



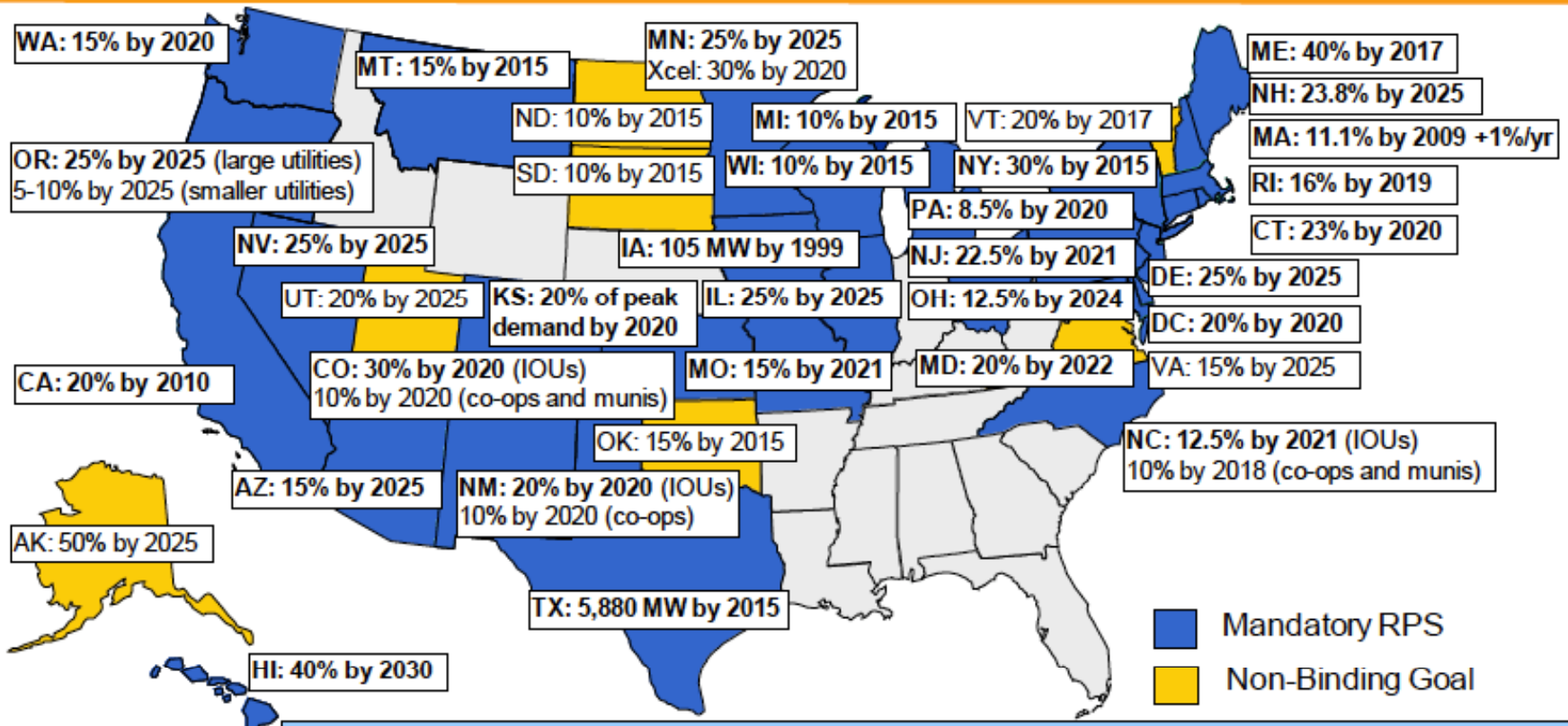
National
Association of
Regulatory
Utility
Commissioners

SESSION VI: CLIMATE CHANGE AND ENERGY EFFICIENCY POLICIES

A U.S. REGULATOR'S PERSPECTIVE

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State RPS Policies: 29 States and D.C. (7 More States Have Non-Binding Goals)



Source: Berkeley Lab

Existing RPS policies will apply to **56%** of U.S. electricity demand once fully implemented; require **73 GW** of new RE capacity by 2025
 Of the 37 GW of RE capacity added from 98-09, **23 GW** occurred in states with active or impending RPS compliance obligations



RPS POLICIES

- 30 STATES PLUS D.C. HAVE POLICIES;
- FEDERAL RPS? NOT LIKELY IN NEAR FUTURE, ALTHOUGH SEN. BINGAMAN HAS A BILL;
- MOST RPS LAWS ARE PASSED BY LEGISLATURE (WA PASSED BY CITIZEN INITIATIVE IN VOTE)
- RULEMAKINGS DONE BY THE PUCS
- “ELIGIBLE RESOURCES” – VARY BY STATE
- REC’S (RENEWABLE ENERGY CREDITS)

POLICY GOALS

- LOWER GHG EMISSIONS
- GENERATION RESOURCE DIVERSITY
- “ENERGY INDEPENDENCE”
- SPUR INNOVATION AND NEW INDUSTRIES
- “GREEN JOBS”
- LOWEST COST OF ELECTRICITY FOR FUTURE
- LOWER FUTURE ENVIRONMENTAL RISKS

LEAST-COST PLANNING

- VERTICALLY INTEGRATED STATES:
 - 20-YEAR PLANS FOR GENERATION, DEMAND
 - LEAST-COST, LEAST-RISK
 - MULTIPLE SCENARIOS, SENSITIVITY ANALYSES
 - DEVELOPS OPTIMAL RESOURCE MIX
- ORGANIZED MARKETS:
 - BASED ON AUCTION PRICES, WHOLESALE
 - LOCATIONAL MARGIN PRICES (LMP)

RPS – BASIC TYPES

- “BEST BANG FOR BUCK”
 - LEAST-COST, USUALLY COMPETITIVE BIDDING
 - WIDER “FOOTPRINT” THAN STATE BOUNDARY
 - FEWER PREFERENCES
- “TILT” POLICIES
 - STRONG PREFERENCE FOR IN-STATE LOCATION
 - PERCEIVED LOCAL BENEFITS VS. NATIONAL
 - STRONG ADVOCACY BY SPECIAL INTEREST GROUPS (E.G., ENVIRONMENTAL NGOS, RENEWABLE ENERGY)

RPS TENSIONS

- CURRENT RECESSION – RATE PRESSURES
- LESSENS LEAST-COST PLANNING
- FOCUS ON LOCAL BENEFITS SHORT-SIGHTED
- FEDERAL RENEWABLE SUBSIDIES-HOW LONG?
- JOBS OR ECONOMIC INNOVATION: CAN REGULATORS DELIVER THESE BENEFITS?
- LEGAL CONSTRAINTS ON STATE PREFERENCES: INTERSTATE COMMERCE CLAUSE (ICC)

REGULATORY COORDINATION

- REGIONAL COORDINATION
 - WEST (CREPC, NOW TRANSMISSION PLANNING)
 - EAST (EISPC, EASTERN INTERCONNECTION)
 - FOCUS TRADITIONALLY ON RELIABILITY, GENERATION, AND TRANSM. PLANNING
- FERC-NARUC COLLABORATIVES
 - SMART GRID: BEST PRACTICES, WHITE HOUSE PAPER PUBLISHED IN JUNE, 2011
 - DEMAND RESPONSE POLICIES

- POSSIBLE FUTURE TOPICS WITH FERC:
 - TRANSMISSION: SITING AND PLANNING – HOT ISSUES
 - EPRI LONG-RANGE RESOURCE PLANNING: PRISM 2.0
 - CYBERSECURITY ISSUES (TOGETHER WITH NERC)
 - HORIZONTAL COORDINATION VS. VERTICAL COORDINATION: PROS AND CONS
 - SEE ACTION (STATE-BASED) NETWORK: BUILDS UPON WORK OF NATIONAL ACTION PLAN FOR ENERGY EFFICIENCY

ENERGY EFFICIENCY ISSUES

- EEPS (ENERGY EFFICIENCY PERFORMANCE STANDARDS):
 - BASED ON SALES, OR LOAD
 - BASED ON SPECIFIC ANNUAL INCREASE
 - BASED ON ALL COST-EFFECTIVE AND FEASIBLE
 - COST METHODOLOGIES CRITICAL: TRC (TOTAL RESOURCE COST), OR UCT (UTILITY COST TEST)

COMPLIANCE ISSUES

- RESOURCES SUBJECT TO COMPLIANCE
- ROLE OF STAKEHOLDER GROUPS (ADVISORY)
- PLANNING HORIZON (2 YRS, 5 YRS)
- TIMING AND DEADLINES
- TYPE OF REGULATORY REVIEW: RULEMAKING, REGULAR MEETING, ADJUDICATION
- PENALTIES: LEVEL AND MITIGATION (WAIVER)
- RATEMAKING ISSUES

EE DELIVERY STRUCTURES

- UTILITY MODEL
 - “OWNS CUSTOMER” AND HAS RELATIONSHIP
 - OUTREACH AND MARKETING BY UTILITY
 - COST RECOVERY USUALLY THROUGH TARIFF
 - REGULATORY LAG: PUSH TOWARD DECOUPLING
- 3RD PARTY STRUCTURE
 - NON-PROFIT ORGANIZATION BASED IN STATE LAW
 - FINANCED BY SBC (SYSTEMS BENEFIT CHARGE)
 - EXAMPLES: OREGON (ENERGY TRUST OF OREGON); VERMONT EFFICIENCY
 - NO ISSUE WITH DECOUPLING, RATEMAKING ISSUES

EM&V ISSUES

- WITH STATE MANDATES, BECOMING INCREASINGLY IMPORTANT
- MORE VISIBLE IN GRCS AND DECOUPLING MECHANISMS
- NATIONAL FORUM: SEE (STATE ENERGY EFFICIENCY) ACTION NETWORK, EM&V
- REGIONAL:
 - RTF (REGIONAL TECHNICAL FORUM) FOR PACIFIC NORTHWEST REGION (OR, WA, ID, MT)
 - NORTHEAST ENERGY EFFICIENCY PARTNERSHIP (NEEP), EM&V FORUM