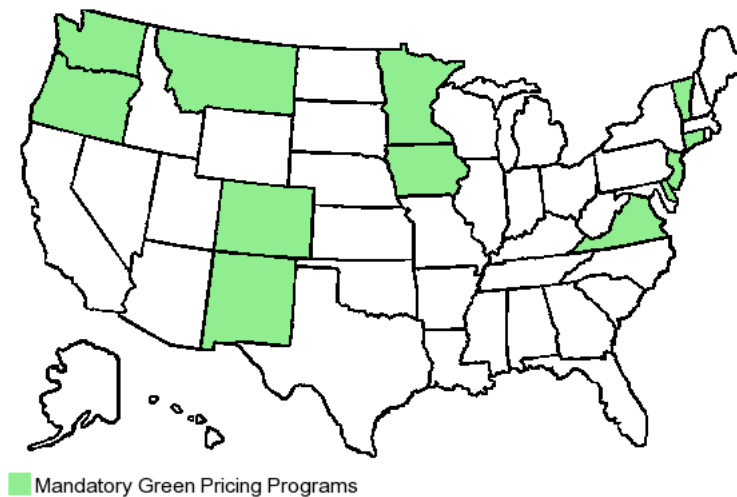


# Green Pricing Programs



Some states have legislation or rules in place mandating that utilities offer "green pricing" options to retail customers. In addition, a growing number of utilities are opting to offer programs in states without legislation. Green pricing programs allow customers to pay a premium on their electric bill to have a portion or all of their power provided from renewable energy sources, such as wind or low-impact hydro power. While the electricity generated by renewable sources is not necessarily delivered directly to the customers who pay for it, the utility certifies that renewable energy has been generated in an amount equal to the customer's purchase. In many cases, the state has a renewable portfolio standard (RPS), and a green pricing requirement for utilities can interact with the RPS in a number of ways – for example, it can simply create additional demand for renewable electricity, or it can be an alternative to the RPS for certain utilities.

## Colorado

On March 27, 2007 Colorado Governor Bill Ritter signed House Bill 1281 into law. This legislation doubled the state's renewable energy portfolio standard (RPS) and requires municipal utilities to offer an optional pricing program that allows retail consumers the choice of supporting emerging renewable technologies through utility rates. The RPS requires investor-owned utilities to obtain 20% of their electricity supplies from renewable sources by 2020, with at 10% requirement for the state's municipal and rural electric cooperatives.

## Connecticut

On June 26, 2003 Connecticut Governor John G. Rowland signed SB 733 into law. This legislation amended Connecticut's Electric Restructuring Act and granted authority to the state's Department of Public Utility Control (DPUC) to require electric distribution companies to offer green power options to their retail customers. Under SB 733 DPUC may determine the terms and conditions of renewable energy or energy efficiency options and also set a minimum percentage of electricity to be derived from renewable energy sources. The renewable sources will come from third-party companies selected through a competitive bidding process.

This bill also strengthens the state's renewable portfolio standard (RPS) by amending a previous rule that exempted standard offer service providers, which cover about 98% of the state's retail customers, from complying with the standard. The current RPS, established by HB 7432 on June 4, 2007, requires that 27 percent of the state's electricity come from renewable sources by 2020.

## Delaware

Delaware's Renewable Portfolio Standard (RPS) allows rural electric cooperatives and municipal utilities to opt out of the mandated portfolio requirements if they establish a green energy fund and a voluntary green power purchasing program.

The Delaware Electric Cooperative and the Delaware Municipal Corporation (DEMEC), a joint agency and wholesale electric company representing the state's nine municipal utilities, opted out of the RPS requirements and began offering voluntary green power programs in 2006 and 2007.

## Iowa

In June, 2001, Iowa Governor Thomas Vilsack signed HF 577 into law. This legislation mandated that all electric utilities in the state, including those not regulated by the Iowa Utilities Board (IUB), must offer green power options to their customers beginning January 1, 2004. Green power programs can either allow customers to make voluntary contributions supporting the development of alternate energy sources in Iowa or implement a tariff schedule linked to a customer's actual electricity use. Rate-regulated utilities must file program plans and tariff schedules with the IUB.

Iowa also has a renewable portfolio standard (RPS). In 1983, the state enacted the Iowa Alternative Production law requiring the state's two investor-owned utilities – MidAmerican Energy and Alliant Energy Interstate Power and Light – to contract a combined total of 105 megawatts of their generation from renewable energy sources.

### **Minnesota**

On May 29, 2001 Minnesota Governor Jesse Ventura signed SB 722 into law. This legislation requires the state's electric utilities to offer customers an option of buying power generated from renewable sources or "high-efficiency, low-emission distributed generation, such as fuel cells or microturbines fueled by a renewable fuel." The utility may generate the renewable energy directly or purchase credits from a renewable energy provider. The rates on green power must be derived from the difference in cost between the renewable source and the same amount of energy from nonrenewable supply.

Minnesota also has a renewable portfolio standard (RPS). SB 4 signed into law by Governor Tim Pawlenty on February 22, 2007 mandates that 25% of retail electricity sales must come from renewable energy sources by 2025. Xcel Energy, which currently generates about half of the state's electricity, is required to produce 30% of its power from renewable sources by 2020.

### **Montana**

On May 5, 2003, Montana Governor Judy Martz signed HB 509 into law. This legislation requires the state's default electricity service providers – currently only Northwestern Energy – to offer green power options to their retail customers. Eligible green power options must be "certified environmentally preferred resources," that include, but are not limited to wind, solar, geothermal, and biomass. Sources must be approved by the Montana Public Service Commission. HB 509 followed the repeal of Montana's previous electricity law, which mandated a similar green purchasing option for consumers.

Montana also has a renewable portfolio standard (RPS). SB 415, signed into law by Governor Brian Schweitzer on April 28, 2005, mandates that 15% of the state's energy come from renewable sources by 2015.

Northwestern Energy Green Product Offering

### **New Jersey**

In May 2003, New Jersey Governor James McGreevey directed the New Jersey Board of Public Utilities (BPU) to implement a set of task force recommendations aimed at promoting the use and development of renewable energy in the state. One of the recommendations was to establish a state program that enables retail electric customers to buy renewable electricity from a green power supplier through their utility.

In April 2006, the BPU announced the statewide expansion of the New Jersey Clean Power Choice program. Under this program, municipal utilities and green power marketers work together and offer customers throughout the state the option of purchasing renewable energy.

New Jersey also has a renewable portfolio standard (RPS). On April 12, 2006, the New Jersey Board of Public Utilities (BPU) approved new regulations that expanded the state's existing RPS by requiring utilities to produce 22.5 percent of their electricity from renewable sources, at least 2 percent of which must come from solar sources.

### **New Mexico**

In December 2002, the New Mexico Public Regulation Commission (PRC) adopted a final rule that requires all investor-owned utilities in the state to offer a voluntary renewable energy tariff to their customers. Rural electric distribution cooperatives are required to give customers the option of purchasing green power to the extent that their suppliers make these sources available. All utilities, including rural cooperatives, are required to develop educational programs that communicate the benefits and availability of green power options.

The rule also includes a Renewable Portfolio Standard (RPS) that requires utilities to generate at least 5% of local energy sales from renewable energy sources by 2006 and at least 10% by 2011.

Information on utility green power programs and RPS compliance

### **Oregon**

In June 2007, Oregon enacted SB 838 requiring all electric utilities to offer customers an optional green power program. SB 838 also enacted a renewable electricity portfolio standard requiring the state's largest utilities to meet 25% of their electric load with renewable energy sources by 2025. Utilities must utilize the following renewable energy sources for a significant portion of electricity sold: wind, solar-thermal, solar-electric, ocean, geothermal, hydropower and certain forms of biomass.

### **Vermont**

On March 19, 2008 Governor Jim Douglas signed S209 into law. This legislation requires all utilities in the state, including municipal and cooperative utilities, to offer a renewable energy option to their retail customers. Utilities must

offer either a renewable energy purchase option or a program that enables customers to contribute to the state's clean energy development fund. The text states that "such renewable energy pricing programs may include, but are not limited to, tariffs, standard special contracts, or other arrangements whose purpose is to increase the company's reliance on, or the customer's support of, renewable sources of energy."

Vermont also has a backstop renewable portfolio standard (RPS) that will take effect if renewable generation from utilities does not equal their incremental load growth between 2005 and 2012. The RPS will be the percentage of load growth as a whole between 2005 and 2012. For example, if the state experiences 7 percent load growth, but utilities have not obtained 7 percent of their electricity from eligible renewables by 2012, the state will adopt an RPS of 7 percent.

### **Virginia**

In April 2007, Virginia passed HB 1416 with a provision that the state's electricity customers have the option to purchase 100% renewable energy from their utility by the end of 2008. If a utility does not offer a renewable energy purchase option, their customers are permitted to purchase green power from any licensed retail supplier. Virginia also has the following voluntary renewable portfolio goals for the state's utilities: 4% of electricity sales must come from renewable energy sources by 2010, 7% by 2016, and 12% by 2022.

### **Washington**

On May 8, 2001, Washington Governor Gary Locke signed HB 2247 into law. This legislation required all Washington utilities that serve more than 25,000 customers to offer green power options to their customers by January 1, 2002. Eligible renewable sources include wind, solar, geothermal, landfill gas, wave or tidal action, wastewater treatment gas, biomass, and low-impact hydro. Each utility is required to inform their customers regularly through billing statements of the voluntary option to purchase renewable energy at fixed or variable rates. The state must approve each utility's program and utilities are required to submit annual reports from October 1, 2002 to October 1, 2012. The Washington Utilities and Transportation Commission (WUTC) monitors programs developed by the state's investor-owned utilities.

A renewable portfolio standard (RPS) was approved by Washington state voters through Ballot Initiative 937 on November 7, 2006. The measure requires all utilities serving 25,000 people or more to produce 15 percent of their energy using renewable sources by 2020.