

Renewable Energy Question 29: How has Michigan or other jurisdictions proposed addressing possible impacts from the adoption of a federal RPS?

Executive summary

1. The key element that makes a federal Renewable Portfolio Standard (RPS) complicated is the fact that renewable energy resources vary from region to region, and from state to state. Consequently, the ability to meet requirements of a federal RPS is not equitable throughout the country.
2. Should a federal RPS be enacted, states and regions will be further impacted at some point, if not immediately, by their ability or lack thereof to transport energy through the transmission system affordably.

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There are a large number of opponents to such a standard, who have indicated to the government that the net effect of such a policy would likely have harmful implications on energy costs, job retention and creation, and the economy as a whole. Due to widespread criticism, at one point the EPA proposed to tailor its rule so as to target only the biggest polluters. Such an effort, however, would result in uneven playing field for various energy providers based solely on size and would likely contribute to unintended consequences through pricing inequities (for example, larger utilities would likely have significant expenses incurred and recovered from their customers, while small utilities or alternative energy suppliers would enjoy a competitive advantage).

See the answers to Renewable Energy Question No. 5 and Electric Choice Question No. 18 and 19 for additional cost information on this subject.

2. Should a federal RPS be enacted, states and regions will be further impacted at some point, if not immediately, by their ability or lack thereof to transport energy through the transmission system affordably.

It seems unlikely that renewable resources will be plentiful within the framework of the existing Regional Transmission Organization's (RTO's). This would mean that "seams" (a point of separation between the system operated by one entity and the system operated by another) would need to be crossed which increase the cost of renewable energy.

Note: Additional discussion on the topic of seams is found in the answer to Additional Question No. 3.