

# RPS Collaborative Update

Committee on Energy Resources and the Environment

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By

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# Introduction:

## State/Federal RPS Collaborative

- 27 States plus the District of Columbia with Renewable Portfolio Standard programs
- Many other states are considering adopting such standards
- In some states, RPS programs have also included energy savings from EE measures as well as non-renewable energy resources

# Overview of National RPS Collaborative

- Objectives
  - Facilitate dialogue and learning among RPS Stakeholders
  - Provide forum for information exchange
  - Identify effective RPS design principles & implementation practices
  - Foster increased harmonization of state programs
  - Provide input on Federal RPS
  - Facilitated by Clean Energy Group with funding from Energy Foundation, NREL, DOE



# Collaborative Process Framework

- Plenary Group
  - Forum for ongoing dialogue on RPS priority issues
  - Participate through webinars, working groups, national summit, and development of national recommendations
  - Technical assistance from RPS experts, NREL and Lawrence Berkeley National Lab

# Collaborative Process Framework

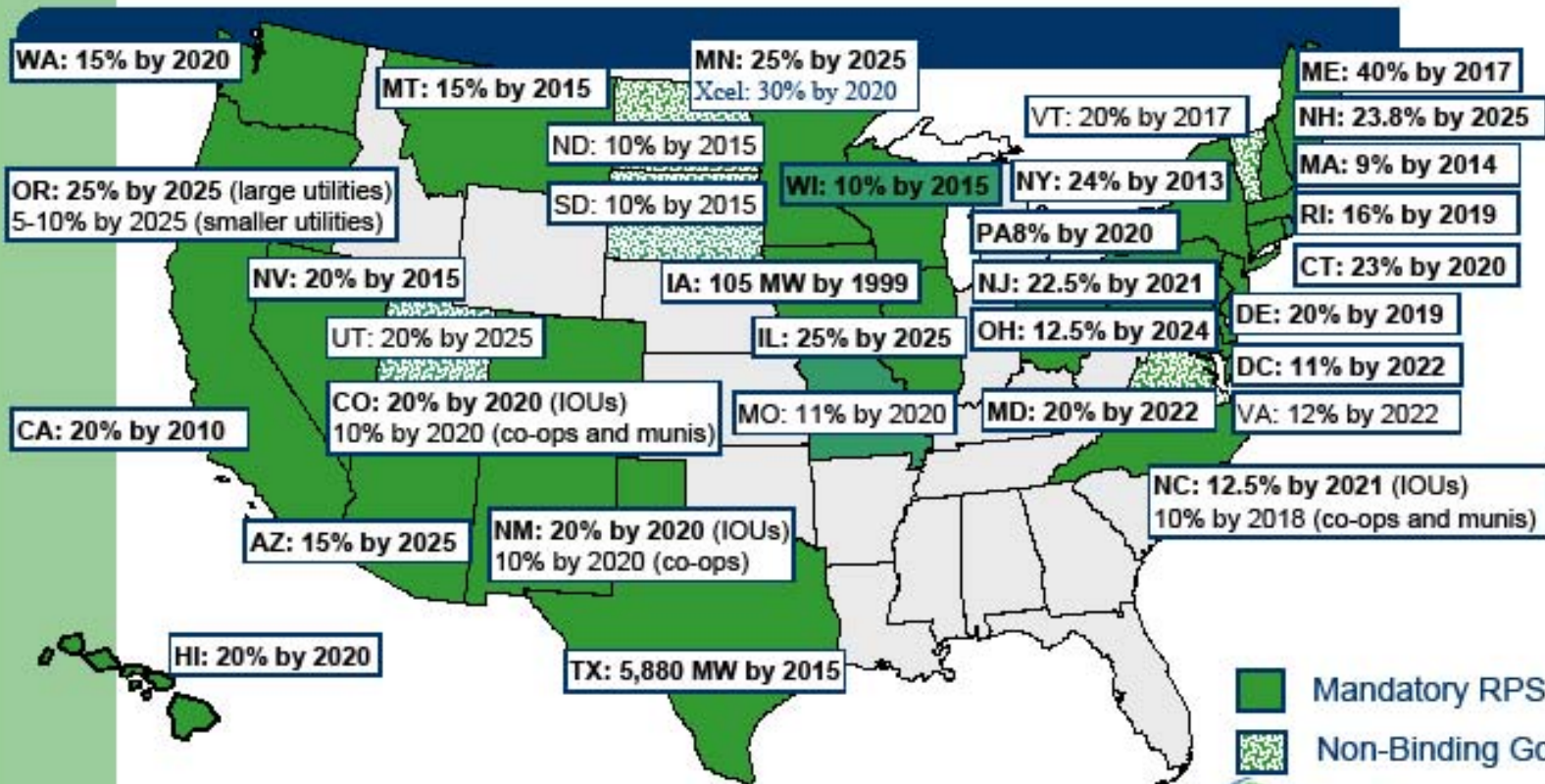
- Steering Committee
  - State policy makers and managers, federal government representatives, non-government organizations, and experts on RPS issues
  - Reflect breadth of experience and perspectives relative to RPS policies

# One Specific Goal

- Identify a set of recommended principles and best practices emerging from state experiences that can assist legislators and regulators as they develop new RPS initiatives or revise existing programs.



# RPS Policies Exist in 28 States and D.C.



Source: Berkeley Lab



# Guiding Principles

- There is no single ideal way to design an RPS
- Must be tailored to meet the state's specific goals, mix of available renewable resources and other unique circumstances

# Guidelines for Best Practices

- Must identify priority state goals to direct RPS program design:
  - Support new renewable projects, technology diversity, in-state economic development, environmental benefits
- Understand available resources before establishing program details, targets and timeline
- Establish metrics to track & report progress: MWH production, rate impacts, generation diversity

# Best Practices Recommendations 1

- RPS programs should be simple to administer, cost-effective to operate, and flexible enough to respond to changing market conditions.
- Establish predictable, stable requirements to reduce regulatory risk and improve financing opportunities
- Design should be non-discriminatory and enforceable and applicable to all suppliers of retail load
- RPS must be compatible with other public policies
- RPS Targets should be stable and ramp up steadily over time

# Best Practices Recommendations 2

- Targets should be achievable and encourage renewable resource development beyond existing available resources, given developable resource potential, transmission constraints, interconnection barriers, availability of complimentary mechanisms that support project development, and potential siting challenges.
- RPS should be of sufficient duration to allow for long-term contracting and financing.
- RPS rules should be stable

# Recommended Best Practices 3

- RPS should apply to all load serving entities including Investor Owned, Munis and Coops.
- In restructured markets, all suppliers to retail loads should be obligated to participate.
- There should be well-defined eligibility.
  - Fuel, technology and vintage definitions guided by social benefits of particular resources
  - Customer-sited generation eligible
  - Restrict eligibility of “old” resources
  - Ensure rules on out-of state resources are legally defensible and recognize value of regional market development

# Best Practices Recommendations 4

- RECs allow for flexibility, lower compliance costs, and simplify verification
- Clearly define REC and included attributes (e.g., does it include avoided carbon?)
- Enforcement
  - Consider use of alternative compliance payments
  - Set higher than estimated compliance cost
  - Dedicate to renewable development fund.
- Cost Recovery
  - Ensure cost recovery for prudent compliance costs
  - Encourage or require long-term contracting standardsn

# Fostering RPS Harmonization

- Examine mechanisms to increase harmonization among state RPS policies
- Why: Increasing state RPS policy consistency can lead to:
  - Broader markets and more buyers
  - More competition and lower prices

# State/Federal RPS Interaction

- **With 28 state RPS' (and counting), do we need a federal RPS?**
- **States view: Feds should not “mess up” existing state RPS'**
- **Limited inclusion of states in Congressional RPS debate**
- **Congress should consider state experiences in legislative design**

# Some Remaining Issues

- Federal RPS should not preempt state policy.
  - Federal RPS should serve as floor not ceiling.
  - RE purchases under state RPS should count towards federal RPS, but
  - Purchases of RECs to meet a state RPS beyond federal target should not be traded or banked towards federal RPS compliance

# Final Observations

- Difficult to integrate federal RPS with existing state ones.
- Don't design federal RPS with blinders on to state programs
- Need to get RPS states engaged in the federal RPS debate.
- Stay tuned for 2<sup>nd</sup> National Summit which will focus on State-Federal Interaction.