

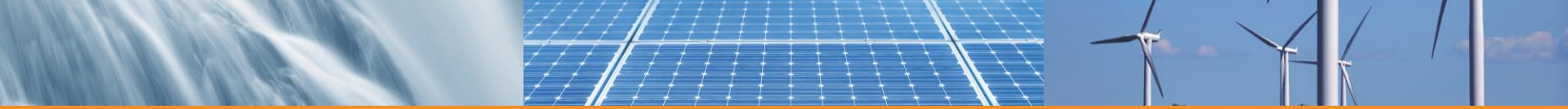


Consumer Protection Overview

Renewable Energy Marketing Conference 2017

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EPA's Green Power Partnership



Consumer Protection

- Who is the consumer?
 - Ratepayers?
 - Solar Developers?
 - Utilities?
 - Generation utilities
 - Distribution utilities
- What are we protecting?
 - Market access?
 - Truth in advertising?
 - Fairness in compensation?
 - Access to accurate information?
 - Other?



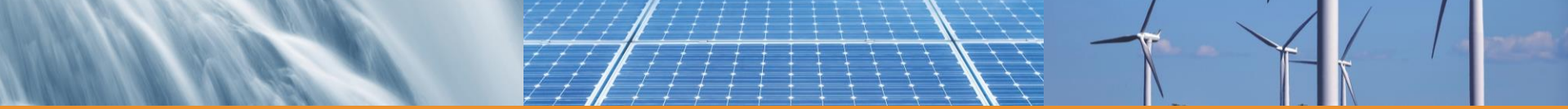
Competition Issues

- Competition among sellers give consumers lower prices, higher-quality products and services, more choices and spurs greater innovation
- Questions that regulators often ask
 - How do regulatory policies discourage entry to the market?
 - What are the access issues / barriers to entry?
 - How do U.S. Antitrust laws apply to these situations?
 - Is competition uniform across markets?
 - How do consumer protection issues such as disclosures, comparative price information and regulatory risk vary between utilities and DG firms?
 - Does it matter who owns the DG asset?
 - Utility vs Utility Affiliates, Third-party Developers, Ratepayers



Valuation Issues

- How is retail distributed generation traditionally valued?
 - Net-metering
- Why is valuation important?
 - Retail electricity rates are the means through which utilities pay for grid investments that serve all customers
- Does one ratepayer class end up subsidizing another?
 - Cross-subsidization
- If the answer is yes, what are some of the proposed solutions?
 - Fixed charge reforms
 - Value of solar tariffs
 - Time-variant pricing



Consumer Information Issues

- A well functioning marketplace requires that consumers have access to information
- Questions regulators often ask:
 - What kind of information is important to consumers?
 - What kind of information is available?
 - What kind of information are suppliers sharing with consumers?
 - Who assumes the risk of downstream changes to regulation?
 - What else do consumers need to know? For example, how would DG investments/contract be affected by a home sale?
 - How are RECs handled within a DG purchase?



Signs of Consumer Information Issues

- Claims are often evidence of consumer protection issues
- Example Corporate Press Release:

Large-scale roof-mounted solar installations such as this benefit the environment by providing clean, renewable power at no additional cost to the building occupant, while helping the property owner's bottom line.

John Doe, CEO of ACME, enthusiastically states: "This clean energy initiative is very important to our company. Our team is proud that we have drastically reduced our carbon footprint, and our hope is to inspire other members of the community to do the same."

The solar array is net metered and interconnected to the grid, generating renewable power. Additionally, the sale of Solar Renewable Energy Certificates (SRECs), created by the state to help incentivize solar development in the state, helped make the project possible.

- What is the problem here?
 - The claim of using renewable power or having reduced one's carbon footprint is deceptive if the SRECs are being sold.



Signs of Consumer Information Issues

- Example Local Government Press Release:

The Developer will supply solar energy generated by this system to the town over the next 20 years, saving taxpayers an estimated \$250,000 on energy.

Our town welcomes the new solar power plant, which is a part of our plan to reduce our carbon dioxide emissions while generating energy savings," said John Doe, the town administrator. "The Developer's solar system will save our town more than \$250,000 over the 20-year life of the agreement, and helps us meet our sustainability and climate goals..."

- What is the problem here?

- No mention of the RECs in the press release
- But, EPA in reaching out to the town found out the Developer chose to sell the solar attributes. In doing so neither the Developer or the Town can claim to be supplying or using solar energy. Further, the Town cannot credibly claim any progress towards their climate goals.



Signs of Consumer Information Issues

- Example Higher Education Press Release

The array is under a Power Purchase Agreement and will produce 1.2 million kilowatt hours of clean renewable energy each year amounting to about five percent of the school's annual electric consumption.

“If we get more days like today, it will even produce a lot more energy than that,” said John Doe, vice president for finance and administration during a ribbon-cutting ceremony. “The solar array will take the university closer to our goal of being a carbon neutral campus as well as increasing our energy self-reliance.”

- What is the problem here?

- Same issues as before. The consumer does not own the RECs.
- In this case EPA intervened prior to their announcement to point out the problem. Unfortunately, we think the process had gone too far for the school to change their message.