



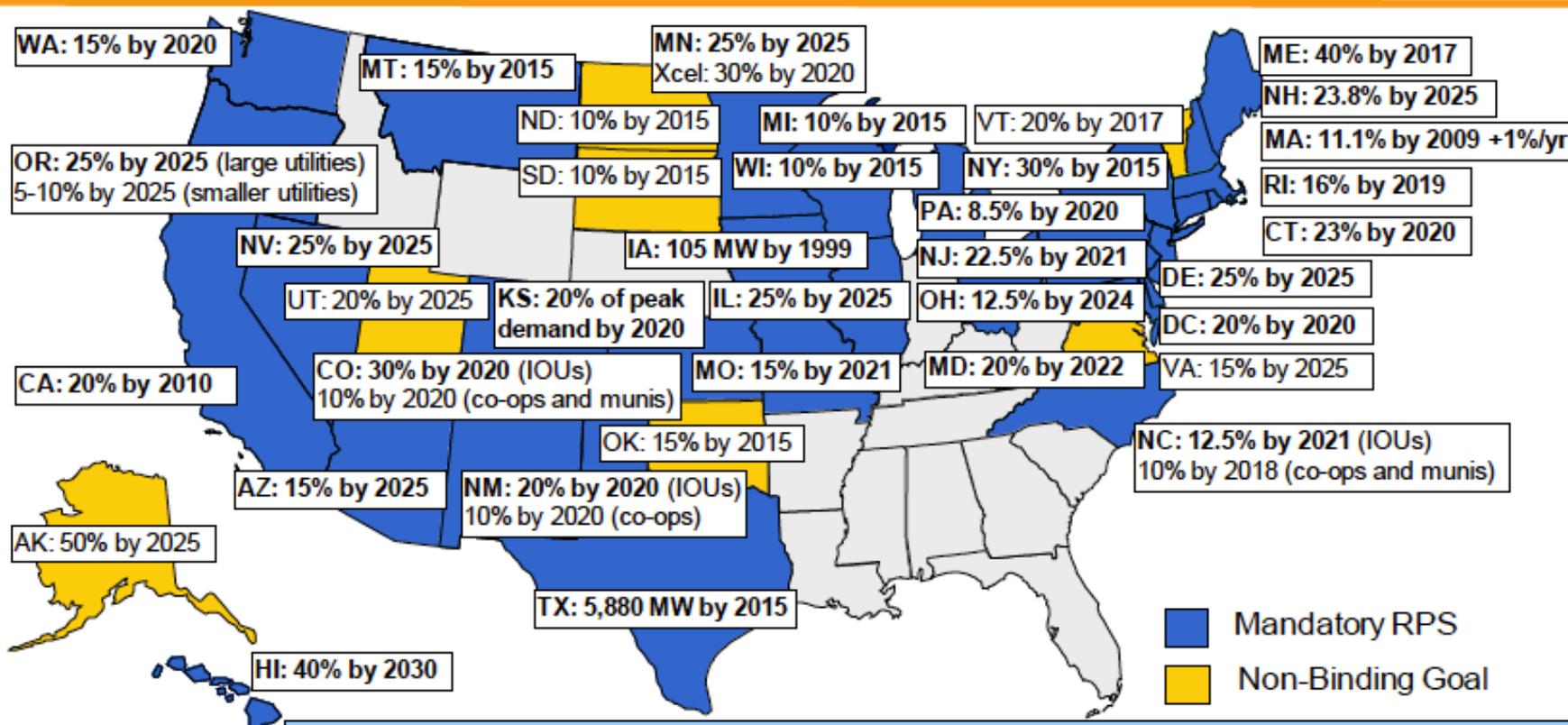
National
Association of
Regulatory
Utility
Commissioners

Asia Pacific Energy Regulatory Forum **Carbon Trading and Policies for Low-Carbon Consumption**

A U.S. REGULATOR'S PERSPECTIVE

PHILIP B. JONES, CO-MODERATOR
Commissioner, Washington UTC
Second Vice President, NARUC

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? PROBABLY NOT SOON;
- MOST RPS LAWS ARE PASSED BY LEGISLATURE
- RULEMAKINGS BY THE PUCS, ENERGY OFFICES
- “ELIGIBLE RESOURCES” – VARY BY STATE
- REC’S (RENEWABLE ENERGY CREDITS):
DEFINITION, CERTIFICATION, COMPLIANCE

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 (RTO/ISO):
 - 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)
 - ERCOT (TEXAS)
- FERC-NARUC COLLABORATIVES
 - SMART RESPONSE
 - EMERGING ISSUES
 - JOINT FORUM ON RELIABILITY AND GENERATION

Federal Coordination

- TOPICS WITH FERC AND DOE:
 - FERC ORDER 1000 – TX PLANNING: REGIONAL PLANNING; COMPLIANCE FILINGS SOON
 - DOE-INTERCONNECTION-WIDE PLANS: EISPC, WESTERN STATES, AND ERCOT
 - CYBERSECURITY ISSUES
 - SEE ACTION (STATE AND LOCAL ENERGY EFFICIENCY ACTION NETWORK): 8 WORKING GROUPS; NATIONAL ACTION PLAN

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 (E.G., DECOUPLING)

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

OTHER INCENTIVES

- FEED-IN TARIFFS (FIT): ALSO CALLED STANDARD OFFER CONTRACTS
- LONG-TERM CONTRACTS (10-20 YEARS) THAT REQUIRE UTILITIES TO PURCHASE, FIXED PRICE
- SEVERAL STATES (CA, OR, HI)
- NEW GEN. PERFORMANCE STANDARDS: USUALLY BASED ON GAS CCCT;
- SEVERAL STATES HAVE LAWS IN PLACE; PUCS ADMINISTER RULES; MOST AT 1100 LBS/MWH



National
Association of
Regulatory
Utility
Commissioners

Asia Pacific Energy Regulatory Forum Carbon Trading and Policies for Low-Carbon Consumption

Questions?

PHILIP B. JONES, CO-MODERATOR
Commissioner, Washington UTC
Second Vice President, NARUC