

Renewable Energy Policy Potpourri

Finding the Right Drivers in Wisconsin

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About RENEW Wisconsin



Advocates for state-level sustainable energy policies since 1991

One of the architects of the state's Renewable Energy Standard and ratepayer-funded public benefits program

A Focus on Energy subcontractor promoting commercial solar thermal systems and reducing barriers to customer-sited renewable energy

An organized voice for renewable energy producers and purchasers!



Renewable Energy Policy Drivers

Existing and Proposed

- Grants and incentives (state and federal)
- Tax credits (federal)
- Renewable energy standards (state)
 - Resource-specific set-asides and REC's
- Net energy billing (state)
- Advanced renewable tariffs (state)



Grants, Incentives + Buy-Downs (e.g., Focus on Energy)

- Pluses –
 - Up-front payment - the grant comes before the installation
 - Less out-of-pocket expense to system owner
- Minuses –
 - Program budgets are usually capped by law
 - Other energy resources are eligible for the same \$\$
 - Awards can reduce the size of a tax credit
 - Public funds can be diverted from intended purpose



Renewable Energy Tax Credits

- Pluses
 - Relatively popular with elected officials – support is generally bipartisan
 - Fiscal impact to government is backloaded
- Minuses
 - No tax liability, no benefit
 - Tends to favor larger players with tax appetites
 - They are unequally distributed across resources



Renewable Energy Standards

- Pluses
 - Lowest-cost acquisition mechanism
 - Impacts are on bulk power scale
 - Can create a regional RE marketplace
- Minuses
 - Will bypass high-cost, distributed energy resources
 - Little coordination among states
 - Certain to strain transmission infrastructure



Resource-Specific Set-Asides (within an RES)

- Pluses
 - Guaranteed market share for that resource
 - Special REC's will be created
- Minuses
 - Shrinks the RPS share available to other resources
 - Little enthusiasm for a set-aside in WI
 - Biogas would be the preferred resource



Net Energy Billing

- Pluses
 - Highly appealing to customers
 - Easy to administer
 - No limit on number of customers (as a general rule)
- Minuses
 - Retail rates are still low – resulting in low ROI
 - 20 kW limit discourages larger RE systems
 - REC ownership issue unclear



Advanced Renewable Tariffs

Advanced Renewable Tariffs (a/k/a feed-in tariffs) are buyback rates that are:

- Production cost-based
- Fixed over a defined period of time
- Uniformly applied across utility boundaries
- A source of REC's for utilities



Advanced Renewable Tariffs

- Pluses
 - Enhances financeability of RE DG
 - Locks in hedging value of DG resource
 - Expands a utility's native RE base -- reduces risks
 - Could eliminate need for grants and incentives
- Minuses
 - PSC has been reluctant to address this policy
 - Tariffs have been proposed in scattershot fashion



Applicability to Solar

Three utility proposals – one approved

- WE 22.5 cents approved
- MGE 25 cents pending
- River Falls 30 cents pending

- ❖ All three solar rates have capacity limits
- ❖ WE's and MGE's rates are funded by voluntary purchasers of RE



Pressure Is Building on PSC to Act

- Biogas producers and RENEW intervened in current WE rate case calling for tariff reform
 - ❖ OEI supports higher buyback rates
- Tariff reform proposal (drafted by RENEW) is before the Governor's Global Warming Task Force
- Individual utility tariff proposals create a more disparate landscape for customer-generators



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