



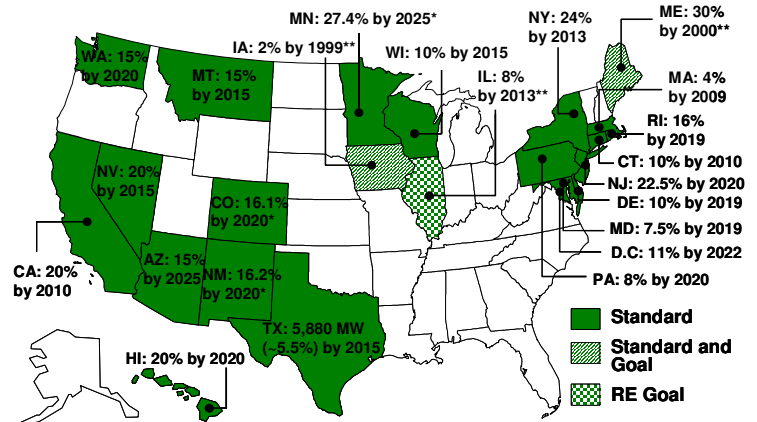
Renewable Electricity Standards at Work in the States

In a growing number of states, renewable electricity standards—also called renewable portfolio standards—have emerged as an effective and popular tool for promoting a cleaner, renewable power supply. A renewable electricity standard requires electric utilities to gradually increase the amount of renewable energy sources—such as wind, solar, and bioenergy—in their power supplies. State leadership has demonstrated that renewable standards can reduce market barriers and stimulate new clean energy markets. Because renewable energy can help meet critical goals for fuel diversity, price stability, economic development, our environment, and energy security, a renewable standard should play a vital role in America’s national energy policy.

Which States have a Renewable Electricity Standard?

To date, 21 states and Washington D.C. have implemented renewable electricity standards.¹ On Election Day 2006, Washington became the second state—behind Colorado in 2004—to pass a standard using a ballot initiative. Washington’s clean energy initiative requires electricity providers to generate 15 percent of their power from renewable energy sources by 2020. Delaware, Hawaii, Maryland, Montana, New York, Pennsylvania, Rhode Island, and Washington D.C. have also enacted standards since the beginning of 2004. In February 2007, Minnesota created one of the largest new renewable energy markets in the country when the state increased its existing requirement for Xcel Energy from 19 percent by 2015 to 30 percent by 2020, and placed a 25 percent by 2025 requirement on all other electricity providers. Several other states—including Arizona, California, Nevada, New Jersey, Pennsylvania, Wisconsin, and most recently, New Mexico and Colorado—have also increased or accelerated their targets. Eight states have enacted standards as part of legislation that deregulated the electric power industry, while 13 states adopted them outside of utility restructuring.

State Renewable Electricity Standards

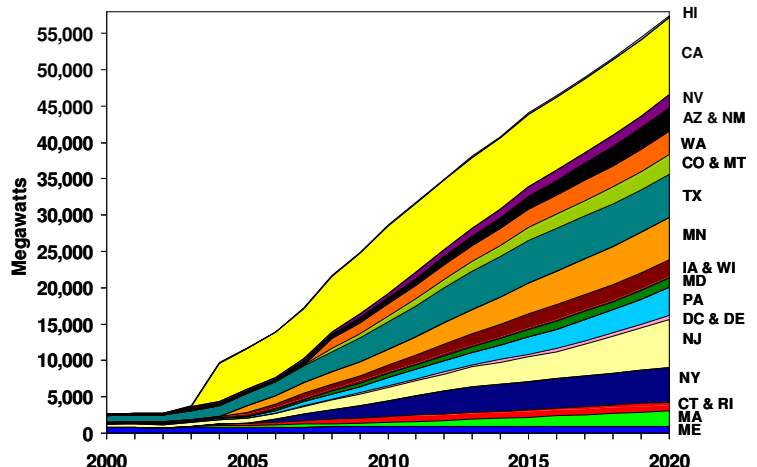


* MN has a 30% by 2020 standard for Xcel Energy, and a 25% by 2025 standard for all other electricity providers. CO and NM have a 20% by 2020 standard for investor-owned utilities, and a 10% by 2020 standard for other utilities.
** In addition to their requirements, IA has a 1,000 MW (~10%) by 2010 goal, and ME has a 10% new resources by 2017 goal. IL has a renewable energy goal with no specific enforcement measures.

New Renewable Energy Development

UCS projects that state standards will provide support for 46,270 megawatts (MW) of new renewable power by 2020—an increase of more than 340 percent over total 1997 U.S. levels (excluding hydro). This represents enough clean power to meet the electricity needs of 28.5 million typical homes. The standards in California, Minnesota, New Jersey, Texas, and New York create the five largest markets for new renewable energy growth. By 2020, new renewable energy production from all state standards will reduce annual carbon dioxide emissions—the heat-trapping gas primarily responsible for global warming—by more than 108 million metric tons. This level of reduction is equivalent to taking 17.7 million cars off the road or planting 25.9 million acres of trees—an area larger than the Commonwealth of Virginia.

Renewable Energy Expected From State Standards*



* Projected development assuming states achieve annual renewable energy targets.

Success in the States: Creating a National Renewable Electricity Standard Model

While most state standards have been enacted too recently to fully evaluate their effectiveness, a number of studies have found that renewable electricity standards are and will continue to be a primary driver of new renewable energy generation in the United States.² In fact, nearly half of the total wind development installed between 2001 and 2005 has resulted from state standards.³ Minnesota's largest utility—Xcel Energy—has acquired about 600 MW of wind and bioenergy as a result of its requirement. In addition, Xcel Energy was poised to meet its Colorado requirement (where it is also the largest electric utility) eight years early before the targets were increased in March 2007. Wisconsin utilities had secured enough renewable resources to meet their targets through 2011 before they were increased in early 2006, and Iowa has met and exceeded its relatively low requirement. But the most successful standard so far may belong to Texas.

The Texas standard was adopted by the state legislature in 1999, and required the installation of 2,880 MW of renewable electricity generating capacity (2,000 MW from new resources) by 2009. It was signed into law by then-Governor George W. Bush. Currently, more than 3,000 MW of renewable energy have been installed in Texas, putting the state well above its original 2009 requirement three years ahead of schedule. As a result of this early success, in August 2005, the legislature increased the new capacity requirement to 5,000 MW by 2015. The Texas standard has been effective, in part, due to the availability of good renewable energy resources, strong political support and regulatory commitment, and the inclusion of the following key provisions in the legislation:

- New renewable energy requirements that are high enough to trigger market growth in the state
- The option to use tradable renewable energy credits to comply with the annual targets
- Significant financial penalties for retail providers that do not comply with the annual targets⁴

In states where utilities divested generation and credit-worthy power marketers have not emerged (as in the Northeast), or where utilities have had credit problems (as in Nevada), new renewable energy projects are experiencing difficulties in obtaining contracts and financing. These states are addressing the issues by creating new supplemental mechanisms, such as using state agencies to provide financing or credit price guarantees.

Why Do We Need A National Renewable Electricity Standard?

States have demonstrated that renewable electricity standards can be effective. In addition, survey after survey shows that Americans strongly favor clean renewable energy sources and support a national standard. Because investments in clean energy create important benefits for the entire nation, the renewable electricity standard should now become a cornerstone of America's national energy policy. A strong national commitment to renewable energy is needed to:

- Diversify our fuel mix and enhance the reliability of fuel supplies
- Increase economic development and family-wage jobs
- Insulate our economy from fossil fuel price spikes and supply shortages
- Create new competition to help restrain fossil fuel price increases
- Improve our national security
- Reduce a growing reliance on imported fuel and electricity
- Reduce renewable energy technology costs by creating economies of scale and a national market for the most cost-effective resources
- Protect our environment and public health
- Build a strong domestic renewable energy industry, which can serve growing international markets and domestic markets

Existing state commitments are an excellent start, but a national standard is necessary to satisfy these goals for the entire country.

¹ For detailed information on state renewable electricity standard programs and other state policies to promote renewable energy, see UCS website, http://www.ucsusa.org/clean_energy/clean_energy_policies/clean-energy-policies-and-proposals.html.

² See UCS website, http://www.ucsusa.org/clean_energy/clean_energy_policies/experts-agree-renewable-electricity-standards-are-a-key-driver-of-new-renewable-energy.html.

³ Wisner, R. "Meeting Expectations: A Review of State Experience with RPS Policies." Lawrence Berkeley National Laboratory (LBNL). AWEA Renewable Portfolio Standards Workshop, March 7, 2006.

⁴ Wisner, R., and O. Langniss. *The Renewables Portfolio Standard in Texas: An Early Assessment*. LBNL. November, 2001.