UNDERSTANDING

Municipal Renewable Energy Purchase Programs

climate & energy

PURPOSE

To help municipalities buy more power that is generated by solar, wind and other renewable energy sources.

As large energy consumers, municipalities can influence demand for renewable energy by simply buying more of it. Even small communities may spend millions of dollars per year on energy, wielding considerable market influence. Increasing the demand for renewable sources of power is a crucial step toward increasing the energy industry's overall capacity to generate and distribute clean energy to all users—not just municipalities. The eventual benefits for all power users will be lower clean energy costs, decreased greenhouse gas (GHG) pollution, and more jobs in the clean energy economy.

HOW IT WORKS

First, municipal leaders must decide that a certain portion of the energy that their municipality buys should be purchased from renewable generating sources, including wind, solar and hydro power. This decision can be formalized in a resolution, ordinance or bylaw—or it can be a simple administrative action. After this fundamental decision is made, the municipality can solicit requests for competitive proposals from power distributors, electric power aggregators and/or energy service companies (ESCOs). The municipality may benefit from using an experienced energy service consultant to help with the review process, as there are many technical variables and financial incentives involved in deciding what the best deal for an individual town or city may be.

Typically, electric power is where most municipalities will be able to shift to buying more renewable energy.

There are currently very few incentives and technologies available that will help shift away from use of fossil fuels for heating, including the use of natural gas, heating oil, gasoline and diesel fuels. Energy conservation incentives that are available for these

fuel types (see MASS SAVE) and improving the thermal performance of buildings, and/or upgrading heat systems, can have a significant impact on the amount of fuel used. Significantly, if a building becomes tight enough, alternative heating and cooling sources become more viable, including air-source heat pumps (also known as mini-splits).

Once a renewable electricity provider has been selected, the municipality may sign a contract to purchase electric power from the new source of green energy. As demand for renewable electricity has increased in recent years, its cost has become competitive with electricity that is generated using fossil fuels. Further, many electric power aggregation companies now offer price guarantees that ensure that a municipality does not see a disproportionate increase in the cost of renewably generated electricity versus that generated with fossil fuels.

WHERE IS MUNICIPAL RENEWABLE PURCHASING WORKING?

The Commonwealth of Massachusetts Green Power Purchase programs for public buildings has set goals of a 15% total renewable power purchased by 2020 and 30% by 2030. Massachusetts spends about 80% of its annual energy expenditures on procuring energy from outside of the state, but it is steadily replacing imported fossil fuels with renewables.

In 2005, the City of Aspen, Colorado set a goal to purchase 75% of the City government's energy from renewable sources by 2010. The City met this goal in December, 2006, and so set a new goal of powering 100% of city-owned building with renewable sources by 2020. One source of renewable energy is wind power from Holy Cross Energy, and a new wind farm in Nebraska.

The City of Santa Monica, California has also adopted a green power purchase strategy that saved more than 13,000 tons of carbon dioxide from entering the atmosphere. By shifting electricity generation from fossil fuels to renewable energy, Santa Monica led by example and encouraged business and home owners to switch, as well.

Anoka, Minnesota offers a "Green Power Choice" voluntary program to customers of the Anoka Municipal Utility. By participating in the program, customers can support increased reliance on renewable energy sources by purchasing blocks of energy from hydroelectric and wind power sources. Green Power is offered in blocks of 100 kilowatt hours (kWh) for a charge of $1.75 per block. The cost of green power purchased is added to customers' regular electric bill every month. For example, if a customer chooses to buy four blocks (400 kWh) of hydropower, an additional $7.00 is added to their monthly electric bill.

LINKS TO MORE INFORMATION AND MODEL REGULATIONS

MUNICIPAL CLEAN ENERGY TOOL KIT:
http://www.icleiusa.org/action-center/tools/municipal-clean-energy-toolkit

MUNICIPAL GREEN POWER PURCHASING PROGRAMS:
http://www.icleiusa.org/action-center/tools/municipal-clean-energy-toolkit/purchasing

NATIONAL GRID "GREEN UP" PROVIDERS:
http://www.nationalgridus.com/niagaramohawk/home/energychoice/4_greenup_provider.asp

ASPEN, COLORADO GREEN POWER PROGRAM:
http://www.aspenpitkin.com/Living-in-the-Valley/Green-Initiatives/Renewable-Energy/

BOSTON, MASSACHUSETTS GREEN BUILDING STANDARDS:
http://www.cityofboston.gov/images_documents/Article%2037%20Green%20Buildings%20LEED_tcm3-2760.pdf

MASSACHUSETTS GREEN POWER PROGRAM:
http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=MA15R&re=1&ee=1

BELLINGHAM, WASHINGTON GREEN POWER PROGRAM:
http://www.piersystem.com/go/doc/1264/180215/

ANOKA, MINNESOTA UTILITY GREEN POWER PROGRAM:
http://anokaelectric.govoffice3.com/index.asp?Type=B_BASIC&SEC=%7B384DB703-5584-499A-AA3C-B102143D31B8%7D

FOR MORE INFORMATION, PLEASE CONTACT

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