

RENEW Issue Brief: Toward Community Energy

Prepared for RENEW Energy Policy Summit

January 13, 2012, Madison, WI



4B

Repairing Wisconsin's RPS to Benefit Local Renewables

BACKGROUND: Wisconsin's Renewable Portfolio Standard (RPS) requires electric providers to source, by 2015, 10% of the electricity they sell from qualified renewable energy resources. The law allows these providers to (1) build and own the generation sources themselves; (2) acquire renewable electricity from other generators; and (3) acquire renewable energy credits (the attributes, not the electricity) that meet certain requirements in the law. Wisconsin's investor-owned utilities have demonstrated a pronounced preference to own the generation used to comply with the RPS.

PROBLEM: Wisconsin's RPS law does not contain a set-aside for in-state sources of generation. In the past five years, Wisconsin utilities have invested large sums of ratepayer dollars to build new windpower facilities in other states. Since 2004, Wisconsin utilities have constructed 329 megawatts (MW) of windpower in Iowa and Minnesota, not much less than the 375 MW they have built in Wisconsin. Building rate-based generation out of state is a particularly pernicious form of outsourcing. Not only does this lamentable practice result in the exporting of construction work to other states, it also deprives potential host landowners of a source of income and potential host communities of a supplemental revenue base.

Given the utilities' predisposition to own generation and their continuing fidelity to the central station generation concept, small-scale renewable energy producers in Wisconsin are especially disadvantaged by the way our RPS law is structured.

POLICY NEED – LEGISLATION: One way to improve the situation for in-state sources of distributed renewable energy would be to establish higher renewable energy credit values based on generation size and location. Working from the current baseline, in which each megawatt-hour (MWH) of renewable electricity is worth one Renewable Energy Credit (REC), the RPS could be modified to assign a higher value to in-state sources (say 1.25 RECs for one MWH) and even higher ratio for distributed in-state sources (say 1.50 RECs for one MWH). Under that scenario, electric providers would receive a tangible reward for aggregating in-state sources of renewable energy for RPS compliance purposes. At least one state in the region (Missouri) has adopted an REC formula that favors in-state renewables.

BENEFICIARIES: All independent renewable power producers working in Wisconsin.

PROGNOSIS: The near-term prospects for any legislation bolstering the RPS are dismal. That said, it makes sense to begin laying the policy groundwork now to take advantage of a potential warming in the state's view of renewables in future years.