

THE RENEWABLE ENERGY PAYMENTS AND JOBS CREATION ACT: a legislative summary

Renewable energy payments or REPs are the North American equivalent of Europe's feed-in laws or tariffs. In Nevada, REPs advocates describe the law and program thusly: A feed-in law that creates a renewable energy payments program.

Succinctly, a feed-in law that creates a REPs program legislates that the utilities must purchase electricity from any eligible renewable energy generator at a premium rate for a fixed contract period. The REP (rate) is calculated such that it provides the generator a reasonable rate of return on investment and is differentiated by resource quality, the project output, and the technology used to generate the renewable energy.

Summary of the draft legislation, Renewable Energy Payments and Jobs Creation Act:

Section 1: The act's title (pg. 1).

Section 2: The act's purpose (pg. 1).

Section 3: Definitions (pg. 2).

Section 4 §: (1) Requirement that utilities must connect eligible electricity generators (pg. 3).

(2) Requirement that the PUCN shall establish connection standards (pg. 2).

(3) Requirement that REPs contracts will be 20 years (pg. 4).

(a) Differentiated REPs rate schedule for hydroelectric generators (pg 4).

(b) Differentiated REPs rate schedule for landfill gas generators (pg. 4).

(c) Differentiated REPs rate schedule for biogas generators (pg. 5).

(d) Differentiated REPs rate schedule for geothermal generators (pg. 5).

(e) Differentiated REPs rate schedule for wind power generators (pg. 6).

(f) Differentiated REPs rate schedule for solar power generators (pg. 6).

(4) Mandates that the PUCN set an annual rate factor appropriate to compensate utilities for REPs costs (pg. 7).

(5) Mandates that the PUCN develop a standard contract to be used in all REPs purchase agreements (pg. 8).

(6) Mandates that the PUCN biennially adjusts REPS rates to prevent excessive profits, encourage a competitive marketplace and reduction of equipment costs, account for inflation, and reduce REPs rates to account for generators who take advantage of government incentives programs such as the PTC, ITC, Solar Generations, &c (pg. 8).

(7) PUCN reporting requirements to the governor and legislature (pg. 8).

(8) Requirement that generators provide records to PUCN (pg. 8).

Amendment: Suggested language to delegate the entirety of Section 4 § 3 to the PUCN.

Discussion

Feed-in laws which create renewable energy payments or REPs (also known as feed-in tariffs or FITs in Europe) are time-tested as the worlds most cost effective policy tool for accelerating deployment of renewable energy (RE) generation capacity and clean-tech jobs at no cost to government or the utilities, and negligible cost to the consumer.

A REPs program obliges energy companies to purchase RE from any producer for a fixed contract period and sets the price which these companies pay per unit of electricity produced.

By guaranteeing access to the grid, and setting a favorable price per unit of power based on the cost of generating the electricity plus a reasonable profit for the producer, REPs ensure that RE is a sound long-term investment - for companies, for industry, and for individuals - thereby creating a strong economic incentive for investing in renewables.

REPs are differentiated by technology, size, application, and resource intensity. There is one rate paid for wind energy, another rate for solar, and so on. REPs, within each technology, are also differentiated by project size or, in the case of wind energy, by the productivity of the resource.

REPs are also transparent, comprehensible, and equitable: the door is open to everyone, from farmers to homeowners, from small to large businesses, from independent power producers to cooperatives. Everyone can participate.

REPs programs have been the law for many years in numerous nations with those in Germany, Spain, and France the most well known.

REPs legislation is currently being considered in 14 states and has already been adopted in Gainesville, Florida and most likely by July 2009 in Hawaii.

Notably, the state of California is likely to adopt a REPs policy in the near future which will greatly compromise Nevada's chances of cashing in on the economic activity generated by the capital investment and jobs creation associated with an aggressive, stable, and long-term renewable energy policy such as a REPs program.

For more information, a four page fact sheet may be downloaded from this URL <http://pubs.pembina.org/reports/FITariffs-factsheet.pdf> and a more detailed primer from this URL http://pubs.pembina.org/reports/FITariffs_Primer.pdf. For information regarding REPs legislation in the Untied States please visit <http://www.allianceforrenewableenergy.org> and http://www.wind-works.org/articles/feed_laws.html.

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