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# Feed-In Tariff Backers Revise Strategy For Pushing California Legislation

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Proponents of small renewable energy projects, or clean distributed generation (DG), are overhauling their strategy for encouraging California and other states to enact feed-in-tariff legislation by emphasizing clean energy best practices and downplaying extra utility costs. The move comes amid growing concerns about rising energy consumer costs and dimming prospects for a major feed-in tariff bill in California.

Some energy policy experts view feed-in tariffs as the best way to accelerate development of smaller wind and solar projects to meet state renewable portfolio standard (RPS) programs and to reduce the nation's dependence on fossil fuel power. Bolstering renewable energy is a cornerstone of California's effort to reduce greenhouse gas (GHG) emissions to 1990 levels by the end of 2020; the state has in place a 33%-by-2020 RPS.

Feed-in tariffs essentially require utilities to buy renewable energy at above-market prices for fixed periods of time under contracts approved by state regulators. They represent a subsidy program where owners of renewable energy production systems receive a guaranteed, fixed price from utilities for the purchase of renewable electricity that is fed into the broader electricity grid. The tariff is intended to incentivize the installation of more renewable energy systems by making it more economically appealing.

But utilities generally are fighting feed-in tariffs, arguing they will force them to hike customer electricity rates to unacceptably high levels because of the expensive nature of the smaller solar and wind projects at issue. They also argue that some state feed-in tariffs violate federal law, particularly the Public Utility Regulatory Policies Act (PURPA). Currently, utilities are challenging a recent decision by the Federal Energy Regulatory Commission (FERC) to allow California to proceed with a smaller feed-in tariff for combined heat and power, which many experts believe paves the way for states to legally implement much broader feed-in tariffs (see Jan. 28 issue).

A source with the Palo Alto-based Clean Coalition, which was formerly called the FIT Coalition, said the group has overhauled its strategy to push legislation in California and other states for new feed-in tariffs. The group has decided to abandon the term "feed-in tariff" in favor of "CLEAN" programs, which stands for Clean Local Energy Accessible Now, the source said. "We're showing how programs for California and anywhere else are taking best practices from around the world and lessons learned about that -- what to do and what not to do -- and designing the best kinds of programs for each state and city that want to implement these programs," the source said.

The change to the term CLEAN was made because "everyone recognized that people in the U.S. don't like the term feed-in tariff," the source said. "We needed to come up with a better name to describe these programs and not feel like it was a tax." In addition, the group wants to make it clear that the U.S. CLEAN effort represents a "break from existing European policies and others around the world that have done feed-in tariffs." The Europeans have made mistakes that U.S. tariff backers have learned from, the source said.

These mistakes included a major program in Spain that did not have proper price controls and monitoring in place, the source said, which resulted in very high prices for the DG renewable energy, resulting in a backlash against the program from politicians and the public.

In California, the group aims to create a statewide CLEAN program through legislation that "makes a lot more progress" toward achieving Gov. Jerry Brown's (D) goal of generating 12,000 megawatts of clean DG by the end of 2020 than the state's current RPS, the source said. Currently, a bill to implement such a program has not been introduced.

The source acknowledged that prospects for a major feed-in tariff bill in the California Legislature this year have dimmed over the last several months, mainly because state officials are focusing heavily on hammering out a budget deal. "We're taking the approach of building a really strong and broad coalition behind [our] campaign," the source said. "We've taken the tack of, 'let's go back and build up more in the coalition and get more partners that are not typically involved in clean energy discussions.'" These include representatives of the agricultural and real estate industries, the source said.

The source is optimistic that a CLEAN bill can proceed later this year in California. "There are plenty of energy bills out there and we feel like when we build up the coalition strong enough, we can go back to Sacramento . . . and be able to get the CLEAN program into one of the energy bills."

The Clean Coalition's proposal would allow the state to take away responsibility from the federal government for regulating the interconnection of certain distributed power generators, a move that proponents say would encourage the development of solar, wind and other clean-energy projects that are being thwarted under the current regulatory system.A cornerstone of the bill would be to specify that small-scale renewable DG projects aiming to connect to utility distribution grids should always be placed under the jurisdiction of the California Public Utilities Commission (CPUC), and that CPUC must reform its Rule 21 to be more streamlined, clearer and prohibit utilities from using a "cluster" method of reviewing project applications, the source added.