MEDA

MISSOURI ENERGY DEVELOPMENT ASSOCIATION

April 5, 2010

Steven C. Reed, Secretary of the Commission
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102-0360

RE: Case No. EX-2010-0169, Proposed Rule 4 CSR 240-20.100, Electric Utility Renewable Energy Standard Requirements, **Missouri Energy Development Association (MEDA) Comments**

Dear Mr. Reed,

Thank you for this opportunity to comment on the rules the Missouri Public Service Commission (MoPSC) has proposed to comply with the requirements of Proposition C (Prop C). MEDA's comments focus on the provisions of 4 CSR 240-20.100, Electric Utility Renewable Energy Standard (RES) Requirements. MEDA and its members have actively participated in the RES rulemaking effort, attending workshops and working sessions throughout 2009.

MEDA's members are dedicated to deploying renewable energy resources at every opportunity where they make financial sense. As the cost of sustainable energy resources continue to come down and the cost of emission controls continue to increase, more renewable energy resources will be deployed. Several recent project announcements show that this is already happening in Missouri.

These rules are an important step in ensuring that the best interest of all stakeholders are being served as more renewable energy resources are built in the future. MEDA requests that the MoPSC consider the following comments when finalizing the proposed RES rule.

Please do not hesitate to contact me at Warren@missourienergy.org or at (573) 634-8678 if you have any questions regarding these comments.

COMMENTS

1. MEDA Strongly Supports Greater Deployment of Prudent Renewable Energy Resources

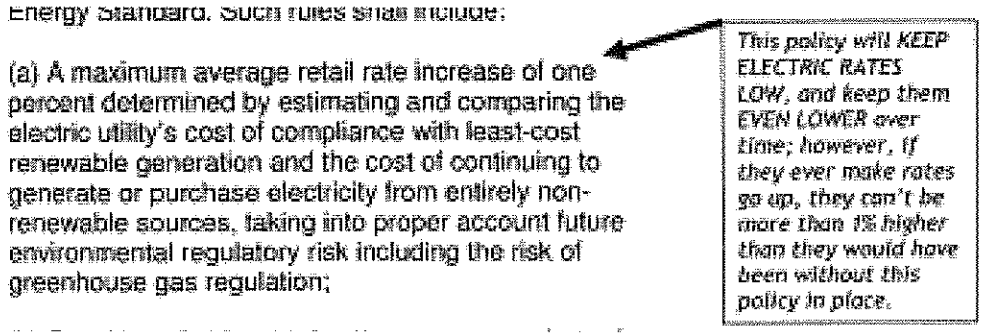
Proposed Rule 4 CSR 240-20.100 should be revised to clearly allow construction of and recovery on investments in renewable energy resources beyond the levels necessary to satisfy the requirements of Prop. C if these resources are recommended in the companies' Integrated Resource Plan (IRP) and prudently constructed. KCP&L's proposed rule mark-up includes the language to clarify this intent as a new sentence at the end of 4 CSR 240-20.100 (2).

MEDA's electric service provider members are currently investing in renewable energy resources and anticipate significantly greater investments in renewable energy resources in the future. One of MEDA's members is already generating more than 15% of its electricity from renewable energy resources. The other MEDA members have recently starting receiving electricity from large wind farms and have recently entered into agreements to generate electricity from landfill gas generating stations in Missouri (one of them is the largest facility in a several state region).

MEDA encourages the MoPSC to view the requirements of Prop C as a baseline for renewable energy investment and not as a limit on future deployment of prudent renewable energy resources. To clarify this intent MEDA suggest that language be added to 4 CSR 240-20.100 (2) that allows construction of and recovery on investments in renewable energy resources beyond the requirements of Prop C that are recommended in the companies' IRP and prudently constructed. Furthermore, MEDA suggest that the rule be revised to clearly note that any Renewable Energy Credits (RECs) produced by renewable energy resources be counted toward RES rule compliance even if the facility was not built specifically to comply with RES rule requirements.

2. The Specific Requirements of Prop C are Internally Inconsistent & This Inconsistency is Now Reflected in the Proposed RES Rule. The Rate Impact Cap Will be Considered in Current Rate Increase Cases but the Analysis Required by Prop C is Prospective. MEDA Request that the MoPSC Specifically Recognize, in the RES Rule, the Ability of an Electric Service Provider to Seek Commission Determination of the Appropriateness of a Renewable Energy Resource Prior to Committing to Construct or Enter Into a Contract for that Resource To Address This Uncertainty.

Attachment A – *Renew Missouri Prop C w/Key Section Explanations* is the handout I received from Renew MO when I asked about the specific provisions of Prop C. It was posted to their website during much of the time that Prop C was being marketed to the voters and Missouri's electric service providers. Paragraph (a) of the third page of this document includes the following:



The first two lines of provision (a) specifically limit the average retail rate increase to one percent. The remaining text of provision (a) requires a prospective analysis taking into account the "cost of continuing to generate or purchase electricity from entirely non-renewable sources" and considering "future environmental regulatory risk including the risk of greenhouse gas regulation". This analysis, by its very nature, will be reflected in IRP type studies considering a wide range of future uncertainties.

Unfortunately the retail rate impact limit will be dealt with in rate cases on a real time basis while renewable resource investments will be made based on a long term study of resource choices to minimize customer rates. This inconsistency in the provisions of Prop C is not easily dealt with and the proposed RES rule does not resolve it. The timeline for compliance with Prop C and the anticipated timeline for compliance with carbon regulations greatly complicate this inconsistency. Prop C defines a start date of compliance in 2011 and a final compliance provision in 2021. Waxman-Markey defines initial compliance provisions in 2012 and a final compliance provision in 2050. Several other important emission regulations also have timeframes for compliance beyond the timelines established in Prop C.

The basic problem this inconsistency creates is that an electric service provider may find that investing in renewables is consistent with their IRP plan and minimizing **future** rates but when they bring these resources into a rate case for recovery some party may suggest that any increases attributable to the renewable energy resources that cause rates to increase more than one percent **at this time** should either be deferred or disallowed. The language of Prop C and the proposed RES rule do not specifically deal with this issue. One way to address this would be to specifically acknowledge that current rate increases that meet the long term best interest of the electric service provider and their customers may cause rates to go up more than one percent and this is permissible under Prop C and appropriate.

MEDA request that the MoPSC specifically recognize, in the RES rule, the ability of an electric service provider to seek MoPSC determination of the appropriateness of a renewable energy resource prior to committing to construct or enter into a contract for that resource to address this uncertainty.

3. RECs Should be Unbundled from Electricity. Electricity from Renewable Energy Resources Need not be Delivered to Missouri Customers in Order for the REC to be Recognized (4 CSR 240-20.100 (2)(A) & (B))

RES rule provisions 4 CSR 240-20.100 (2)(A) & (B) raise several serious concerns:

- **RECs were not anticipated to be bundled with electricity. The proposed rule's bundling requirement is not consistent with national energy policy trends and not appropriate.**
- **Requiring that RECs be bundled with electricity and that this electricity be sold to Missouri customers will drive up the average cost of delivered renewable energy. This will result in the customer impact cap being achieved sooner than otherwise would have been the case.**

A reasonable approach to avoid these concerns and support regional construction of renewable energy resources would be to require that RECs be sourced within the Regional Transmission Organizations (RTOs) that Missouri's electric service providers operate within.

RECs are broadly utilized as a means to purchase the "green attributes" of a renewable energy resources' produced electricity. Once the REC associated with a MWh of produced electricity has been purchased, the unit of energy left over is simply that; a unit of energy indistinguishable from all the other electrons on a power line. RECs are used as a tool to comply with renewable energy standards much like NOx and SOx certificates are used to comply with clean air regulations.

Several national organizations (U.S. EPA for example) have recognized the appropriateness of separating the electricity and the REC as a means to provide buyers with flexibility. The ability to purchase RECs separate from electricity supports purchasing of the green attributes of power in a competitive market that encourages construction of renewables where they make the most financial sense (windy areas, sunny areas, etc…).

Prop C. recognized this flexibility in the language "**A utility may comply with the standard in whole or in part by purchasing RECs**" (§393.1030.1 RSMo). To now require that RECs and electricity remain bundled is at odds with the plain language of Prop C,[1] is inconsistent with what other states are doing (28 out of 31 including DC), and is inconsistent with broader deployment of renewable energy resources in a least cost manner.

The following table shows which states have bundled RECs with electricity and which states have not (CA recently moved to unbundled status and NY is currently considering this change):

from dsireusa.org

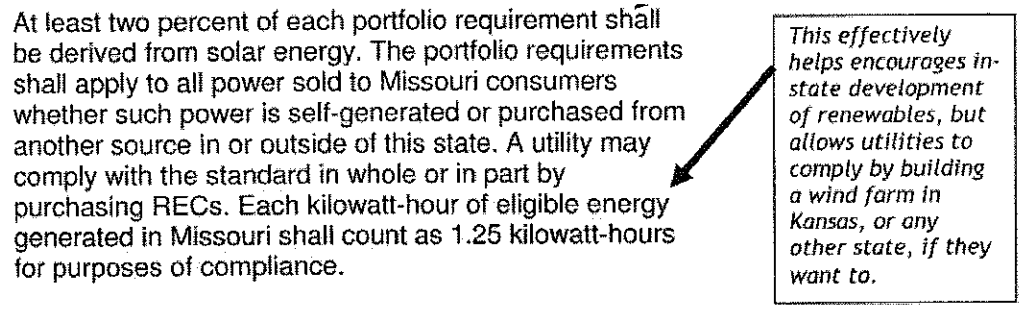
State	Notes related to RECs	Unbundled RECs
Arizona	Energy produced by eligible renewable-energy systems must be deliverable to the state.	No
California	Presently, California must purchase renewable energy credits which are bundled with the electricity they represent; unbundled REC's may not be used to comply with the RPS.	No
Colorado	Tradable renewable energy credits (RECs) may be used to satisfy the standard.	Yes
Connecticut	RPS requirements may be satisfied by purchasing electricity generated using Class I or Class II resources within the jurisdiction of the regional independent system operator (ISO New England).	Yes
Delaware	Energy sold or displaced by a customer-sited eligible energy resource can generate renewable energy credits for RPS compliance, provided the system is sited in Delaware.	Yes
Hawaii	Prior to January 1, 2015, at least 50% of the RPS must be met with electricity generated using renewables. Beginning January 1, 2015, the RPS must be entirely met by electricity generated using renewables. On that date, electrical energy savings brought about by the use of energy efficiency technologies or renewables to displace or off-set electricity demand will no longer count towards compliance with the RPS.[1]	No
Illinois	ARES must meet at least 50% of their renewable quota through alternative compliance payments (ACPs). The remaining 50% of the obligation may be met with ACP payments, or by procuring renewable energy or renewable energy credits (RECs). The money derived from ACPs submitted by ARES is remitted to the IPA's Renewable Energy Resources Fund to be used for the purchase of RECs	Yes
Iowa	In November 2007, IOU passed an order allowing REC trading	Yes
Kansas	Approved RPS in May 2009, rules being developed by May 2010 with RPS starting in 2011	Yes
Maine	Allows NePool GIS RECs with approval as a generator from the MPUC, 1.5 multiplier for community based renewable projects	Yes
Maryland	Prior to 2011, PJM adjacent states can qualify as a REC generator. Effective 2011 removal of PJM-adjacent states from the geographic eligibility list.	Yes
Mass	REC trading managed by NePool GIS. Solar carve out starting in 2010	Yes
Michigan	Compliance starts in 2012 with the percentage standard can be met by purchasing renewable energy credits (RECs) with or without the associated renewable energy. Up to 50% of the standard may be met with RECs produced by utility-owned facilities.	Yes
Minnesota	RPS applies to public utilities providing electric service; generation and transmission cooperative electric associations; municipal power agencies; and power districts operating in the state. Separate RPS for Xcel Energy. Only RECs recorded and tracked through the Midwest Renewable Energy Tracking System (M-RETS) may be used for compliance	Yes
Missouri	Final rules being developed with RPS starting in 2011. In-state renewable energy generation receives a multiplier of 1.25 compared to out-of-state generation	Yes
Montana	Utilities and competitive suppliers can meet the standard by entering into long-term purchase contracts for electricity bundled with renewable-energy credits (RECs), by purchasing the RECs separately, or by a combination of both	Yes
Nevada	PUC established a program to allow energy providers to buy and sell portfolio energy credits (PECs) in order to meet energy portfolio requirements	Yes
New Hampshire	Effective in 2009, REC tracking through NePool GIS	Yes
New Jersey	One of the most aggressive in the United States – requires each supplier/provider serving retail customers in the state to procure 22.5% of the electricity it sells in New Jersey from qualifying renewables by 2021	Yes
New Mexico	RECs used for RPS compliance on or after January 1, 2008 must be registered with the Western Renewable Energy Generation Information System (WREGIS). RECs not used for compliance, sold, or otherwise transferred may be carried forward for up to four years.	Yes
New York	PUC manages RPS. It is currently under discussion to open NY market	No
North Carolina	Effective in 2010, Utilities demonstrate compliance by procuring renewable energy credits (RECs) earned after January 1, 2008.	Yes
Ohio	At least 50% of the renewable energy requirement must be met by in-state facilities, and the remaining 50% with resources that can be shown to be deliverable into the state	Yes
Oregon	Larger utilities have RPS of 5% by 2011 with smaller utilities subject to lower standards	Yes
PA	Effective in 2007 with not all EDCs become subject to the AEPS simultaneously. The law exempts EDCs that are currently under rate freezes or restructuring cost-recovery periods	Yes
RI	Effective in 2007, allows renewable energy certificates (RECs) associated with electricity generated within or imported into the Independent System Operator of New England (ISO-NE) control region to be used for compliance with its RPS. RECs must be listed on the NEPOOL-GIS tracking system.	Yes
TX	The PUCT established a renewable-energy credit (REC)-trading program that began in July 2001 and will continue through 2019. In 2005, PUC set a non-wind goal and awards a compliance premium.	Yes
Washington	By the end of 2011, 3% of the load for utilities subject to the standard.	Yes
West Virginia	Effective in 2015, electricity produced by alternative and renewable resources must be generated or purchased from a facility in West Virginia or in the PJM Service Territory	Yes
Wisconsin	Renewable Resource Credit Program was established, enabling utilities to buy and sell "renewable resource credits" (RRCs)" from one another for any electricity generated in excess of the percentage specified for a given year.	Yes
DC	Effective in 2007, electricity suppliers were permitted by statute to begin receiving and accumulating RECs on January 1, 2006. RECs must be purchased from the PJM Interconnection region, Adjacent PJM States or an Adjacent Control Area that feeds into the PJM Interconnection region	Yes

Source: Database of State Incentives for Renewables and Efficiency or DSIRE

[1] The Commission may not adopt a rule which nullifies the objective of the General Assembly as expressed in a legislative enactment. *State ex rel. Springfield Warehouse & Transfer Co. v. Public Service Commission*, 225 S.W.2d 792 (Mo. App. 1949).

Supporting the construction of renewable energy resources where they make the most financial sense encourages greater deployment of these resources, all of which offset the use of other fossil-fuel based energy resources.

Attachment A – *Renew Missouri Prop C w/Key Section Explanations* is the handout I received from Renew MO when I asked about the specific provisions of Prop C. The second page of this document includes the following:



The comment box notes that RECs can be sourced from "Kansas, or any other state". This indicates that it was contemplated at the time the referendum was written for utilities to have the ability to source RECs from a national market. This is inconsistent with the current rule provisions bundling electricity with RECs and requiring that energy be sold to Missouri customers. If national sourcing was contemplated at the time the referendum was written, the bundling of RECs and energy delivered to Missouri customers could not have been contemplated if say California were one of the "any other states" where a renewable resource was to be located.

The practical effect of the bundled energy requirement is that utility service providers will likely either self build and own the resource or enter into a purchase power agreement that has a clearly defined delivery path into Missouri. This will not support construction of renewable energy resources where they make the most financial sense and will drive up the average cost of delivered renewable energy. The increased costs of these resources relative to other non-renewable energy resources will result in the customer impact cap being achieved sooner than otherwise would have been the case.

MEDA understands the interest in bundling RECs and the electricity from a renewable energy resource and requiring that this electricity be delivered to Missourians as having the objective of requiring that renewable energy resources be constructed locally. MEDA supports construction of renewable energy resources in our region at locations that maximize energy production for the minimum impact on customer rates. They also support regional construction of renewables for the local economic development.

A means to address MEDA's concerns regarding the bundling of RECs and electricity and the tracking of this electricity, while supporting regional economic development, would be to require that RECs be sourced within a reasonable distance of Missouri. MEDA suggest that all the RTOs within which Missouri's electric service providers operate would be a reasonable approach. Under this regional approach all of MEDA's electric service providers could source RECs within SPP, MISO, AECI and anywhere in Missouri (AmerenUE could source RECs within SPP and KCP&L and Empire could source RECs within MISO). This would assure that regional renewable energy resources are constructed, but not restrict their location so much as to significantly impact delivered cost.

4. Proposed Rule Section 4 CSR 240-20.100 (3)(F) & (G) Should be Revised to Not Require that Utility Generated RECs be Tracked Through a Third-Party Registry. This Provision Unnecessarily Drives up Compliance Costs.

MEDA notes that 4 CSR 240-20.100 (3)(F) & (G) require that a third-party registry be used to track RECs. For utility generated RECs this provision results in unnecessary costs incurred in entering, tracking and retiring of RECs. Third party vendors typically utilize some sort of per REC charge for these activities and these charges can be avoided if electric service provider generated RECs are exempt from this provision.

MEDA also request that RECs purchased from customer generators in the electric service provider's territory be tracked by the electric service provider instead of a third-party registry. Many of the small customer generators interconnected with their local electric service provider are not eligible to track RECs through third-party vendors and if they were eligible it would unnecessarily drive up their cost.

5. MEDA Notes That the Requirements of 4 CSR 240-20.100 (2)(G) Are Unnecessary as They Duplicate Existing MoPSC Procedures, Appear to Discourage Utility Ownership of Renewable Energy Resources, and Unfairly "Tilt the Playing Field" Toward Renewable Energy Resource Project Developers to the Detriment of Our Customers

When MEDA's members review options to meet future energy requirements, including complying with mandates like those in Prop C, they document their assumptions, analyses and conclusions in compliance with their IRP process. This documentation is an important part of demonstrating that a resource that the utility builds to serve its customers was decided upon in a prudent manner. All resource decisions are subject to review by the MoPSC and other parties when the costs of these resources are being considered for inclusion in the calculation of rates.

Section 4 CSR 240-20.100(2)(G) includes auditing provisions that duplicate current MoPSC procedures and, consequently, should be deleted. An electric service provider reading this provision of the RES rule cannot arrive at any other conclusion than that a decision to self-own a renewable energy resource will be under greater scrutiny than if they simply purchase the RECs and energy from the resource. This unfairly favors developers of resources that wish to maintain ownership of their facilities rather than sell them. This is not consistent with past MoPSC policy that has generally favored electric service provider ownership of generation facilities over purchased power agreements. The Commission's rules should not favor one ownership model over another.

6. While MEDA is Not Opposed to Voluntary Provisions to Enter Into Contracts That Support Solar Energy Development in Their Service Territories, 4 CSR 240-20.100 (4) Would Provide an Inappropriate Level of Subsidies to Solar Energy Developers to the Detriment of Electric Utility Customers and Facilitates Poor Resource Management by the Solar System Operator

MEDA views the requirement to offer a 10 year Standard Offer Contract as an inappropriately high subsidy to solar developers that will unfairly burden their customers with higher than necessary rates. No other resource is offered such a lucrative incentive and these incentives will have a cost that will be borne by electric utility customers. If it takes a 10 year pre-payment of REC values (at a value that no one has yet determined how to set), a $2 per watt rebate, no requirement that the customer even operate the system for the full 10 years of the agreement and a 30% tax incentive to make this resource make financial sense, should this level of incentives be offered to customers and the charges for this subsidy be borne by other customers? The Standard Offer Contract incentive was not a provision of Prop C and is not in the law.

MEDA's comments in this regard should not be viewed as opposition to encouraging development of solar energy. MEDA has supported and will continue to support solar energy development within their service territories and through the purchase of solar RECs. The rate of solar resource deployment will increase as the cost of this technology relative to other resources improves.

In order to balance the interest of the solar energy developers and the customers that will bear the burden of subsidies, MEDA suggests that the rule be revised to include different length standard contract offers for different sizes of facilities at the discretion of the utility. KCP&L's RES rule mark-up includes language that incorporates this provision.

7. The Requirements of 4 CSR 240-20.100 (6) Include Two Different Renewable Energy Standard Rate Adjustment Mechanisms (RESRAM) Based on the Rate Impact Level Being More Than or Less Than 2%. MEDA Suggest That the RESRAM Approach Under (6)(B) is Sufficient to Reasonably Address RESRAM Adjustments. The RESRAM Approach Under (6)(C) is Modeled From the Electric Fuel Adjustment Clause (FAC) and Environmental Cost Recovery Mechanism (ECRM) and is Unduly Burdensome for The Cost Recovery Levels Anticipated in This Rule.

Proposed rule section 4 CSR 240-20.100(6)(A) points to two different approaches for determining the RESRAM factor for different levels of rate impacts. Section (6)(A) also includes extensive reporting requirements. Sections (6)(B) and (6)(C) then outline different filing requirements if increases of more than or less than two percent are being sought. Many of the reporting requirements of section (6)(A) and (6)(C) are from the previously developed FAC and ECRM rules.

The magnitude of cost recovery anticipated through the FAC and ECRM mechanisms are different than those anticipated to comply with Prop C and it is unduly burdensome to utilize these previously developed rules as a cost recovery mechanism in this rulemaking. The effect of utilizing this burdensome reporting process will be the incurring of additional costs in order to comply and these costs will be borne by customers. The Surveillance Monitoring Report forms alone take four pages in small font to describe.

MEDA request that the MoPSC significantly abbreviate these reporting provisions in recognition of the magnitude of these cost, the information currently being provided through other regular surveillance monitoring reports and in the interest of avoiding unnecessary administrative cost that will be borne by our customers.

MEDA also request that the MoPSC include a regulatory asset tracking mechanism in the rule as a means to address these costs in general rate proceedings where practical instead of utilizing the RESRAM. KCP&L has included language in its mark-up of the RES rule to allow this approach at the end of section (6).

8. The Requirements of 4 CSR 240-20.100 (8) Do Not Provide REC or S-REC Values for Calculating Penalties Until After the Calendar Year Has Ended. These Values Must be Calculated Prior to the End of the Compliance Year so that Electric Utilities can Properly Assess their Financial Exposure.

MEDA does not believe that it is appropriate for the value of RECs and S-RECs, for penalty calculations, to be determined after the compliance year ends. The electric service providers should be made aware of these values prior to the end of the compliance year in order to appropriately assess penalty exposure prior to the end of the compliance period.

If you would like to discuss or any other matter, please do not hesitate to e-mail me at Warren@Missourienergy.org or call me at (573) 634-8678.

Sincerely,

Warren Wood, PE
Missouri Energy Development Association

cc: Chairman Robert Clayton
Commissioner Jeff Davis
Commissioner Terry M. Jarrett
Commissioner Kevin Gunn
Commissioner Robert Kenney

Attachment A – Renew Missouri Prop C w/Key Section Explanations

Renew Missouri - Renewable Electricity Standard - ACTUAL 2008 BALLOT LANGUAGE
Key sections explained

Be it enacted by the people of the state of Missouri:

Chapter 393, RSMo, is amended by repealing sections 393.1020, 393.1025, 393.1030, and 393.1035, and substituting therefor three new sections to be known as sections 393.1020, 393.1025 and 393.1030, to read as follows:

This repeals Missouri's existing "voluntary renewable energy standard" which are widely recognized as meaningless, as they have no incentives for compliance or penalties for non-compliance.

393.1020. Sections 393.1025 to 393.1030 shall be known as the Renewable Energy Standard.

393.1025. As used in sections 393.1020 to 393.1030, the following terms mean:

This means Investor-Owned Utilities, which control 76% of electricity generation, and include Kansas City Power & Light, Aquila, Empire, and AmerenUE

1. "Commission", the public service commission;
2. "Department", the department of natural resources;
3. "Electric utility", any electrical corporation as defined by section 386.020;
4. "Renewable energy resources", electric energy produced from wind, solar thermal sources, photovoltaic cells and panels, dedicated crops grown for energy production, cellulosic agricultural residues, plant residues, methane from landfills or from wastewater treatment, clean and untreated wood such as pallets, hydropower (not including pumped storage) that does not require a new diversion or impoundment of water and that has a nameplate rating of 10 megawatts or less, fuel cells using hydrogen produced by one of the above-named renewable energy sources, and other sources of energy not including nuclear that become available after the effective date of this section and are certified as renewable by rule by the department; and
5. "Renewable energy credit" or "REC", a tradable certificate of proof that one megawatt-hour of electricity has been generated from renewable energy sources.

This means only SMALL hydro-electric dams (typically sized dams are 200-300 megawatts)

393.1030.1. The commission shall, in consultation with the department, prescribe by rule a portfolio requirement for all electric utilities to generate or purchase electricity generated from renewable energy resources. Such portfolio requirement shall provide that electricity from renewable energy resources shall constitute the following portions of each electric utility's sales:

(a) No less than two percent for calendar years 2011 through 2013;
(b) No less than five percent for calendar years 2014 through 2017;
(c) No less than ten percent for calendar years 2018 through 2020; and
(d) No less than fifteen percent in each calendar year beginning in 2021.

This is called a "solar carve-out"; it's what is necessary to ensure the development of solar, secure a market in Missouri, and drive down the cost.

At least two percent of each portfolio requirement shall be derived from solar energy. The portfolio requirements shall apply to all power sold to Missouri consumers whether such power is self-generated or purchased from another source in or outside of this state. A utility may comply with the standard in whole or in part by purchasing RECs. Each kilowatt-hour of eligible energy generated in Missouri shall count as 1.25 kilowatt-hours for purposes of compliance.

This effectively helps encouroges in-state development of renewables, but allows utilities to comply by building a wind farm in Kansas, or any other state, if they want to.

2. The commission, in consultation with the department and within one year of the effective date of sections 393.1020 to 393.1030, shall select a program for tracking and verifying the trading of renewable energy credits. An unused credit may exist for up to three years from the date of its creation. A credit may be used only once to comply with this act and may not also be used to satisfy any similar non-federal requirement. An electric utility may not use a credit derived from a green pricing program. Certificates from net-metered sources shall initially be owned by the customer-generator. The commission,

except where the department is specified, shall make whatever rules are necessary to enforce the Renewable Energy Standard. Such rules shall include:

(a) A maximum average retail rate increase of one percent determined by estimating and comparing the electric utility's cost of compliance with least-cost renewable generation and the cost of continuing to generate or purchase electricity from entirely non-renewable sources, taking into proper account future environmental regulatory risk including the risk of greenhouse gas regulation;

This policy will KEEP ELECTRIC RATES LOW, and keep them EVEN LOWER over time; however, if they ever make rates go up, they can't be more than 1% higher than they would have been without this policy in place.

(b) Penalties of at least twice the average market value of renewable energy credits for the compliance period for failure to meet the targets of subsection 1. An electric utility will be excused if it proves to the commission that failure was due to events beyond its reasonable control that could not have been reasonably mitigated, or that the maximum average retail rate increase has been reached. Penalties shall not be recovered from customers. Amounts forfeited under this section shall be remitted to the department to purchase renewable energy credits needed for compliance. Any excess forfeited
revenues shall be used by the department's energy center solely for renewable energy and energy efficiency projects;

Utilities must comply with the RES targets; if not, they're fined.

(c) Provisions for an annual report to be filed by each electric utility in a format sufficient to document its progress in meeting the targets.

(d) Provision for recovery outside the context of a regular rate case of prudently incurred costs and the pass-through of benefits to customers of any savings achieved by an electrical corporation in meeting the requirements of this section.

3. Each electric utility shall make available to its retail customers a standard rebate offer of at least $2.00 per installed watt for new or expanded solar electric systems sited on customers' premises, up to a maximum of 25 kilowatts per system, that become operational after 2009.

This rebate program will effectively lower the cost of solar by 20% or more.

4. The department shall, in consultation with the commission, establish by rule a certification process for electricity generated from renewable resources and used to fulfill the requirements of subsection 1 of this section. Certification criteria for renewable energy generation shall be determined by factors that include fuel type, technology, and the environmental impacts of the generating facility. Renewable energy facilities shall not cause undue adverse air, water, or land use impacts, including impacts associated with the gathering of generation feedstocks. If any amount of fossil fuel is used with renewable energy resources, only the portion of electrical output attributable to renewable energy resources shall be used to fulfill the portfolio requirements.