

***Resolution Supporting Emissions Allocations for New Clean Energy Sources***

**WHEREAS**, Encouraging cost-effective use of renewable energy resources has been an important national goal under past utility regulatory policy, including the Public Utility Regulatory Policies Act of 1978 and the Energy Policy Act of 1992; *and*

**WHEREAS**, Renewable energy supply brings fuel diversity benefits and mitigates fuel market power in the nation's mix of energy supplies, and enhances national security, reduces dependence on imported fuels, and decreases environmental impacts; *and*

**WHEREAS**, "NARUC's National Electricity Policy," adopted November 13, 2001, supports addressing all air emissions from all electric power generation in ways that: 1) minimize adverse environmental impacts; 2) are comprehensive and synchronized to reduce regulatory costs; 3) rely, to the extent possible, on market-based trading mechanisms, and 4) identify, to the extent possible, the net impact of resource decisions, including external factors, on public health, the environment and the economy; *and*

**WHEREAS**, Renewable energy sources and efficient cogeneration facilities typically generate power with reduced air emissions, if any, compared to conventional power plants; *and*

**WHEREAS**, The U.S. Environmental Protection Agency has proposed its "Clean Air Interstate Rule" (CAIR) which would, among other things, impose new emissions caps on power generating units and reserve for States the authority to allocate NO<sub>x</sub> emissions allowances within each State; *and*

**WHEREAS**, Cap and trade programs traditionally do not allow a generator utilizing renewable energy to receive an emissions allowance allocation on the same basis as an equivalent fossil-fired generator; *and*

**WHEREAS**, The exclusion of non-fossil generators from emissions allocations for *new* facilities places renewable energy sources at a disadvantage compared to fossil-fired resources and thereby perpetuates our nation's reliance upon finite fossil fuel resources; *and*

**WHEREAS**, Under existing cap and trade programs, a generator utilizing efficient cogeneration technology receives no more emissions allowances than a conventional generator despite its superior efficiency; *and*

**WHEREAS**, Under EPA's new CAIR proposal, NO<sub>x</sub> allowances would be allocated to new generating sources based on output; *now therefore be it*

**RESOLVED**, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its 2004 Summer Meetings in Salt Lake City, Utah, urges Federal and State environmental authorities, in designing and implementing emissions cap and trade programs, to allocate emissions allowances in a

manner that rewards efficient performance in *new* power generating facilities as EPA's CAIR rule proposes; *and be it further*

**RESOLVED,** That the NARUC further urges Federal and State environmental authorities to allocate emissions allowances equally to all *new* fossil and non-fossil generators, including renewables, according to their output.

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*Sponsored by the Committee on Energy Resources and the Environment*

*Adopted by the NARUC Board of Directors July 14, 2004*