

## **RENEW Issue Brief: Expanding Market Access**

Prepared for RENEW Energy Policy Summit

January 13, 2012, Madison, WI



# **1A Authorizing Renewable Energy Sales from Third Parties to Host Customers**

**BACKGROUND:** There are many households and businesses around the state that desire to host a renewable energy system, but can't afford the up-front costs associated with these installations. More than two dozen states expressly allow such customers to contract with third parties to install a renewable energy system and sell the output from that equipment, be it electricity or heat, to the system hosts. In those states, that allow such arrangements, a system host simply purchases the electricity or heat from the installation, often at a lower cost than what would be provided by the utility.

**PROBLEM:** Wisconsin law does not address third-party sales of energy to host customers. The lack of a specific policy creates an ambiguous situation that could expose a third-party provider to being regulated as a public utility. Because of this ambiguity, only a handful of third party-owned renewable energy installations have been installed in the state. As a result, only those customers who have the means to own and self-finance an installation can participate in Wisconsin's small-scale renewable energy market.

**POLICY NEED:** A law that allows a third-party owner of a renewable energy system located on a customer's premises to sell the output from that system to the host customer. This could be accomplished by exempting third-party system owners from the definition of a public utility, provided that the sale of energy is limited strictly to the host customer.

**BENEFICIARIES:** Residential energy customers, commercial and industrial energy customers, nonprofit energy users, municipalities, farmers, local installers and contractors specializing in solar electric, solar hot water, small wind and biogas systems.

**OUTLOOK FOR 2012:** This initiative could find traction in the current Legislature. It has the virtue of expanding the renewable energy marketplace without creating new taxpayer or ratepayer incentives. Moreover, this is a policy that can be framed in the language of customer choice and empowerment, which could be appealing to the majority party in the current Legislature.

### **NEEDED ACTIONS:**

- Expressions of support from Republican-leaning constituencies
- Legislative visits by installers, prospective owners and system hosts
- Research/case studies documenting the effect of third-party ownership of renewable energy systems on installation activity