

GREEN TARIFFS

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Green tariffs are electric power purchasing programs that allow energy consumers to procure large-scale renewable energy (RE) more cost effectively than what is available through green pricing programs from [traditional utilities in regulated states](#). Offered by local utilities, and approved by state public utility commissions (PUCs), these programs allow eligible customers to buy both the energy from a renewable energy project and the associated Renewable Energy Certificates ([RECs](#)) in places where there is no retail electricity choice. With green tariffs, the utility typically covers the capital cost for the RE projects while the consumers effectively pay the cost off over the contracted time through their electric bill. This system allows larger buyers to support utility RE procurement while ensuring that other utility customers are not financially harmed or affected in the process.

WHY SHOULD YOU USE IT?

- Your company is unable to meet your renewable energy goals solely through on-site generation because it is infeasible for your physical portfolio and/or capacity is [insufficient](#) to meet your needs.
- Your company would like some cost predictability by accessing varying length contracts, fixed prices, or even market-based rates.
- Your company would like to have a more direct financial connection to the RE it procures, ideally located within your service territory or grid distribution area.
- Your company does not have the internal resources to execute and manage owned or third-party RE projects

WHO ELSE IS USING IT?

Corporate buyers, including retailers like Apple, REI, Starbucks, Target, and Walmart have utilized green tariffs to contract for close to 2 [Gigawatts of new renewable energy](#). Green tariffs to date have been [designed](#) to address the needs of large energy buyers, including corporations and cities/municipalities.

There are numerous other retailers, including Adidas, Best Buy and Staples who are voicing their demand for utility RE access through the [Corporate Renewable Energy Buyers' Principles](#). The principles unify retail voices throughout various sectors to present their collective needs and expectations to energy suppliers.

Amongst the various green tariff designs, subscriber-style products have been the form utilized by retailers as they allow customers to subscribe to a smaller portion of a larger renewable energy project, which is better suited to smaller loads from several existing facilities in a utility service territory. Ameren Missouri, Georgia Power, Madison Gas & Electric, Puget Sound Energy (PSE) and Xcel Energy Minnesota and Colorado have all approved subscriber style green tariffs.

WHAT ARE THE ADVANTAGES?

AVOID CAPITAL COSTS

Allows retailers to support RE development through their monthly utility bill, while avoiding capital costs associated with alternative RE contract arrangements that may not be financially feasible or justifiable.



ACCESS A COST-COMPETITIVE HEDGE AGAINST MARKET VOLATILITY

RE is [more affordable than ever](#) and costs continue to fall becoming increasingly cost-competitive with conventional generation technologies, which are subject to [price fluctuation](#). Green tariffs can avoid this volatility by charging customers a [fixed price per unit of energy](#). This allows customers to better predict their energy costs for more accurate long term financial planning.

AGGREGATE DEMAND

Allows for multiple smaller consumers to [aggregate demand](#) and support larger projects that would be financially difficult with smaller demand. Likewise, with subscriber-based tariffs, retailers do not need to invest large amounts of time to develop individualized deals.

ACT AS A CLIMATE LEADER

Retailers can access new RE projects through green tariffs, thus allowing participating customers to claim that they have taken RE action beyond business as usual and contributed to the production of new RE projects that may not have come online otherwise.

NO EXPERTISE REQUIRED

Whereas owned systems or RE procured through third-parties requires in-house management of these agreements or hiring of outside consultants, green tariffs, once approved, are simpler to execute, as they are more comparable to a standard energy procurement agreement.

WHAT ARE THE DOWNSIDES?

ONE SIZE DOES NOT FIT ALL

Since the category of C&I customers include a diversity of large energy users – some with large individual loads, and others with disaggregated loads; some of whom are existing customers, and others who may be bringing new load to a region - green tariffs do not meet all customers' needs. Many green tariff programs that have been launched to date best meet the needs of customers bringing large, new loads to an existing service territory, and are thus not being utilized by retail.

LIMITED AVAILABILITY

green tariffs are [not present in all states](#). In addition, most green tariff programs have been offered as pilot programs so far, with a total MW cap, so it is not often possible for every retailer in a utility service territory to sign on to a green tariff.

PRICE PREMIUM

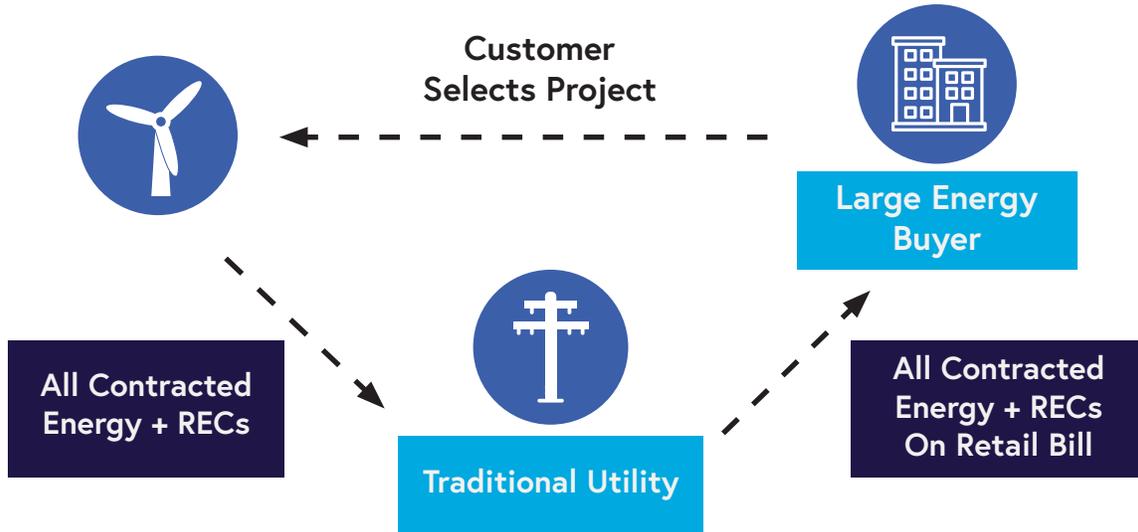
Because green tariffs are constructed so that utilities can recoup their capital investments, and avoid any cost burden to non-participating customers, green tariffs can include some premium over standard procurement from the grid. However, since utilities are in the unique position to offer a full range of solutions to their customers, they can often create a valuable package that embeds renewables, to provide a more cost-effective solution for a customer. In addition, there are more green tariffs that are being offered that allow access to low-cost renewable energy as the fuel charge component on a customer's electric bills and some include credits for avoided cost.

WHO SHOULD YOU TALK TO NEXT?

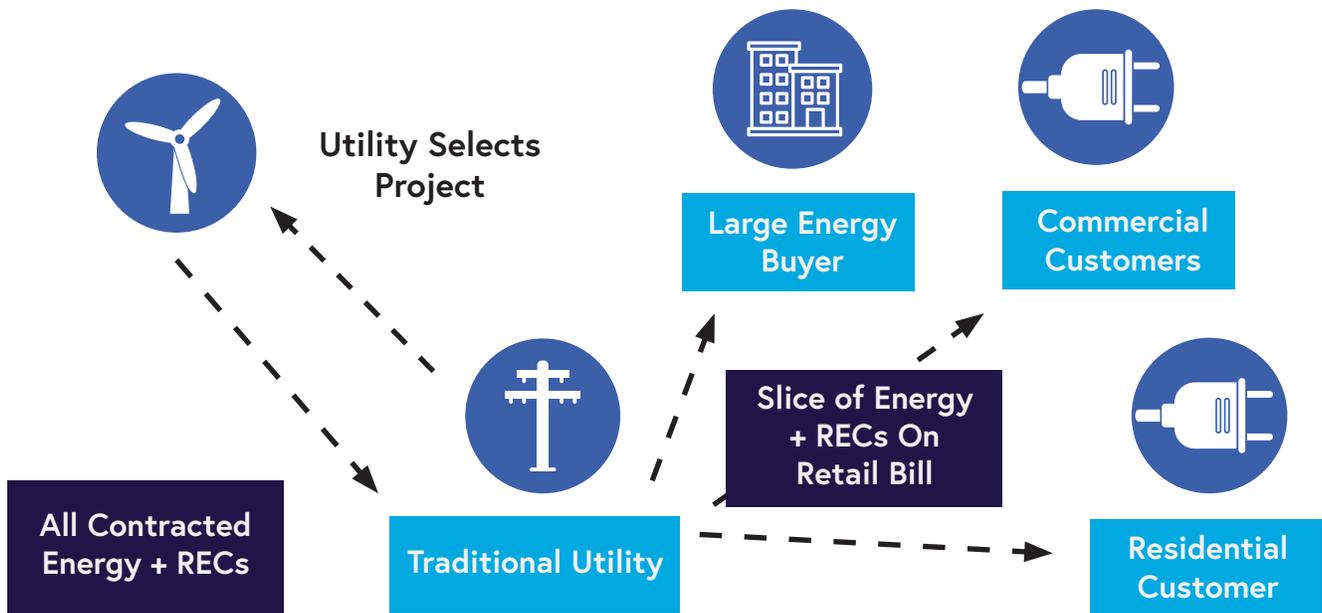
- Access World Resources Institute's [U.S. Renewable Energy Map](#) which presents the renewable energy purchasing options offered to corporate buyers by electric utilities in each state across the U.S.
- Utilize the [Emerging Green Tariff in U.S. Regulated Electricity Markets](#) for a detailed compilation of the approved and proposed green tariffs.
- If you are seeking large-scale renewable energy in markets not included in the map and associated green tariff publication, actively engage with your local electricity provider. Utilize the [Corporate Renewable Energy Buyers' Principles](#) as a baseline in your conversation. If your utility is already considering a green tariff, ask how you can be involved in developing a program that can help satisfy your specific demands and offer to provide support at the regulatory level by communicating the needs and impact of buyers.

GREEN TARIFF PROGRAMS HAVE TAKEN THREE MAIN DESIGN FORMS:

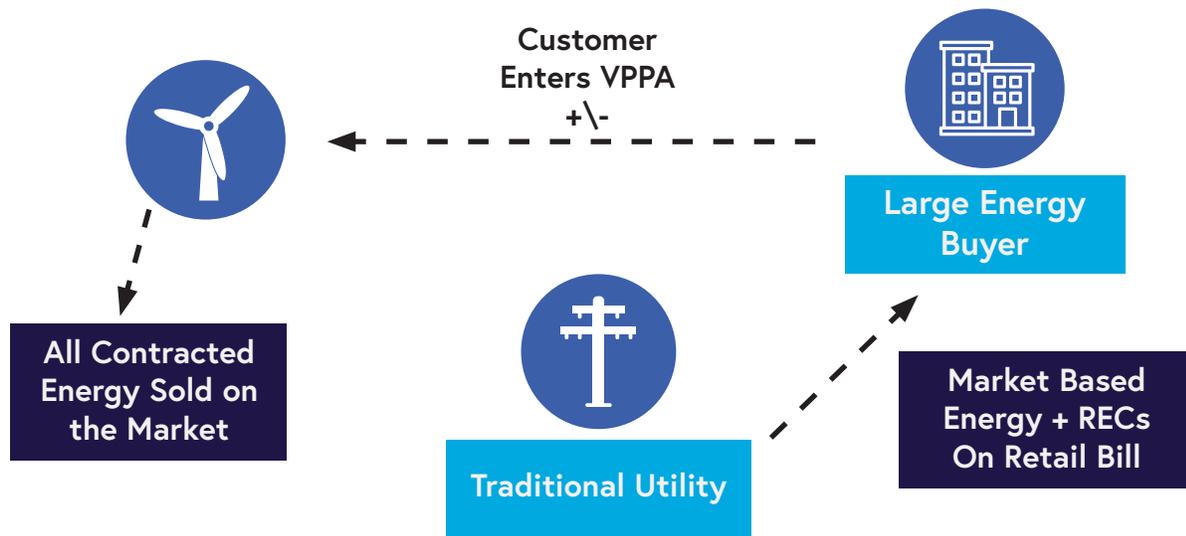
SLEEVED PPA VIA THE UTILITY



SUBSCRIBER STYLE VIA THE UTILITY



MARKET BASED RATE - ENABLING VPPAS



Acknowledging the corporate, governmental, and institutional demand for renewable energy in Washington state, PSE implemented the subscription-based [Green Direct tariff in September 2016](#). The tariff allows customers with a relatively small individual demand, including REI, Starbucks, and Target among others, to access affordable, clean energy through the utility. The subscribers' demand is [aggregated](#), allowing PSE to invest in a larger, more cost-effective project. The program allows subscribers to purchase both the energy and the associated RECs from a renewable project which helps them to not only credibly claim that they are using green power, but to access the long-term, fixed-price structure of renewable energy. This green tariff has been offered in two tranches and both tranches have been fully subscribed, with demand exceeding supply.

GA Power's [Commercial & Industrial \(C&I\) REDI green tariff](#), approved August 2017, is an innovative subscriber-style program in which the utility integrated C&I demand for renewable energy directly into its system-wide integrated resource plan (IRP). This enabled the utility to bring new renewable energy on to the grid cost-effectively, without negatively impacting the costs of any other customers. As a result, a diverse set of large C&I customers, including Target, Walmart, Johnson & Johnson, and Google were all able to execute deals under this offering.

Wishing to provide corporate buyers more flexibility, Madison Gas and Electric developed the Renewable Energy Rider (RER). The tariff, approved July 2017, gives signatories the power to negotiate the price and term limit at the time of signing. The design of RER allows customers to access RE more traditionally through a sleeved PPA as well as utilize the rider as a subscriber product, further emphasizing its flexibility. The buyers can also provide input regarding the type and location of RE resource to meet their demand. RER was developed with the intent of satisfying the demands presented in the [Buyers' Principles](#), and allows both new and existing customers to tailor the tariff to their individualized needs. This shows how utilities are both listening and reacting to the vocal demand of corporate renewable energy buyers. This also demonstrates the utilities understanding that customer needs are unique. Through collaborations with these unique customers, utilities can create better products that will be better utilized, thus allowing for more RE to be contracted.

Omaha Public Power District has also developed a flexible market-based rate tariff, placing no limit on the amount of RE that can be procured, nor a required timeframe. The customer centric tariff allows the buyer to procure RE to satisfy up to 100% of their demand. The tariff motivated [Facebook](#) to locate a new data center in Nebraska, giving them a framework to satisfy



their RE demand within the local energy market. These flexible tariffs allow both large and small corporate energy buyers to make deals with regulated utilities that can satisfy their unique and diverse needs.

While green tariffs are still [relatively new](#), we've seen green tariffs take off over the past 5 years – from 3 offerings by 3 utilities in 3 states in 2013, to 21 green tariffs by 16 utilities in 17 states by October, 2018. These tariffs provide an avenue to procure RE within existing regulatory frameworks, and more utilities are seeing that they must work with their corporate customers to provide them with options that meet their needs. To date, most existing green tariffs are best-suited to the needs of customers with large new load, like data center facilities, but we are beginning to see more subscriber-style products, and new renewable energy product solutions, as large energy buyers like retailers vocalize their need and demand for renewable energy access.