997 to enter into power purchase contracts with AEP developers. The utilities have contested the power purchase requirement, claiming that the mandated power purchase rate of 6.01/kWh is higher than their avoided cost (SREN, Summer 1995).

In 1995, Midwest Power Systems filed a petition with FERC seeking to invalidate the mandated purchase rate and the law, asserting that they violate PURPA. Subsequently, Midwest filed another petition with FERC to enjoin the IUB from implementing the final orders, and filed a petition for judicial review of the decision in Iowa district court.

**IUB Contact:**

*John Pearce, (515) 281-5679*

Maine**PUC Considers Portfolio Standard**

The PUC released a draft report for comment representing its preliminary view on how to restructure the electric utility industry to facilitate competition and allow consumer choice in electricity supply. In the report, the PUC recommends that all customers have choice of electricity supplier by January 2000, that the state's largest utilities be required to structurally separate and ultimately divest their generation assets from transmission and distribution functions, and that utilities have a reasonable opportunity to recover "stranded" generation-related costs.

The commission also suggests that all retail providers be subject "to a minimum renewable supply, or portfolio, requirement (with trade-able credits) to ensure that (renewables) continue to be developed and available in the marketplace" in order to limit "the risk that the use of renewable resources to generate electricity would substantially diminish or fail to develop in a competitive market." Noting that customers may seek suppliers with renewables portfolios, the PUC also requests

comment on whether and how suppliers should disclose their generation fuel mix.

After public comment, the commission plans to submit a final report to the legislature in December.

**PUC Contact:**

***Faith Huntington, (207) 287-1373***

*New York*

**Governor Vetoes Net Metering Legislation**

Citing "grave concerns relating to safety standards and the exposure of citizens and utility workers to serious or fatal injury," Governor Pataki vetoed net metering legislation that would have allowed home-owners to sell solar-generated electricity back to utilities. The customer-generated electricity would appear as a credit on their electric bill. The bill contained explicit language prohibiting utilities from imposing special fees, such as for providing system backup, or liability insurance, as long as the systems met national safety and power quality standards (SREN, Summer 1996). The safety issue had been raised by utilities in opposition to the bill.

The Governor plans to introduce alternative legislation early next year.

***Governor's Press Office: 518-474-8418***

*Oregon*

**PGE to Offer Industrial Renewables Rate**

Portland General Electric (PGE) has filed for PUC approval of an optional, market-based renewable energy service for large industrial and commercial customers. The renewable resources utilized may include wind, solar, and geothermal energy. Under the tariff rider, participating customers would pay a renewables price premium of about 1.0/kWh, which would not fully cover the likely costs of power from the renewable energy projects, but which matches a similar renewables service offered by the Bonneville Power Administration for 3.5/kWh. PGE intends to make available up to 5 aMW of renewable power under this market experiment.

**PUC Contact:**

***Bill McNamee, (503) 378-6360***

*Rhode Island*

**Restructuring Bill Becomes Law**

Governor Almond signed into law a bill that requires the state's utilities to file plans to transfer ownership of generation, trans-mission and distribution facilities into separate affiliates, and to provide nondiscriminatory access to transmission and distribution facilities to wholesale and retail customers and to nonregulated power producers. The law also requires utilities to provide retail access to all customers within 3 months after such access is available to 40% or more of New England, or by July 1, 1998.

The bill adopts a 5-year, nonbypassable distribution system benefits charge of 2.3 mills/kWh to fund energy efficiency and renewables. The PUC may increase this amount and will determine the allocation of the funds between the two resource types. After 5 years, the PUC will revisit the amount of the charge.

Separately, parties to the Narragansett Electric Collaborative have reached a settlement that calls for the utility to spend \$100,000 on a scoping study to explore renewables commercialization possibilities in the state in order to lay the groundwork for potential renewable acquisitions in the future. The parties also propose to conduct a similar analysis that will include the state's other

utilities.

**PUC Contact:**

*Mary Kilmarx, (401) 277-3500*

Vermont

**PSB Proposes Renewables Policies**

The PSB released a draft report and order on its investigation into electric utility restructuring, consisting of ``nine interrelated components which together promise benefits for consumers and producers alike." Among the nine components are to provide customer choice, with retail access occurring as early as January 1998; to ``functionally separate" utility generation and distribution operations; to deliver cost-effective energy efficiency programs to all customers; and to promote the continued use and development of renewable energy technologies. The PSB notes that since 1980, the state has met 100% of its electric load growth ``through the development of in-state, small-scale renewable resources and cost-effective energy efficiency investments."

For renewables, the PSB proposes a portfolio requirement under which all retail companies selling electricity in Vermont must secure a minimum percentage of their sales from renewable resources. The portfolio requirement will be facilitated by the sale of tradeable credits associated with the sale of renewable energy to Vermont end-users. The PSB also supports the creation of a nonbypassable charge on all electricity consumption to promote research and development of promising new technologies, favoring a national approach that would raise funds from all customers for regional- or national-based R&D programs.

After receiving public comment, the PSB intends to finalize the plan by January, before the start of the next legislative session.

**PSB Contact:**

*Rick Weston, (802) 828-2358*

**Other Activities**

**Texas Utility Finds Renewables Support**

Central and South West Corporation (C&SW) completed a series of three customer workshops and found that there is strong support among its customers for including renewables and energy efficiency in the mix of options to meet its future energy needs. To gauge customer opinions, C&SW's three Texas-based utility subsidiaries used a Deliberative Polling(TM) technique, which combines statistically valid polling techniques with the opportunity for survey participants to learn more about specific issues surrounding the use of different energy resource options.

The utilities will use the polling results as input to their integrated resource plans, which will be submitted to the PUC. In response to the customer feedback, C&SW is considering options for its customers, including rate-based renewables and voluntary green pricing options.

**C&SW Contact:**

*Ron Ford, (214) 777-1148*

**NSP Adding More Renewables**

Northern States Power (NSP) continues to move ahead on its legislative commitment to build or purchase power from up to 950 MW of renewables-based capacity by the end of 2002 (SREN, Summer 1994). NSP selected Minnesota Valley Alfalfa Producers (MNVAP) to supply 75 MW of ``farm-grown, closed-loop biomass" generation using alfalfa stems as the primary energy source. The

MNVAP project will also receive a total of \$44 million in grants from the U.S. Departments of Energy and Agriculture. NSP also issued an RFP for the development of up to 100 MW of wind-generated electricity at its Buffalo Ridge site in southwestern Minnesota, to add to the 125 MW already in place or under development.

**NSP Contact:**

*Audrey Zibelman, (612) 337-2167*

**MECO Green Providers Announced**

Environmental Futures, Inc., announced the selection of four companies to offer "green" service options in the Massachusetts Electric Company's Choice: New England retail electric pilot program. The green ("environmentally sensitive") options are among several service options to be pre-selected for participating residential and small business customers (SREN, Summer 1996).

Among the services being bundled by the green providers are permanent retirement of SO2 emissions credits; community-based solar systems; an energy/environmental survey; quarterly usage reports and rewards; matched donations to environmental projects; a raffle for electric vehicles; 100% hydropower; \$30 worth of energy conservation products; a mail-in home energy survey; donations to local community green projects, environmental groups, and the American Lung Association; and a no-coal, no-nuclear, no-Hydro-Quebec product. The energy-related service prices range from 2.50 to 3.41/kWh.

**Environmental Futures Contact:**

*Steven Rothstein, (617) 443-1300*

**Vermont Wind Project In Place**

Culminating more than 10 years of research and data collection, Green Mountain Power (GMP) has completed installation of the largest commercial wind-generation facility in the eastern United States. The 6-MW project, consisting of 11 turbines, should be generating electricity by the end of the year.

In remarks about the project, GMP Executive Vice President and COO A. Norman Terreri noted that the project "is absolute proof that when utilities are willing to take the lead, windpower and other renewable resources can be developed successfully and can assume the position they need to have if we're serious about having a sustainable economy."

**GMP Contact:**

*Dorothy Schnure, 802-660-5672*

**Northwest Considers Restructuring Issues**

A regional steering committee, appointed by the governors of Idaho, Montana, Oregon and Washington, has issued a draft report of its Comprehensive Review of the Northwest Energy System. The 20-member committee, broadly representative of various power system interests, was formed to study the regional power system and make recommendations about its transformation.

The committee made recommendations in five key areas, including how to ensure electricity customers can choose providers and how to pay for energy conservation, renewable resources, and low-income energy services. The report calls for utilities and state regulatory commissions to voluntarily commit 3% of electric sales revenues to continue funding these public interest services. A new, non-profit entity would be formed to help develop conservation and renewable resources. In addition, local utilities and other providers would be encouraged to offer renewables generation services, or "green" power, to their customers.

**NWPP Contact:**

**Jim Middaugh, (800) 222-3355**

### **Western to Facilitate Renewables**

After reviewing 150 comment letters, the Western Area Power Administration has decided not to mandate power purchases from non-hydropower renewable resources. Western had sought public comment on a policy proposal whereby it would purchase a portion of its expected power purchase requirements from non-hydropower renewable resource producers (SREN, Summer 1996).

Although Western notes that the rate impacts of the proposed 5% renewable purchase requirement would have been "minimal," the majority of Western customer respondents "strongly" opposed the mandatory purchase concept because "of the increase in costs and lack of local choice for customers to support renewables that make sense in their particular community." Instead of mandating purchases, Western adopted a policy of facilitating transactions between renewable resource developers and customers interested in purchasing renewables-generated power, including providing technical and marketing assistance.

#### **Western Contact:**

**Mike Cowan, (303) 275-1630**

### **Green Pricing Program Challenged**

A Wisconsin environmental group filed suit against the PSC to block implementation of the "green pricing" program offered by Wisconsin Electric Power Company (WEPCO). The voluntary program, offered to residential, farm, and small commercial customers, would cost participating customers an additional 2.0/kWh, on top of the existing rate of 6.7/kWh, for each green kWh subscribed from Minnesota-based, waste-wood-fired power and Canadian hydropower (*SREN, Summer 1996*).

The group, Wisconsin Environmental Decade (WED), alleges that the PSC violated state statutes in approving the higher green rate without a hearing or a prudence review. WED also objects to the lack of a competitive acquisition process, in which projects using Wisconsin-based renewable resources could have competed, and argues that the environmental benefits of the WEPCO offering are dubious. Formal action on the suit is pending.

#### **WED Contact:**

**Keith Reopelle, (608) 251-7020**

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*State Renewable Energy News* is prepared under the auspices of the NARUC Subcommittee on Renewable Energy to promote information sharing on state-level renewable energy activities. It is issued three times annually to coincide with the NARUC committee meetings.

The preparation and printing of this newsletter is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

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