Retail Procurement: In Search of No Fault Default Service

Harvard Electricity Policy Group

October 4, 2007
Ron Binz

- Chairman, Colorado Public Utilities Commission
- Member, NARUC Energy Resources and Environment Committee
- Former consultant, telecommunications and energy policy
- Former Colorado Consumer Counsel
Caveat

- I am one of three equal commissioners
- My positions are my own
- I am confused by many things and have not made up my mind on much at all
- I don’t even agree with some of the things I say
- Good advice: don’t believe everything you think
The Issues

• How do state with restructured markets procure power for the POLR obligation?
• What is the state of the art in traditional monopoly markets?
• What are the characteristics of good auctions?
• How do states deal with pressures to manage supply portfolios? (RPS, GHG caps)
Panelists

• Sandra Hochstetter
  – Vice President for Strategic Affairs, Arkansas Electric Cooperative Association

• Samuel Wolfe
  – Chief Counsel, New Jersey Board of Public Utilities

• Chantale LaCasse
  – Senior VP, NERA Economic Consulting

• Ashley Brown
  – Executive Director, HEPG
  – Of Counsel, LeBoeuf, Lamb, Greene and MacRae
Resource Planning in Colorado
Colorado Electric Generation
Fuels and Sources

Colorado Electric Generation
by Fuel Type -- 2005

- Renewables
- Natural Gas
- Hydro
- Coal
Projected Colorado Electric Energy Growth
2007-2025
NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.

An Act

HOUSE BILL 07-1281

BY REPRESENTATIVE(S) Pommer and Witwer, Benefield, Borodkin, Buescher, Butcher, Casso, Cerbo, Fischer, Franjas, Gagliardi, Garcia, Gibbs, Green, Hicks, Jahn, Kefalas, Kerr A., Kerr J., Labuda, Levy, Leopold, Madden, Marostica, Marshall, Massey, McCadyen, McGibson, McKinley, Merrifield, Peniston, Primavera, Rice, Riesberg, Roberts, Solano, Summers, Todd, Vaal, Carroll M., Carroll T., Hodge, Romano, Sonnenberg, Soper, Weissmann, Galloway, Lister, Stafford, and White; also SENATOR(S) Schwartz, Bacon, Boyd, Fitz-Gerald, Gordon, Groff, Johnson, Keller, Kester, Morse, Romer, Shaffer, Tapia, Tochtrop, Tupu, Veiga, Williams, and Windels.

CONCERNING INCREASED RENEWABLE ENERGY STANDARDS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 40-2-124, Colorado Revised Statutes, is amended to read:

40-2-124. Renewable energy standard. (1) Each provider of retail electric service in the state of Colorado, that serves other than municipally owned utilities that serve forty thousand customers or less, shall be considered a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.
HB 1281 – Colorado’s New Renewable Energy Standard

- IOUs -- 20% renewables by 2020
- REAs, Munis -- 10% renewables by 2020
- For IOUs, 4% of renewables must be solar, half on-site
- 1.25x for in-state resources
- 3.0x for REAs use of solar
- Maximum rate impact 2% for IOUs, 1% for Munis and REAs
NREL Wind Resource Map

The annual wind power estimates for this map were produced by TrueWind Solutions using their Mesomap system and historical weather data. It has been validated with available surface data by NREL and wind energy meteorological consultants.
Resource Planning in Colorado

- RP filed each four years – ten year plan
- Relies primarily on competitive bidding
- Accommodates Colorado’s RPS
- Least cost within imposed constraints
- Confers presumption of prudence on utility that complies with approved plan
- Permits regulators to select (or not) a level of “Section 123” resources.
- Avoids the “monetization” problem