

Introduction

The House and Senate are likely to consider energy legislation in the coming months that will include a Federal Electricity Standard that would require electric suppliers¹ to generate a portion of their electricity with qualifying renewable energy sources. There seems to be a consensus that the House has the votes to support such a proposal. The Senate has had the votes in the past, but support at this point is uncertain.

Drafted Legislation

On the House side, Edward Markey (D- MA) recently released two bills. The first is H.R. 889, the Save American Energy Act is an energy efficiency resource standard and the second is H.R. 890, the American Renewable Energy Act, which is a Federal Electricity Standard. On the Senate side, Jeff Bingaman has drafted a bill, which is a Federal Renewable Portfolio Standard.

The purpose of both H.R. 890 and Bingaman's RPS bill is to cut greenhouse gas emissions from the generation of electricity and to spur the development of renewable energy markets. Markey's EERS bill is also designed to reduce greenhouse gas emissions, but would largely do so from the consumer end by improving the energy efficient use of electricity, thereby reducing the demand.

The Issue

Any RES/RPS legislation should utilize an expanded definition of qualifying energy sources to promote clean energy generation beyond a limited pool of renewable resources. Means of generating energy efficient electricity already exist and are more cost-effective than the planning and procurement of new renewable energy sources. Some states have argued that they do not have access to a plentiful supply of renewable resources to meet an electricity standard. An expanded definition of qualifying energy sources could better address this critical issue by allowing for more flexibility in meeting the standard for generating electricity with clean energy.

The definition of qualifying renewable energy in both H.R. 890 and Bingaman's RPS bill is entirely too restrictive because other clean energy sources are excluded. Both bills limit what electric suppliers may use to comply with the bills' minimum annual percentage of electricity generated from renewable sources. The bills limit qualifying renewable energy to²: wind, solar geothermal, biomass or landfill gas, and qualified hydropower.

Legislative Objective

The definition of qualifying energy sources that could be used to comply with an RES/RPS should be expanded to include all lower emitting energy sources and any energy efficient mechanism that either reduces electric or natural gas consumption or reduces electric or natural gas demand.³ The effect of expanding the definition of qualifying energy sources would be to provide an equal footing for efficiency measures that would achieve reduced GHG emissions, a stated goal of the RES/RPS legislation. These

¹ Depending up on the approach taken, regulated entities could include facilities outside of the group generally referred to as electric utilities (i.e., large CHP units).

² This list is only intended as a general description. Each bill contains its own unique definition.

³ The EERS legislation also includes a goal of reducing natural gas consumption in addition to electricity consumption.

energy efficiency efforts would include utility efficiency programs, building energy codes, appliance standards, and any third-party efficiency efforts (i.e., installing a more energy efficient boiler), CHP generation including third-party generation, and waste heat generation or other waste energy recycling.