# AN UPDATED STATUS REPORT OF PUBLIC BENEFIT PROGRAMS IN AN EVOLVING ELECTRIC UTILITY INDUSTRY

**Martin Kushler, Ph.D.**

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**table containing state-by-state information updated May 1999**

**American Council for an Energy Efficient Economy**
**1001 Connecticut Avenue, N.W., Suite 801, Washington, D.C. 20036 (202)429-8873**
**Visit our World Wide Web site at http://aceee.org**

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## Introduction

As policymakers address the issue of continuing to provide public benefit programs in a more competitive electric industry, there is a need for timely information regarding the policy actions being taken by the various states. In recognition of this need, the American Council for an Energy Efficient Economy (ACEEE) undertook this comprehensive review of the status of electric industry restructuring and related public benefits issues in the fifty states. This study builds upon an earlier effort by the New York State Energy Research and Development Authority (NYSERDA) conducted in mid-1997,[1] in order to now provide policymakers and interested parties with more up-to-date information on these issues.

This report presents current policies under development to support energy efficiency, renewable resources, public-benefit energy R&D, low-income, and environmental programs in a restructured utility industry. For each state, the survey addresses: the legislative/regulatory status of utility restructuring; the scope, funding, administration, and duration of any public-purpose program to be supported under a system benefits charge (SBC); renewable portfolio standards (RPS); and environmental disclosure. Information for this survey was collected during May through August of 1998.

## Overview of Electric Utility Restructuring

By now most states have at least considered the issue of electric utility restructuring. A number of states have proceeded with formal legislation or regulatory action to implement restructuring. Many others, perhaps the majority of states, are engaged in some level of "study" of the issue. For the most part, states which have proceeded more quickly with restructuring have tended to be states with higher electricity prices, while states with moderate or low electricity prices have, understandably, been much more hesitant. The results of the state by state review conducted for this study suggests that state level activity can be divided into the following categories:

*1) In **13** states a restructuring law has been passed and implementation plans are in process or under development:*

***Arizona, California, Connecticut, Illinois, Maine, Massachusetts, Montana, Nevada, New Hampshire, Oklahoma, Pennsylvania, Rhode Island, Virginia.***

*2) In **4** States a commission restructuring order or plan has been issued without legislation, and utilities are filing and/or settling rate and restructuring cases:*

***Maryland, Michigan, New Jersey, New York.***

[1] Ruberti, Tucker, "A Status Report of Public Benefit Programs in an Evolving Electric Utility Industry." New York State Energy Research and Development Authority, September, 1997.

*3) In **3** states the states themselves have not yet acted to restructure, but a regional body has issued a restructuring plan:*

***Idaho, Oregon, Washington.***

*4) In **6** states there is no final restructuring law or order, but there is pending legislation/order or significant legislative/commission activity:*

***Arkansas, Delaware, Texas, Vermont, Virginia,[2] Wisconsin.***

*5) In the remaining **25** states and the District of Columbia the issue of restructuring can be categorized as being under some level of "study". In certain cases legislation has been proposed (but failed) and/or regulatory commissions are taking significant steps. However, over half of these states could be categorized as having little likelihood of moving toward restructuring in the near future.*

***Alabama, Alaska, Colorado, Florida, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Nebraska, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, South Dakota, Tennessee, Utah, West Virginia, Wyoming, District of Columbia.***

At the federal level, opinions regarding electric utility restructuring also appear to be mixed. No fewer than a dozen pieces of legislation regarding restructuring have been developed, but none has yet come close to proceeding to passage in either the House or the Senate. With respect to the matters addressed in this report, however, a very significant development was the issuance of the Clinton Administration's "Comprehensive Electricity Competition Plan" on March 25, 1998, and the subsequent release of the Administration's proposed legislation in June of 1998. The Administration approach is significant in this area because it proposes a federal "Public Benefit Fund" to provide matching funds to states, totaling up to $3 billion per year, covering such public benefits as energy efficiency programs, low-income assistance, consumer education and development and demonstration of emerging technologies such as renewable energy sources. The plan also incorporates a "renewable portfolio standard" with a minimum of 5.5 percent of electricity sales to come from renewable energy sources by 2010. If enacted into law, these proposals could have a significant impact on state level decisions regarding the public benefits aspects of restructuring policy.

**Rationale For Alternative Funding Mechanisms For Public-Benefit Programs**

Utility ratepayers have historically funded a number of different public-benefit activities, including programs to: reduce energy use (energy efficiency or demand-side management programs); support the research and development (R&D) of clean and efficient energy technologies; support the needs

[2] Virginia is listed twice since Virginia's legislation just establishes a statement of intent and schedule. Further legislation is still needed.

of low-income customers; promote renewable resources; and support environmental quality. In the regulated utility environment, these ratepayer funded programs were often managed by utilities with oversight from their public service commission (PSC).

As utilities began to anticipate competition in the electric industry in the mid 1990's, many of these programs became increasingly vulnerable. Utilities became concerned that paying for such programs would increase their rates and put them at a disadvantage relative to competitive suppliers. Furthermore, if traditional rate of return regulation and integrated resource planning were to be abandoned, it would become economically advantageous for most utilities to sell more and more electricity rather than reduce consumption through energy efficiency programs. Together, these factors have resulted in a substantial decline in utility energy efficiency/DSM program activity. Whereas in 1992, utility spending on energy efficiency programs was projected to increase by 50% from 1994 to 1997, actual spending took a 'u-turn' and went down by over 30 percent from 1994 to 1996, with declines now projected to continue for the rest of the decade.[3] Similarly, electric utility expenditures on research and development (R&D) declined by one-third from 1993 to 1996.[4]

The risk that these "public benefits" of a regulated electricity system would be jettisoned in the move to competition has been widely recognized in those states which have thus far proceeded to implement electric restructuring. The various policies under consideration to support public-benefit programs in these active states, and the status of these programs, is summarized in Table 1. Specified funding levels range from a low of 0.7 mills/kWh to a high of over 4 mills/kWh. (One mill is equivalent to a tenth of a cent.)

States actively addressing public benefit programs in restructuring decisions include:

> ***Arizona, California, Connecticut, Idaho, Illinois, Maine, Massachusetts, Montana, Nevada, New Hampshire, New York, Oregon,, Pennsylvania, Rhode Island, Vermont, Washington, Wisconsin.***

[3] Eto, Joseph, Charles Goldman and Steven Nadel, "Ratepayer-Funded Energy Efficiency Programs in a Restructured Electricity Industry: Issues and Options for Regulators and Legislators." American Council for an Energy Efficient Economy, Washington, D.C., May 1998.

[4] General Accounting Office, "Federal Research: Changes in Electricity-Related R&D Funding." GAO/RCED-96-203. Washington, D.C. 1996.

**Table 1. Summary Table of Public Benefit Programs and Electric Utility Restructuring (updated May 1999).**

**Table 1. Summary Table of Public Benefit Programs and Electric Utility Restructuring (cont'd).**

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**Focus Of This Study**

This study sought to identify the status of electric industry restructuring in each of the fifty states. For those states which have taken action regarding restructuring, the study focused on five specific areas of public benefit policymaking: (1) energy R&D; (2) energy efficiency programs; (3) renewable energy; (4) low-income programs; and (5) disclosure requirements (e.g., fuel mix, emissions, etc.). The remaining sections of this report briefly define and describe those five issue areas and list states which have taken policy actions in each area.

Following that material, a lengthy appendix provides a comprehensive state by state status report for all fifty states and the District of Columbia.

**Public-Benefit Energy R&D Programs**

Public-benefit energy R&D is generally considered to be R&D whose benefits are largely external and cannot be captured in the near-term by individual companies.[5] Public-benefit energy research can include the full range of research, development, and demonstration activities that will advance science or technology not adequately provided by competitive and regulated markets. Most of the policy debates regarding public-benefit energy R&D and utility restructuring tend to focus on renewable resources, energy efficiency, and environmental quality.

To date, approximately 14 states are addressing public-benefit energy R&D in utility restructuring decisions. Initiatives range from California's prominent and clearly funded programs established in its electricity restructuring legislation (AB1890) to legislative/commission encouragement to perform public-benefit energy R&D. Some mechanisms enacted or under consideration to support public-benefit energy R&D include:

- Funding public-benefit energy R&D through a non-bypassable wires charge (or system benefits charge) with governance by a non-utility entity ( e.g., California).
- Allowing ratepayers to contribute to an R&D fund (e.g., Maine).
- R&D initiatives that are embedded in renewable energy and energy efficiency programs and administered by a public-benefit corporation (e.g., Massachusetts).
- Regional organizations planning to pool a portion of their SBC funds in order to conduct coordinated R&D (e.g., Pacific Northwest).

[5] California defines public-benefit R&D as "R&D that seeks to improve the quality of life for California citizens by providing environmentally sound, safe, reliable and affordable energy service and products."

These 14 states are in various stages of enacting and implementing their different public-benefit energy R&D provisions. The status of each state's activity is categorized below, with information regarding each state's particular approach provided in the state-by-state summary in the appendix.

*1) Public-benefit energy R&D programs funded by law or commission order (includes R&D addressed within other public-benefit programs like energy efficiency and renewable energy):*

***California, Connecticut, Illinois, Massachusetts, New York, Rhode Island***

*2) States with significant legislative/commission/regional activity which would fund public-benefit R&D (includes R&D addressed within other public-benefit programs like energy efficiency and renewable energy):*

***Idaho, Oregon, Vermont, Washington, Wisconsin.***

*3) States providing various means of unfunded support for public-benefit energy R&D include:*

***Maine, Montana, Nevada***.

**Energy Efficiency Programs**

Energy efficiency programs are promoted in order to achieve a variety of public benefits, including: cutting the energy bills of households and businesses; creating jobs and improving the local economy by reducing energy imports; developing an energy services infrastructure; and reducing the air and water pollution which results form energy consumption. Another purpose of energy efficiency programs is to facilitate market transformation by removing market barriers which prevent the establishment of a private sector, self-sustaining, energy efficiency industry.

To date, there has been a fairly broad based consensus that the public benefits of energy efficiency are important enough to justify support. Of the 20 states which have passed restructuring legislation, issued regulatory orders requiring restructuring, or have a regional plan for restructuring (i.e., the Pacific Northwest states), 16 have created explicit provisions for supporting energy efficiency programs as a part of their restructuring process. (The remaining four states are still studying the issue.) Beyond those 20, an additional two states (Vermont and Wisconsin) have issued regulatory orders providing for substantial funding to support energy efficiency, even though they have not yet issued orders for full restructuring. Most programs are targeted toward at least maintaining historic energy efficiency spending levels, and are typically funded by a nonbypassable system benefit charge. A broad range of energy efficiency program strategies are being considered, as reflected in the following excerpts from state plans:

- Developing programs that permanently transform the energy efficiency market into a self-sustaining industry by removing market barriers (e.g., New York).

- Supporting R&D to facilitate market transformation by removing technical barriers and bringing more efficient products to market (e.g., Wisconsin).

- Creating an independent board to identify energy efficiency needs, programs and approaches and to administer system benefit charge funds (e.g., California).

- Pooling resources through a regional body in order to conduct coordinated energy efficiency initiatives, including R&D (e.g., Pacific Northwest).

- Allowing utilities to select their own mix of programs under state oversight. A competitive bidding process would be used to select contractors to implement programs (e.g., Maine).

These 22 states which have moved most rapidly toward restructuring are in various stages of enacting and implementing their different energy efficiency provisions. The status of each state's activity is categorized below:

*1) States with energy efficiency programs under restructuring which are funded by law or commission order:*

***Arizona, California, Connecticut, Illinois, Maine, Massachusetts, Montana, New Hampshire, New York, Pennsylvania, Rhode Island.***

*2) States with significant legislative/commission/regional activity which would fund energy efficiency programs as a part of restructuring:*

***Idaho, New Jersey, Oregon, Vermont, Washington, Wisconsin.***

*3) States providing various means of unfunded support for public-benefit energy efficiency programs:*

***Nevada***

*4) States with issue still under study:*

***Maryland, Michigan, Oklahoma, Virginia***

**Renewable Energy Programs**

Renewable energy programs are becoming more prominent in many states in order to accomplish such objectives as: improving environmental quality and complying with the Clean Air Act; moving towards energy independence and the associated benefits of keeping energy spending inside the state economy; and satisfying the growing public preference for clean energy sources. Sixteen of the 22 most active states (listed above) provide funding and/or other policies (e.g., percentage renewable energy requirements, or "portfolio standards") to support renewable energy in their restructuring plans. A broad range of renewable energy program strategies are being considered, including the following excerpts from state plans:

- Multi-tiered funding to strategically support R&D for a broad range of promising renewable energy technologies at varying stages of commercial development (e.g., California).

- Subsidizing consumer purchases of renewable resources generated electricity to support retail purchases of clean energy (e.g., California).

- Purchasing renewable generation resources in order to "buy down" the long term cost of renewables (e.g., Rhode Island).

- Establishing a renewables portfolio standard for all retail electricity suppliers. Qualifying resources typically include: solar, wind, existing hydro, geothermal, biomass, fuel cells, tidal, biogas, and sometimes municipal solid waste incinerators (e.g., Maine).

- Restricting the sale of "green electricity" to electricity produced in excess of the state's renewable portfolio standard to ensure consumer's "green electricity" purchases are supporting generation in excess of the legal minimum (e.g., Vermont).

- Allowing consumers to net meter their on-site renewables generation by selling excess generation back into the grid at retail rates (e.g., Nevada).

- Requiring disclosure of electricity production attributes like: the generation mix of retail electric suppliers, and the pollution attributed to each type of generation source (e.g., Illinois).

These 16 states are in various stages of enacting and implementing their different renewable energy provisions. The status of each state's activity is categorized below:

*1) States with renewable energy programs funded by law or commission order:*
***Arizona, California, Connecticut, Illinois, Maine, Massachusetts, Montana, Nevada, New York, Rhode Island, Wisconsin.***

*2) States with significant legislative/commission/regional activity which would support renewable energy programs:*
***Idaho, New Hampshire, Oregon, Vermont, Washington.***

**Low-Income Programs**

Low-income programs have historically been funded by a mix of federal aid and rate supported utility contributions. The historic role of low-income programs has been to provide bill payment assistance, weatherization programs, and energy-efficient retrofits of appliances and lighting. For a variety of reasons, in a deregulated environment low income customers will be in greater jeopardy

than under regulation.[6] In recognition of this problem, sixteen of the most active states in restructuring are considering, or have legislated, a system benefit charge funding mechanism to continue their public-benefit low-income programs.

In addition, there will be new types of policies needed in a restructured electricity market. For example, a supplier of last resort needs to be established after defined retail service territories are abolished. There are also opportunities for innovation in state plans, such as provisions for customer aggregation, consumer protection, etc. To date, the most common strategy for low income support has been having a system benefit charge to fund low-income energy efficiency and bill assistance programs. However, beyond that base, some other innovative state public-benefit low-income strategies include:

- Establishing a state collaborative to develop innovative programs to supply energy efficient goods (e.g., lights, appliances) and services (weatherization) to the low-income sector (e.g., Illinois).

- Developing programs aimed at transforming markets for energy efficient goods and services in order to establish a self-sustaining low-income energy efficiency market (e.g., Vermont).

- Developing new early identification programs and proactive crisis management programs (e.g.,Wisconsin).

Eighteen of the 22 most active states are enacting and implementing electric utility restructuring related low-income provisions. The status of each state's activity is categorized below:

*1) States with low-income programs funded by law or commission order:*

***Arizona, California, Connecticut, Illinois, Maine, Massachusetts, Montana, New Hampshire, New York, Nevada, Pennsylvania, Rhode Island, Vermont, Wisconsin.***

*2) States with significant legislative/commission/regional activity which would support low income energy programs:*

***Idaho, New Jersey, Oregon, Washington.***

[6] For example, see Colton, Roger 1998. "Electric Utility Restructuring and the Low Income Consumer." In *Selected Readings, 1998 Affordable Comfort Conference*, pp. 5-26, Affordable Comfort, Inc., Coraopolis, PA. See also, Kushler, Martin, James Malinowski and Nick Hall, "Serving Low Income Households In a Competitive Environment: It's a Tough Job, But Someone's Got to Do It." Proceedings, ACEEE 1998 Summer Study on Energy Efficiency in Buildings. American Council for an Energy Efficient Economy, Washington, D.C., 1998.

*3) States with issue still under study:*
***Maryland, Michigan, Oklahoma, Virginia***

**Disclosure**

Disclosure issues are concerned with giving customers the necessary information to make informed choices in a competitive market. This typically includes the reporting of attributes of electricity generation and pricing including: fuel mix, fuel emissions, kWh price, price volatility, and contract terms. Disclosure has emerged as a fast growing public-benefit issue related to electric utility restructuring. Market studies and polls have repeatedly shown that customers want "clean" energy sources. For many, the information provided by disclosure represents an element that is essential if a "competitive" electricity market is to function properly.

Several areas of the country, including both the New England region and the states in the Western Governors' Association, are looking at the strategy of a regional disclosure standard. Many other states are also addressing disclosure. Illinois' law requires utilities to disclose their generation mix quarterly, and California is developing its own comprehensive standard while also meeting with federal officials to establish a national standard. Many other states are also addressing disclosure through a mix of working groups, studies, and rule making.

The principle of disclosure appears to be so commonsense that virtually all of the 22 leading states have either already acted to require disclosure or are actively considering such a policy. Even several states which have not yet acted on restructuring in total are working on the disclosure issue. The status of states involved in this issue is categorized below:

*1) States with disclosure policies required by law or commission order:*
***California, Connecticut, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Vermont.***

*2) States with significant legislative/commission/regional activity which would support a policy of requiring disclosure:*
***Arizona, Colorado, Delaware, Kansas, Maryland, Minnesota, New York, Ohio, Oregon, Virginia, Washington, Wisconsin.***

**Appendix**: **State-by-State Status Report of Public-Benefit Programs and Electric Utility Restructuring**

The appendix contains a "*State-by-State Status Report of Electric Utility Restructuring and Public-Benefit Programs*". States appear in alphabetical order. For each state, the restructuring status is presented, along with a summary of any applicable restructuring related public-benefit programs or policies. Topics include: energy efficiency, renewable resources, public-benefit energy R&D, low-income, and environmental programs. Telephone interviews and associated pertinent documents were used to gather the information contained in each state summary.

**Disclaimer**

A concerted effort was made to make this report as accurate and up to date as possible, but the landscape of electric utility restructuring is still evolving. Many states were involved in ongoing policy deliberations at the time they were surveyed for this study, and more changes will certainly occur after this report is completed at the end of September 1998. Updates and corrections are welcomed.

**ALABAMA**

**Legislative/Regulatory Status**: In May 1996, the Governor signed a bill (Act No. 96-395) giving the PSC authority to determine whether restructuring would be in the public interest and authorizing full stranded cost recovery through an exit fee if restructuring were to occur. No other restructuring issues were addressed in the bill. That legislation is still being challenged in court. In 1998, there was no legislation passed regarding restructuring.

In 1997, the PSC staff began a working group to examine restructuring, and in April 1998 the PSC opened a formal docket (#26427) to explore the issue. The PSC is investigating whether and to what extent there might be advantages for the state from restructuring.

**SBC Scope:** "Public purpose programs" is one of the 12 topic areas being discussed in the PSC investigation.

**Other Pertinent Information:** Alabama is a low electricity cost state and the reaction of policymakers to restructuring thus far has been fairly skeptical.

**Sources:** *LEAP Letter*, Volume 2, Number 2, March-April 1997. Terri Adams, personal communication, Alabama Science, Technology and Energy Division, Conservation Sector Chief, July 1997. Roland Casey, personal communications, Alabama Public Utility Commission, Utilities Division, August 1997, May 1998.

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**ALASKA**

**Legislative/Regulatory Status**: In 1996, a bill to ban retail competition (SB54) was introduced in the legislature but did not pass. In 1998, a bill to ban retail competition and a bill to encourage retail competition were introduced in the legislature, but neither one passed. A resolution was passed to initiate a legislative study of the retail competition issue.

**Source:** Peter Porgay, personal communication, Alaska State Division of Energy, July 1997, May 1998.

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**ARIZONA**

**Legislative/Regulatory Status**: In December 1996, the Arizona Corporation Commission (ACC) issued Decision No. 59943 ordering phased-in retail competition beginning in January 1999. Under the original ACC plan, 20% of the system would have had retail choice by January 1999, 50% by January 2001, and 100% by January 2003. In May of 1998 the ACC recommended an update to the plan which would provide retail choice to all customers by January 1, 2001.

On May 29, 1998 legislation (HB 2663) was signed to implement restructuring in the public power sector in Arizona (the Salt River Project is the second largest supplier in the state). The approach

was similar to the ACC's decision for investor owned utilities, with a phase in beginning January 1, 1999 and full retail access by December 31, 2000.

The ACC has been holding open meetings and facilitating settlement discussions on various details of the restructuring process. Formal hearings are anticipated later this year.

**SBC Scope**: The ACC instructed utilities to include an SBC charge in their restructuring plan that will "be sufficient to fund the Affected Utilities' present Commission approved low income, demand-side management, renewables, and nuclear power plant decommissioning programs."

**SBC Funding**: Cost recovery will be paid by customers through a non-bypassable charge. Actual levels to be determined in individual utility restructuring cases.

**SBC Administration**: To be determined in rulemaking.

**SBC Duration**: To be determined in rulemaking.

**Renewables Portfolio Standard**: The ACC mandates that starting in January 1999, 0.5% of the energy sold competitively must be new solar (installed Jan. 1997 or later). Any new solar built in 1997 or 1998 will receive double credit toward the standard. The needed solar credits may be purchased, or generated by the seller. In January 2002, the standard increases to 1% of energy sold competitively. Penalties of $0.30/kWh may be assessed for failure to meet portfolio standards.

**Disclosure**: Under discussion.

**Green Pricing Programs**: Arizona Public Service (APS) is developing 400 kW of PV generation for sale in 100W blocks at a subsidized cost of 18-24 cents/kWh and has also announced plans to construct two 81-kW PV plants, in Flagstaff and in Phoenix.

**Sources:** ACC Decision No. 59943. Stephen Ahearn, personal communication, Department of Commerce, Arizona Energy Office, Manager of Planning and Policy, July 1997, May 1998.

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## ARKANSAS

**Legislative/Regulatory Status**: A Legislative study group was assembled December 1997. Their report is due back to the General Assembly by the 1999 session. In 1997, the PSC approved a settlement of Entergy's rate case which could be regarded as a precursor to restructuring. It includes a rate freeze and the creation of a Transition Cost Account, where excess earnings will be deposited and used to fund recovery of stranded costs, if retail competition is implemented prior to December 31, 2001. If not, the monies will be refunded. In 1998, the PSC has been holding informational hearings on the restructuring issue, and expects to submit findings to the 1999 legislative session.

**Sources:** *The Electric Daily*, April 22, 1997. Patti Kelley, personal communication, Arkansas Public Service Commission, May 1998.

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**CALIFORNIA**

**Legislative/Regulatory Status**: In September 1996, the Governor signed AB1890 into law. The law mandates transition to open access to begin by January 1998. In May of 1997, the California Public Utilities Commission (CPUC), charged with implementation of retail access, chose to open access for all customers beginning January 1998. Open access was subsequently delayed until March 31, 1998 due to computer problems at the ISO and Power Exchange in California.

**SBC Scope**: AB1890 provides funding for four public-interest programs: 1) cost-effective energy efficiency and conservation; 2) public-interest RD&D to advance science or technology not adequately provided by competitive and regulated markets; 3) California-based renewable energy resources; 4) low-income services. Renewable resource programs are further subdivided into: 1) existing technologies (further divided into 3 tiers for: biomass & solar thermal; wind; geothermal, small hydro, biogas, and municipal solid waste); 2) new technologies; 3) emerging technologies; and 4) a customer-side account (to stimulate a consumer-driven market for renewable energy).

**SBC Funding**: AB1890 requires that Investor Owned Utilities (IOUs) in California provide funding for the above programs through a non-bypassable wires charge based on usage. Publicly-owned utilities (i.e. municipal utilities) are also required by AB1890 to establish a non-bypassable wires charge to fund any or all of these four programs at not less that the lowest expenditure level of the IOUs on a percent of revenue basis. The total program cost is approximately $500 million/yr on average, (about 3.0% of revenues or 3.0 mills/kWh). Allocation will be divided as follows: energy efficiency $218 million/yr (about 1.3% of revenues or 1.3 mills/kWh), renewable energy approximately $135 million (0.8% of revenues or 0.8 mills/kWh) annually (45% existing, 30% new, 10% emerging, 15% consumer-side), RD&D $62 million/yr (0.4% of revenues or 0.4 mills/kWh), and low income $81 million (0.5% of revenues or 0.5 mills/kWh). [Note: The above funding for energy efficiency does not include small IOUs and municipal utilities, which will be substantial (e.g., LADWP has announced a $20 million program). Also, it does not include approximately $45 million/year for natural gas energy efficiency programs.]

**SBC Administration**: RD&D and renewable energy programs will be administered by the California Energy Commission (CEC). The CEC has developed a Strategic Plan for implementing RD&D funds whose mission is to "provide environmentally sound, safe, reliable and affordable energy services and products" and to "advance science and technology not adequately provided by competitive or regulated markets". Specific goals of the RD&D Plan include a broad strategic portfolio of projects balanced across many needs, technologies, time frames, and risk levels. Connecting back to the market for future RD&D guidance and disseminating learning are also key components of the Strategic Plan. For renewable energy funds, the CEC has developed a market-based distribution plan to establish a competitive renewables market in California at the end of the

four-year program. Energy efficiency will be delivered through a competitive bid process administered by the newly established California Energy Efficiency Board (CEEB). The CPUC will allocate low income funds, with spending targeted towards, but not limited to, energy efficiency.

**SBC Duration**: Funding levels have been established for the four years 1998-2001. The Commission's authority to collect funds for the renewable energy account expires after those four years. The authority to collect monies for RD&D, energy efficiency and low income programs is open ended per AB1890.

**Disclosure**: The CEC is attempting to develop a content label standard to cover generation mix, emissions, price and price volatility, contract terms, and supplier qualifications among other issues. They are also working with federal representatives to develop a nationwide content label. This label is not currently in effect, although open access began on March 31, 1998.

**Green Pricing Programs**: Premium priced purchases of renewable kWh's by consumers are eligible for subsidies of up to 1.5 cents/kWh from the consumer-side fund. The Sacramento Municipal Utility District is currently offering several innovative photovoltaic green pricing programs for residential, commercial and industrial customers.

**Sources:** California AB1890. Policy Report on AB1890 Renewables Funding, March 1997. Funding and Administering Public Interest Energy Efficiency Programs, August 1996. Strategic Plan for Implementing the RD&D Provisions of AB1890, June 1997. Memorandum from Mike DeAngelis, California Energy Commission, to the Association of State Energy Research and Technology Transfer Institutions, January 1997. Don Schultz, personal communication, Division of Ratepayer Advocate, California Public Utility Commission, May 1998.

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**COLORADO**

**Legislative/Regulatory Status**: Eight bills were introduced, including a comprehensive bill and a study bill, but none passed in the 1997 legislative session. In 1998, several additional bills were introduced, but the only one to pass was a "study bill" to have the PSC staff carry out a study of restructuring, under a broad 30 member "oversight committee". The PSC has not taken any position on restructuring.

**SBC Issues**: SB 163 proposed an SBC charge of 4% of revenues (about 2.4 mills/kWh or $85 million) for energy efficiency, low income, renewable energy and Colorado-based R&D.

**Green Pricing Programs**: The Public Service Company of Colorado is accepting voluntary contributions to fund renewable resource development and is currently building several renewables projects. Fort Collins Light & Power is filling subscriptions for three year commitments to purchase wind power at a 2 cents/kWh premium, with the goal of building three large turbines.

**Other Pertinent Information**: Low rates and ample public power reduce the urgency for deregulation in this state.

**Sources:** *Electric Power Alert*, June 4, 1997. Jay Brize, personal communications, Governor's Office of Energy Conservation, July 1997, May 1998. Eric Blank, personal communications, Land and Water Fund of the Rockies. Energy Project Group, July 1997.

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**CONNECTICUT**

**Legislative/Regulatory Status**: On April 29, 1998 the Governor signed Public Act 98-28 to implement restructuring in Connecticut. The Act allows up to 35% of peak load of each class for customers in "distressed municipalities" to have choice on January 1, 2000, with all customers in the state eligible on July 1, 2000.

**SBC Scope**: Renewable energy, energy efficiency, and low income programs are all included under different funding mechanisms in PA 98-28. Support for R&D is provided as part of the renewable energy and energy efficiency programs.

**SBC Funding**: Public Act 98-28 includes a 3.0 mill charge to support energy conservation and load management as well as a renewable energy investment charge of 0.5 mil, increasing to 0.75 mil on July 1, 2002 and 1.0 mil on July 1, 2004. Low income programs (weatherization and bill payment assistance) are to be funded out of an additional SBC (which includes other elements such as public education, decommissioning charges, etc.), to be established by the Connecticut Department of Public Utility Control (DPUC).

**SBC Administration**: Renewable energy will be administered by the quasi-public agency Connecticut Innovations, Incorporated. Energy efficiency will be administered by the distribution utilities, with a Management Board appointed by the DPUC to provide oversight. Low income programs will be overseen by the DPUC.

**Renewables Portfolio Standard**: A two-tiered system is put in place. For "Class I" renewables (solar, wind, sustainable biomass, landfill gas and fuel cells) the level starts at 0.5% in 2000 and increases to 6.0% by 2009. For "Class II" renewables (hydro, other biomass and trash to energy) the level starts at 5.5% in 2000 and increases to 7% by 2009.

**Disclosure**: Information on fuel mix and emissions must be provided by distribution companies.

**Other Pertinent Information**: Net metering must be provided by distribution companies. The bill guaranteed a 10% rate reduction through 2002 from base rates as of December 31, 1996. The Act also requires the Connecticut Department of Environmental Protection to establish air quality performance standards for generating facilities located in North America that supply power to end users in the state.

**Sources:** *Electric Power Alert* June 4,1997. Ray Wilson, personal communications, Connecticut Office of Policy and Management, Energy Group, July 1997, May 1998.

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**DELAWARE**

**Legislative/Regulatory Status**: The Delaware Public Service Commission (PSC) opened a docket in July 1996 to address restructuring issues. The legislature passed a resolution in June of 1997 for the Commission to look at restructuring. In January 1998, the PSC issued its final report (Docket No. 97-229) recommending customer choice for all customers begin one year after any restructuring legislation signed into law. To date, no bill implementing restructuring has passed the legislature.

**Sources:** Connie McDowell, personal communications, Delaware Public Service Commission, July 1997, May 1998.

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**DISTRICT OF COLUMBIA**

**Legislative/Regulatory Status**: A Commission retail wheeling study does not favor competition. To date there has been no movement in the area of electric restructuring.

**Sources:** Energetics Utility Restructuring Weekly 1997. Charles Clinton, Washington, D.C. Energy Office, May 1998.

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**FLORIDA**

**Legislative/Regulatory Status**: Commission staff is reviewing the progress of other states. No formal commission study or legislation is foreseen in the near future.

**Green Pricing Programs**: Three utilities are using various green pricing/funding mechanisms to supply PV-generated electricity.

**Other Pertinent Information**: Programs for renewables, energy efficiency, and energy R&D are currently funded by Petroleum Overcharge funds and state funding, in addition to some utility programs.

**Sources:** Joe Jenkins, personal communications, Florida Public Service Commission, July 1997. Alexander Mack, personal communications, Florida Public Service Commission, July 1997. James Dean, personal communications, Florida Public Service Commission, May 1998.

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**GEORGIA**

**Legislative/Regulatory Status**: No legislative action to date. A 1999 legislative study committee is expected. The Public Service Commission (PSC) began restructuring workshops in April 1997.

A PSC report was issued identifying key principles and steps that would have to be undertaken in order to achieve restructuring, but made no policy conclusions.

**Sources:** *LEAP Letter*, Volume 2, Issue 2, March-April 1997. Dan Cearfoss, personal communications, Georgia Public Service Commission, May 1998.

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**HAWAII**

**Legislative/Regulatory Status**: The Public Utilities Commission opened a restructuring docket in December 1996. A collaborative group was set up but could not reach consensus. The investigation is ongoing, with a report summarizing positions due in November, 1998. Legislation requiring the PUC to draft a restructuring bill was introduced in 1998, but did not make it out of committee.

**Sources:** Steve Abler, personal communications, Hawaii Division of Energy Resources and Technology, July 1997, May 1998.

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**IDAHO**

**Legislative/Regulatory Status**: As part of the four state Northwest Power Planning Council (NWPPC), the Governor appointed two representatives in 1995 to produce a Comprehensive Review of Northwest Energy Systems. The final report was issued in December 1996 and includes eleven recommendations for restructuring the region's electric industry. The Comprehensive Review recommends retail access by July 1999 but implementation is up to individual state legislatures. In February 1997, the Idaho legislature approved a restructuring study group. The group filed a report in 1998, but there was no legislative activity in 1998. A 1997 law required utilities to unbundle rates. The PSC will file a report on progress in that area in 1999. Idaho has experimented with some small retail pilots, but Idaho is essentially following a go slow approach due to their very low existing rates.

**SBC Scope**: The regional Comprehensive Review recommends funding programs for energy efficiency, renewable energy, low income and renewables-oriented R&D. The specific collection method is left to the states, but it encourages a wires charge assessed in a competitively neutral manner.

**SBC Funding**: All four NW states are recommended to implement a systems benefit charge at the level of 3% of 1995 revenues, or $210 million (all four states together). That amount is roughly 65% of the total spent on these programs in 1995 by the local utilities of each NWPPC state and the Bonneville Power Authority combined.

**SBC Administration**: The Comprehensive Review recommends that two-thirds to five-sixths of the money remain in individual states for state programs, the remaining portion would be used to fund

a regional non-profit focused on energy efficiency, renewable energy and renewables-oriented RD&D. Board members would be from utilities, government, consumers and public interest groups.

**SBC Duration**: The Comprehensive Review recommends 10 years before a re-evaluation of funding levels takes place.

**Renewables Portfolio Standard**: Not addressed.

**Disclosure**: Not addressed.

**Green Pricing Programs**: Recommended in Comprehensive Review but no details are provided.

**Other Pertinent Information**: Utility funding of public-benefits programs has drastically fallen off in Idaho. The Idaho Public Service Commission has cut staff positions relating to demand-side management and renewables. A pilot program is in place for 1,900 Washington and Idaho customers serviced by Washington Water Power. Idaho is participating in the regional market transformation organization, the Northwest Energy Efficiency Alliance (NEEA).

**Sources:** Northwest Power Planning Council Comprehensive Review, December 12, 1996. *Electric Power Alert* March 12, 1997. Keith Hessing, personal communications, Idaho Public Utility Commission, July 1997, May 1998.

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**ILLINOIS**

**Legislative/Regulatory Status**: In December of 1997 the Governor signed PA 90-561, establishing a deregulation plan for Illinois. Retail choice will be phased in starting in October 1999 for large industrial and commercial customers, with residential customers permitted to choose on May 1, 2002. The Illinois Commerce Commission has six rulemakings underway to address implementation of the restructuring law.

**SBC Scope**: PA 90-561 establishes funding for renewable energy, energy efficiency and low income programs . A Trust Fund is established for each program. R&D is not specifically addressed, but it is implied as part of the renewable energy funding that would be given in the form of "grants, loans and other incentives to foster investment in, and the development of renewable energy resources". Energy efficiency would be directed at residential consumers, especially low-income, and would fund programs like lighting retrofits, window retrofits, insulation and appliance retrofits.

**SBC Funding**: PA 90-561 allocates a total of approximately $83 million/yr (about 0.87% of revenues or 0.67 mills/kWh). Funds would be collected using multiple specific non-bypassable systems benefit charges. A charge of $0.05/month for residential customers, $0.50/month for non-residential, and $37.50/month for customers using at least 10-MW of power would be equally split between the Renewable Energy Trust Fund and the Coal Technology Development Assistance Fund.

Resultant funding for renewable energy (including charges on gas bills) will be approximately $4-5 million/yr (equivalent to about 0.05% of revenues or 0.04 mill/kWh). Energy efficiency is funded at $3 million/yr (about 0.03% of revenues or 0.03 mills/kWh). Low income will be funded at $75 million/yr (about 0.8% of revenues or 0.6 mills/kWh) using a charge of $0.40/month for residential customers, $4.00/month for commercial customers and $300.00/month for customers above 10MW in demand. There have been discussions and legislation considered to increase the funding for energy efficiency programs, but no formal action has resulted to date.

**SBC Administration**: The Illinois Department of Commerce and Community Affairs would administer renewable energy, energy efficiency and low income funds.

**SBC Duration**: The provision are automatically repealed in 10 years, unless renewed by an act of the General Assembly..

**Renewables Portfolio Standard**: None.

**Disclosure**: Commission Order ICC 98-0194 requires utilities and energy retailers to report generation mix and emissions information on customer bill on a quarterly basis, and the ICC is required to post that information on its web site.

**Sources:** Illinois SB55. Eric Schlaf, personal communications, Illinois Commerce Commission, Energy Policy and Planning, June 1997. Carolyn Berning, personal communications, Illinois Commerce Commission, Consumer Services, July 1997, May 1998.

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**INDIANA**

**Legislative/Regulatory Status**: A study bill passed in May 1997, and legislative hearings were held in 1998. Some restructuring bills were introduced in 1998, but none passed. No Commission position has been published yet. A Commission report was provided to the legislature in 1997 which examined some of the issues surrounding restructuring, but took no policy position.

**Other Pertinent Information:** The Indiana Utility Regulatory Commission approved a request by Indianapolis Power & Light Co. (IPALCO) to offer an alternative pricing plan to residential and small commercial customers. The plan includes the options of: a fixed rate, a fixed monthly charge, and a “green power” plan.

**Sources:** Larry Keppler, personal communications, Indiana Utility Regulatory Commission, June 1997. Laura Cvengros, personal communications, Indiana Utility Regulatory Commission, May 1998.

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**IOWA**

**Legislative/Regulatory Status**: In September 1997 the Iowa Utility board adopted an Action Plan to investigate restructuring. Staff teams have been examining various issues, including public benefits. A retail pilot of up to 3% of load for residential and commercial customers was approved in February 1998 for Mid American company. The Consumers Advocate's office has filed an objection. One bill has passed the legislature (SF 2416) in April 1998, dealing with replacement tax issues raised by restructuring. Other restructuring bills have been introduced but did not pass.

**Other Pertinent Information**: In May 1996, the Legislature adopted SB2370 removing the mandate to spend 2% of revenues on energy efficiency and renewable energy. An energy efficiency program is still required and must be approved by the PSC. Public-benefit energy R&D is currently supported by a mandatory utility surcharge. The program is managed by the Iowa Energy Center.

**Sources:** Judy Cooper, personal communications, Iowa Public Service Commission, Electric Division, June 1997, May 1998. Energy Technology Innovation at the State Level: Review of State Energy RD&D Programs, American Council for an Energy Efficient Economy, July 1997.

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**KANSAS**

**Legislative/Regulatory Status**: A bill signed in April 1996 bans retail wheeling until April 1999. A couple of restructuring bills were floated in 1998, but nothing passed. Both the Legislature and the Kansas Corporation Commission are studying retail wheeling. Thus far, conflicting studies give very different outlooks for rural customers under retail wheeling.

**Other Pertinent Information**: One utility, Western Resources, is considering launching a 1.5 MW wind project.

**Sources:** *Electric Power Alert*, May 21, 1997. Larry Hallway, personal communications, Kansas Corporation Commission, Utilities Division, June 1997, May 1998.

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**KENTUCKY**

**Legislative/Regulatory Status**: The 1998 General Assembly passed HJR 95 requiring a study committee, composed of members of the executive and legislative branches, to investigate the issue of restructuring and produce a report in the fall of 1999. The legislature would then address the issue in the year 2000. The Kentucky Public Service Commission held informal stakeholder meetings on restructuring during 1997. No policy decisions have been made. (Kentucky is a very low cost state, so sentiment has not been particularly favorable toward restructuring.)

**Sources:** Judy Cooper, personal communications, Kentucky Public Service Commission, June 1997, June 1998.

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**LOUISIANA**

**Legislative/Regulatory Status**: Several bills were introduced in the 1997 legislative session, but the session ended with none of the bills receiving serious floor discussion. The legislature has held hearings on the tax implications of restructuring, but no legislation has passed. The Public Service Commission (PSC) is holding public hearings on issues related to restructuring. The topic of system benefits is one issue being examined.

**Other Pertinent Information:** Louisiana utilities are continuing to offer some energy efficiency DSM programs.

**Sources:** Vanessa Porter, personal communications, Louisiana Public Service Commission, June 1998.

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**MAINE**

**Legislative/Regulatory Status**: The Governor signed HB 1804, the "Act to Restructure the States' Electric Industry" in May 1997. Retail access for all customers will begin March 2000. A decision on securitization has been delayed until next year. By January 1, 1999, each IOU must submit a divestiture plan to the PUC.

**SBC Scope**: Funding is provided for low income and energy efficiency programs through the rates charged to end users by the transmission and distribution utilities. The law also requires utilities to provide consumers with an option to make voluntary contributions to support renewables-related R&D. Contributions would be forwarded to either the University of Maine, Maine Maritime Academy, or Maine Technical College.

**SBC Funding**: In June of 1998 the PUC proposed funding of $8.8 million per year over three years, beginning in 2000, to pay for energy efficiency programs for residential, small commercial and small industrial customers. Costs would be embedded in distribution rates, with an amount equivalent to approximately 1.35 mills/kWh. Large industrial customers would neither pay the charge nor participate in the programs. The amount of additional funding for low income is still to be determined, but it is anticipated that it will be funded at current levels, which are approximately $5 million/yr (0.5% of revenues or 0.5 mills/kWh).

**SBC Administration**: Utilities would continue to deliver their current programs until the new proposal takes effect in 2000. Under the proposal, funding would then be overseen by an independent administrator.

**SBC Duration**: The law states that the commission shall "regularly review the amount of funding needed."

**Renewables Portfolio Standard**: A 30% renewables supply portfolio is required to sell retail electricity in the state. Renewables can include hydro, biomass, co-generation, solid waste, geothermal, wind, solar, tidal, and fuel cells. Maine possesses a significant quantity of indigenous hydro and biomass. Facility size is limited to 100-MW and below.

**Disclosure**: Generation mix and emissions disclosure are required.

**Sources:** LD1804 "An Act to Restructure the States' Electric Industry", Maine Public Utilities Commission News Release December 31, 1997 "Recommendations to the Legislature on Restructure of the Electric Utility Industry". Denis Bergeron, personal communications, Maine Public Utilities Commission, July 1997, July, 1998. Wayne Olson, personal communications, Maine Public Utilities Commission, July 1997. Phil Lindley, personal communications, Maine Public Utilities Commission, July 1997.

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**MARYLAND**

**Legislative/Regulatory Status**: In December of 1997, the Maryland Public Service Commission (PSC), in Docket #8738, issued an order to phase in retail competition starting on July 1, 2000. That order is being appealed, but the PSC has started discussion roundtables to address various aspects of implementation, including public benefits. Separately, a legislative task force has been studying the issue, but no legislation passed in 1998. The Commission feels it has authority to conduct restructuring, but legislation will be necessary to address tax issues and possibly stranded costs.

**SBC Scope**: The 1997 PSC staff report briefly addressed energy efficiency and low income by recommending exploration of alternative methods for supplying these services. The 1998 roundtables are addressing the issue of public benefits.

**Disclosure**: The staff report expressed concern about truth in advertising issues. A December 1997 PSC Order called for bills to be unbundled by December 1998. Further details on disclosure were to be worked out by the summer of 1998.

**Other Pertinent Information**: Net metering is allowed under state law with interconnection standards based on UL and NEC standards only for rooftop PV. A retail pilot is scheduled to begin December 1998.

**Sources:** *The Energy Report* June 9, 1997. Chris Cook, personal communications, Maryland Energy Administration, June 1997. Andy Katz, personal communications, Maryland Public Service Commission, July 1997. Jeffrey Conopask, personal communication, Maryland Public Service Commission, May 1998.

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**MASSACHUSETTS**

**Legislative/Regulatory Status**: In December 1996, the Department of Public Utilities (DPU) issued Order 96-100 which contained model rules for electric utility restructuring. The Order recommended full retail access by January 1998. In November of 1997, comprehensive restructuring legislation was signed into law, bringing retail access to all customers beginning March 1, 1998. The DPU was renamed the Department of Telecommunication and Energy (DTE), and given new responsibilities regarding many aspects of the restructured utility industry.

**SBC Scope**: Low income, energy efficiency, and renewable energy programs are funded under the legislation, using a non-bypassable wires charge.

**SBC Funding**: Under the legislation, funding for energy efficiency is set at 3.3 mills/kWh for 1998, ramping down to 2.5 mills/kWh in 2002. Low income programs are to be funded at no less than 0.25 mills/kWh. Renewable energy is funded at between 0.75 and 1.25 mills/kWh each year for 1998 through 2002 (with 0.25 mills set aside for pollution control equipment on trash to energy facilities). Renewables are then funded at 0.5 mills/kWh for 2003 and beyond.

**SBC Administration**: Energy efficiency funding will be approved by DTE, but the Division of Energy Resources (DOER) in the Department of Consumer Affairs will oversee the utility programs, including issues of equity among customer classes and ensuring a focus on lost opportunities and market transformation. Programs are to be administered by the distribution utilities and delivered via competitive procurement to the fullest extent practicable. Renewable energy funds will be administered by the Massachusetts Technology Park Corporation, a state authority with experience managing and distributing technology funds.

**SBC Duration**: The energy efficiency programs are funded for a minimum of 5 years, while the renewable funding continues indefinitely.

**Renewables Portfolio Standard**: The DOER is given the responsibility to determine the current renewable percentage. The law requires a 1% incremental addition by 2003, 4% more by 2009, and 1% more per year thereafter.

**Disclosure**: The DTE is to promulgate uniform labeling regulations, including fuel mix and air emissions data. State officials are working with several groups including the Northeast Regional Disclosure Project to determine an effective reporting process.

**Green Pricing Programs**: DPU 96-100 encourages a renewables plan that would share the above market cost of renewable electricity between interested consumers wishing to purchase green power and the general renewables fund paid for by a non-bypassable wires charge on all electric sales. In a retail choice pilot over 30% of the nearly 5,000 participants chose a "green" supplier at an average cost premium of 16%.

**Sources:** Massachusetts Department of Public Utilities Order 96-100 and Draft Rules. Northeast Energy Efficiency Council, "Summary of Massachusetts Electric Industry Restructuring Act" December 4, 1997.

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**MICHIGAN**

**Legislative/Regulatory Status**: Legislation (HB 5245) was introduced in October 1997, but has not been acted upon. Efforts to develop consensus compromise legislation have continued to date, with no new legislation introduced. The MPSC has issued a series of orders (primarily in Case No. U-11290) for the state's two largest electric utility companies (Consumers Energy and Detroit Edison) which establish a process for restructuring, using a phase-in approach that will result in full competition starting January 1, 2002. The utilities filed implementation plans in June 1998. The first phase-in, of approximately 2.5% of each utility's load, could begin by the end of the summer or early fall of 1998, depending upon approvals by the MPSC and FERC. The PSC established public input processes, which resulted in publication of one Staff paper on "Customer Focus Issues", which covers many subjects, including SBC, Disclosure, Green Pricing, etc. Another Staff paper, on Market Power issues, was delivered to the PSC on June 5, 1998.

**SBC Scope**: The PSC Orders do not establish an SBC. Draft legislation (HB 5893, not yet introduced) would permit the PSC to establish one, after a contested case hearing.

**Disclosure**: No action has been taken. The issue is discussed in the "Customer Focus Issues" Staff report.

**Green Pricing Programs**: Detroit Edison's Solar Currents program has installed about 55kW of PV that customers can support for an average additional cost of $6.50/month per 100 kWh. Businesses can contribute to a "Solar Schools" program, where PV power is purchased on behalf of a school district, and Detroit Edison provides a solar energy curriculum. Traverse City Light & Power (a municipal utility, not regulated by the MPSC) operates a 600-kW wind turbine. Customers subscribe to the green power program and pay a premium of about 20 percent. A 3-year commitment is required for residential customers, 10-years for commercial customers. About 170 customers are participating, while another 80 remain on a waiting list.

**Other Pertinent Information**: DSM programs and integrated resource planning have ceased, in anticipation of restructuring.

**Sources:** Tom Stanton, personal communications, Michigan Public Service Commission, June, 1998.

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**MINNESOTA**

**Legislative/Regulatory Status**: In 1998 the legislature passed a resolution (HF 3654) calling for the Legislative Electric Energy Task Force (LEETF) to study the issue of restructuring. Nine topic areas were to be covered, including renewable energy, efficiency and environmental sustainability. Several bills relating to restructuring were introduced in 1998, but none passed. The PUC has not made any final policy determinations regarding restructuring. The PUC is to consult with the LEETF and staff will serve on work groups.

**Green Pricing Programs**: Northern States Power is installing rooftop PV systems on residential homes. For a fee of $50/month, all power generated from the array is free and excess power is credited back to the consumer at the retail rate. Several cooperatives are also developing green pricing programs based on wind power.

**Other Pertinent Information:** Minnesota utilities still provide energy efficiency/DSM programs, and are still required by legislation to spend 1.5% of revenues on such programs.

**Sources:** Allan Krug, personal communications, Minnesota Department of Public Service, June 1997, May 1998.

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**MISSISSIPPI**

**Legislative/Regulatory Status**: The legislature passed HB1130 in March 1997 allowing the Public Service Commission (PSC) to consider alternative regulation methods. No other restructuring legislation has passed. A PSC staff restructuring plan concept paper was completed in February 1998, and was favorable toward restructuring. The PSC has called for studies on issues such as market power and cost of service, and for hearings later in 1998. Due to legal barriers, the PSC expects no retail access before 1999.

**SBC Scope**: The PSC staff plan was required to address low income, energy efficiency, renewable energy and R&D. The PSC is still studying these and other issues.

**Other Pertinent Information**: Over 30% of state's electricity is supplied by the TVA.

**Sources:** Ron Forsyth, personal communications, Energy Division of the Mississippi Department of Economic and Community Development, July 1997. Betty Norman, personal communications, Energy Division of the Mississippi Department of Economic and Community Development, July 1997, May 1998.

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**MISSOURI**

**Legislative/Regulatory Status**: In April 1997, the Public Service Commission passed SCR7 which established a task force to look at the benefits and risks of restructuring. The task force held meetings and solicited comments from various parties and prepared a report filed May 1, 1998. The

report outlined options but did not make any strong recommendations regarding restructuring. A more detailed staff analysis and report is now being developed. The issue of "public benefits" will be addressed as part of that analysis. In the legislature a "Joint Interim Committee" has been examining restructuring issues. Several bills have been drafted, but nothing has left committee.

**Other Pertinent Information:** Most utilities in Missouri do still offer some energy efficiency/DSM programs.

**Sources:** *NewsPage,* April 3, 1997. National Conference of State Legislators Energy Newsletter, Summer 1997. Kay Niemeier and Debbie Bernsen, personal communications, Missouri Public Service Commission, May 1998.

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**MONTANA**

**Legislative/Regulatory Status**: The Montana Utility Industry Restructuring and Consumer Choice Act was signed into law May 1997. Retail access will begin July 1998 for some large industrials and will be complete by July 2002.

**SBC Scope**: Montana's non-bypassable Universal Systems Benefit Charge specifically addresses low income, energy efficiency, and renewable energy. R&D efforts for energy efficiency and renewable energy are acceptable uses of funding according to the Public Service Commission interpretation.

**SBC Funding**: Montana is the first, and only, Northwest Power Planning Council (NWPPC) state to pass restructuring legislation. The Montana law allocates 2.4% of 1995 retail revenues (1.1 mills/kWh or about $14 million) to energy efficiency, renewable energy, and low income programs combined. The rate was set to maintain current funding levels. 17% of funds are required to go towards low income programs. Loads of 1000 kW or greater will pay the lesser of $500,000/year or 0.9 mills/kWh. The Comprehensive Review recommended a 3% SBC in addition to low income funding (see Idaho, Oregon or Washington for full details of the regional plan).

**SBC Administration**: Utilities and large users are allowed to credit internal programs towards funding requirements. Remaining balances are to be paid into a general fund. Administration of that fund will be decided by the newly formed Transition Advisory Committee.

**SBC Duration**: Payments will begin on or before January 1999 and will last until July 2003 at which point their level and need will be reevaluated.

**Renewables Portfolio Standard**: None.

**Disclosure**: The PSC currently has a rulemaking docket which is looking at the disclosure issue.

**Other Pertinent Information:** The utilities in Montana are continuing to provide existing energy efficiency/DSM programs until the SBC process begins.

**Sources:** Montana SB390 "The Montana Utility Industry Restructuring and Consumer Choice Act". Will Rosquist, personal communications, Montana Public Utilities Commission, Environmental Quality, Energy Division, June/July 1997, June 1998.

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**NEBRASKA**

**Legislative/Regulatory Status**: The legislature began a 3-year study in October 1996. The PSC wants to proceed cautiously since electric rates are already low.

**SBC Scope:** Energy efficiency and renewable energy issues are part of the 3-year study.

**Other Pertinent Information:** Nebraska is the only state in the US which has 100% of its power supplied by public utilities. In January 1998 the Governor signed an executive order encouraging the use of energy efficiency and renewable energy in all state facilities.

**Sources:** Robert Harris, personal communications, Director of Nebraska State Energy Office, July 1997, May 1998.

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**NEVADA**

**Legislative/Regulatory Status**: In July 1997, the Governor signed AB366 which restructured the electric industry in Nevada and reorganized the Public Service Commission into a new Public Utility Commission (PUC). Retail access begins no later than January 1999 and is scheduled to be finished by December 1999 (completion date subject to final PUC approval). The PUC is working on the rules to implement AB366

**SBC Scope**: AB366 encourages energy efficiency, renewable energy and R&D programs, but it is unclear yet whether actual SBC funding mechanisms will be established to support these initiatives. These issues have not yet been addressed in the PUC rulemaking.

**SBC Funding**: Status of funding is still being decided.

**SBC Administration**: Unclear.

**SBC Duration**: Unclear

**Renewables Portfolio Standard**: By January 2001, all sellers of electricity in Nevada must have 0.2% of a percent of their total kWh sales generated by renewable resources. This would increase biennially by 0.2% until 1% is reached in 2009. Half of those amounts must be generated by solar

resources. Also, all resources must have been constructed after July 1997 to qualify. Purchasing credits is acceptable.

**Disclosure**: Customer bills must contain a label which clearly shows price, price variability, and generation mix. Educational programs will be established in conjunction with disclosure to help customers understand their options.

**Green Pricing Programs**: Under development by the Nevada State Energy Office.

**Other Pertinent Information**: In 1997, a net metering law, SB255, and a renewables property tax exemption law, SB256, were signed into law. Net metering interconnections must meet UL, NEC and IEEE standards only. Customer generators are only allowed to reduce energy bills to zero, collection of money from utilities for excess generation is prohibited.

**Sources:** Nevada AB366. Nevada AB622. Nevada SB255. Nevada SB256. Deeann Parsons, personal communications, Nevada State Energy Office, Chief, June/July 1997. Rick Hackman, personal communications, Nevada Public Service Commission, July 1997, May 1998. Dave McNiel, personal communications, Nevada Public Service Commission, June 1997.

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**NEW HAMPSHIRE**

**Legislative/Regulatory Status**: In May 1997, the Governor signed law NHRSA 374F, the "Electric Utility Restructuring Act." Full retail access was scheduled to be implemented January 1998 but conflicts over stranded cost recovery and other issues have delayed implementation, now scheduled for July 1998.

**SBC Scope**: HB1392 specifically establishes funding, through a wires charge, for low income programs only, but authorizes a wires charge to fund other public-benefit initiatives. HB1392 states that an SBC "may be used to fund public-benefits related to the provision of electricity. Such benefits, as approved by regulators, may include... programs for low income customers, energy efficiency programs, [commission expenses], research and development, and investments in commercialization strategies for new and beneficial technologies." It also states that, "Restructuring should be designed to reduce market barriers to invest in energy efficiency."

Despite that language, the Public Utilities Commission (PUC) originally issued a Final Plan for restructuring implementation which stated: "...ratepayer funded programs for delivering energy efficiency services is no longer appropriate. The competitive market will be more successful in serving the need... than the ratepayer funded programs of the past." The Plan mandated a complete phase out of energy efficiency programs with-in 2 years of retail access. However, in a March 20, 1998 Re-hearing Order (DR-96-150), the PUC backed off from that two-year phase-out and is revising its approach to encompass at least some on-going support for energy efficiency. The PUC has established a multi-party working group to develop recommendations for energy efficiency

programs and policies. On the other hand, the rehearing order did not change the earlier decision that renewable energy is better served by the free market, and that R&D is better served by regional and national mechanisms.

**SBC Funding:** Low income programs will be funded by a 1.5 mills/kWh charge (about 1.3% of revenues or $13 million). For general energy efficiency, the rehearing order in DR-96-150 continues utility DSM spending, capped at current levels, pending the receipt and review of the working group's recommendations.

**SBC Administration**: Low income programs will likely be administered by county based non-profits, but a final decision has not been issued.

**SBC Duration**: Low income funding is open ended. Funding duration for other energy efficiency is yet to be determined.

**Disclosure**: HB1392 and the PUC Final Plan support disclosure as a form of environmental protection and renewables support. PUC and Governor's Office of Energy and Community Service (NHECS) representatives are participating in the New England Disclosure Project.

**Green Pricing Programs**: HB1392 specifically encourages utilities to use green pricing. The state pilot program included several retailers who marketed a wide range of "green" products.

**Other Pertinent Information**: The Governor supported the PUC rehearing on the issues of program funding for energy efficiency and renewable energy. The New Hampshire Governor's Office of Energy and Community Service (NHECS) would like to see a minimum floor set for funding at a yet unspecified level. They had tentatively supported the Conservation Law Foundation's proposal of a 3 or 4 mills/kWh wires charge for energy efficiency and renewable energy, but not as the minimum floor level.

**Sources:** New Hampshire HB1392 "Electric Utility Industry Restructuring Act." New Hampshire Public Utilities Commission Executive Summary of Final Plan to Implement HB1392. Deborah Schachter, personal communications, Governor's Office of Energy and Community Service, Director, July 1997. Bob Frank, personal communications, New Hampshire Public Utilities Commission, Counsel, July 1997, May 1998.

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**NEW JERSEY**

**Legislative/Regulatory Status**: The New Jersey Board of Public Utilities (BPU) released its Master Plan for utility deregulation in May 1997. It called for a phase-in of retail competition starting October 1998 and finishing by December 2000. The BPU recently announce a 6 month delay in the

start of customer choice (from October 98 to April 99). Enabling legislation will be required and hasn't yet passed. There will be legislative public hearings over the summer.

**SBC Scope**: Under the BPU Master Plan low income and energy efficiency programs will be supported by a non-bypassable societal benefits charge. Renewable energy is expected to be supported by generation disclosure requirements.

**SBC Funding**: The BPU Master Plan requires energy efficiency and low income funding to remain at current levels. The BPU has called for a "working group" of interested parties to develop recommendations regarding energy efficiency and renewables.

**SBC Administration**: To be determined.

**SBC Duration**: To be determined.

**Disclosure**: Labeling content, enforcement and verification are being reviewed by a stakeholder task force. Generation mix will be reported on customer bills and utilities will also be required to report their generation emissions in some form. Bills will also be unbundled to reveal costs of generation, competitive transition charge, and T&D at a minimum.

**Sources:** Frank Perrotti, personal communications, New Jersey Board of Public Utilities, Division of Energy, June/July 1997. Tony Polomski, personal communications, New Jersey Board of Public Utilities, June 1998.

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**NEW MEXICO**

**Legislative/Regulatory Status**: Some legislative proposals were introduced in 1998, but nothing passed. Key stakeholders are deadlocked over stranded cost recovery and divestiture issues. A legislative study committee has been appointed and is expected to have recommendations by 1999. The Public Utilities Commission (PUC) has been holding discussions addressing financial and economic issues, consumer and environmental protection, and timing, but the PUC and the Corporation Commission are being rolled into a new "Public Regulatory Commission" in January 1999, and it is unlikely that anything will happen before then.

**SBC Scope**: Stranded benefits, including a portfolio standard, are issues being discussed in the legislative study committee.

**Disclosure:** The PUC has a study group looking at disclosure, and they are working with the Western Governors Association which is considering a regional approach to disclosure.

**Other Pertinent Information:** Public Service Company of New Mexico has agreed to add 5 MW of solar generation, and has issued an RFP for procurement.

**Sources:** Mary Ford, personal communications, New Mexico State Energy Conservation and Management Division, June 1997, June 1998.

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**NEW YORK**

**Legislative/Regulatory Status**: In May 1996, the Public Service Commission (PSC) issued Order 96-12, requiring each of the State's electric utilities to file rate and restructuring plans by October 1996. Settlement agreements between the utilities and interested parties were approved by the PSC for six of the State's seven investor-owned utilities in late 1997 and early 1998. The settlement agreements will provide for an overall decrease in statewide electricity rates of about 10% when fully implemented over the next several years. Additionally, the agreements allow for full retail access for all customers by 2002. The Long Island Lighting Company (LILCO), the only utility not covered by the settlement agreements, recently merged with Brooklyn Union Gas Company to form a new holding company: Marketspan. Furthermore, in a related transaction, the Long Island Power Authority acquired certain of LILCO's assets including its transmission and distribution system and the Shoreham regulatory asset and its 18% share of the Nine Mile Point II nuclear facility. The LILCO/LIPA agreement will result in an average 19% rate reduction for Long Island's electricity customers.

In February 1997, the PSC established a separate proceeding to address System Benefit Charge (SBC) issues under Case 94-E-0952, and in January 1998, issued Opinion No. 98-3 proposing initially a three year Statewide SBC, funded by a competitively-neutral wires charge and designating the New York State Energy Research and Development Authority (NYSERDA) as the SBC independent third party administrator. In July 1998, the PSC approved NYSERDA's proposed SBC program plan with slight modifications (Order issued and effective July 2, 1998).

**SBC Scope**: The scope of the SBC falls under 4 program areas: energy efficiency, R&D, low-income, and environmental protection. The energy efficiency program area includes: market transformation (including upstream initiatives, financial assistance, new construction, and residential building performance initiatives), energy services industry programs (standard performance contracts, financial packaging services), and technical assistance and outreach programs. The R&D program area includes renewable energy (wind, PV, and biomass), energy efficiency research, environmental monitoring, evaluation and protection, and strategic energy research. The low-income program area includes weatherization, aggregation, publicly-assisted housing and a public awareness campaign. The environmental program allows for the consideration of certain environmental monitoring programs and the funding of environmental disclosure activities.

**SBC Funding**: The annual level of funding for the SBGC and its collection in rates as a wires charge for each utility was established in the individual utility rate and restructuring proceedings. In the July 2, 1998 Order, the PSC approved the following funding allocations for the three year SBC program: energy efficiency $161.6 million; R&D $40.4 million; Low-income $29.3 million and Environmental Disclosure $3.0 million; for a total of 234.3 million (approximately $78 million

per year, equivalent to approximately 0.8 mills/kWh). These amounts do not include energy efficiency spending by the Long Island Power Authority (estimated to be $32 million the first year followed by $12 million per year thereafter) or by the New York Power Authority (estimated to be approximately $10 million per year).

**SBC Administration**: The Commission indicated in their January 1998 order (Opinion No. 98-3) that the New York State Energy Research and Development Authority (NYSERDA) would function as the statewide administrator of the SBC funds. A 17 member SBC Advisory Group, comprised of representatives of the utilities; the generation industry; the energy services industry; the research and environmental communities; and industrial, residential, small commercial, and low income customers, was established to provide input on the design of SBC programs. The SBC Advisory Group will also serve as an independent program evaluator. NYSERDA will prepare a draft program evaluation report which will be reviewed by the SBC Advisory Group which will submit the report to the Department of Public Service and the PSC for review.

**SBC Duration**: Funding for the SBC will initially be for a period of three years, beginning July 1, 1998. The PSC deferred to a future decision whether these programs should continue beyond the three year period.

**Disclosure**: The PSC endorsed agreements reached by the utilities and interested parties to develop and implement an environmental disclosure mechanism in early 1998. Staff from the Department of Public Service are currently preparing a draft white paper to be released in August 1998, which is intended to focus discussions by presenting specific issues and options for detailed consideration by the parties.

**Other Pertinent Information**: A net metering bill was signed in August 1997. The law includes provisions for utility buy-back of excess generation at retail rates, a five year tax credit for homeowners of 25% of the cost of a PV system, and specifies which connection costs must be borne by the utility.

**Sources**: New York Public Service Commission Order 96-12 and 98-3. Public Service Commission Docket Case 94-E-0952. NYSERDA, *Proposed Plan for Public Benefits Funded by System Benefits Charge* as modified by the PSC Order Approving System Benefits Charge Plan with Modifications and Denying Petitions for Rehearing, issued July 2, 1998. Marty Insogna, personal communications, New York Department of Public Service, August 1998.

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**NORTH CAROLINA**

**Legislative/Regulatory Status**: The Legislature passed SB38 in May 97. The law created a 23 member "study commission" of legislators and interested parties, which has been holding public meetings and will continue to meet through 1998. The intention is to have recommendations for the

1999 legislative session. The Commission has also opened a docket to discuss restructuring, but has not made any policy determinations.

**SBC Issues:** Certain members of the study commission have proposed a public benefits fund to support energy efficiency, renewables and low income programs, as well as a renewables portfolio standard. The group is still deliberating these issues.

**Sources:** *Electric Utility Week* April 21, 1997. National Conference of State Legislators Newsletter, Summer 1997. Deborah Lamb, personal communications, Energy Division, North Carolina Department of Commerce, May 1998. Eric Soderberg, personal communications, North Carolina Department of Commerce, June 1998.

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**NORTH DAKOTA**

**Legislative/Regulatory Status**: In 1997, the Governor signed a formal study bill. The study is ongoing and the Committee is to report back in 1999. The Commission has held some informal hearings, but is basically in a "wait and watch" mode and has shown little inclination to proceed with restructuring.

**Sources:** Kim Christiansen, personal communications, Office of Intergovernmental Assistance, Energy Program Manager, June 1997, May 1998.

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**OHIO**

**Legislative/Regulatory Status**: In 1998 legislation was introduced by the co-chairs of the Joint Special Committee studying electric deregulation and received much attention, but it did not proceed to passage. The Public Utilities Commission has held an informal round table discussion series since 1996, but no rulings have come from these proceedings.

**SBC Scope:** The proposed legislation has two primary sections on public benefits. One is for low income assistance and the other directs the Ohio Office of Energy Efficiency to develop a plan for conservation programs for residential and small commercial customers. It is expected that an SBC of some type would likely be in any final bill, but that has not been spelled out yet.

**Sources:** *The Electric Daily*, March 24, 1997. Sara Ward, personal communications, Ohio Department of Development, Office of Energy Efficiency, July 1997, June 1998..

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**OKLAHOMA**

**Legislative/Regulatory Status**: SB500, "The Electric Restructuring Act of 1997" was passed and signed into law. The law establishes broad goals which are captured in fifteen restructuring

principles. The law leaves the implementation details up to the Oklahoma Corporation Commission (OCC) who is charged with performing a series of studies that would culminate in implementation plans. Customer choice must be available by July 2002. In 1998 a bill (SB 888) was passed and signed to speed up the completion date of the OCC study to October 1, 1999, and shift oversight responsibility to the legislature.

**SBC Scope**: SBC was not included in the legislation, but will be addressed in ongoing OCC studies. It is expected to be included in next year's legislation.

**Other Pertinent Information:** Utilities are continuing to provide some energy efficiency/DSM programs.

**Sources**: *NewsPage*, March, 26, 1997. *LEAP Letter*, Volume 2, Issue 1 January/February 1997. Brian Jackson, personal communications, Municipal Utility Authority, July 1997. Wanda DeBuler, personal communications, Oklahoma Energy Advisory Council, August 1997. Ken Zimmerman, personal communications, Oklahoma Corporation Commission, May 1998.

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**OREGON**

**Legislative/Regulatory Status**: As part of the four state Northwest Power Planning Council (NWPPC) the Governor appointed two representatives in 1995 to produce a Comprehensive Review of Northwest Energy Systems. The final report was issued in December 1996 and included 11 recommendations for restructuring the region's electric industry. The Comprehensive Review recommends retail access by July 1999, but implementation is up to individual state legislatures. No restructuring bills made it out of committee in 1997. Any law will now have to wait until 1999, since the legislature only meets every second year. The plan proposed in 1997 HB2821 was loosely based on the Review, including the same public-benefit program funding levels, but died in committee.

**SBC Scope**: The Comprehensive Review recommends funding for a systems benefit charge for energy efficiency, renewable energy, low income and renewables oriented R&D. The specific collection method is left to the states, but the Review encourages a wires charge assessed in a competitively neutral manner. Legislative activity to date appears to be modeled after Review recommendations.

**SBC Funding**: The Review recommends that all four states spend 3% of electricity service revenues (or $210 million, based on 1995 revenues for all 4 states), on public-benefit programs. That amount is roughly 65% of the total spent on these programs in 1995 by the regions' local utilities and the Bonneville Power Authority combined. Oregon's proposed HB2821 would have allocated 3% of revenues.

**SBC Administration**: The Comprehensive Review recommends that two-thirds to five-sixths of the money remain in individual states for state programs, the remaining portion would be used to fund a regional non-profit focused on energy efficiency, renewable energy and renewables-focused RD&D. Board members would be from utilities, government, consumers and public interest groups.

**SBC Duration**: The Review recommends 10 years before a re-evaluation of funding levels takes place.

**Renewables Portfolio Standard**: Expected to be present in final legislation.

**Disclosure**: Expected to be present in final legislation.

**Green Pricing Programs**: Recommended in the Comprehensive Review report but no details are provided. Electric Lite, an energy service provider in Portland General Electric's Customer Choice pilot program, has offered a green pricing option at a price premium to residential and commercial customers in the pilot areas.

**Sources:** *Electric Power Alert* June 4,1997. Northwest Power Planning Council Comprehensive Review December 1996. Lee Sparling, personal communications, Oregon Department of Energy, July 1997. Lynn Plamondon, personal communications, Oregon Public Utility Commission, June, 1998.

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**PENNSYLVANIA**

**Legislative/Regulatory Status**: In December 1996, the Governor signed the Electric Generation Customer Choice and Competition Act. Access will be phased-in equally over three years (33%/year) starting in January 1999. Customers were to be chosen on a first come first serve basis for each sector. Restructuring plans are filed by each utility and reviewed in case proceedings before the Public Utilities Commission.

**SBC Scope**: The law states that low income and energy efficiency programs will be funded "at minimum at existing levels" and also states that SBC programs should be "appropriately funded and available". The PUC was given discretion to require other public-benefit programs. In their Guidelines for Universal Service and Energy Conservation Programs the PUC explicitly chose not to use funds collected from the non-bypassable wires charge to create R&D and renewable energy programs. Renewable energy pilots are encouraged by the PUC in order to ascertain real costs. In the four restructuring orders issued to date, the PUC has directed the electric distribution companies (EDC's) to implement renewable energy pilots.

**SBC Funding**: The Act sets no specific spending levels. The funding mechanism required is a non-bypassable and competitively neutral wires charge. Funding levels for individual utilities are being set during individual utility restructuring case proceedings. The July 10, 1997 Commission

Guidelines also support this approach. As a frame of reference, in 1996, $10 million (0.1% of revenues, 0.08 mills/kWh) was spent on energy efficiency plus a large portion of $26 million (0.3% of revenues, 0.21 mills/kWh) spent on low income (other customer assistance programs were part of the $26 million). In the four EDC restructuring orders issued thus far, the PUC has directed the EDCs to significantly expand spending on payment assistance and energy conservation programs for low income customers. However, to date there have been only minimal requirements for energy efficiency programs for other customer sectors (e.g.. The PECO settlement provides approximately $1.5 million/year for "sustainable" energy development to be administered by a non-profit agency; and the PPL settlement is expected to include $3 million/year for a similar purpose).

**SBC Administration**: The PUC Guidelines recommend leaving administration with individual utilities for the foreseeable future. The Order recommends forming local advisory boards, made up of local stakeholders, to guide implementation of programs.

**SBC Duration**: To be determined by working groups coordinated by PUC.

**Disclosure**: Will be addressed by PUC coordinated working group.

**Sources:** Pennsylvania HB1509 "Electric Generation Customer Choice and Competition Act". Pennsylvania Public Utilities Commission Final Order "Guidelines for Universal Service and Energy Conservation Programs". Kathy Sophy, personal communications, Pennsylvania Public Utilities Commission, July 1997. Janice Hummel, personal communications, Pennsylvania Public Utilities Commission, July 1997, May 1998.

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**RHODE ISLAND**

**Legislative/Regulatory Status**: In August 1996, the Governor signed the Utility Restructuring Act of 1996. The Act phased-in retail competition starting with large industrials in July 1997 and finishing with residentials by January 1998.

**SBC Scope**: The wires charge is designated for energy efficiency and renewable energy. The Public Utilities Commission (PUC) is charged with implementing the details. The PUC's tentative plan is to divide the renewable energy portion between buy-down programs for marginally economic renewable development efforts and for R&D aimed at "very near commercialization" renewable energy technologies. Low income programs will continue to be funded in the same manner as currently and are unaffected by restructuring. Consumer education is being funded by the PUC.

**SBC Funding**: The Act requires a minimum floor of 2.3 mills/kWh surcharge (approximately 2.2% of revenues) for energy efficiency and renewables. This would raise approximately $76 million over five years. Actual budgeting has been somewhat higher than the minimum thus far. Renewable energy is defined as wind, solar, sustainable biomass, and hydro from already existing dams under

100-MW. Fuel cells are an acceptable expenditure of energy efficiency funds along with more traditional approaches.

**SBC Administration**: Allocation of renewable energy funds will be done through several methods, including an RFP process, and will be administered by the new Renewables Collaborative. Energy efficiency programs will be done through utility-based collaboratives and will also use several allocation methods, including an RFP process, to select contractors.

**SBC Duration**: The Commission may increase wires charges during the first five years but not decrease charges. After 5 years, the Commission will re-evaluate the need for, and size of, the charge.

**Disclosure**: State PUC officials are actively participating in the New England Disclosure Project which is pursuing a multi-state disclosure standard.

**Other Pertinent Information**: A net metering law has been on the books since the 80's for generation less that 25-kV. Interconnection standards are based on UL and NEC codes. The restructuring law contains a provision directing utilities that operate plants in other states to bring those plants up to their home states' standards for air emissions on new facilities.

**Sources:** Rhode Island 96-H8124B "Rhode Island Utility Restructuring Act." Mary Kilmarx, personal communications, Rhode Island Public Utilities Commissions, Director of Energy Policy and Planning, July/August 1997, May 1998. Janice McClanaghan, personal communications, Rhode Island State Energy Office, Manager of Energy Programs, July 1997, May 1998.

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**SOUTH CAROLINA**

**Legislative/Regulatory Status**: The Public Service Commission (PSC) held hearings in August 1997 and presented a study report in early 1998, which recommended a go slow approach. Additional study committees have been established to look at various issues. In the legislature, the General Assembly has been considering the issue, but a bill to move to competition did not get out of committee.

**Other Pertinent Information:** The utilities still offer some energy efficiency/DSM programs, but they have diminished their efforts as a part of the uncertainty over restructuring.

**Sources:** *NewsPage* May 20, 1997. Mitch Perkins, personal communications, South Carolina Energy Office, July 1997, May 1998.

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**SOUTH DAKOTA**

**Legislative/Regulatory Status**: There has been no formal restructuring activity at either the Commission or Legislature. The legislature intends to do an informal study of restructuring related issues this summer.

**Sources:** Greg Rislov, personal communications, South Dakota Public Utilities Commission, July 1997, May 1998.

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**TENNESSEE**

**Legislative/Regulatory Status**: A legislative study committee was appointed last year and continues to meet to monitor the issue. The Tennessee Valley Authority (TVA) dominates state energy with only one small investor owned utility operating in the state. All restructuring activities will likely wait until TVA's future role is determined at the federal level.

**Sources:** Cynthia Oliphant, personal communications, Department of Economics and Community Development, Director of Energy Department, August 1997, May 1998.

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**TEXAS**

**Legislative/Regulatory Status**: A compromise bill failed at the end of the 1997 legislative session delaying action for at least two years since the state's legislature meets only every other year. A Senate Interim Committee on Electric Restructuring was established to further examine the issue, and has been holding hearings on various topics. They intend to complete a report by October 1998. The Public Utilities Commission (PUC) issued a report in January 1997 which outlined potential restructuring options, and has been asked to complete four task area reports for the Senate Interim Committee.

**SBC Scope:** One of the areas upon which the Senate Interim Committee has been holding hearings is the issue of system benefits. Also, one of the four task area reports being prepared by the PUC is focused on the issues of low income, energy efficiency and renewables.

**Disclosure**: Rulemaking efforts are on-going at the PUC to unbundle bills into generation and T&D costs at a minimum.

**Green Pricing Programs**: The City of Austin, through the Utility Photovoltaic Group's (UPVG) TEAM-UP program, is offering PV at a price premium in 100-W increments. Texas Utilities is offering a fund for voluntary contributions for the development of renewables.

**Other Pertinent Information:** Utilities in Texas are generally still operating some energy efficiency/DSM programs. Also, interest in renewable energy is emerging. Central & Southwest Company is reported to be investing in a large wind project of as much as 75 MW.

**Sources:** *Electric Power Alert*, June 4, 1997. Mark Dreyfus, personal communications, Texas Public Utility Commission, July 1997, May 1998.

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**UTAH**

**Legislative/Regulatory Status**: In 1997 the legislature passed a bill to establish a study group. That group's report concluded that more study was needed, although a legislative resolution was passed declaring that restructuring was in the long term interest of Utah. The Public Utilities Commission conducted their own restructuring investigation (Docket 96-99901), and concluded that a 'go slow' approach was best, with no need to restructure at this point.

**Other Pertinent Information:** The only IOU in the state does still operate some energy efficiency/DSM programs, but they have cut back somewhat in recent years.

**Sources:** *LEAP Letter*, Volume 2, Issue 2, March-April 1997. Rich Collins, personal communications, Utah Public Service Commission, May 1998.

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**VERMONT**

**Legislative/Regulatory Status**: In Dec96, the Public Service Board (PSB) issued a restructuring Report and Order under Docket No.5854 which outlined broad goals and objectives. Since then, both the PSB and the Department of Public Service (DPS) have released several specific recommendations on restructuring. Legislation calling for restructuring has been introduced in both 1997 and 1998, but has not been passed into law. In 1997, the Senate passed S62, "An Act Relating to Electric Industry Restructuring and Electric Price Stabilization," but the bill did not make it to a vote in the House.

**SBC Scope**: The PSB Report and Order supports a wires charge to fund low income, energy efficiency, and renewable energy (focused on RD&D) programs. A formal docket (# 5980) is open now in which various parties have requested that the PSB proceed to essentially implement the public benefits aspects of their plan and require a state administrator for energy efficiency programs, even in the absence of restructuring legislation. In terms of SBC issues, the earlier S62 bill appears to be modeled after the PSB Report and Order and contains essentially the same scope of recommendations, including support for a national wires charge aimed at renewable energy R&D.

**SBC Funding**: The PSB Report and Order proposed an SBC for energy efficiency of 3.0 mills/kWh. Legislation which nearly passed in 1997 (S62) allotted 4.5 mills/kWh ($22.5 million or 3.3% of revenues) in total. Energy efficiency would have been funded at 2.9 mills/kWh ($14.5 million or 2.1% of revenues), low income at 1.5 mill/kWh ($7.5 million or about 1.1% of revenues), and renewable energy (focused on RD&D) at about 0.1 mill/kWh ($0.5 million or about 0.08% of revenue).

**SBC Administration**: The Senate Bill S62 would have established a state-sponsored non-profit Energy Efficiency Utility to administer all energy efficiency funds. The goal was to reduce the redundancy created by many small local programs. Renewable energy (focused on RD&D) would be administered by the DPS and could include grants, contracts, RFP's, matching funds, or contributions to national or regional efforts.

**SBC Duration**: The December 1996 PSB order proposed an SBC for energy efficiency through 2001. In S62 the wires charge would have begun in January 1998, with energy efficiency funded through July 2003 at a minimum and renewable energy through July 2001 at a minimum.

**Renewables Portfolio Standard**: S62 would have established a two-tier system. Tier 1 would include existing technologies (individual technologies not specified) and Tier 2 would include emerging technologies (individual technologies not specified). Tier 1 levels would be established by PSB order. It is expected that the PSB would steadily increase the requirement to 15%. S62 required that by 2007 a minimum of 4% of each retail electric supplier's sales must be supplied by Tier 2 emerging technologies. The Senate Bill language reflects DPS and PSB recommendations.

**Disclosure**: The December 1996 PSB order supports disclosure of fuel mix and emissions rates, as did S62. S62 required detailed disclosure for: price and price volatility, generation mix by percentage, quantity of major pollutants per unit of energy, energy efficiency opportunities for customers, and terms and conditions of service.

**Green Pricing Programs**: The DPS proposes that in order to sell power as green a utility must meet the current state requirements for renewable portfolio standards. Only power generated in excess of the renewables standard could be sold as green.

**Other Pertinent Information**: A net metering bill (Act 136) was passed in 1998.

**Sources:** Vermont S62 "An Act Relating to Electric Industry Restructuring and Electric Price Stabilization." Public Service Board Docket #5854 Report and Order December 30, 1996. Scudder Parker, personal communications, Vermont Department of Public Service, Energy Efficiency Director, July/August 1997. Tom Franks, personal communications, Vermont Department of Public Service, June 1998.

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**VIRGINIA**

**Legislative/Regulatory Status**: In March 1997, the Senate passed a resolution reestablishing a committee to study retail competition and also mandated that the State Corporation Commission staff make recommendations for a bill by December 1998. The legislative study committee continues to meet, but in the meantime, in 1998 the legislature passed a "skeleton bill" stating a broad intention to go to retail wheeling in the year 2002 to 2004 time frame (HR 1182). There will

be a requirement for future enabling legislation, so the legislature will be examining additional issues in 1999, including public interest programs and system benefits.

**Sources:** *Electric Power Alert*, March 12, 1997. Tom Lamm, personal communications, State Corporation Commission, June 1997, May 1998.

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**WASHINGTON**

**Legislative/Regulatory Status**: As part of the four state Northwest Power Planning Council (NWPPC) the Governor appointed two representatives in 1995 to produce a Comprehensive Review of Northwest Energy Systems. The final report was issued in Dec96 and includes 11 recommendations for restructuring the region's electric industry. The Comprehensive Review recommends retail access by July 1999, but implementation is up to individual state legislatures. The 1997 Washington state legislature considered a few bills for comprehensive electricity restructuring, but none passed. No comprehensive restructuring bill was introduced in the 1998 session. However, the 1998 legislature did pass two related bills that the Governor signed. One is a consumer disclosure and electricity study bill (ESSB 6560) and the other is an unbundling bill (E2SHB 2831). Combined, these bills direct utilities to disclose their consumer protection policies to consumers and to document the unbundled costs of their electricity service.

In addition, the two bills direct several state agencies to perform studies on the electricity system, including reporting on current levels of investment in conservation, non-hydro renewable resources and low income assistance, trends affecting such investments and ways to foster future achievement in these three areas. The reports are due to the legislature in December 1998.

**SBC Scope**: The Comprehensive Review recommends funding for a systems benefit charge for energy efficiency, renewable energy, low income and renewables oriented R&D programs. The specific collection method is left to the states, but it encourages a wires charge assessed in a competitively neutral manner. In Washington, the scope of an SBC is not yet determined. Stakeholder discussions have suggested that an SBC may include funds for conservation, market transformation energy efficiency, renewable resources, renewables R&D and low income weatherization.

**SBC Funding**: All 4 NWPPC states are recommended to fund at 3% of 1995 revenues, or $210 million (all 4 states combined). That amount is roughly 65% of the total spent on these programs in 1995 by the region's local utilities and the Bonneville Power Authority combined. In Washington, discussions have focussed on 3% of 1995 electricity system revenues as a funding level. However, many parties want to focus on comparable levels of achievement rather than levels of funding.

**SBC Administration**: The Comprehensive Review recommends that two-thirds to five-sixths of the money remain in individual states for state programs, the remaining portion would be used to fund a regional non-profit focused on energy efficiency, renewable energy and renewables-oriented

RD&D programs. Board members would be from utilities, government, consumers and public interest groups. In Washington, this issue has not yet been addressed.

**SBC Duration**: The Comprehensive Review recommends 10 years before a re-evaluation of funding levels takes place. Again, in Washington, this issue has not been resolved.

**Green Pricing Programs**: Recommended in the Comprehensive Review report but no details are provided for implementation. The Washington State Energy Policy Group reports that "green energy" is expected to receive preferential treatment in legislation, but the specific methods are under development. Thus far, a few utilities in the state are voluntarily experimenting with green pricing programs including photovoltaic rooftop programs.

**Disclosure:** The consumer disclosure study bill ((ESSB 6560) directs state agencies to examine and describe ways for electricity providers to disclose fuel mix and emissions information.

**Other Pertinent Information**: Some utilities are continuing substantial energy efficiency/DSM programs, while others have seen a considerable decline in the face of industry restructuring (especially a decline in BPA funding). Net metering legislation was signed into law in April 1998. The law requires utilities to offer net metering to home solar, wind, or hydroelectric systems of less than 25 kW.

**Sources:** Northwest Power Planning Council Comprehensive Review, December 1996. Tony Usibelli, personal communications, Washington State Energy Policy Group in the Department of Community, Trade and Economic Development, July 1997. Renewable Energy Today, April 8, 1998. Liz Klumpp, personal communications, Washington State Energy Policy Division, May 1998.

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**WEST VIRGINIA**

**Legislative/regulatory Status**: Last year the legislature passed a resolution allowing the PSC to conduct hearings on restructuring. There was no other legislation passed and no policy position expressed. PSC hearings began in May of 1998, and will continue through the summer. The State Commission opened a docket to begin receiving comments in December 1996.

**Other Pertinent Information:** The price of electricity is very low in West Virginia, which results in a go slow approach toward the issue of restructuring.

**Sources**: John Herholdt, personal communications, West Virginia Development Office, Energy Efficiency Programs, July 1997, May 1998.

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**WISCONSIN**

**Legislative/Regulatory Status**: In February 1996, the Public Service Commission (PSC) issued a 32-Step Plan to restructure the state's electric industry by 2000 or 2001. They have acted on several of these steps, but others would require legislation, which has not been forthcoming. In the meantime, attention has shifted to system reliability as the top priority. On April 28, 1998 the Governor signed a "reliability bill" (Act 204) which eased constraints on generation and transmission approval, opened the way to construction of private merchant plants in the state, and took steps toward facilitating an ISO. Meanwhile, the Commission has revised the 32 step plan into a 7 step plan, and is currently investigating issues related to those aspects.

**SBC Scope:** Energy efficiency, low income, renewable energy, and environmental-oriented R&D are all addressed in the PSC Plan. a portion of the energy efficiency funds may be used for applied R&D in support of market transformation efforts. The PSC opened a Public Benefits Policy Docket (05-BU-100) in 1997

**SBC Funding**: The PSC Plan included the following funding allocations: Total annual funding $166 million (6.9% of revenue or about 3.6 mills/kWh); energy efficiency, $100 million (4.1% of revenue or 2.3 mills/kWh); low income, $59 million (2.5% of revenue or 1.3 mills/kWh); renewable energy, $5 million (0.2% of revenues or 0.1 mills/kWh); and environmental-oriented R&D, $2 million (0.1% of revenues or 0.05 mills/kWh). A portion of the $100 million energy efficiency funds could also be spent on R&D. Funding would be through a non-bypassable system benefit charge assessed on a BTU basis for natural gas and electricity. Thus far, however, there has been no legislative action on the system benefits issue.

**SBC Administration**: The PSC plan called for funds to be administered by two separate 11-member boards. A Low-Income Energy Service Advisory Board, attached to the Division of Housing, would focus on weatherization and bill lowering measures. The broader Energy Advisory Board, attached to the PSC, would focus on market transformation efforts by removing barriers that inhibit customers from investing in energy efficiency and renewable energy. RD&D for energy efficiency and renewable energy would also be part of the Energy Advisory Board scope. More recently, the Wisconsin Department of Administration (DOA) has indicated that it expects to have both the energy and low income Boards attached to that department, and the DOA is currently negotiating with Wisconsin Public Service (WPS) to administer their new conservation program on a pilot basis.

**SBC Duration**: The most recent PSC position recommends a five year SBC fund.

**Green Pricing Programs**: The Wisconsin PSC has approved an experimental green pricing rate for Wisconsin Electric under their "Energy for Tomorrow" program which already has 5,000 subscribers. Consumers are able to choose to purchase 25%, 50% or 100% of their power in support of further renewables development for an additional 2 cents/kWh.

**Other Pertinent Information:** Utilities in Wisconsin are continuing to fund energy efficiency programs, while awaiting resolution of the SBC issue. Wisconsin Act 204 of 1998 requires the utilities in eastern Wisconsin to develop 50 MW of renewable energy by December 31, 2000. RFPs are expected to be out by this fall.

**Sources:** Public Service Commission 32-Step Plan February 26, 1996. Energy Conservation Digest May 26, 1997. Gary Mathis, personal communications, Wisconsin Public Service Commission, June 1997. Dan York, personal communications, Energy Center of Wisconsin, July 1997. Nancy Korda, personal communications, Wisconsin Public Service Commission, May 1998. Bob Norcross, personal communication, Wisconsin Public Service Commission, June 1998.

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**WYOMING**

**Legislative/Regulatory Status**: In 1998, a bill for restructuring was introduced in the legislature but defeated in committee. There was substantial opposition from the REAs and farmers and ranchers. There has been no other legislative or regulatory action.

**Sources:** John Nunley, personal communications, Wyoming Department of Commerce- Energy and Conservation Office, June 1997, May 1998.

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