

State-Federal RPS Collaborative

Clean Energy States Alliance

State of State Renewable Portfolio Standards

Hosted by
Warren Leon, Executive Director, CESA

June 28, 2013

Housekeeping

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About CESA

Clean Energy States Alliance (CESA) is a national nonprofit organization dedicated to advancing state and local efforts to implement smart clean energy policies, programs, technology innovation, and financing tools to drive increased investment and market making for clean energy technologies.

State-Federal RPS Collaborative

- With funding from the Energy Foundation and the US Department of Energy, the Clean Energy States Alliance (CESA) facilitates the **Collaborative**.
- Includes **state RPS administrators and regulators, federal agency representatives**, and other stakeholders.
- Advances dialogue and learning about RPS programs by **examining the challenges and potential solutions** for successful implementation of state RPS programs, including **identification of best practices**.
- To get the **monthly newsletter** and announcements of **upcoming events**, sign up for the listserv at:
www.cleanenergystates.org/projects/state-federal-rps-collaborative

<http://www.cleanenergystates.org/assets/2013-Files/RPS/State-of-State-RPSs-Report-Final-June-2013.pdf>



THE STATE OF STATE
RENEWABLE PORTFOLIO
STANDARDS

Prepared for the
State-Federal RPS Collaborative

by
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Executive Director
Clean Energy States Alliance

June 2013

The State of State Renewable Portfolio Standards

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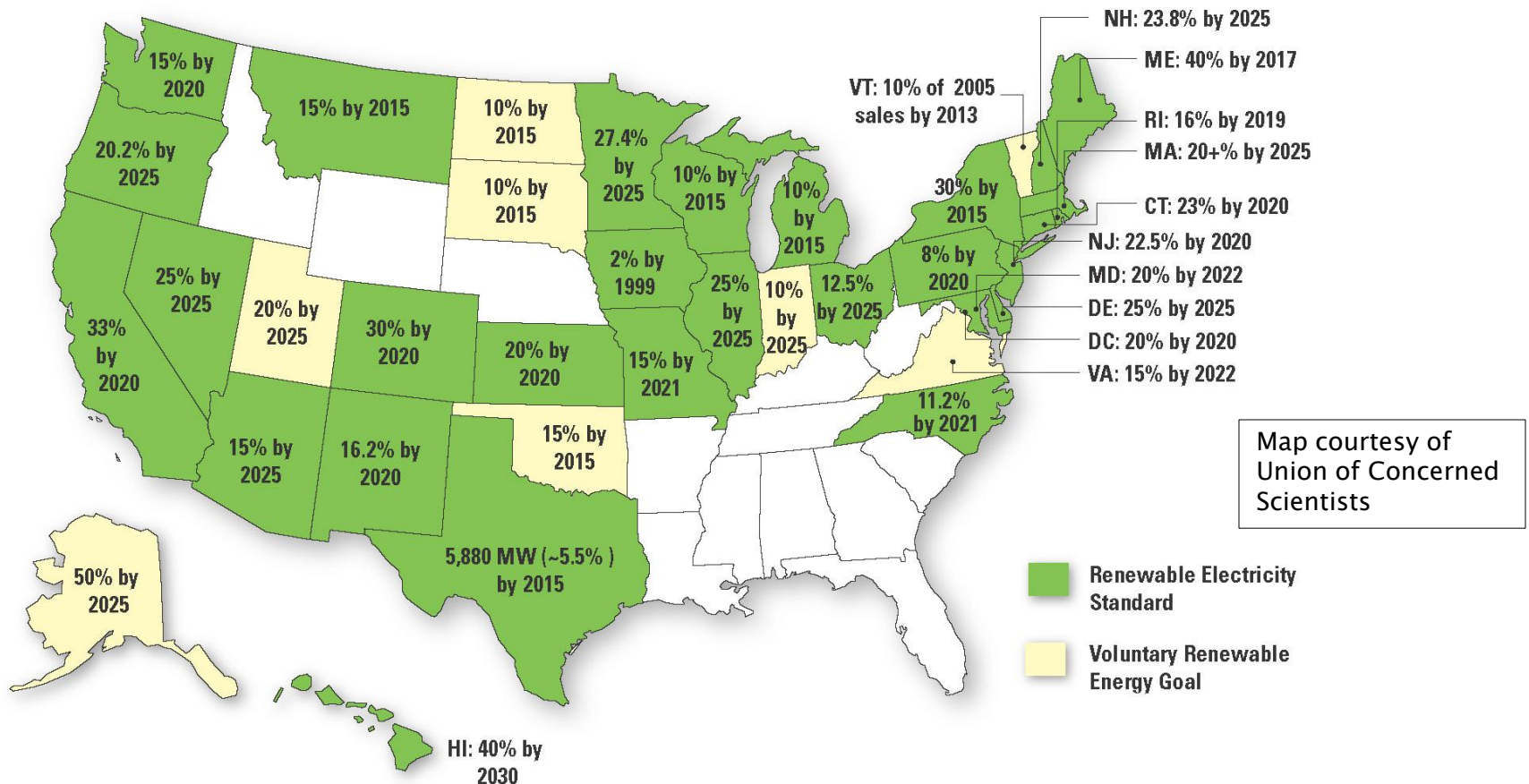


Information Sources for the Report

- ▶ Questionnaires and interviews with representatives of 23 states
- ▶ Interviews with 11 other leading renewable energy experts
- ▶ Review of state RPS compliance and evaluation reports
- ▶ Review of other publications and news stories about state RPSs

General Context

- ▶ RPSs in 29 states plus DC and Puerto Rico
- ▶ Each state RPS is unique
 - The differences are as important as the similarities



The Impressive Track Record of State RPSs

1. RPSs have been established in a large number of states
 - 74% of the 38 states plus DC outside the Southeast have one. Only 3 states outside southeast—Idaho, Nebraska, and Wyoming—without either an RPS or voluntary goals.
2. RPSs have led and are leading to considerable renewable energy generation
3. RPSs have catalyzed far-reaching changes, altering the decisionmaking and operations of electricity regulators, utilities, the energy industry, and other stakeholders
4. State RPSs have laid the foundation for a national market for renewable energy
5. RPSs have created jobs and contributed to local economic development

RPS Program Managers' Perceptions of the Importance of Their State's RPS

	The most important policy	One of the most important policies	Relatively unimportant compared to other state policies
Compared to the other state-level policies in your state that seek to advance the installation of utility-scale clean energy, the RPS is:	15	6	2
Compared to the other state-level policies in your state that seek to advance the installation of distributed generation, the RPS is:	7	12	3

Strengths of the RPS as a Policy

1. An RPS is based on an appealing, straight-forward concept
2. An RPS uses a market-based approach
3. An RPS is a long-term policy
4. An RPS is a flexible policy mechanism
 - 23 of the 31 have undergone at least one major revision
5. An RPS works well in combination with federal tax policies
6. RPSs appear to have had modest costs

Weaknesses of the RPS as a Policy

1. There can be significant volatility in the price of renewable energy certificates
2. An RPS can have free riders
3. For an RPS to work well, it needs to be fine-tuned over time, but that can be difficult

Which of the following are issues in your state related to the RPS?

	Major Issue	Minor Issue	Not an Issue
Possible future rate impacts of the RPS	5	8	3
Infrastructure needed to support renewable energy development (e.g., transmission, managing intermittency)	5	5	5
Rate impacts caused so far by the RPS	4	5	7
Low natural gas prices	3	8	4
Uncertainty about federal renewable energy policy	3	6	5
Potential future shortage of renewable energy to meet the RPS	3	4	8
Volatility of REC prices	2	7	7
The RPS could be significantly weakened by legislation	2	4	8
Lack of long-term contracts for renewable power or RECs	2	3	10
Current oversupply of renewable energy to meet the RPS	1	5	9
Potential future oversupply of renewable energy to meet the RPS	1	5	9

Significant Current Challenges

1. Some state RPSs need to be refreshed
2. Some RPSs may have difficulty achieving their goals
3. There is a need to prepare for greater market penetration of renewables
4. RPSs face determined opposition
5. Some RPS provisions could be vulnerable to legal challenges

Timely Actions to Make RPSs More Effective

1.

Give increased attention to the benefits and impacts of different energy resources and technologies

2.

Assess possible RPS modifications carefully

- ▶ What is the policy goal that would be addressed by the proposed RPS change?
- ▶ How specifically will the change achieve the goal?
- ▶ Is there sufficient information to have confidence that the specific RPS feature will work as intended?
- ▶ What could be possible negative unintended consequences of the change and is there reason to believe that the risk of those consequences is low?

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