

The Impact of a Federal Renewable Electricity Standard on State Markets

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Citizens and Scientists for Environmental Solutions

Renewable Energy Markets Conference

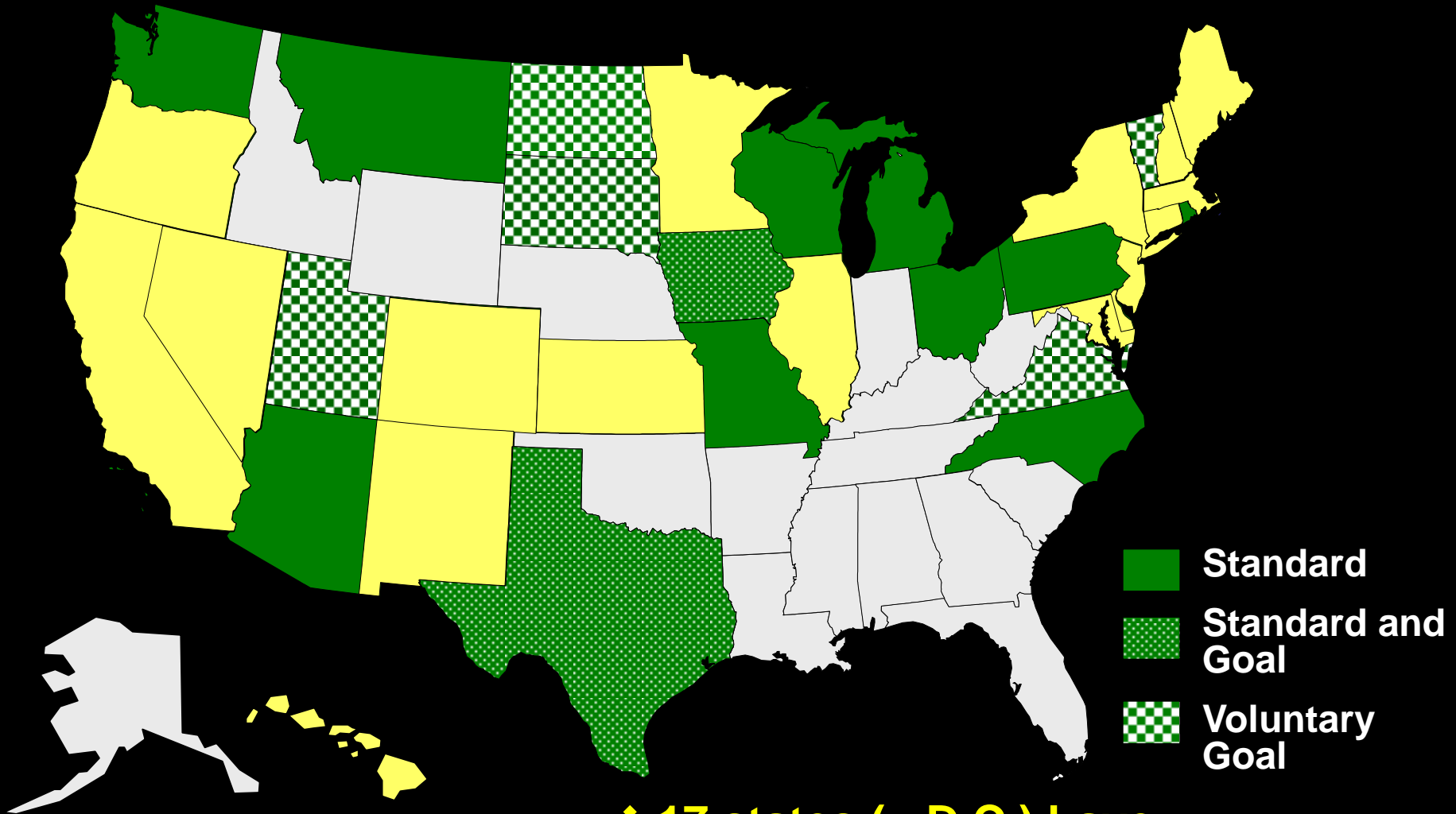
Atlanta, GA

September 14, 2009



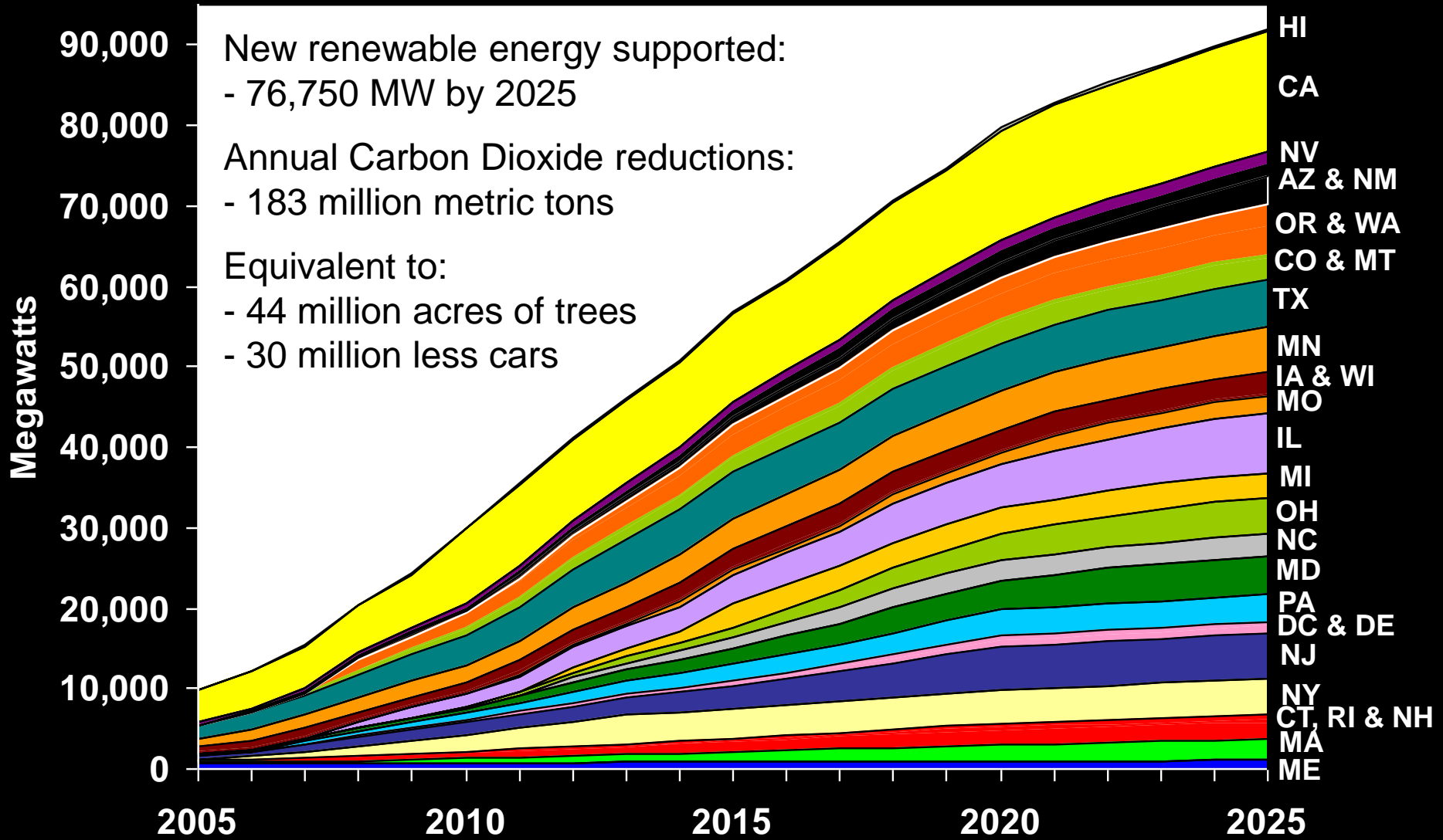
Renewable electricity standards

29 states + D.C.



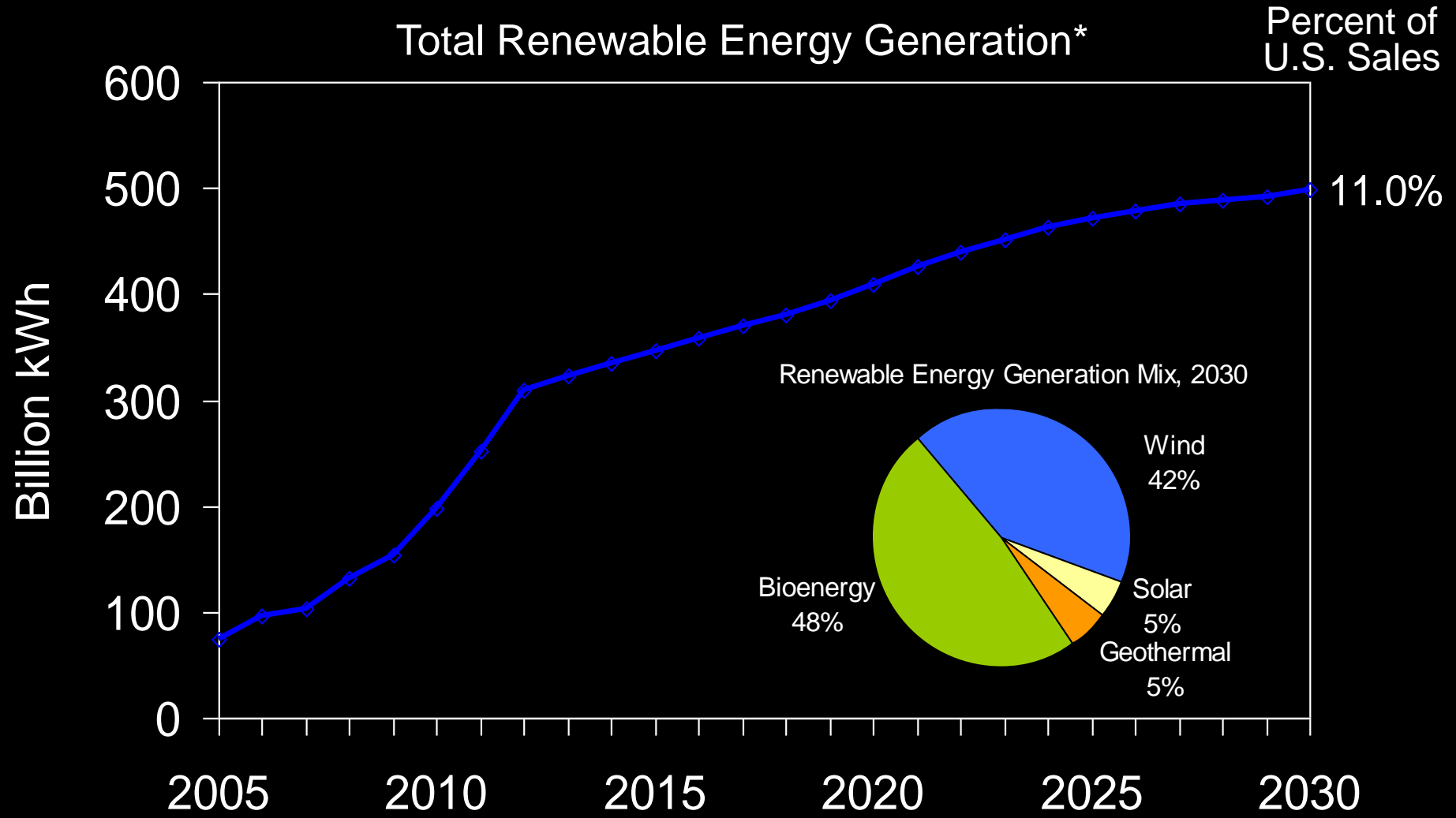
❖ 17 states (+ D.C.) have requirements of 20% or higher

Renewable Energy Expected From State Standards*



*Projected development assuming states achieve annual renewable energy targets.

Existing policies/markets driving future renewable energy growth



Sources: U.S. Energy Information Administration.

Federal RES proposals

- House-passed (ACES)
- Senate Energy Committee-passed (ACELA)
- Senate floor strengthening amendment (Udall)

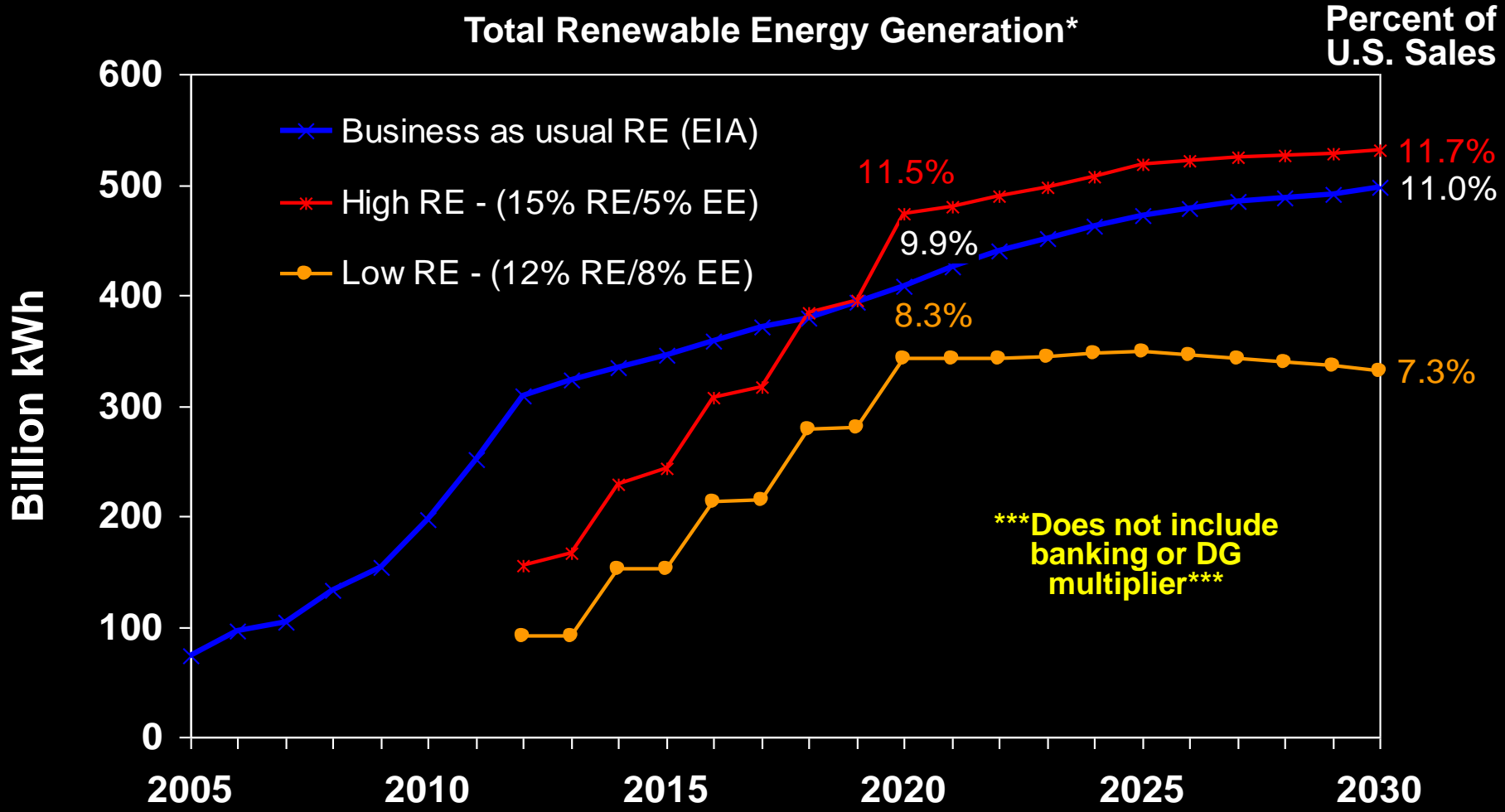


House-passed RES (ACES)

- 20% by 2020 RE Target
- 25-40% EE compliance option
- Small electric utility exemption
- Baseline exclusion for generation from large-scale hydro, new nuclear and new coal w/carbon capture facilities
- National credit trading with dual RECs system (state and federal)
- 3X credit for distributed generation
- Generation from coal mine methane and municipal solid waste is eligible
- States decide on whether to allow trading of additional federal RECS from higher state standards



ACES RES - Comparison with Business as Usual

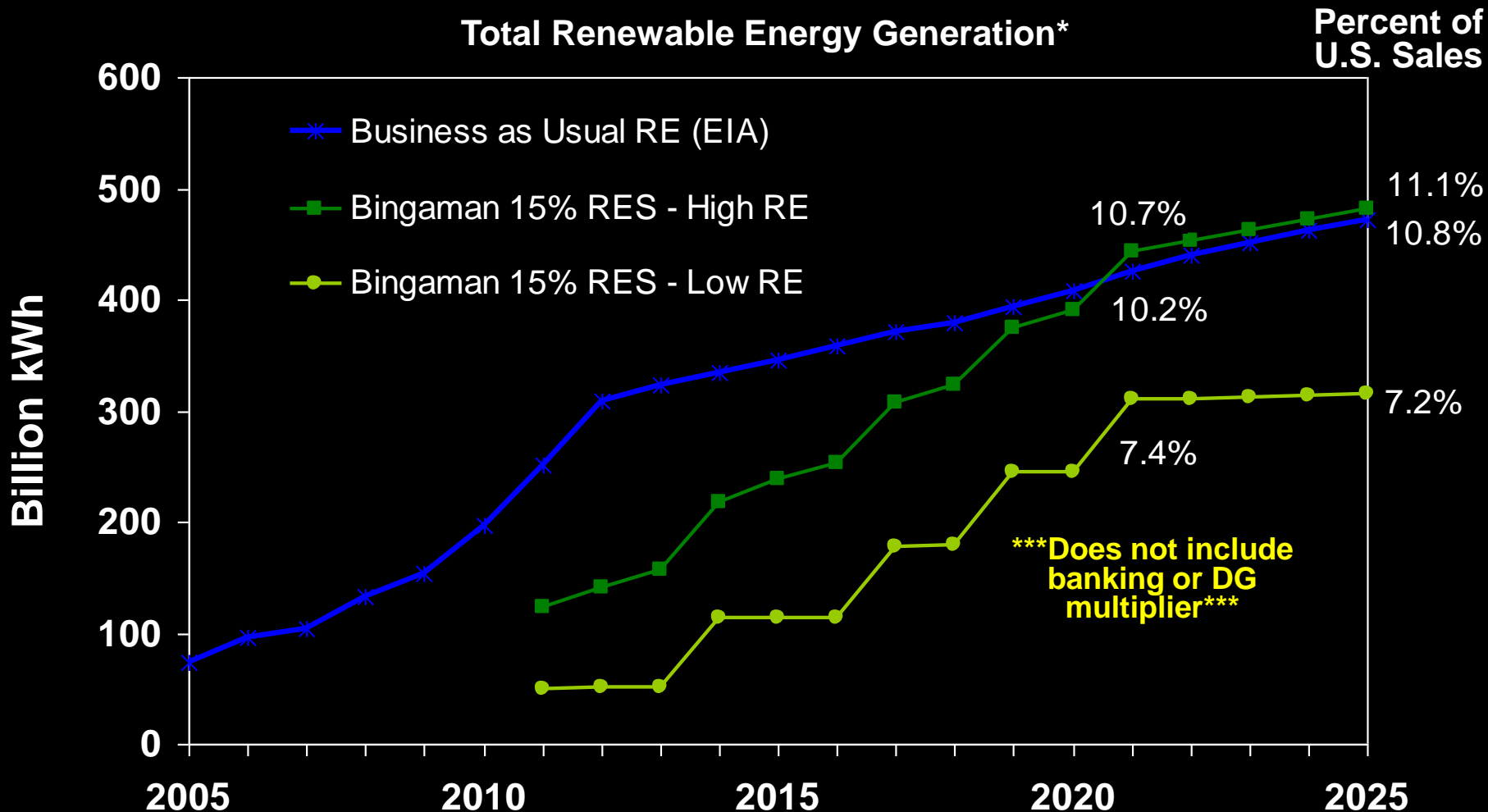


High RE Case: 15%/5% by 2020, business as usual CCS/Nuclear (EIA), + states do not allow trading of RE credits from higher state standards to other states for federal RES compliance.

Low RE Case: WM CCS/Nuclear (EPA), + state do allow trading of RE credits from higher state standards.

*In addition to hydro & MSW. Sources: EIA (AEO 2009 – ARRA), EPA, UCS.

ACELA RES - Comparison with BAU

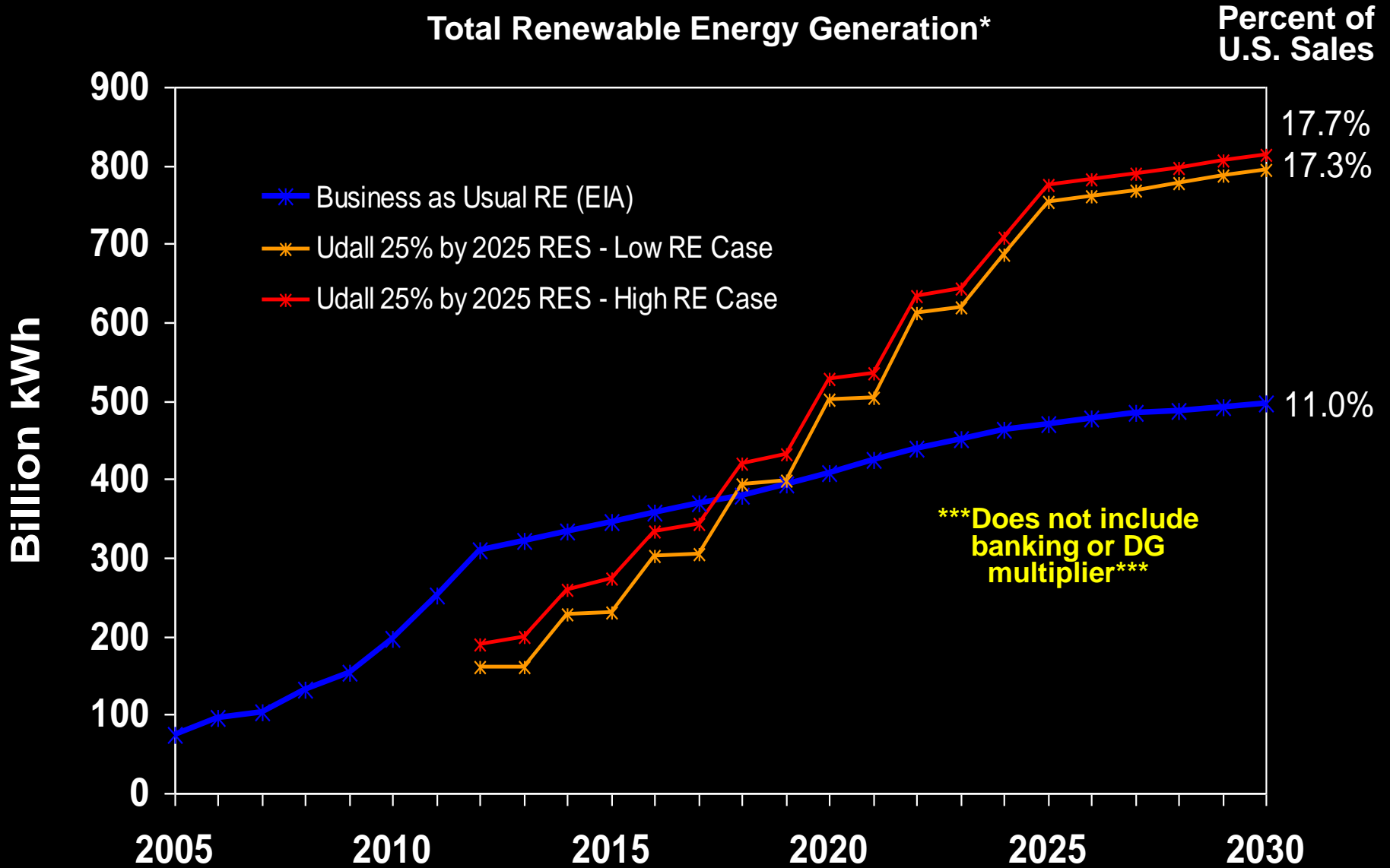


High RE Case: 30 states opt into EE + states do not allow trading of RE credits from higher state standards to other states for federal RES compliance.

Low RE Case: All states opt into EE, + states do allow trading of RE credits from higher state standards.

*In addition to hydro & MSW. Sources: EIA (AEO 2009 – ARRA), UCS.

Udall RES - Comparison with BAU



*In addition to hydro & MSW. Sources: EIA (AEO 2009), UCS.

Summary findings

- State (and voluntary) markets are leading the way
- Federal RES has potential to accelerate clean energy transition and increase benefits
- Current proposals are weak, and risk setting dangerous precedent for states as well as undermining voluntary market
- Must capitalize on opportunities to strengthen the proposals over the next few months

