

States Policies & Green Power Markets



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Clean Energy Action at the State Level

- Renewable energy policy & projects in the US is largely driven by state actions
- Renewable Portfolio Standards (RPS) and State Purchase Mandates in 20 States and Washington, DC
- Renewable Energy Funds: System Benefit Charges in 17 States



State Clean Energy Funds



California Energy Commission
Connecticut Clean Energy Fund
Energy Trust of Oregon
Illinois Clean Energy Community Foundation
Long Island Power Authority – Clean Energy Initiative
Massachusetts Technology Collaborative Renewable Energy Trust
Metropolitan Edison Company Sustainable Energy Fund of The Berks County Community Foundation (PA)
New Jersey BPU – Clean Energy Program
New York State Energy Research & Development Authority
Ohio Energy Loan Fund
Pennsylvania Electric Company Sustainable Energy Fund of the Community Foundation for the Alleghenies
Rhode Island Renewable Energy Fund
Sustainable Development Fund (Pennsylvania)
Sustainable Energy Fund of Central Eastern Pennsylvania
West Penn Power Sustainable Energy Fund
Wisconsin Focus On Energy
Xcel Energy Renewable Development Fund (Minnesota)

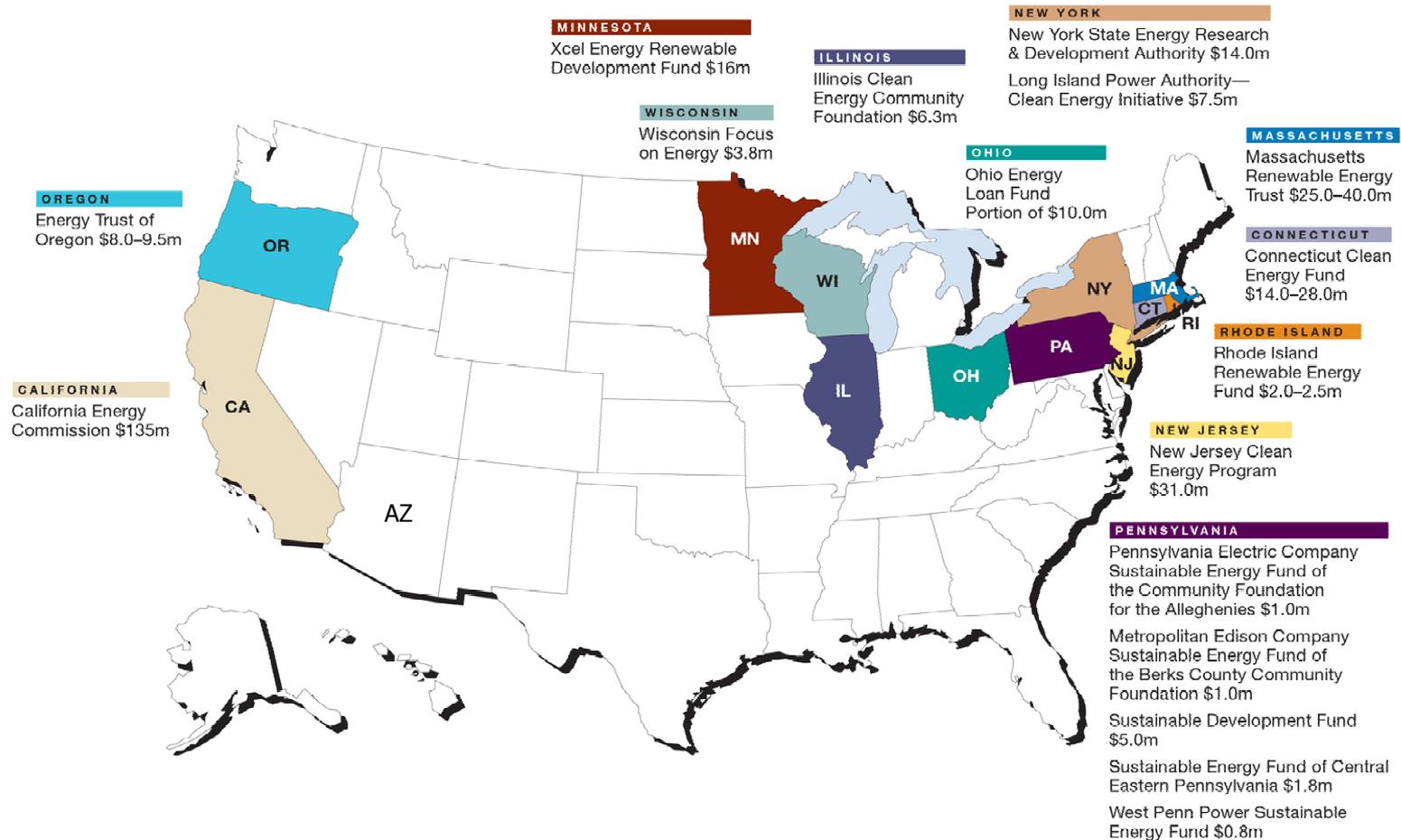
CESA YEAR ONE: A Report on Clean Energy Funds in the U.S. 2003–2004



- 17 clean energy funds in 15 states ranging in size from less than \$4 million/year to over \$135 million/year
- Generally created as part of electric utility restructuring, but not always
- Managed by state agencies, utilities, and independent nonprofits
- Some offer subsidies and grants while others operate like venture capital funds

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Improving Prospects of Green Power

- ④ **Green markets still in infancy**
- ④ **Fundamental challenge: higher costs for renewables in light of “Wal-Mart” values of consumers**
- ④ **Collective, supportive public policy efforts must increase and continue**
- ④ **No single, optimal policy approach to encouraging green market**
- ④ **Expand renewables policy toolkit**
- ④ **Education and marketing is important**

State Policies Matter !!

- ④ Success of Green Power marketing is linked to good policy initiatives
- ④ State policies affect power marketers, product offerings and utility program success
 - States with restructuring & competitive markets vs. utility green pricing
 - Mandated green pricing options
 - Regulators approve products and pricing
 - Regulators define cost recovery for utility promotional costs and profit motive
- ④ Direct Forms of State Support:
 - Customer incentives to purchase green power
 - Education & marketing
 - Grants to green power marketers, aggregators & consumers
- ④ Indirect Forms of Support: incentives, tax credits, REC purchase to reduce costs of green power
- ④ Policy support should be multi-faceted and well designed to stimulate creation of sustainable markets

Some State Approaches

- Participate in development of regulatory and market infrastructure to facilitate green power markets.
- In competitive markets: rules to encourage green choice & customer switching, default service pricing
- Legislation requiring utilities to offer green pricing programs (Iowa, Minn, Montana, Wash.)
- Tax credits and financial incentives for renewable energy
- Debt and equity financing for renewable projects

State Approaches (cont.)

- Use of green power certificates to expand markets
- Purchase of RECs to facilitate green markets
- Consumer education (CT, Smartpower/CESA campaign)
- Government and business purchases enhance sales and public visibility (NJ purchase 10% of energy load with wind)