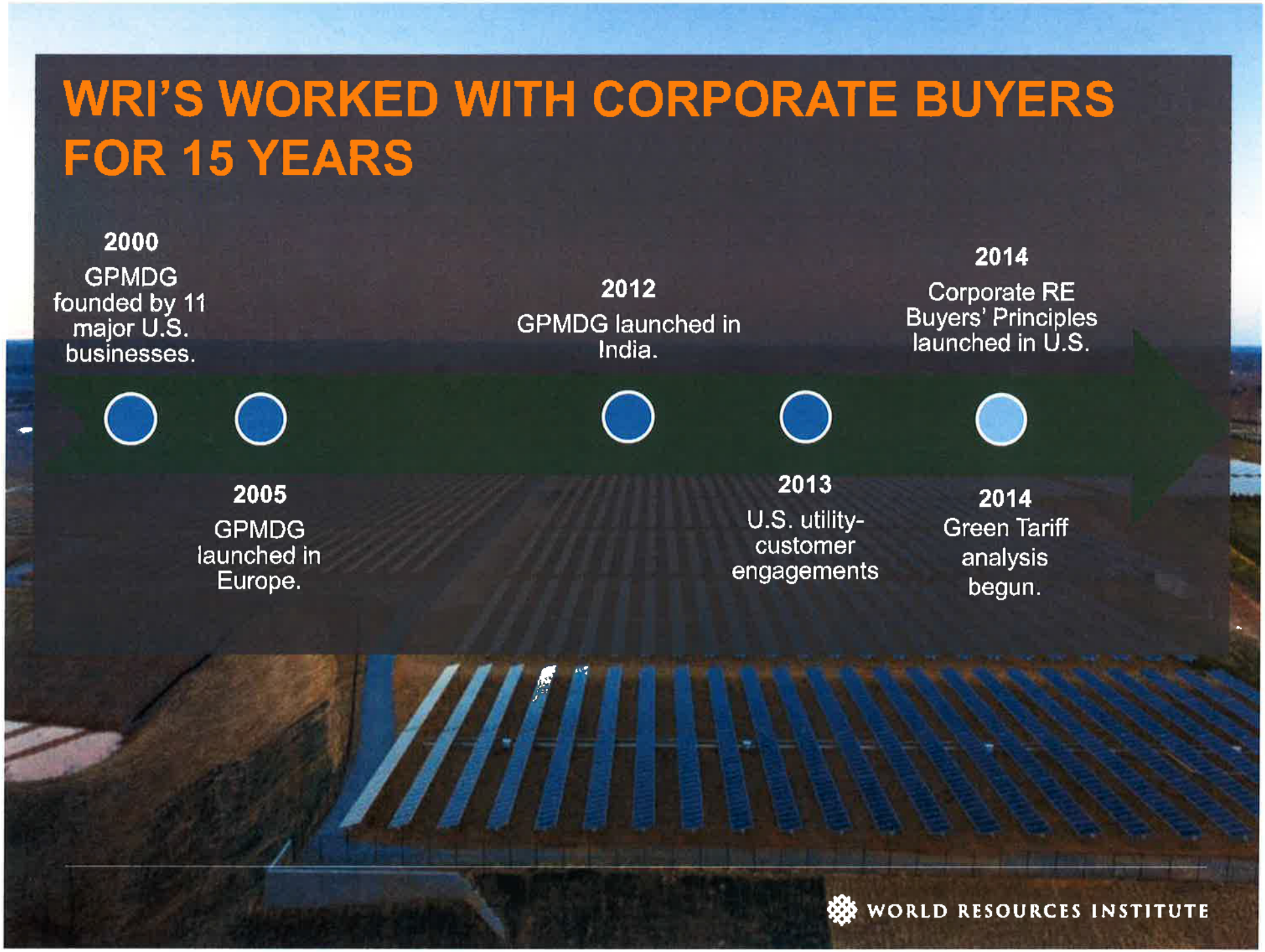

WORLD
RESOURCES
INSTITUTE
GREEN TARIFF
DESIGN
Letha Tawney, Director – Electricity Initiative
July 7, 2015
MN PUC Special Public Meeting

WRI'S ENERGY WORK | We foster collaborations between utilities, large energy buyers and regulators to create opportunities for cost-effective renewable energy deployment.


WRI'S WORKED WITH CORPORATE BUYERS FOR 15 YEARS
2000
GPMDG founded by 11 major U.S. businesses.
2005
GPMDG launched in Europe.
2012
GPMDG launched in India.
2013
U.S. utility-customer engagements
2014
Corporate RE Buyers' Principles launched in U.S.
2014
Green Tariff analysis begun.
WORLD RESOURCES INSTITUTE

COMPANIES ARE BUYING RENEWABLE ENERGY IN MANY WAYS TODAY

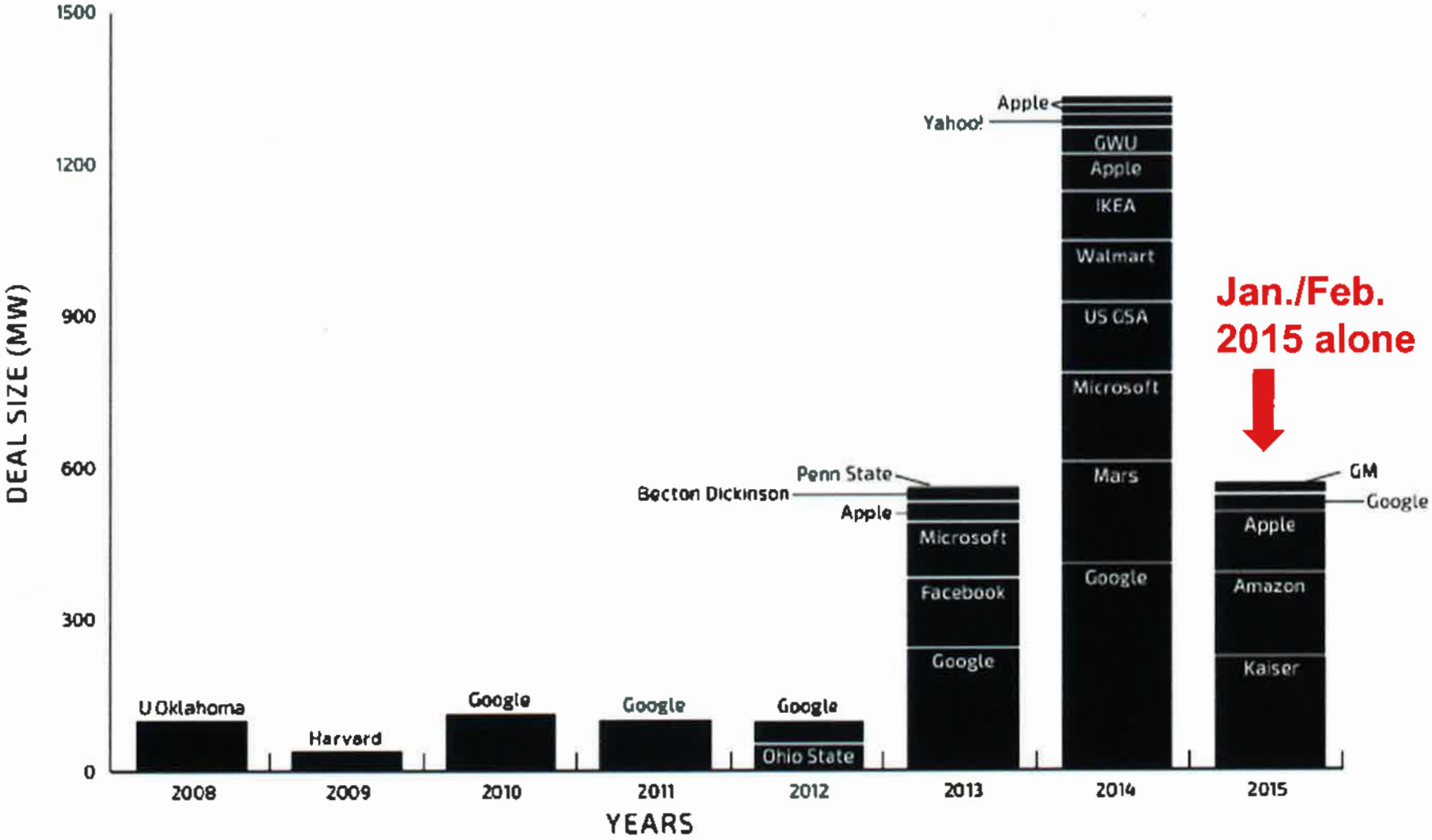
Unbundled RECs

- Green Power Programs
- RECs contracts with projects
- Purchases from brokers

Energy + RECs

- Rooftop or Community Solar
- Green Tariffs
- PPAs via Direct Access
- Contracts for Differences / Virtual PPAs
- Direct project investment

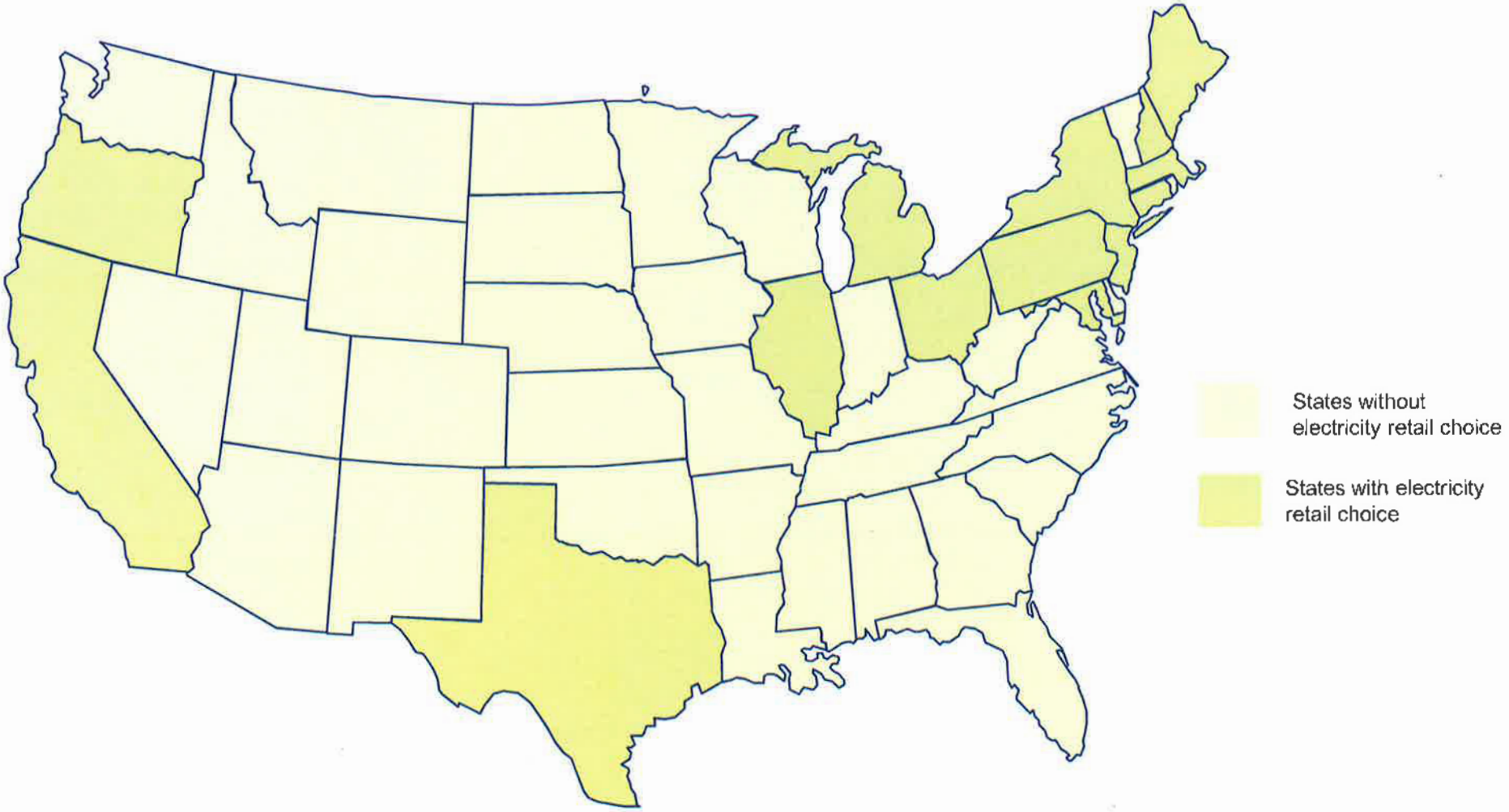
PPA'S – BOTH VIRTUAL AND PHYSICAL – ARE A GROWING TREND



Source: Quayle Hodek, Renewable Choice Energy

WORLD RESOURCES INSTITUTE

BUT WHAT DO WE DO IN REGULATED STATES?



20 MILLION MWH OF RE DEMAND… AND GROWING

WWF

WORLD RESOURCES INSTITUTE

CORPORATE RE BUYERS' PRINCIPLES

CHOICE

Greater choice in renewable energy options.

COST-COMPETITIVENESS

More access to cost-competitive options compared with traditional rates.

LONG-TERM PRICING

Access to long-term, fixed-price contracts.

FINANCING TOOLS

Streamlined third-party financing, as well as standardized contracts and simplified processes.

NEW PROJECTS

Access to new projects that reduce energy emissions over business as usual.

COOPERATION

Opportunities for increased options from utilities and regulators.

WWF

WORLD RESOURCES INSTITUTE

EMERGENCE OF GREEN TARIFFS

WORLD RESOURCES INSTITUTE

GREEN TARIFFS: THE IDEA

- Energy + RECs
- Fixed / predictable price for energy
- Protection from a fuel rider
- May allow lower than retail rates for the energy portion
- Expanding on regulatory models such as combined heat and power or direct access

SPECTRUM OF APPROACHES

DESIGN STRUCTURES: HIGH-LEVEL DIFFERENCES

	PSE – WA (proposed)	RMP – UT	NV Energy - NV	Duke – NC	Dominion - VA
Tariff type	New tariff	New tariff	Rider	Rider	Rider
Contract Terms	Energy demand	Power demand	Energy demand	Energy demand	Energy demand
Cost-competitive w/retail utility rates	Possible	Possible	Possible	Always premium	Always premium
Contract length	10 years; can extend to 15 years	Negotiated	Negotiated; min 2 years	Negotiated; 3 – 15 years	Negotiated; 10 years suggested
Flexibility	Yes (across facilities)	Yes (across facilities)	Yes (in trans. design)		
Possible ROI for utility	Yes	Yes	Yes		
RE deals	N/A		Apple		

HOW TO PROTECT OTHER CUSTOMERS

- Separate the energy portion of the bill from the grid and other services
- Customer pays the cost of the energy used – extra production is priced at market
- Explicitly charge for shaping
- Penalties for early termination
- Soft-limit the program size to otherwise anticipated resource additions and 100% of customer demand

WHAT MAKES GREEN TARIFFS ATTRACTIVE TO UTILITIES?

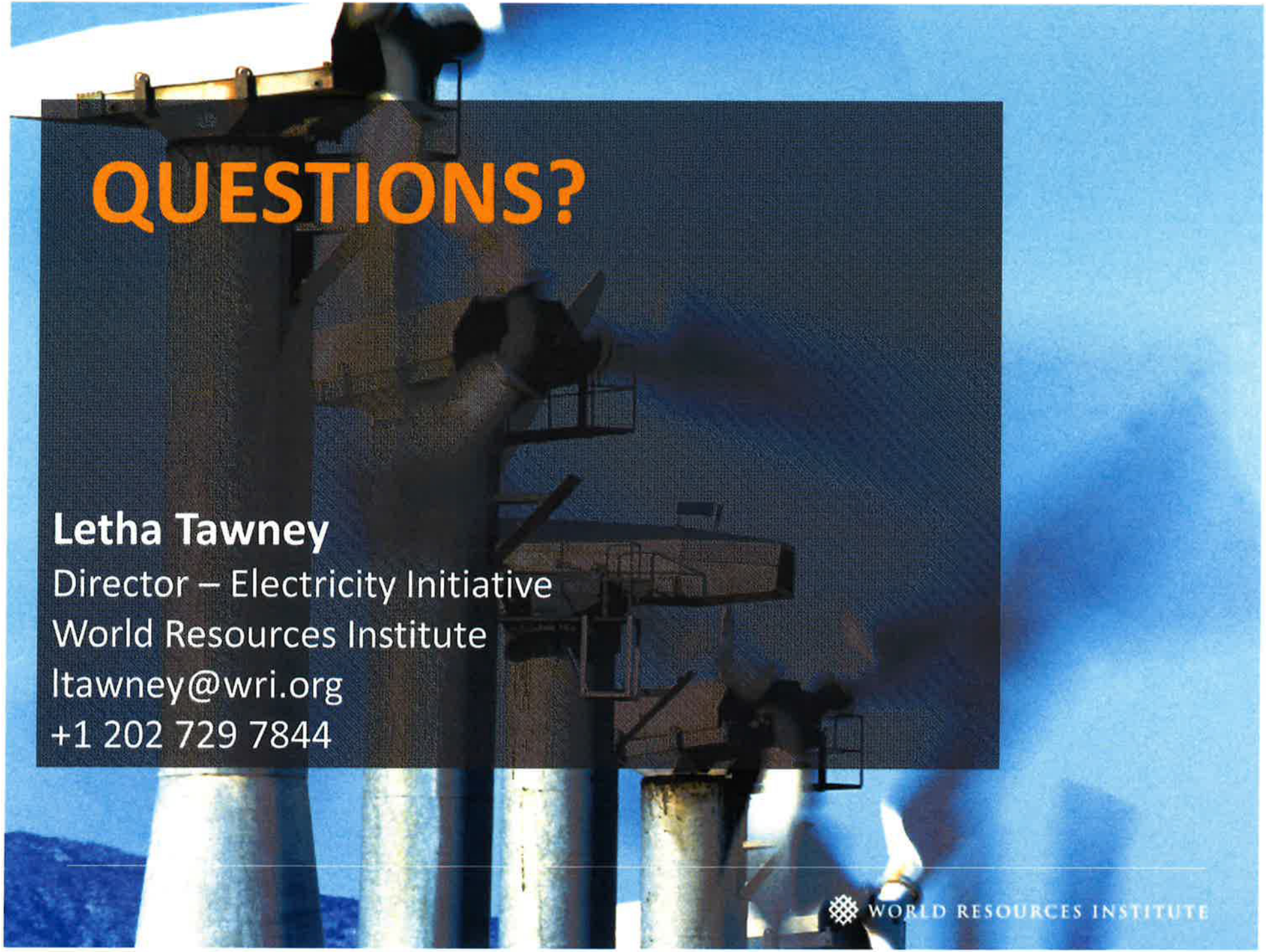
- Predictable load in an era of rapid change
- Predictable revenue and return – unlike RECs only products
- Strong customer relationships
- Opportunity to plan for siting and integration – optimize
- Opportunity to value the lower carbon route to compliance

WHAT MAKES GREEN TARIFFS ATTRACTIVE TO CUSTOMERS?

- Price predictability
- (Potentially) lower project and energy costs
- Reliable counter-party in the utility
- Preserved capital
- Flexibility - move locations unlike on-site generation

EMERGING LESSONS

- Helpful - simplicity and the ability to hedge against retail rates, as CHP does
- Problem – significant premium or complexity
- Problem – capacity limitations prevent 100% RE goal


QUESTIONS?
Letha Tawney
Director – Electricity Initiative
World Resources Institute
ltawney@wri.org
+1 202 729 7844
WORLD RESOURCES INSTITUTE