

## **The Renewable Energy Jobs and Security Act DRAFT SUMMARY**

Congressman Jay Inslee – June 18, 2008

In general “The Renewable Energy Jobs and Security Act” has three main components that are designed to provide long-term investment security for the rapid deployment of distributed, renewable electric generation facilities. It provides 1) guaranteed interconnection with uniform minimum standards, 2) a mandatory purchase requirement through long-term contracts with fixed-rate tariffs and 3) rate recovery through a regional cost-sharing mechanism/ regional system benefits charge.

- The Federal Energy Regulatory Commission (FERC) would set standards for the priority interconnection and transmission of power from new “renewable energy facilities” (REFs; includes all renewable energy technologies) below 20 MW. Anyone, including electric utilities, can own and operate REFs.
- States would adopt these FERC interconnection and transmission standards (through PURPA section 113) in a manner that is consistent with their own existing regulatory framework.
- At the request of any new renewable energy facility owner, this bill would require electric utilities in the U.S. to enter into 20-year fixed-rate contracts.
- Uniform national Renewable Energy Payment (REP) rates would be set by FERC (based on recommendations from independent experts at NREL and LBNL) at levels that would provide for a 10% internal rate of return on investments for renewable energy facilities installed under good resource conditions (defined as the top 30<sup>th</sup> percentile).
- REP rates would be differentiated on the basis of the type of renewable energy technology, the size of the system, and the year the system was placed in service.
- Enforcement would occur by FERC, and the States and non-FERC-jurisdictional utilities (through a PURPA section 113 amendment) within their own respective areas of regulatory jurisdiction.
- Utilities engaged in contracts with renewable energy facility owners would be reimbursed for the cost of their REP power purchases, plus all costs associated with interconnection and network upgrades needed to accommodate new REFs.
- All of such costs incurred on utilities would be passed along to a privately-run national renewable energy corporation (RenewCorps).
- Through a regional cost-sharing mechanism, RenewCorps would, in turn, levy a system benefits charge payable by every electric consumer in the U.S.
- The FERC would structure the cost-sharing system in consultation with States and non-regulated utilities and cost sharing would occur within NERC regions.
- Since REP rates are set to provide for the full recovery of all costs, plus a return on investment, by choosing to enter into a REP power purchase agreement with a utility the owner of a REF would not be entitled for other federal tax incentives or State renewable energy credits (RECs).
- Utilities would earn any associated RECs, to help them meet compliance with State renewable electricity standard requirements.