

ACORE Washington DC Regional Renewable Energy Roundtable: Policies for Phase II

**Electric Power Research Institute
Washington, DC
August 17, 2005**

The Washington Regional Roundtable was held at the office of the Electric Power Research Institute (EPRI) in downtown Washington. It was organized with the support of John Novak of EPRI.

Background

This was one of a series of regional outreach meetings that took place from July to September 2005 in Austin, Boston, Chicago, Los Angeles, Phoenix, Portland, Sacramento, San Diego, San Francisco, Raleigh, Seattle, and Washington, DC. Each meeting involved 15-40 individuals noted for their involvement in the renewable energy industry in a dynamic discussion.

In 2005 ACORE seeks to engage the renewable energy community with this series of regional roundtables about Phase II. Through this dialogue, ACORE seeks to identify the policies for implementing renewable energy successfully over the next 20-30 years.

Following the regional meetings that are taking place in July, August and September, a national conference will be held in Washington, DC from October 17-18 to showcase the best of policy proposals from around the country.

For Phase II to be a success our goals will require a stable, predictable and widely accepted policy envelope, with positive elements for utilities and end users, for fuel suppliers and vehicle owners, and for institutions and individuals. To this end the discussion was framed with the following questions:

- How can renewable energy supply 30%-40%-50% of our country's energy requirements by the middle of this century?
- What regional policies are successful?
- What will be necessary to make RE successful nationally?

Notes from the Roundtable: National Policy

Convened in the seat of the federal government, this roundtable discussion focused on national policy. Below are summarized comments in thematic groups.

Cities

- The Mayors of over 100 cities across the US are committing to climate change goals – providing the leadership that is so lacking in Washington. If we can combine the city-level health driver with the federal-level security driver, we will have a winning coalition.

DOE

- DOE should be applauded for the success of Phase I. ACORE should give DOE its award for excellence for the achievement and make a big splash about it. ACORE should also honor the heroes of Phase I, the technologists who really invented all of this marvelous technology.
- DOE should stop doing cost-shared demos (that's what the R&D people want), and instead use that money to share the revenue requirements of the prototype units (its what the business community wants). What DOE did not recognize is that it needed to shift from subsidizing costs to subsidizing revenue requirements.
- DOE should shift from funding contractors to funding other agencies – federal agencies like DOD, USDA, Commerce, Education, etc., and state agencies like CEC, NYSERDA, and other new ones to be developed.

Education

- Huge potential to shape market dynamics through more grade-school level education; this worked for recycling in the 60s and 70s
- Innovative consumer education strategies could have a big impact: viral person-to-person education suggested
- Education at the corporate level could tap a huge market for green-power

Finance

- Command and control may not be as relevant in today's world—there is no shortage of capital for renewables, especially in the past 18 months a huge amount of interest from the finance community; we need to recognize this and create incentives to invest
- National standards and tracking for RECs will liquidify the market—who should set that standard? Instead of Congress, could be de facto not-for-profits whose definitions are accepted by the marketplace, or standard setting body like the IEEE
- Municipalities have very high bond ratings, and are often interested in developing renewables, but many just don't have the information they need to initiate renewables bonds projects. Work to be done to reach out to them to help with this
- It was posited that technology demonstrations by the federal government indicate to financiers that the technology has no market yet—a more effective way to spend federal funds could be to channel money into incentives for industry to do their own alpha and beta tests: feed-in tariffs, etc.
- DOE could match state funds for research and development
- Shift focus to Department of Defense for funding to spur the kind of competitive customer-oriented demonstration projects that are have so successfully created great new technologies

Fuels/Vehicles

- Plug-in hybrids are the most efficient technology we have now that can not only reduce our dependence on foreign oil in the biggest way, but also reduce our total emissions in the biggest way (even if the electricity comes from coal). Austin Energy is leading a plug-in hybrid grassroots marketing campaign now. The plug-in hybrid on E-85 could be the Phase II vehicle.
- Hybrid SUVs important too— recognize that not everyone is an early adopter, need to conform Phase II solutions to a mainstream path in some cases
- Biofuels are not just from corn: we need to educate people about cellulosic ethanol and biodiesel

Government procurement

- Federal government is the largest purchaser of green power in the country— now at 2.5% of it's total energy purchases, going up to 7.5% by 2013. The air force is the agency with the largest purchases: this has bipartisan support, we can build on this.
- Full costing – if the government paid full cost for fuel, including the externalities, then it would be paying \$12 to \$14/gallon, and the economics would start to look a lot different.

Message

- People don't think renewables work— they need to be convinced
- Focus on national security to bring in the broadest coalition; ensure bipartisan support
- A renewables-powered economy is a lower tax economy: lowers cost of national defense, healthcare and agricultural subsidies: the renewables community needs to hire economists to study this
- Need a short summary of the benefits of renewables in cocktail-party brevity to dazzle policymakers and consumers/voters
- Renewables can be scaled up much faster than competing generation sources—projects can be built in 1-2 years

- Public support is widespread, the challenge is to mobilize this latent affinity for renewables
- Reach out to faith community, rotary clubs, influencers of loyal followings

Permitting

- Environmental and other regulations are stifling many companies' efforts to get first projects built; we could create waivers to make this easier for companies to test out new technologies in the marketplace

Pricing

- Indirect benefits of reducing emissions need to be internalized
- Calculate expected cost of whole portfolio of diverse energy options over time, taking into consideration the stability of renewable energy options: this is a compelling argument for renewables/green power

Scenarios and Planning

- Sen. McCain recently said that renewables are 2% now and into the foreseeable future (according to the EIA. We need to develop scenarios of the future and back them up with solid analytics and sound reasoning.
- The US should have a "Marshall Plan" for renewable energy

Taxation

- Would the US be a high- or lower-taxed society if renewable energy increased? Answer = lower. Yet, no one has put forward the case to the Congress!
 - A cleaner environment = lower cost of health care
 - Lower oil imports = lower cost of military
 - More income in rural areas = lower ag subsidies.
- ACORE needs to bring on a Chief Economist to tackle this analysis in a credible and top-level professional way. (See Clinton proposal for BTU tax. Abt did a lot of modeling of the benefits).

Thermal

- More work to be done to quantify and recognize the saving of thermal energy in addition to electricity.
- Solar thermal very cost effective but vastly underused because of low natural gas prices and lack of information

Transmission

- Need to remove policy barriers that inhibit building transmission lines in states that can't use more power themselves. This would allow us to move windpower from the Great Plains
- We need regional solutions to transmission, not local and not national.

Utility Regulation

- Consumer choice will be a key to utilities getting comfortable with renewables, because when people are willing to pay more, the utilities can make a profit.
- Fixed rates; what would happen if utilities were required to offer customers a 5-, 10-, and 20-year fixed price option? Suddenly, they would have to take account of uncertain fuel prices and build the uncertainty into the rates. It would cause renewable energy options to be the least-cost option when evaluated over the life of the facility.
- Do the utilities really have adequate planning tools to model their "total portfolio" including revenues and costs? No. There needs to be funding for the development of such tools.

Summary

Phase II is here: we already have the what (renewables technologies) and the why (climate change, national security, national competitiveness, health, economic growth.) now all we need is the *how*. The how is smart policy at the federal, regional , state and local levels.

Roundtable Participants:

Fredric Beck	EESI
Patrick Delaquil	Clean Energy Commercialization
Jeanne Dworetzky	PA Department of Environmental Protection
Michael Eckhart	ACORE
Carolyn Elefant	Ocean Renewable Energy Coalition
Robert Faron	Project Performance Corporation
Alyssa Frederick	ACORE
Ladeene Freimuth	Global Environment and Technology Foundation
Charles Garlow	Electric Vehicle Association
Michael Gratz	NewBio E Systems Inc.
Richard Handley	CONEG Policy Research Center Inc.
John Holt	NRECA
Kurt Johnson	U.S. EPA
Katie Kalinowski	National Wind Coordinating Committee
Andreas Karelas	ACORE
Andy Karsner	Enercorp
Miles Keogh	National Wind Coordinating Committee
TomKerr	US EPA
Marcus King	Sustainable Energy Institute
Judy Kosovich	Capital Sun Group
Robert Kozak	Atlantic Biomass Conversions, Inc.
Chuck Linderman	Edison Electric Institute
Ken Locklin	Clean Energy Group
Ellen Lutz	US Department of Energy
Dennis McGinn	Battelle
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Maria Rivera-Ramirez	ACORE
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Trey Taylor	Verdant Power LLC
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Chris Voell	EPA-Landfill Methane Outreach Program
Michael Ware	Advance Capital Markets Inc
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