

Subcommittee on Energy
Hearing on
“Building a 100 Percent Clean Economy: Solutions for the U.S. Power Sector”
October 30, 2019

Mr. Jeff Dennis
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The Honorable Lisa Blunt Rochester (D-DE):

1. At a time when the horrific wildfires in California are reminding us all too well that we are already experiencing the impacts of climate change, we know we must move to 100% clean energy. And we can't make this transition quickly enough. It's not just the tragic situation happening in California right now. It's happening all over the country. In Delaware, extreme weather is wiping out our farmers' crops and hurting our state's tourism industry. Air pollution in our communities is getting worse. Make no mistake that the impacts of climate change are here now.

Transitioning to clean energy is not only necessary to protect our health and safety, but it is also an enormous economic opportunity. Economic opportunity coupled with innovation enhances America's competitive edge, economy, national security, and our quality of life. Companies are innovating. States are innovating through policy. Now it's time for the federal government to act.

- a. Mr. Dennis, you spoke about the historic clean energy progress we have seen in states this year. Which of these policies are good models for Congress to focus on?

RESPONSE: Congress should focus on policies that set ambitious clean energy targets, create a broad and level playing field for as many technologies as possible, allow all private sector actors to compete fairly, and preserve the autonomy of states to continue to make progress as well.

The establishment of an aggressive renewable or clean energy target has been a key pillar of state clean energy policies. 11 states and the District of Columbia have set a 100 percent clean energy target, and seven more states and Puerto Rico have set a 100 percent renewable energy target. These ambitious targets ensure that utilities and retail electricity suppliers must continually procure and deliver to consumers increasing amounts of clean and renewable electricity, providing a strong market signal to spur the development of new clean energy resources and replacement of high-emitting aging generating resources.

States have also sought to support the development of a wide array of zero-carbon

advanced energy technologies to meet their targets. The Virginia Clean Economy Act (VCEA), the most ambitious state clean energy policy enacted in 2020, provides a good example. The VCEA supports both grid-sited solutions (e.g., solar farms, offshore wind) and “behind the meter” solutions (rooftop solar, energy efficiency, demand response), along with energy storage. This approach provides market certainty to spur development of a wide variety of technologies and guards against the risk of reliance on only a few technological solutions.

Finally, state policies often rely on competition among all potential clean energy developers, rather than just their monopoly franchised utilities, to achieve their targets in the most cost-effective manner possible. States like New York and Massachusetts, for example, have included competitive solicitation as a central part of their clean and renewable energy policies. Relying on competition among developers provides significant cost savings to consumers and economic development advantages. Congress should, as it has since 1978, continue to strongly support competition in the electricity industry.

- b. What lessons can we in Congress learn from the ambitious clean energy policies passed at the state level?

RESPONSE: Congress should take three lessons from recent state clean energy policies.

1. **Rely on a Technology Neutral Approach.** An effective policy should seek to allow as many zero-carbon technologies as possible to play a part in meeting rigorous clean energy standards. This allows policymakers to avoid picking winners and losers, which can both complicate a policy and undermine the support needed to sustain it. It also limits the risks of relying on a single technology, while also leaving space for future innovations in technology and cost declines to be supported without the need for new legislation or regulations.
2. **Expressly Incorporate Demand-side Solutions.** Any ambitious clean energy policy must include an aggressive clean energy standard or renewable portfolio standard that is expressly paired with a corresponding energy efficiency resource standard that requires robust investment in energy efficiency. Energy efficiency and related demand-side measures can reduce the need for new supply-side generation, and thus the socialized costs of new infrastructure, while also creating energy cost savings for the homes and businesses deploying them. Energy efficiency remains the least cost clean energy resource, so robust deployment will ensure any clean energy policy comes at the least cost—and potentially the greatest savings to consumers.

3. **Support Extensive and Diverse Storage Deployment.** Extensive deployment of energy storage will help maximize the effectiveness of new renewable resources, allowing them to improve their flexibility by storing energy at times when wind and solar resources are available to use at times when they are not. Energy storage can also serve as a cost-effective complement to transmission and distribution investments, providing grid support in areas where large new transmission and distribution infrastructure would have unacceptable impacts on communities or the environment, and ensuring that needed transmission and distribution investments are optimized. Energy storage can also provide many grid services more efficiently, and can replace peaking resources (either on its own or when paired with wind or solar). To fully realize the diverse value set storage can provide, it is important that any policies encouraging its deployment focus both on quantity—encouraging economies of scale—and diversity of applications, including grid-scale, locally-sited, and behind-the-meter deployments.

c. Which policies that were passed at the state level this year can we scale up to national policy?

RESPONSE: As noted above, the VCEA was the most aggressive state clean energy policy enacted in the nation in 2020. The targets set in the VCEA for clean and renewable energy, energy efficiency, and energy storage are all worth emulating, in particular when combined with some of the other features described above in parts a and b. In addition, the VCEA also includes provisions to address equity and justice considerations, such as, a cap on rates for low-income households that also participate in specific energy efficiency programs, a requirement that 15 percent of all utility energy efficiency spending be devoted to benefit low-income, elderly and disabled ratepayers, and a policy directing state agencies to ensure the energy transition benefits historically economically disadvantaged communities—especially those with fossil fuel infrastructure.

The New York Climate Leadership and Community Protection Act, enacted in 2019, also provides a model. This law sets a target for the state to generate 70% of its electricity from renewable resources by 2030, and to reach 100% zero carbon emissions in the electricity sector by 2040. It also sets strong targets and incentives for the development of a variety of zero-emissions technologies, and includes features similar to those in the VCEA to ensure a just and equitable clean energy transition.

The Honorable Bill Flores (R-TX):

1. Do you agree that the experience of the last few decades demonstrates that the generation and sale of electricity, whether at wholesale or retail, is no longer a natural monopoly?

RESPONSE: Technology advancements, along with supportive federal and state policies, have led to the point that the generation and sale of electricity solely by vertically integrated monopoly utilities is no longer necessary to ensure reliable and cost-effective outcomes for electricity consumers. For more than 40 years (beginning with the Public Utility Regulatory Policies Act of 1978 (PURPA)), Congress has consistently recognized the benefits to consumers of promoting competition in the wholesale generation of electricity and sought to expand competitive wholesale markets. In addition, many states have chosen to restructure their retail electricity markets to allow multiple retail suppliers to compete to provide service to retail customers.

To achieve a 100 percent clean economy, Congress should continue to pursue policies that expand and improve competitive wholesale power markets and that support the ability of consumers to choose clean advanced energy technologies to meet their needs. Wholesale market competition and consumer access to advanced energy are necessary tools to achieving a clean power sector quickly and affordably.