



By Linda K. Breggin

Portfolio Standards Entrench Across US

States across the country have adopted — and are sticking with — their renewable portfolio standards, requirements that retail electric suppliers sell or generate a specific percentage of electricity from non-fossil fuel sources.

Environmental benefits are a key driver. Using renewable energy in lieu of fossil fuels not only mitigates climate change, but reduces emissions that contribute to smog and acid rain, in addition to other environmental benefits. In support of RPS requirements, states also cite economic development, energy security, and diversification of supply as motivating factors.

According to the Database of State Incentives for Renewables and Efficiency, known as DSIRE, approximately 30 states have mandatory standards. These include all regions, although the Southeast lags well behind with only one RPS state, North Carolina. An additional eight states have nonbinding renewable portfolio goals, including Indiana and West Virginia. Most RPS requirements were adopted via legislation but a few passed through ballot initiatives or regulations.

RPS laws vary considerably with respect to targets and time frames. Some states have modest aspirations, such as Missouri (15 percent by 2021) and Arizona (15 percent by 2025). Other states are more ambitious, such as California (33 percent by 2020) and New York (29 percent by 2015).

In addition, what qualifies as renewable energy varies. Wind, solar, and biomass are virtually always included. But a range of other technologies qualify in some states, such as large-scale hydroelectric and ocean thermal. States such as Pennsylvania include efficiency in a second tier of qualifying technologies. Similarly, Ohio has an “alternative energy portfolio standard” of which half can be generated from “advanced energy resources,” including nuclear and clean coal. Although many technologies qualify, Lawrence Berkeley National Labs estimated in 2011 that wind represented well over 80 percent of “RPS-motivated” renewable energy additions.

States also take differing approaches to scope of coverage (e.g., investor-owned utilities), use of renewable energy credits to achieve compliance, in-state generation requirements, set asides and multipliers for preferred energy sources, and cost caps. For example, according to DSIRE, 16 states include solar or distributed generation requirements for power generated and used on-site, such as Arizona, which requires 4.5 percent of total retail sales in 2025 to be distributed generation.

If RPS targets are achieved, the Union of Concern Scientists estimates that these “state standards will provide support for 76,750 megawatts of new renewable power by 2025 — an increase of 570 percent over total 1997 U.S. levels (excluding hydro).” UCC calculates that this is the “equivalent of taking 30 million cars off the road.”

Although no new RPS laws have been enacted since 2009, amendments to existing laws are common. Over 120 bills in 30 states were introduced in the last state legislative sessions, according to the Center for a New Energy Economy. The majority of the bills were “modifications” to existing requirements, such as changes in renewable energy credits reporting or evaluation measures.

Approximately 29 bills included RPS increases, such as new targets for certain electricity suppliers, whereas 26 bills were rollbacks that included repeals or target reductions. Some bills were based on the model Electricity Freedom Act developed by the American Legislative Exchange Council, which calls for repeal due to costs to consumers. In June, when the majority of state legislatures had adjourned, CNEE reported that only eight states had enacted legislation — all increases or modifications. No rollbacks passed.

This RPS entrenchment may be due in part to job increases. In Kansas, where a rollback bill was defeated, the Kansas Energy Information Network estimates that there are over 12,000 wind farm-related jobs. Stable electricity prices also could be a factor. Whether RPS requirements result in higher electricity prices, however, is a topic of debate. State and federal studies, as well as environmental group and utility research, tend to find small if any price increases. Conservative think tanks,

such as the Manhattan Institute, in addition to some academics, conclude prices are higher in RPS states and warn of dramatic future increases.

And rollback legislation isn't the only challenge. Some states face serious hurdles, such as ensuring adequate transmission infrastructure, avoiding Commerce Clause litigation over prohibitions on out-of-state renewables, and “leakage” and “resource shuffling” that results when requirements in one state lead to higher greenhouse gas emissions in other states.

Despite these challenges, indications are that states will persevere. Unless or until there is a federal RPS standard, states will continue to take the lead in using this climate change emissions mitigation tool.

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States are sticking with, strengthening renewable targets, defeating rollbacks