

Renewable Portfolio Standard (RPS) and Politics

As this newsletter is written, energy legislation is being debated in Congress. We all need to keep a close eye on developments, especially when it comes to inclusion of a Renewable Portfolio Standard (RPS) in the legislation. The RPS would mandate that large utilities derive up to 20 percent of the electricity that they sell at retail from renewable sources like wind and solar.

This could be a problem for all TVA power distributors because their contracts with TVA prohibit self-generation or purchase of renewable power from other sources. Their only option would be to purchase expensive credits from the Department of Energy, which is no more than a tax that does little to clean up the Valley's air. And this tax will be passed on to the end consumer including local governments.

While the House passed energy legislation earlier this year that included an RPS, it provided an exemption for federal, municipal and cooperative utilities. Only time will tell whether an exemption can withstand attacks from other utilities that no doubt will challenge its fairness. The Senate version did not provide such an exemption.

Several organizations, including the Tennessee Valley Public Power Association (TVPPA) are working with the Valley congressional delegation to find an equitable solution to the RPS dilemma that recognizes the validity of renewable resources without imposing a punitive penalty on utilities that are unable to meet the legislation's requirements.