

Clean Energy Resource Standards: A New Policy Tool

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Overview

- What is a CERS?
- What's the background on CERS?
- What are the advantages/drawbacks of the CERS approach?
- Where are CERS being used?
- How should Congress approach CERS?



What is a CERS?

- A quantitative target for a set of clean energy resources, including renewables and energy efficiency
 - A top-down goal to drive utility resource procurement
- CERS “flavors”
 - Classic RPS
 - RPS paired with an Energy Efficiency Resource Standard (EERS)
 - Stand-alone EERS
 - Blended EE / RPS requirement—with and without carve-outs



What is a CERS?

- Energy Efficiency components of a CERS might include:
 - Combined Heat and Power (CHP)
 - Waste heat recovery/recycled energy
 - End-use energy efficiency
- Each of these requires specific definitions and limitations



What's the background on CERS?

- Typical pattern has been for states to adopt RPS, with efficiency funding through public benefits programs
- A few states have combined EE and RE in one standard
 - 18 States have RPS, 15 have RE PBF
 - 20 states have EE PBF
 - 4 states have an EERS (CT, IL, TX, CA)
 - 3 states have an EE component to an RPS (PA, NV, HI)
- RPS has not yet passed Congress
- EPAct 2005 calls for a study and pilot on EERS
- Some of the most recent RPS programs have included EE, typically with hard carve-outs for RE and EE



What are CERS advantages?

- Can increase overall clean energy benefits
- Can reduce the total cost of the policy
- Can increase applicability of the policy across different states and regions
- Can bring together analytical and advocacy resources around one set of policies (“unite and conquer”)
- Can make resource standards more politically viable nationally

What are CERS drawbacks?

- If designed wrong, can overdevelop some resources
- Adds complexity to implementation
- Difficulty of blending resources behind and before the meter

Where is the CERS Approach Being Used?

- Three U.S. States:
 - NV—20% standard by 2015, of which 25% can be from EE
 - HI—EE included within RPS, 20% by 2020, with no EE-RE differentiation (EE currently about 1/3 of total qualifying resources)
 - PA—EE included in a Tier II standard that includes diverse resources (MSW, existing hydro, waste coal. Tier I is 8%, Tier II 10%, by 2021.

How Should Congress Approach CERS?

- As a potential solution to the RPS standoff
- However, CERS is only a workable policy IF:
 - True renewable targets are at least as high as under current RPS
 - Efficiency resources are defined specifically
 - Conventional resources are not included (nuclear, coal, etc.)