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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State Activities

Arizona

ACC Affirms Restructuring Plan

The ACC adopted new rules that open the state's electric utility industry to competition over four years. The rules essentially adopt the elements of a restructuring proposal released by the commission last fall (***SREN***, Fall 1996).

According to the rules, utilities are required to open 20% of their load to competition beginning in 1999, including small businesses and residential customers. Competition would increase to 50% of load in 2001 and to the entire load in 2003. Utilities are also required to file proposals for "unbundled" services by the end of 1997. They will have to price separately such services as generation, transmission, and distribution of electricity; meter reading; billing and collection; and consumer information services. The rates are to be approved by the commission.

The final rules also adopt a solar portfolio requirement, which stipulates that, beginning in 1999, all participating electricity suppliers must obtain at least ½ of 1% of power sold competitively from a photovoltaic or solar thermal source. The solar requirement increases to 1% in 2002.

ACC Contact:
Ray Williamson, (602) 542-0828

Green Pricing Tariff Approved

The ACC approved a green pricing tariff filed by Arizona Public Service (APS). APS will develop up to 400 kW of "centralized" photovoltaic systems to supply solar electricity to customers who choose to participate in the pilot program. The power will be sold in 100-watt "solar increments," with the effective solar electric rate ranging from 18-24¢/kWh, depending on customer class and season of the year. A portion of the program cost will be shared with the Utility PhotoVoltaic Group (UPVG).

APS Contact:
Herb Hayden, (602)250-3012

California

CEC Staff Proposes RE Allocations

The California Energy Commission's (CEC) Renewables Program Committee released its proposal for allocation of a four-year nonbypassable distribution charge to support existing, new, and emerging renewable electricity generation technologies under the state's utility restructuring law (***SREN***, Fall 1996). In its draft *Policy Report on AB1090 Renewables Funding*, the committee pro-poses a mix of production incentives, project financing support, and customer rebates to meet the legislative requirement to develop "market-based mechanisms" for distributing the funds.

Stating that "the development of a customer-driven market is key to the creation of a self-sustaining renewables industry," the committee proposes to allocate 15% of the $540 million fund into a consumer account. This account "is designed to reduce the cost premium that customers pay for renewable energy and thus encourage customers to buy renewable power." The allocation targets a provision in the law that gives immediate direct access to any customer willing to contract for 50% or more of its load from renewable resources. The committee recommends allocating a small amount of this account to the development and operation of a Renewable Energy Information Clearing-house to provide "reliable product information so that consumers can make informed choices."

The committee proposes to seek legislative guidance on energy content labeling to provide adequate information for consumers to make informed choices about electricity purchases. A content label would be used "to provide simple and easy-to-understand information to consumers about the power content of all providers, focusing on the percentage of renewable power, and possibly on information about emissions or other environmental factors." The CEC must provide its recommendations to the legislature by March 31, 1997.
CEC Contact:
Marwan Masri, (916) 654-4531

Colorado
Settlement Reached on Wind Tariff
Parties to the wind energy tariff filing of Public Service Company of Colorado (PSCo) reached a settlement under which the utility will move ahead with its plan to pursue in-state development of at least 10 MW of wind energy resources for voluntary customer subscribers. Opposition to the tariff filing centered around the utility's plan to charge a "market-based" premium of up to 4.0¢/kWh for the wind energy (***SREN***, Fall 1996). Intervenors argued that a premium of less than 2.0¢/kWh would be more appropriate. The settlement calls for a premium of 2.5¢/kWh.

In addition to resolving the rate issue, PSCo commits to involve environmental and community-based organizations and local governments in marketing and sales promotion activities. It also agrees to use a possible federal grant to buy down the cost of the wind energy and the green rate. The PUC approved the settlement on February 7.
PUC Contact:
Morey Wolfson, (303) 894-2000 x306

Renewables Bills Defeated in Legislature
A bill to establish a retail access pilot program for "clean energy" was defeated in legislative committee. The bill, sponsored by Rep. Mark Udall, called for the PUC to develop a pilot program limited to one-year's utility load growth and supplied by an appropriate mix of renewable sources supplemented by efficient natural gas generation. Also defeated was a bill that called for all power suppliers operating in the state to disclose to customers the resource mix, price, and environmental characteristics of their electric power supply. A net metering bill was unsuccessful as well.

A comprehensive retail wheeling bill was also defeated. Instead, a multi-year study of electric utility restructuring is expected to pass.
Legislative Contact:
Rep. Mark Udall's Office, (303) 866-2938

Iowa
FERC Ruling on Alternate Energy Law
The Federal Energy Regulatory Commission (FERC) ruled that portions of a state law requiring utilities to purchase power from alternative energy production facilities (AEPs) are preempted by PURPA. The ruling adds a new twist to years of legal and political wrangling between AEP developers, the state's utilities, and the IUB. The utilities have long contested the law, claiming that the mandated power purchase rate of 6.01¢/kWh is higher than their avoided cost (***SREN***, Summer 1995).

FERC ruled that the Iowa law is preempted to the extent that utilities are obligated to purchase power from qualifying facilities (QFs) at rates in excess of the utilities' avoided cost, or to the extent that these rates are set as wholesale rates, which is exclusively in FERC's jurisdiction. However, FERC ruled that Iowa and other states have the authority to direct utilities to purchase power from renewables or other sources, given the pricing limitations, "to the extent that the state is directing the planning and resource decisions of electric utilities under its jurisdiction."
IUB Contact:
Curt Stamp, (515)281-5979

Maine
PUC Delivers Restructuring Report
"Seeking better electricity prices and services for Maine consumers," the PUC delivered to the legislature its plan for achieving a statewide competitive retail electricity market by January 1, 2000. The plan calls for implementing a renewable portfolio standard under which all retail providers would be required to provide a minimum level of supply from renewable energy sources. Power suppliers could meet the minimum renew-ables requirements with tradeable credits. The commission would consider the market's ability to develop and sell power from renewable resources in establishing the renewable portfolio standard.

The PUC plan is currently being considered in the legislature, along with other restructuring proposals.
PUC Contact:
Faith Huntington, (207) 287-1373

Massachusetts
DPU Releases Restructuring Proposal
In December 1996, the DPU established model rules and a legislative proposal "to guide the development of, and transition to, a new industry structure." The DPU views customer choice as the vehicle to reduce costs because "as suppliers compete to serve customers, they will become more efficient and more focused on providing the products and services consumers want, at a price they are willing to pay." The DPU hopes to begin retail access on January 1, 1998.

Noting that "the restructured electric industry must continue to deliver certain public policy benefits provided by electric companies today," the DPU proposes to establish a nonbypassable access charge of 1 mill/kWh. The funds would be distributed to eligible renewable energy producers "so that they can reduce the price they charge consumers while remaining commercially viable."

The DPU also believes that customer choice will help drive renewable energy development in the state. To that end, the DPU proposes mandatory labeling on customer bills and marketing materials to provide consumer information on supplier fuel mix and environmental impacts.

DPU Contact:
Theo MacGregor, (617) 305-3658

Minnesota

PUC Adopts Externalities Values

The PUC issued a final order establishing a range of environmental costs to be used by utilities when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings. A 1993 Minnesota law requires that the commission "to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation."

PUC Contact:
Betsy Engelking, (612) 296-1337

Dakota Electric Files for Wind Tariff

Noting that "an important market segment wants to receive electricity generated from renewable resources . . . (and) are also willing to pay for this new service," Dakota Electric Association (DEA), a rate-regulated cooperative utility, filed a petition with the PUC to offer a renewable energy service to all customers as an option to their present electric service. The filing responds to market research indicating that about 65% of DEA residential customers have some desire to purchase wind energy, and nearly 40% are willing to pay more if renewable energy costs more to produce.

Although the proposed rider will initially offer wind energy, it is designed to accommodate any available renewable resource. Renewables will be offered in 100-kWh blocks and customers may purchase as many blocks as desired, up to their normal monthly energy consumption. Customers will be asked to stay on the renewables rate for a minimum of 12 months.

The renewables power will be contracted by Cooperative Power (CP), which supplies DEA and 16 other electric distribution cooperatives, with the supply limited to each utility's forecasted demand and sales growth. A renewables rate was not specified in the filing but will be based on the weighted average cost of the contracts entered into by CP.

DEA Contact:
Charlene Klein, (612) 463-6178

New Hampshire

Pilot Survey Reveals Green Preferences

A survey of customer participants in the state's Retail Competition Pilot Program found that 20% of those customers were strongly influenced by the environmental message or image of their power supplier. The legislature mandated the pilot in 1995 to examine the effects of consumers choosing their electric supplier. According to PUC Executive Director Thomas Getz, "the survey verifies the legislature's and the commission's faith that the pilot program would be a valuable tool and the results confirm the belief that retail competition is technically feasible."

PUC Contact:
Thomas Getz, (603) 271-2431

Oregon

Renewables Advocates Support Merger

A coalition of 13 environmental, natural resource, and public interest groups signed a memorandum of understanding (MOU) relating to the pending merger between Portland General Electric (PGE) and Enron. The MOU calls for the merged company to continue its commitments to public benefits programs, such as energy efficiency, renewables, environmental restoration, and low-income protection, in exchange for the groups' support for the merger.

Among the elements of the MOU are that the merged company retain its commitment to develop wind and geothermal resources in the Northwest. The parties agree that PGE may utilize this power for its green marketing efforts and will have the opportunity to recover any above-market costs attributable to the projects. The parties also support the implementation of a system benefit charge to recover any above-market costs not else-where recovered in rates.

Coalition Contact:
Rachel Shimshak, (503) 223-4544

Texas

CSW IRPs Include RE Commitments

The Central and South West (CSW) Corporation, saying that it "has listened to its customers," established a renewables target program that will deploy 4050 MW of renewable energy resources, in addition to 6.5 MW of wind resources already on the CSW system. The utility commitment is a result of a Deliberative PollingTM process by which a representative sample of customers overwhelmingly supported further development of renewable resources (***SREN***, Fall 1996).

Because of this strong customer interest, the CSW companies each instituted targeted pur-chase goals for renewable energy resources, as well as goals for energy efficiency programs. The targets are based on acquiring resources with a net rate impact of an additional 25 cents per month for an average residential customer. More than 80% of customers indicated a willingness to pay at least $1.00 more per month for the companies to acquire more renewable resources. Some customers indicated a willingness to pay up to $10.00 more per month.

The CSW companies are also proposing a pilot program to install 50 rooftop solar photovoltaic (PV) systems at schools and a program of "green power" choices. The latter program will allow customers interested in acquiring a greater portion of their personal consumption from environmentally beneficial generation to exercise that choice. The renewables commitments are contained in a joint integrated resource plan outlining the companies' future electric needs over the next 10 years. The plan is subject to approval by the PUC.

CSW Contact:
Ron Ford, (214) 777-1148

Vermont

PSB Submits Restructuring Plan

On December 30, the PSB released a final report and order on its investigation into electric utility restructuring. The report focuses on providing customer choice of electricity suppliers beginning in January 1998, the functional separation of utility generation and distribution operations, and the protection of public benefits (***SREN,*** Fall 1996).

The report adopts a renewables portfolio standard that will require all retail companies selling electricity in Vermont to 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 calls for the creation of a small, nonbypassable charge on all electricity consumption to promote research, development, and commercialization of promising new technologies.

The state legislature is considering a bill incorporating many of the proposals contained in the PSB report.

PSB Contact:
Rick Weston, (802)828-2358

Other Activities

Retail Pilot Customers Choose "Green"

The Massachusetts Electric Company reports that nearly one-third of residential customers participating in its retail access pilot program chose a "green" supplier offering a more "environmentally sensitive" service option. In total, 4458 residential and 269 small business customers signed up for the pilot. Although 31% of the residential customers selected a green service, 96% of the small business customers selected a supplier based on price.

All participating customers save money by participating in the pilot, some up to 18% based on the supplier.

Steven Rothstein, president of Environmental Futures, which is administering the pilot program, said that "small businesses and residential consumers have shown interest in electricity competition. They like the choices which allowed them to save money, help the environment, and provide other services."

Environmental Futures Contact:
Steven Rothstein, (617) 443-1300

Ft. Collins Pursues Wind Energy

The City of Fort Collins (Colorado) Light and Power, a municipally owned utility, initiated a wind power pilot program in which residential customers can subscribe to receive their entire power needs from wind energy. Commercial customers are given an option to purchase wind power in 1000-kWh blocks. The wind energy will be priced at "no more than 2.0¢/kWh" above the normal rate - the average residential rate is approximately 6.0¢/kWh.

The utility committed to the development of up to three large wind turbines if supported by customer subscriptions. Each turbine re-quires three-year subscription commitments from 350 customers. Nearly 700 customers have signed up for the program, enough to support a two-turbine commitment. The estimated start date for the wind power is June 1998.

City of Fort Collins Contact:
Steve VanderMeer, (970) 221-6884

Wisconsin Electric Seeks RE Resources

Wisconsin Electric Power Company (WE) solicited bids for potential sources of renewable-energy-generated power to supply the second year of its green pricing program. The voluntary program, which now has nearly 2000 subscribers, allows customers to buy 25%, 50%, or 100% of their electricity from renewable resources at a price premium of 2.0¢ for each renewable kWh purchased

(***SREN***, Summer 1996). The utility mailed information to an additional 200,000 customers in an attempt to boost participation.

The solicitation seeks electricity from wind, biomass, solar photovoltaic, hydroelectric, geothermal, or landfill gas resources. The power obtained will replace an expiring contract for biomass and hydroelectric power that drew criticism from local environmental groups (***SREN***, Fall 1996).

WE Contact:
Mike Struebing, (414) 221-2641

SMUD To Offer Green Power Choices

The Sacramento Municipal Utility District (SMUD) plans to begin allowing customers within its service territory to choose their own electricity supplier, some as early as this summer. The move is an attempt by the municipally owned utility to get ahead of the learning curve in preparing for competition.

SMUD plans to offer its customers a variety of green power choices, including an option to purchase 100% of their power from renewable sources and an opportunity for residential and commercial customers to purchase rooftop photovoltaic systems. SMUD also intends to implement "public goods charges" which will fund continued implementation of energy efficiency, low-income programs, renewable resources, and research and development which "would not be pursued in a competitive environment."

SMUD Contact:
Arthur Starkovich, (916) 732-5347

Enron Forms Renewables Company

With its acquisition of Zond Corporation, Enron announced the formation of a new renewable energy business unit, Enron Renewable Energy Corp., with responsibility for developing renewable energy resources for Enron. In addition to its purchase of Zond, a leading American wind energy power plant developer, Enron is a partner with Amoco in Amoco/Enron Solar which, through its Solarex business unit, has solar electric power projects under development worldwide.

Enron also announced a marketing partner-ship with the Northern California Power Agency (NCPA). With access to NCPA's geothermal and hydropower resources, and Zond's California-based wind plants, Enron intends to be a player in the California green power market.

Enron Contact:
Carol Hensley, (713) 853-6498

Green Power Conference Set for May

The U.S. Department of Energy, the Edison Electric Institute, and the Electric Power Research Institute, in association with Central & South West Services, Inc., are sponsoring The Second National Green Pricing and Power Marketing Conference in Corpus Christi, Texas, on May 1314, 1997. The conference will include updates on utility green pricing programs; presentations on new green power marketing efforts; lessons learned from state retailwheeling experiments; and a panel discussion on green power certification and information disclosure.

EPRI Contact:
Terry Peterson, (415) 855-2594

Be sure to visit the Green Power Network at **www.eren.doe.gov/greenpower.**

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