

RENEW Issue Brief: Expanding Market Access

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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