

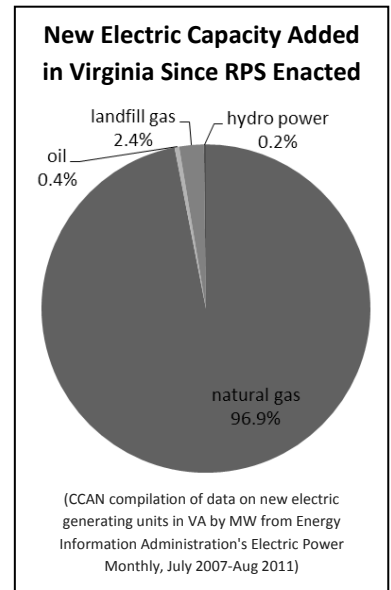
## Strengthening Virginia's Renewable Energy Standard

In 2007, Virginia passed a voluntary Renewable Portfolio Standard (RPS) (§ 56-585.2) with the aim of making Virginia's air and water cleaner and reducing the commonwealth's emissions of greenhouse gases. Legislators hoped that offering financial incentives to utilities to include renewable energy in their electricity profiles would spur the growth of wind farms, solar panel arrays and other renewable energy sources in the commonwealth. This would not only help the environment but also help Virginia's economy.

Unfortunately, to date, the RPS has not had its intended effect. In 2010 and 2011, the first two years covered by the RPS, the utilities have taken advantage of weaknesses in the law to get big bonuses without investing in any new renewable energy projects in Virginia. Dominion, for instance, is receiving \$38 million a year from ratepayers for participation in the RPS. The grand majority of the renewable energy that utilities have used to meet their RPS goals thus far has been generated outside of the state and most of it has come from facilities that were already in operation when the RPS was passed. **Virginia ratepayers should not give utilities bonuses for buying renewable energy from decades-old, existing facilities or facilities that are providing benefits, like jobs and cleaner air and water, to the residents of other states.**

### Basics of Virginia's Voluntary RPS:

- While many states have mandatory Renewable Portfolio Standards, Virginia's is a voluntary program based on a performance incentive. If a participating company meets the goals, it is eligible to get a bonus through increased rates.
- Each company's goals are based on how much electricity it sold to Virginia customers in 2007 from non-nuclear generating sources. They started in 2010 with 4% and step up every few years, eventually reaching 15% in 2025.
- Eligible sources are energy derived from: sunlight, wind, hydro power, biomass, energy from waste, municipal solid waste, wave motion, tides, and geothermal power. Solar power and onshore wind power receive double credit toward the goal. Offshore wind power receives triple credit.



### How We Can Strengthen Virginia's Voluntary RPS:

- **With the exception of energy from facilities that the utilities already own or have already contracted to purchase, energy applied to the RPS should:**
  - **Come from sources built in the year the RPS was passed (2007) or later.** This will help to ensure that the law spurs development of new renewable energy sources, not just rewards the company for buying Renewable Energy Certificates from old facilities, such as old dams built before WWII.
  - **Come from facilities in Virginia or in the ocean off our coast.** By encouraging utilities to generate or buy renewable energy produced here, we can ensure that Virginia's businesses, employees and ratepayers benefit from the jobs and clean air those projects would bring to the commonwealth.
  - **Be generated in the same year it is applied to meeting the RPS goals or the year before.** While it makes sense to allow companies to make up for year to year variability by "banking RECs" for a short time period, it simply doesn't make sense to allow companies to apply energy generated in 2010 to a renewable energy goal for 2020.
- **A certain portion of the energy each company applies to the RPS goals should come from wind and solar.** While the G.A. has shown that it values wind and solar power more highly than other forms of renewable energy by offering more credit for them, utilities can get the RPS bonus without utilizing any wind or solar power. We propose that, beginning in 2017, 20% of the energy utilities use toward the RPS goals must come from wind and/or solar and, starting in 2023, 40% come from wind and/or solar projects.
- **Require that the companies retire Renewable Energy Certificates (RECs) for all energy used toward the RPS.** The State Corporation Commission has ruled that, under the current version of the RPS statute, the environmental attributes of renewable energy can theoretically be counted twice. They can be counted toward the RPS and then the company can also sell RECs for that energy. This loophole must be closed.