

Roth: More on a clean-energy standard

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Last week, I introduced the topic of the national clean-energy standard that is currently being debated in Congress. To understand what is being proposed, it is helpful to look at some similar policies that already exist at the state level. We will look at three states: California, Oregon and West Virginia.

California has an aggressive generation performance standard (GPS). California has mandated by law that 33 percent of its electricity generation by the year 2020 come from renewable sources. If California does meet that goal, the state will be producing 25 percent of America's total renewable energy in 2020. In 2010, California's major utilities covered by the law were generating 17.9 percent of their electricity from renewable sources. California's law is considered to be a renewable portfolio standard, or a RPS, requiring generation to come from renewable sources.

Likewise, Oregon has an RPS law. Oregon's law requires that 25 percent of its electric generation come from renewable sources by 2025. Oregon approaches its standard differently than California by targeting different utilities based on their size and creates a schedule for compliance. By 2011, Oregon's large utilities must already have been providing 5 percent of their electricity from renewable sources, and produce from 15 percent from renewable sources by 2015, ultimately reaching 25 percent by 2025.

West Virginia law mandates that their public utilities provide 25 percent of electricity from renewable or alternative energy

sources by 2025. Unlike most GPSs, West Virginia does not require that a percentage of its electric generation come from renewable sources. Instead, it requires that a certain percentage of a utility's generation mix come from alternative resources as defined by the law.

California, of the three states, has the most aggressive standard. It requires the most renewable power to be used. With a mandate of 33 percent of generation coming from renewable sources by 2020, it is 8 percent higher and five years sooner than Oregon's 25 percent by 2025. West Virginia's requirement is only for clean or alternative energy.

These states show two policy distinctions as they try to mandate cleaner electricity generation. One is policy choice mandating greater usage of renewable energy, while the other mandates greater usage of alternative energy sources that are cleaner. No doubt geographic differences, access to fuel sources and industry all play into these states' policy choices.

It can be gleamed from these two policy distinctions the challenges facing a national energy policy. Creating a national law, policymakers will have to be mindful of the vast differences in local economies, industry and access to energy across the country. Next week, we will dive in to the various economic incentives at play in the states as we further unpack a national clean-energy standard.

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