The Forgotten Impact of Renewable Energy Credits

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Renewable Energy Credits
House Version

SEC. 131. FEDERAL RENEWABLE ELECTRICITY STANDARD.

(a) IN GENERAL.—Title VI of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended by adding at the end the following:

SEC. 610. FEDERAL RENEWABLE ELECTRICITY STANDARD.

(b) RENEWABLE ENERGY AND ENERGY EFFICIENCY REQUIREMENT.—

(1) REQUIREMENT.—

(A) IN GENERAL.—Subject to subparagraph (B), each electric utility that sells electricity to electric consumers for a purpose other than resale shall obtain a percentage of the base quantity of electricity the electric utility sells to electric consumers in any calendar year from renewable energy or energy efficiency.

(B) PERCENTAGE.—Except as provided in section 611, the percentage obtained in a calendar year under subparagraph (A) shall not be less than the amount specified in the following table:

Calendar year:	**Minimum annual percentage:**
2011 through 2013	3.0
2014 through 2016	6.0
2017 through 2018	9.0
2019 through 2020	12.0
2021 through 2039	15.0

(2) MEANS OF COMPLIANCE.—An electric utility shall meet the requirements of paragraph (1) by—

(A) submitting to the Secretary renewable energy credits issued under subsection (c)

(c) FEDERAL RENEWABLE ENERGY AND ENERGY EFFICIENCY CREDIT TRADING PROGRAMS.—

(2) ADMINISTRATION.—As part of the program, the Secretary shall—

(A) issue renewable energy credits to generators of electric energy from renewable energy, **regardless** of whether the energy is transmitted over the national interstate transmission system;

Interpretation

Sec. 610 (b)(1)(A) uses the words "obtain a percentage of …"

Sec 610 (b)(2)(A) clarifies how a utility meets this requirement through "submitting to the Secretary renewable energy credits issues under subsection (c)"

Section 610 (c)(2)(A) states that the Secretary shall issue RECs to generators of renewable energy regardless of whether that energy is transmitted over the national interstate transmission system.

Thus, renewable energy does not have to be delivered to the utility obtaining the REC. They can simply buy the REC from the generator or from the market for RECs that the DOE will establish.

Impact of Renewable Energy not Required to be Delivered?

- MISO – Renewable Energy can interconnect to the grid as an Energy Resource.
  - Upgrades only required if distribution factor on violation is greater than 5%
  - Impact on Transmission Planning
    - It appears that the criteria used in developing transmission plans could be significantly different if a large portion of the renewable energy under federal and state mandates do not require deliverability of the energy to the utility.

Recommendations

Prior to developing transmission plans for the CARP futures, MISO should make presentations to CARP in which the design differences are clearly set out for:

- Renewable Energy delivered to Loads
- Renewable Energy not delivered to Loads

If the design difference for these two are significantly different, the in the development of transmission plans for the CARP futures, MISO should provide alternative plans for both possibilities.