



**RENEWABLE  
ENERGY  
BUYERS'  
PRINCIPLES**



**Edison Electric  
INSTITUTE**

# Creating Renewable Energy Opportunities

**Utility – Corporate Buyer  
Collaborative Forum**

**Executive Summary**

#### Disclaimer

This summary reflects the discussion among participants and their views on the evolving electricity sector and is not a formal policy statement by the organizers.

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## Executive Summary

Corporate buyers are playing an increasing role in U.S. electricity markets as they set and seek to meet ambitious climate and renewable energy goals. In 2015 large corporate customers contracted for a record 3.2 GW of renewable energy (RE). Moreover, corporate buyers were responsible for over half the wind power purchase agreements contracted in 2015. The primary motivation for these buyers' investments in RE are increasingly ambitious sustainability goals, as well as the reduced fuel cost and price volatility.

Despite growing direct RE procurements, corporate buyers have found RE development complicated and time consuming. That is why 58 large US companies have signed the Corporate Renewable Energy Buyers' Principles, which articulate their needs to utilities, utility regulators and RE providers.<sup>1</sup> Given the complexity of RE deals in restructured markets, where these deals are allowed, and the need to procure large amounts of RE in regulated markets as well, corporate buyers are committed to working with regulated utilities and utility commissions to develop new RE products and streamline associated regulatory approval processes. For utilities, low carbon power is recognized as both a necessity and an opportunity, though it brings its own set of challenges. The industry is steadily reducing the carbon content of electricity in the U.S., and is committed to responding to customers' changing needs. This response, however, has to maintain grid reliability, be competitive in costs, and ensure that costs of new RE products are shared in a transparent, equitable way with other customers.

In 2015, World Wildlife Fund (WWF), World Resources Institute (WRI) and the Edison Electric Institute (EEI) initiated the Utility–Corporate Buyer Collaborative Forum to provide a platform for dialogue and cooperation between utilities and their corporate customers. The goals of the collaboration are to develop a shared understanding of participants' respective needs and constraints, and identify collaborative opportunities for improving utility-scale RE products.

The collaboration started with a task force of utility executives created by EEI and a group of corporate buyers' principles signatories. At an initial workshop in April 2015, the participants agreed to collaborate on ways to align utilities' and corporate buyers' efforts, document innovative utility offered RE products in the marketplace and develop new innovative products that could meet the needs of customers and utilities. At a second meeting in October 2015 buyers and utilities<sup>2</sup> reviewed 15 existing utility RE products to understand what features work for corporate buyers, and identified opportunities for improving the next generation of utility-offered RE products.

Buyers' most fundamental, non-negotiable need remains a reliable power supply. Beyond that, when sourcing renewable power, they are looking for utility RE products with the following key features: (1) price predictability, (2) transparent and predictable contract terms, (3) simple transactions, (4) cost-competitive energy prices, (5) the ability to retain the Renewable Energy Credits (RECs) to allow credible claims of green power use, (6) adding 'new' renewable generation above the current grid mix and state renewable portfolio standards, and (7) consumption from resources as local to their facilities as possible.

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<sup>1</sup> [www.buyersprinciples.org](http://www.buyersprinciples.org). The 58 buyers' principles signatory companies have 44 million MWh of annual demand each year until 2020 and about three times that beyond.

<sup>2</sup> Meeting participants are identified in Appendix C of the main document.

There are variations on these priorities by customer and across industry sectors, but at a high level, these needs and wants are common across many customers and sectors.

This document reports the outcomes of the October 2015 meeting and the future plans for the collaboration, and offers:

- A unique survey of state-of-the-art RE products (see Appendix E).
- RE product design features most valuable to corporate buyers. Buyer priorities are described on pages 7 and 10, and product design features that respond to these priorities are summarized in table 2, pages 11-13.
- Suggestions for improving the next generation of products (pages 14 and 15).

The meetings have helped build needed trust and identify areas of common ground between participating buyers and utilities, including:

1. **A commitment to continuing to work together and exchange learning.** Participants recognize that the development of grid-integrated renewable energy products is not easy, and that there is great potential benefit in working together, testing ideas and replicating successes over time. Understanding and trusting each other is key. This Utility-Buyer Collaborative Forum can continue to be an important incubator and sounding board where lessons learned about different approaches can be shared, discussed, amplified, and accelerated.
2. **Utility scale renewable energy can offer significant cost advantages over smaller scales.** Large customer demand can be more easily met with utility-scale renewables, can result in lower costs and can potentially be sited in ways that offer significant benefits to the grid.
3. **Grid modernization is needed.** Participants recognize that distribution grids need to be modernized to support renewable energy facilities. As variable renewable energy resources grow at scale, the grid needs new capabilities to integrate these new resources in ways that preserve and enhance reliability and power quality. A modernized grid is the enabler of a clean energy future.
4. **Regulatory flexibility and evolution are needed.** Utilities need regulatory policies and models to meet the changing needs of commercial and industrial customers. Utilities need new flexibility to offer customers specialized optional services, and to streamline the procurement and approval of such services at the scale and pricing that customers seek. A key aspect of inventing the future will be educating policy makers about new regulatory policies and frameworks needed to enable the future. Participants recognize that neither utilities nor corporate buyers can be as effective in advocating for new regulatory policies alone as they can be together.

The Utility–Corporate Buyer Collaborative Forum is continuing. Next steps include the following:

*A. Continue the collaboration to provide an internal and external communication platform*

- **Hold regular internal webinars** to exchange case studies, lessons-learned and best practices on current RE products; provide a forum for developing a ‘consensus statement’ for both utilities and buyers to articulate the common ground on RE products and to recommend regulatory modifications necessary to enable these products.

- **Broaden external communication** to regulators, policy-makers and other stakeholders by showcasing RE product ‘wins’ at ongoing utility and customer meetings; build awareness among regulators (via NARUC), customers, customer advocates, EEI members, and other industry stakeholders regarding opportunities for utility-customer collaboration and the changes needed to meet evolving customer needs.

#### *B. Advance pilots on cost-effective partnerships*

- **Develop new RE products and improve existing ones:** solicit interest from utilities and buyers to build integrated pilots that build and innovate on existing RE products.
- **Test grid-optimized deployment:** develop educational opportunities for customers, utilities, and others regarding the siting of community RE facilities. Review state-of-the-art distribution planning methodologies (e.g. CA, NY)), and develop one or more demonstration projects, in which a utility and a buyer coordinate on locating RE facilities to maximize benefits to the grid.

#### *C. Explore scenarios for allocation of renewable energy attributes (RECs and others)*

- **Broaden the understanding of shifting implications on RE claims** from policy changes, such as mass- and rate-based Clean Power Plan compliance.
- Set up a working group with utilities and buyers to **research criteria needed to satisfy allocation of RE attributes** (Renewable Energy Credits RECs and other attributes) from an RE facility that serves a specific customer.

The **Utility–Corporate Buyer Collaborative Forum** is open to additional participants. Please contact EEI, WWF, or WRI staff to find out how you can get involved:

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The full report is available at:

<http://buyersprinciples.org/resource/utility-buyer-dialogue-insights>

<http://www.eei.org>

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## About the Organizations

**Edison Electric Institute (EEI)** is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, operate in all 50 states and the District of Columbia, and directly and indirectly support more than 1 million jobs. EEI has more than 70 international electric companies as International Members, and 270 industry suppliers and related organizations as Associate Members. For more information, visit [www.eei.org](http://www.eei.org).

**World Resources Institute (WRI)** is an environmental think tank that goes beyond research to find practical ways to protect the earth and improve people's lives. Our mission is to move human society to live in ways that protect Earth's environment and its capacity to provide for the needs and aspirations of current and future generations. For more information, visit [www.wri.org](http://www.wri.org).

**World Wildlife Fund (WWF)** is one of the world's leading conservation organizations, working in 100 countries for over half a century. With the support of almost 5 million members worldwide, WWF is dedicated to delivering science-based solutions to preserve the diversity and abundance of life on Earth, halt the degradation of the environment and combat climate change. For more information, visit [www.worldwildlife.org](http://www.worldwildlife.org).