

State/Federal RPS Collaborative

“Building on Our RPS Experience to Date”

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What Have We Learned from Our Experience to Date?

- There is no single, ideal way to design an RPS
- A state's RPS design should be driven by specific, realistic state policy goals
- Measuring and verifying "RPS effectiveness" against goals is important
- Design principles and implementation practices are emerging that are worthy of emulation



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What Specific Goals Can Drive State Program Design?

- Continuous growth of in-state renewable generation as a % of total capacity
- Increased renewable technology diversity and fostering specific, promising state resources
- Jobs creation and tax revenues
- Funds and security to support new projects
- New customer-sited generation
- More energy efficiency investment



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How Do We Measure The Effectiveness of a State RPS?

What Results Are We Seeing?

- Is total new renewable generation increasing?
- Are installations of targeted technologies (e.g. solar) keeping pace with goals?
- Are cost caps for renewable kWh sufficient?
- Are there new projects in development, creating jobs and generating local tax revenues?



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How Do We Measure The Effectiveness of a State RPS?

Does Our Design Work?

- Are all load serving entities participating?
- Are annual targets being met?
- Do pre-existing renewables create disincentives for new project development?
- Are enforcement action frequently needed?
- Is LSE cost recovery occurring smoothly?



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How Do We Measure The Effectiveness of a State RPS?

What Feedback Are We Getting?

- Are there calls for changes or repeal?
- Is there confusion about resource eligibility?
- Do developers and LSEs report long-term contracts being offered?
- Do leaders and legislators reiterate support?



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What Design Principles Help Ensure RPS Effectiveness?

- **Socially Beneficial**, re: environmental quality, supply diversity, new economic development, etc.
- **Cost Effective & Flexible**, administratively simple, and responsive to actual market conditions
- **Predictable** and stable to reduce risk for all
- **Enforceable & Non-Discriminatory** so targets are achieved, and benefits and costs are shared equally
- **Compatible with Other Policies** to create synergies, avoid conflicts, and minimize market confusion



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Principles and Best Practices: 'Socially Beneficial'

- Ambitious but reasonable % goals result in increasing clean energy production
- Long-term obligations support new project construction
- Customer-sited renewables are RPS eligible
- Technology diversity requirements reflect state values
- Delivery requirements and eligibility restrictions on existing generation support new local project growth



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Principles and Best Practices: 'Cost Effective & Flexible'

- Clear administrative procedures satisfy participants
- Tradable renewable certificates lower administrative costs and increase flexibility
- Timetables and goals realistically reflect resource supplies, physical constraints, market barriers
- Cost caps and Alternative Compliance Payments control compliance costs and support project development



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Principles and Best Practices: 'Predictable'

- Strong political and regulatory support ensure RPS program continuity
- Eligibility rules are well-defined and stable
- Long-term contracts are allowed and encouraged, providing future revenues to developers and lowering REC prices
- Policy changes can only occur after ample notice
- Prudently incurred RPS compliance costs are recoverable through electric rates



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Principles and Best Practices: **'Enforceable, Non-Discriminatory'**

- Clear, consistent enforcement builds market confidence
- RPS applies to all LSEs, including suppliers of last resort, to fairly apportion costs and benefits
- Suppliers can make Alternative Compliance Payments
- Energy-based requirements (i.e., kWh) ensure that all loads participate equally based on actual use



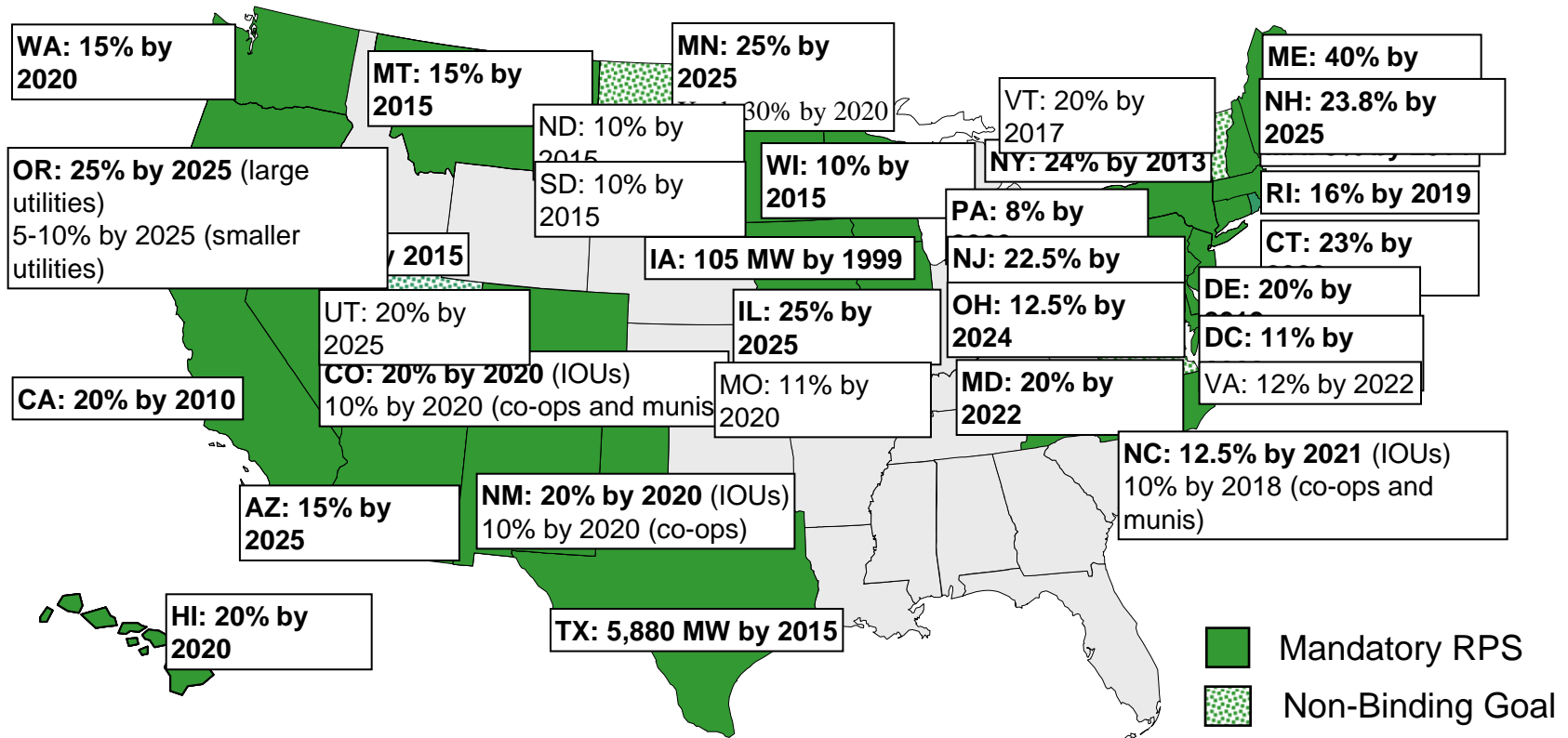
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Principles and Best Practices: 'Compatible with Other Policies'

- RPS program details fit well with state / regional policies for environmental protection, economic development, power markets
- RPS program details are consistent with federal policies and regulations



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Source: Berkeley Lab



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How Can We Bring RPS Policy and Practice to the Next Level?

- Join the RPS Collaborative
- Participate in Webinars
- Share your experiences, ideas, comments
sarps1@statesadvancingrps.org
- Support the RPS Principles and Best Practices the Collaborative Steering Committee will develop for the RPS National Summit

