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 NOX 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, NOX 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.

Sponsored by the Committee on Energy Resources and the Environment
Adopted by the NARUC Board of Directors July 14, 2004