

Utility Green Power Option

Description:

25 years ago only a few utilities offered customers the opportunity to voluntarily purchase “green power” from renewable energy sources such as wind and solar. Today, utilities across 47 states offer green power and some states have since required utilities to offer this option though often customers must pay a premium over that of prevailing rates to purchase green power, some communities offer green power packages at a cost savings.

Discussion of the Policy:

Historically, green power pricing programs have been voluntary, where customers have to opt into a utility, electricity service provider, or unbundled renewable energy certificate provider program to purchase green power.

More recently, the development of shared renewable programs, community choice aggregation (CCA), and voluntary power purchase agreements (PPAs) offer additional pathways for customers to purchase green power. Shared renewable programs are discussed in the “[Shared Renewables](#)” policy sheet, while this brief discusses CCA.

A CCA program allows a community to aggregate their load and purchase electricity from a supplier to achieve cost savings over prevailing utility rates. Unlike, green pricing programs, Individual customers must opt-out of CCA programs, rather than opting in. Those communities that employ CCA are not required to purchase renewable power, but many of them do. In fact, some procure up to 100% of their electricity from renewable sources at a cost savings over that of utility rates.

Example State Programs:

Twelve states currently require at least some electricity providers within the state to offer green pricing programs including Delaware, Colorado, Connecticut, Iowa, Montana, Minnesota, New Jersey, New Mexico, Oregon, Vermont, Virginia, and Washington. Though only twelve states mandate green power pricing, at least one utility voluntarily offers green pricing programs in 47 states the exceptions being Louisiana, Arkansas and West Virginia.

Seven states currently allow CCA including California, Illinois, Massachusetts, New Jersey, New York, Ohio, and Rhode Island. Only communities within four of these states including California, Illinois, Massachusetts, and Ohio have both adopted a CCA and green energy procurement requirements. This includes 90 cities in Illinois, and only a few cities in each of the other states.

- Top ten utility providers of green power:
<http://apps3.eere.energy.gov/greenpower/markets/pricing.shtml?page=3>
- State of Oregon: Mandatory Green Pricing Program Enabling Legislation:
<https://olis.leg.state.or.us/liz/2007R1/Measures/Overview/SB838>
- CCAs within the state of Illinois:
<http://www.pluginillinois.org/MunicipalAggregationList.aspx>

Key Components:

The design of voluntary green pricing programs vary based upon the type of program and the provider, but they tend to have the following components:

- Customers are offered an additional rate premium or, in the case of CCAs, a standard electricity rate in cents/kilowatt-hour (KWh) or dollars/kWh.
- Customers served by an electricity provider must opt into a green purchasing program, while in CCAs they must opt-out of the program if they do not wish to participate.
- In the case of electricity provider programs, customers often can determine how much renewable generation they wish to purchase to meet their electricity needs, and in the case of CCAs they may have the opportunity to select from a range of options.
- These programs often have a specified enrollment minimum, typically lasting one year.
- The rates offered are revised after the conclusion of an enrollment period, typically annually in the case of electricity provider programs and upon the contract end dates for CCAs.

More Information:

- U.S. Department of Energy: Green Power Network:
<http://apps3.eere.energy.gov/greenpower/buying/>
- National Renewable Energy Laboratory, Energy Analysis webpage:
http://www.nrel.gov/analysis/market_green_power.html
- National Renewable Energy Laboratory, Utility Green Pricing Programs Design, Implementation, and Consumer Response Technical Report:
<http://www.nrel.gov/docs/fy04osti/35618.pdf>
- Center for Climate and Energy Solutions, Green Pricing Programs:
<http://www.c2es.org/us-states-regions/policy-maps/green-pricing-programs>