

# Renewable Portfolio Standard

## Description:

One of the oldest and most successful advanced energy strategies, renewable portfolio standards (RPSs), specify a percentage of utility sales or a specific megawatt hour (MWh) capacity to be provided by renewable resources by a specific date.

## Discussion of the Policy:

RPSs usually set a standard of a specific percentage of renewable electric generation by a specific date along with incremental targets to meet that goal. In regulated states, standards place the contracting of renewable power into the portfolio of the utility, meaning the utility needs to plan for incorporation of renewable energy, issue requests for proposals for specific sizes of projects, and contract for purchase of that power. In restructured states, competitive retail providers typically demonstrate compliance through the purchase and retirement of renewable energy certificates.

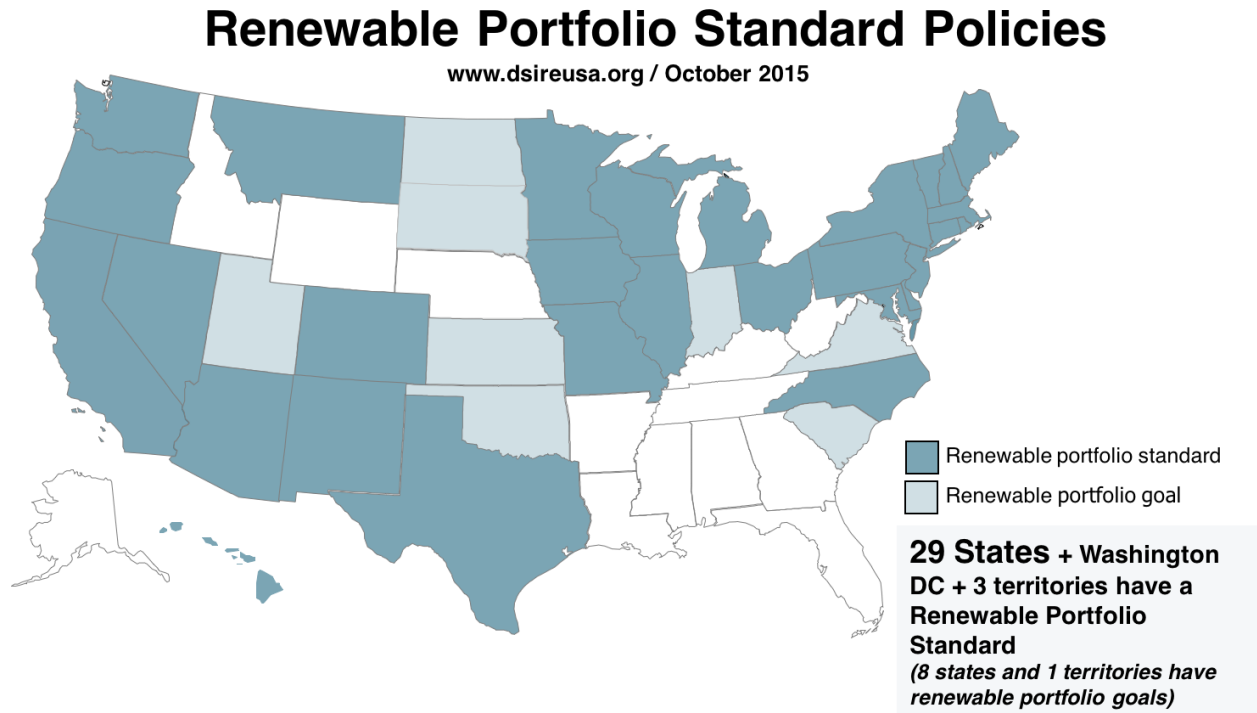
RPSs usually favor large-scale renewables and historically favored wind resources. For this reason, different portfolio standards may have specific carve-outs for different technologies and / or for smaller scale projects. See [Distributed Generation / Solar Carve-Out](#).

Some states have established different tiers or classes of qualifying resources. This may be to separate out different incentives or different percentages of the overall standard to enhance the diversity of resources used to achieve compliance. Other states simply rely upon market forces to find the technology that is most cost effective.

In the past, many states have included multipliers to encourage investment in certain types of renewables or to encourage placing renewables in certain areas. One of the more common multipliers, in-state multipliers, have come under legal challenge in numerous states. The in-state multiplier generally states that if renewables are generated in state, they will get additional credit above that provided to an out of state resource. Depending on how these types of conditions are structured, they may be on shaky legal ground based on a potential violation of the commerce clause of the US Constitution. For more information, you can read a summary of the issue by the [Clean Energy States Alliance](#).

## Example State Programs:

RPSs have been implemented in 29 states and the District of Columbia. An additional eight states have set voluntary goals.



- Hawaii's 100% Renewable Portfolio Standard:  
[http://www.capitol.hawaii.gov/session2015/bills/HB623\\_CD1\\_.PDF](http://www.capitol.hawaii.gov/session2015/bills/HB623_CD1_.PDF)
- California's 50% Renewable Portfolio Standard:  
[http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB350](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350)
- Study of Montana's Renewable Resource Standard:  
<http://goodjobs-cleanair.org/wp-content/uploads/2015/05/Montana-RPS-10-years-of-renewable-energy-5-20-2015.pdf>
- New York's Renewable Portfolio Standard:  
<http://www.nyscrda.ny.gov/About/Renewable-Portfolio-Standard>

## Key Components:

- A list or definition of qualifying renewable energy technologies.
- A cost cap, which limits incremental costs of renewable technologies.<sup>1</sup>
- An RPS may apply to all investor-owned utilities, cooperative utilities, municipally owned utilities, and / or competitive retail electricity providers.
- End target and date and interim targets and dates.
- Annual compliance reporting and for some states, annual RPS procurement plans.
- Designation of a system to issue, record, track, and retire renewable energy certificates (RECs).
- Technology or distributed generation carve-outs.

## More Information:

- Lawrence Berkeley National Laboratory, Renewables Portfolio Standards Resources:  
<http://rps.lbl.gov>
- Database of State Incentives for Renewables and Efficiency (DSIRE):  
<http://www.dsireusa.org/>
- Energy Information Administration, Most States have Renewable Portfolio Standards webpage:  
<http://www.eia.gov/todayinenergy/detail.cfm?id=4850>
- National Renewable Energy Laboratory (NREL), Renewable Portfolio Standards webpage:  
[http://www.nrel.gov/tech\\_deployment/state\\_local\\_governments/basics\\_portfolio\\_standards.html](http://www.nrel.gov/tech_deployment/state_local_governments/basics_portfolio_standards.html)
- NREL: Including Alternative Resources in State Renewable Portfolio Standards, Current Design and Implementation Experience Report:  
[www.nrel.gov/docs/fy13osti/55979.pdf](http://www.nrel.gov/docs/fy13osti/55979.pdf)
- Clean Energy States Alliance - Environmental rules for hydropower in state RPS:  
<http://www.cesa.org/assets/2013-Files/RPS/Environmental-Rules-for-Hydropower-in-State-RPS-April-2013-final-v2.pdf>

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<sup>1</sup> This was common in early RPS policies, however with decreasing prices it may not be as common in the future.