

Feed-in Tariffs:

Can They Scale Up Renewable Energy Faster In The U.S.?

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Feed-in Tariff Defined:

Renewable energy producers paid a premium rate, or “tariff” set in advance . . .

. . . for each kilowatt they “feed into” the grid.

The Real World: Maryland homeowners face dizzying options on solar power:

1. new federal Investment Tax Credit = 30% of full installed cost
2. state Solar Grant up to \$10,000
3. county prop. tax credit up to \$5,000
4. county incentive to choose 'cleaner' electricity
5. Renewable Energy Credits

Public Utility Regulatory Policies Act of 1978, aka “PURPA”:

- Natural gas shortage
- Co-generators could help plug the gap
- Power supplied at “avoided cost”
- Worked only in certain states
- Most utilities hated PURPA

PURPA declined in impact due to:

- Onset of generation competition-1990s
- Enron's collapse-2001
- Retail 'competition' in certain states
- Dilution in Energy Policy Act of 2005
- Rising retail electricity prices

Germany, Spain, Denmark et. al adopted PURPA in concept



(ghost of PURPA)

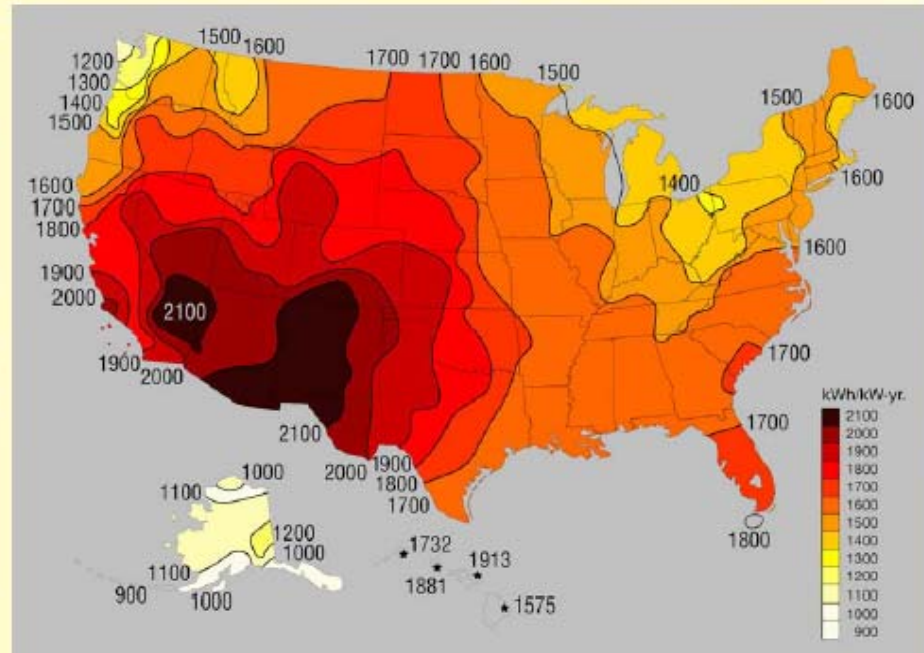
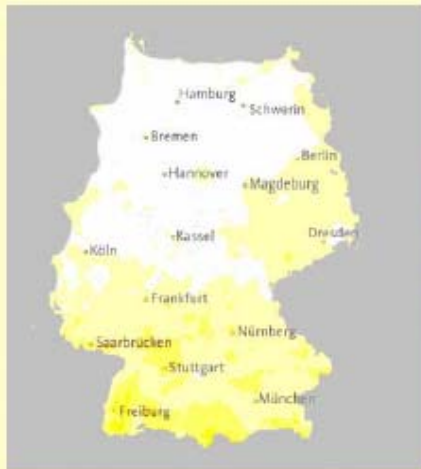
Solar Power in Germany



Germany: largest solar market in world with mediocre sunshine

Germany

U.S.



Worth Trying Feed-in Tariffs in U.S. ?

Opponents say no, because:

1. Private sector doesn't need them
2. Fixing prices is Un-American
3. Setting incentive price is very difficult
4. Politically difficult to sell higher prices

Worth Trying Feed-in Tariffs in U.S.?

Advocates say yes, because:

1. Simple & transparent – get what you pay for
2. Developers & financiers will respond quickly
3. Self-funding; doesn't depend on other revenues
4. Very low risk with related benefits, e.g. lower interest rates & financing costs

Feed-In Tariff Activity at State Level



Figure 2: Status of State Feed-in Tariff Proposals in the US

California May Need a Feed-In Tariff To Meet Its RPS





California Public
Utilities Commission

Watch: SoCal Edison and PG&E

- Feed-in Tariff for *any* customer renewable energy system up to 1.5 megawatts
- Multiple-year contracts (e.g. 10, 15)
- Price adjusted for time-of-day

Florida: A Proving Ground?

Gov. Charlie Crist



" I am persuaded the global climate change is one of the most important issues we face this century and we must make every effort to do what's right."

--- 2007 State of the State Address



Watch: Gainesville Regional Utilities

- Cleared major hurdle Oct. 13 to offer Feed-in Tariff for solar power
- Incentive price to be set at net present value cost per watt for PV
- Subsequent 5% price reductions in steps until grid parity reached

Organizations To Watch:



www.AllianceForRenewableEnergy.org



www.FAREnergy.org

What is a better name for “Feed-in Tariffs” ?

Fill out the green sheet on your table

or

Email it to: Jim@JimPierobon.com



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