**A NORTH AMERICAN RENEWABLE PORTFOLIO STANDARD: A BETTER WAY?**

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## Overview

Recent proposed energy legislation in the United States, such as the Waxman-Markey bill, contained provisions for a national renewable portfolio standard (RPS) which would require electric utilities to obtain a uniform fraction of their electricity from renewable resources. Several states already have RPS programs. Other policies to promote renewables have also been used or proposed in the United States. In Canada, a few provinces have RPS programs, while other provinces have various programs aimed at promoting use of renewable resources for electricity generation.

The purpose of this paper is to analyze the potential benefits of implementing a continential RPS program that would eliminate or reduce the barriers to Canada/US trade in electricity from renewable resources. The analysis will include consideration of potential policy issues and the design of the continental RPS.

## Methods

The paper begins with a brief survey of existing programs for the promotion of renewables, including state and provincial RPS and other polilcies. A particular focus of the review is the degree to which these programs require the renewable resources to be generated in specific geographic areas. It also reviews the existing patterns of electricity trade between the United States and Canada.

The paper analyzes the impact of a continental RPS by contrasting its effect with that of the existing mix of RPS and other programs.

Since the focus is on trade impacts, the analysis focuses on impacts in those states and provinces between which electricity trade is likely. This includes states, such as California, that do not border Canada but where transmission systems are well enough developed for trade to take place. Almost all Canadian provinces are directly connected to the United States; others can trade through neighboring provinces.

The analysis starts with an estimate of the amount of electricity that each jurisdiction would need to meet a continental RPS. This establishes the consequent demand for renewables. Using an analysis of local resources and costs, the paper then identifies the nature and location of the marginal renewable resource under both the existing and the continental RPS. Then the continental RPS would provide a benefit if its cost is lower than that of the separate RPS.

## Results

The results will be the potential cost difference from a continental RPS that eliminates barriers to trade in electricity from renewable resources both between the United States and Canada and within both countries.

## Conclusions

The paper will conclude with an analysis of the prospects for and potential benefits (if any) of a continental RPS. It will also discuss some issues in the design of a continental RPS, such as resource eligibility and uniformity of standards.

## References

The paper will reference material describing current RPS programs in US jurisdictions and other policies in Canada. It will also reference a to be released report on this topic performed for Natural Resources Canada. Comprehensive information on existing RPS programs in the United States comes from the Department of Energy’s Office of Energy Efficiency and Renewable Energy’s Database of State Incentives for Renewable Generation, www.dsireusa.org.

Existing literature on RPS programs includes

Center of Energy Economics, Bureau of Economic Geology, University of Texas at Austin, Harmonization of Renewable Energy Credit (REC) Markets across the U.S

Ryan Wiser, State of the States: Update on RPS Policies and Progress, Lawrence Berkeley National Laboratory

Renewable Energy Markets 2010