

Northwest Public Power Association (NWPPA)
Western Energy Resource Committee (WERC)
Talking Points - September 2007

Principles for Renewable Portfolio Standard

Key Messages:

To ALL: Thank the Governors for recognizing that any federal renewable portfolio standard should consider the differences in impacts for public power. NWPPA differs in its approach to several of the positions outlined by the WGA regarding Renewable Portfolio Standard (RPS) and Renewable Energy Standards (RES) and strongly encourages the WGA to consider consumer-owned utilities perspectives as future RPS policies are developed – (See WGA Policy Resolution 07-16 – Transitioning the West to Clean Energy and Energy Security).

NWPPA has [Resolution 07-11](#) that outlines principles for climate change and addresses RPS.

WGA Positions:

- In the WGA Policy Resolution 07-16 (policy statement #3) the Western Governors agree that any federal RPS must not limit a respective state's ability to develop clean energy resources. (Note: WGA points correspond to NWPPA responses below by number.)
- The Governors agree that any RPS should consider the following:
 1. A party required to comply with a federal renewable portfolio standard should not be exempted from compliance with a state standard. In addition, a party required to meet a state renewable standard that exceeds a federal standard should not be allowed to credit the excess renewable energy required under the state standard toward another state for purposes of meeting a federal standard.
 2. Any renewable portfolio standard should consider the availability of transmission or the time necessary to construct transmission lines to new generating facilities.
 3. Any federal renewable portfolio standard should consider the difference in impacts for large, investor-owned utilities and smaller municipal utilities rural electric cooperatives and public or people's utility districts and allow for appropriate sizing and transition timelines in the form of interim compliance targets.
 4. Utilities should be allowed to recover their prudently-incurred costs associated with meeting a federal renewable standard. However, it also is important that a federal renewable portfolio standard protect energy consumers from significant and unexpected rate increases by including an appropriate cost-cap or other 'off ramp' mechanism that ensures energy consumers are not unreasonably impacted by new investments in renewable energy and related investments in transmission, etc.
 5. To further protect consumers against market uncertainties, a federal renewable portfolio standard should include an option that allows utilities to pay into a fund in lieu of achieving the standard. The alternative compliance payment should be based on a formula that considers the average market cost for renewable resources. Money in the fund should be controlled by the state in which it was collected and dedicated to achieving the underlying goals of an RPS, including, but not limited to, acquiring renewable resources at a later date, investing in conservation programs and/or supporting research and development related to emerging renewable energy technologies.

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6. Any renewable portfolio standard should give equivalent credit to renewable distributed generation systems or otherwise support community scale renewable energy projects of less than 20 MW.
7. Reductions in energy demand and improved energy efficiency can provide valuable time to solve transmission problems and develop emerging technologies.
8. Any renewable portfolio standard should take into account resource availability within a respective state, technology availability, environmental considerations, and financial risk and provide for opportunities to meet a national RPS standard through nationally traded renewable energy credits.

NWPPA Positions:

1. There is substantial uncertainty regarding the federal implementation of a RPS. NWPPA firmly believes in *local control* and has invested in renewable energy programs throughout the West without government mandates. NWPPA opposes any effort, nationally, regionally or by states, to move from traditional and historical *local control* to mandate the imposition of renewable portfolio standards on consumer-owned utilities. For all types of consumer-owned utilities, elected officials are responsible for the proper function of their utilities and are directly accountable to the ratepayers. NWPPA opposes duplicative mandates for renewable investment and believes that if there is an RPS mandate, that there should only be one national standard, not multiple standards by state.
2. NWPPA supports additional transmission capacity as a necessary investment to accommodate renewable energy projects and believes that it is reasonable to take the availability of transmission into account when developing a RPS. However, the need for additional investments in new transmission facilities for all generation sources has increased. The need for new investment in the transmission grid will continue as demand for electricity grows, state RPS mandates take effect, the inability to site new electricity generation facilities near population centers persists and as state and federal proposals to address climate change depend on a significant increase in the use of renewable energy, often located in remote areas. However, while getting new, renewable generation to load is an important consideration in developing new transmission, it should be considered in a broader, regional transmission planning process.
3. NWPPA believes it is appropriate to consider the financial impact on, and the ability of consumers to afford, a federally-mandated RPS.
4. NWPPA also believes the ability of U.S. industries to compete in world markets should be protected and that careful consideration be given to the international competitive impact an RPS would have on U.S. jobs.
5. NWPPA does not have a position on contributing to a state utility RPS fund in lieu of achieving the standard (NWPPA staff believes its members would oppose this fund and will confirm this with its membership).
6. NWPPA believes all low-emission technologies should be counted toward any generation portfolio requirement.
7. NWPPA agrees that energy efficiency, conservation and renewables programs are all important to the mix of managing energy demands while addressing growing transmission needs.

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8. NWPPA believes RPS policies should recognize and address regional differences which can impact the fairness and effectiveness of any renewable standard program. Renewable generation requirement policies should take into account such factors as those regions that face fast-growing populations and regions that took early actions taken to prevent and reduce greenhouse gas emissions, such as investing in renewable energy generation, energy efficiency and conservation and greenhouse gas mitigation programs. NWPPA also believes that technological availability should be considered.

WGA Management Directive:

WGA's Policy Resolution 07-16 includes a series of management directives. Directive #4 – "The Western Governors' direct the WGA staff to develop a report analyzing the impact of a federal renewable portfolio standard in the West and developing recommendations for the appropriate implementation of any national renewable portfolio standard."

- NWPPA member utilities are bringing renewable energy projects on-line and Western consumer-owned utilities can be identified to help contribute to this WGA report.