

# **Retail Procurement: In Search of No Fault Default Service**

**Harvard Electricity Policy Group**

**October 4, 2007**

# Ron Binz

- Chairman, Colorado Public Utilities Commission
- Member, NARUC Energy Resources and Environment Committee
- Former consultant, telecommunications and energy policy
- Former Colorado Consumer Counsel

# Caveat

- I am one of three equal commissioners
- My positions are my own
- I am confused by many things and have not made up my mind on much at all
- I don't even agree with some of the things I say
- **Good advice: don't believe everything you think**

# The Issues

- How do state with restructured markets procure power for the POLR obligation?
- What is the state of the art in traditional monopoly markets?
- What are the characteristics of good auctions?
- How do states deal with pressures to manage supply portfolios? (RPS, GHG caps)

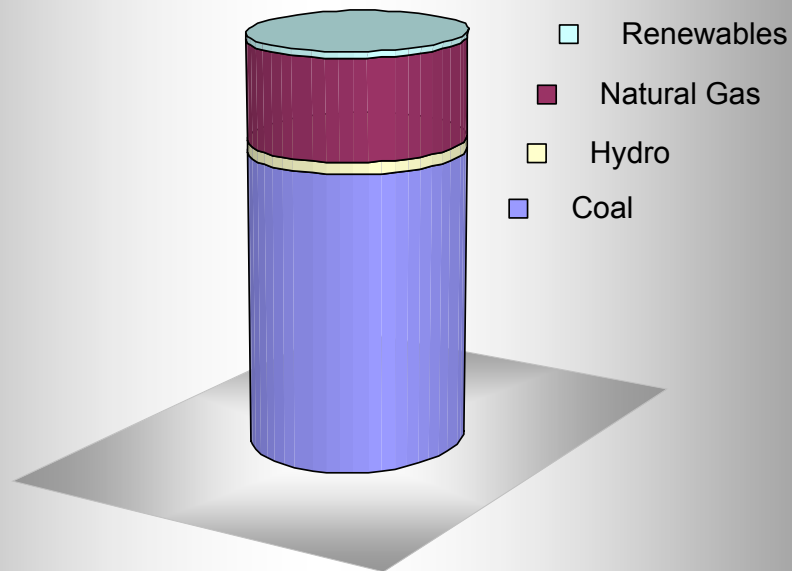
# Panelists

- Sandra Hochstetter
  - Vice President for Strategic Affairs, Arkansas Electric Cooperative Association
- Samuel Wolfe
  - Chief Counsel, New Jersey Board of Public Utilities
- Chantale LaCasse
  - Senior VP, NERA Economic Consulting
- Ashley Brown
  - Executive Director, HEPG
  - Of Counsel, LeBoeuf, Lamb, Greene and MacRae

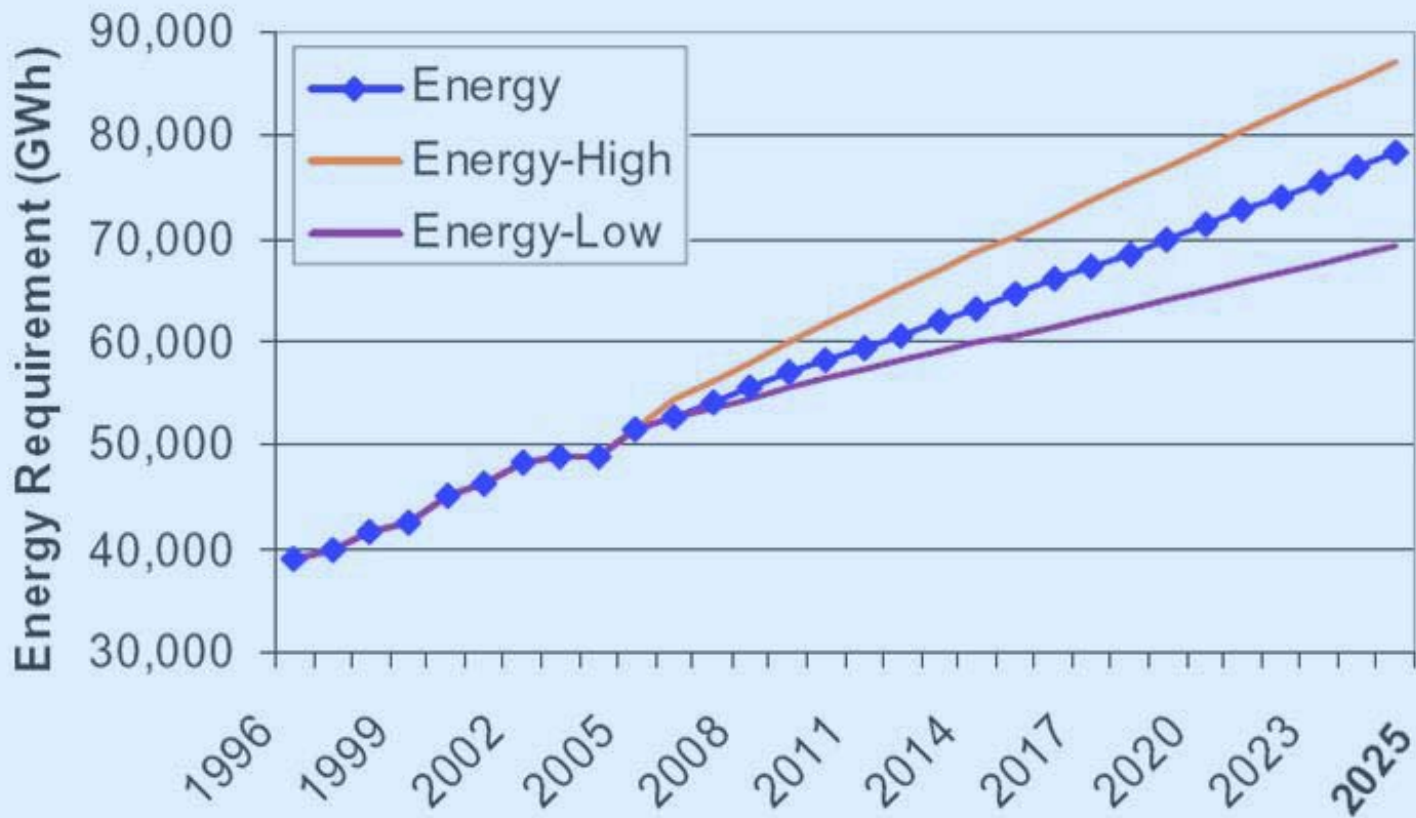
# Resource Planning in Colorado

# Colorado Electric Generation Fuels and Sources

**Colorado Electric Generation  
by Fuel Type -- 2005**



# Projected Colorado Electric Energy Growth 2007-2025





**NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.**

# An Act

HOUSE BILL 07-1281

BY REPRESENTATIVE(S) Pommer and Witwer, Benefield, Borodkin, Buescher, Butcher, Casso, Cerbo, Fischer, Frangas, Gagliardi, Garcia, Gibbs, Green, Hicks, Jahn, Kefalas, Kerr A., Kerr J., Labuda, Levy, Looper, Madden, Marostica, Marshall, Massey, McFadyen, McGihon, McKinley, Merrifield, Peniston, Primavera, Rice, Riesberg, Roberts, Solano, Summers, Todd, Vaad, Carroll M., Carroll T., Hodge, Romanoff, Sonnenberg, Soper, Weissmann, Gallegos, Liston, Stafford, and White; also SENATOR(S) Schwartz, Bacon, Boyd, Fitz-Gerald, Gordon, Groff, Johnson, Keller, Kester, Morse, Romer, Shaffer, Tapia, Tochtrop, Tupa, Veiga, Williams, and Windels.

CONCERNING INCREASED RENEWABLE ENERGY STANDARDS.

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** 40-2-124, Colorado Revised Statutes, is amended to read:

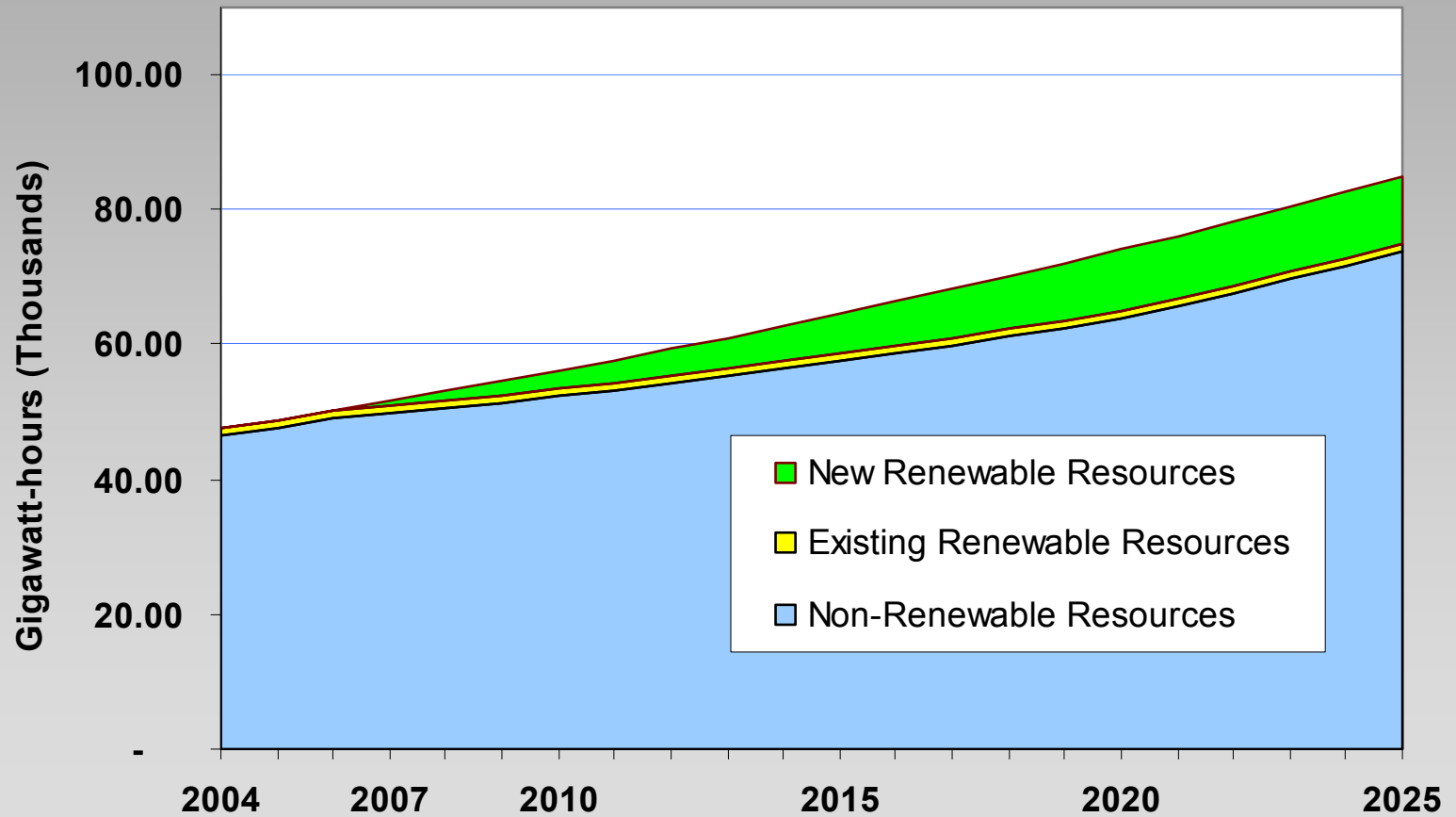
**40-2-124. Renewable energy standard.** (1) Each provider of retail electric service in the state of Colorado, ~~that serves over~~ OTHER THAN MUNICIPALLY OWNED UTILITIES THAT SERVE forty thousand customers OR LESS, shall be considered a qualifying retail utility. Each qualifying retail utility, with the exception of cooperative electric associations that have

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

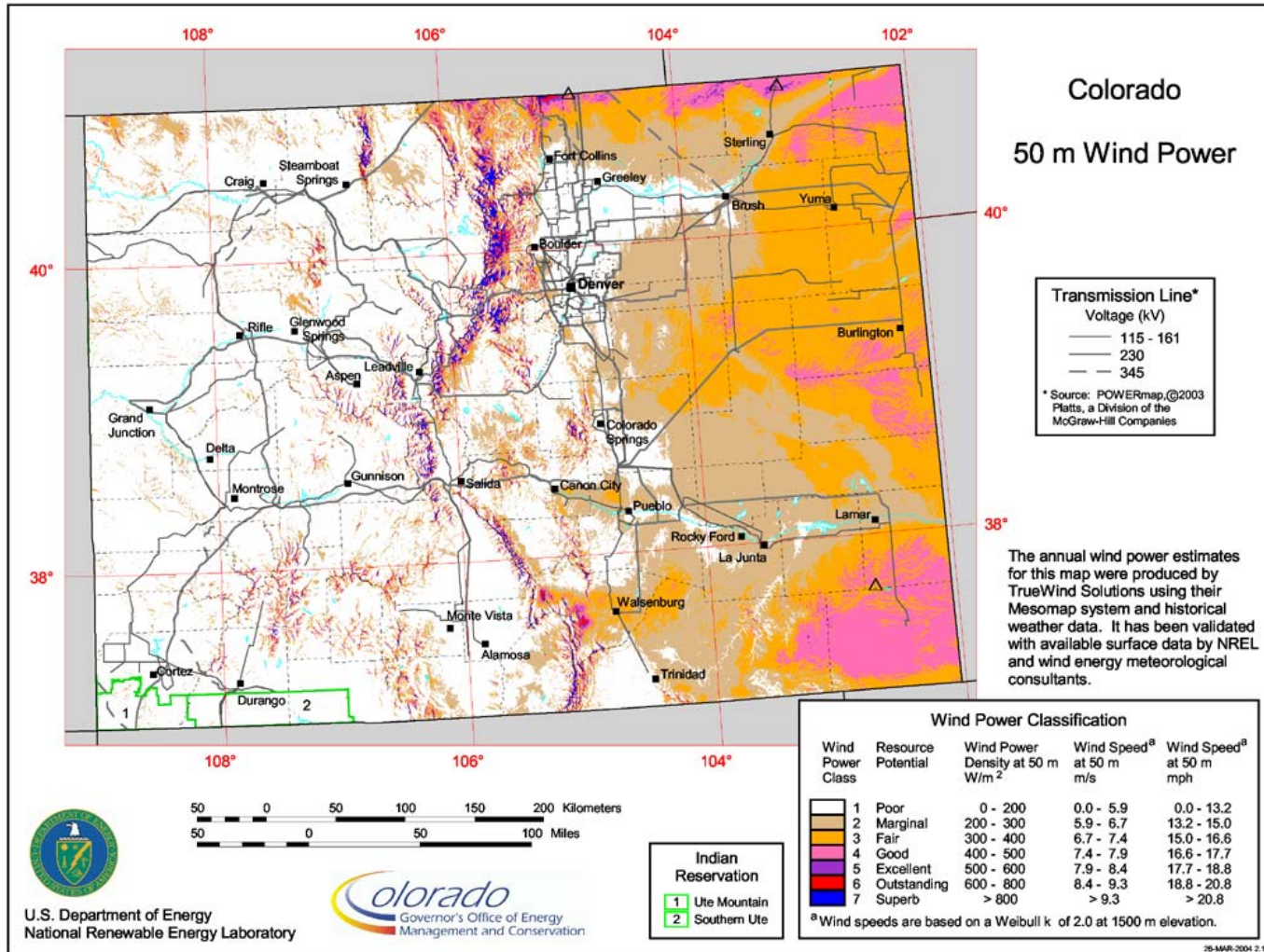
# HB 1281 – Colorado's New Renewable Energy Standard

- IOUs -- 20% renewables by 2020
- REAs, Munis -- 10% renewables by 2020
- For IOUs, 4% of renewables must be solar, half on-site
- 1.25x for in-state resources
- 3.0x for REAs use of solar
- Maximum rate impact 2% for IOUs, 1% for Munis and REAs

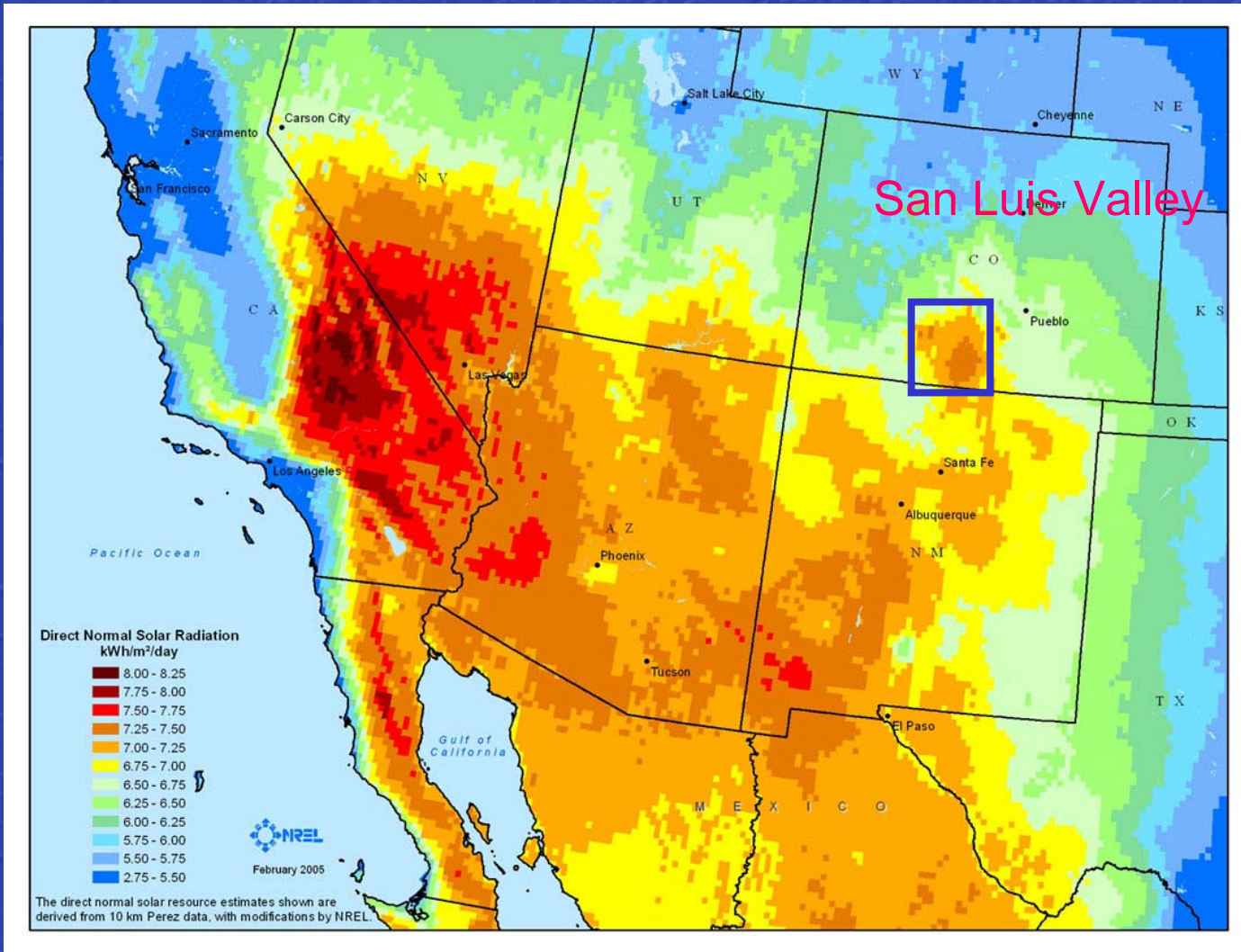
# Renewable Resources Required by HB 1281



# NREL Wind Resource Map



# NREL "Insolation" Map



# Resource Planning in Colorado

- RP filed each four years – ten year plan
- Relies primarily on competitive bidding
- Accommodates Colorado's RPS
- Least cost within imposed constraints
- Confers presumption of prudence on utility that complies with approved plan
- Permits regulators to select (or not) a level of "Section 123" resources.
- Avoids the "monetization" problem

