

Renewable Portfolio Standard (RPS)



What is a Renewable Portfolio Standard (RPS)?

The Renewable Portfolio Standard (RPS), also referred to as a Renewable Energy Standard (RES), is a flexible, market-driven policy that will enable renewable energy sources, such as wind, to provide clean, reliable, domestic power to more Americans. An RPS ensures that a minimum amount of renewable energy is included in the portfolio of electricity resources serving a state or country.

Why is a National RPS Needed?

A national standard of at least 15 percent renewable-based electricity by the year 2020 offers a least-cost, market-friendly way to ensure that we meet an increasing share of America's growing electricity needs with clean, domestic energy resources.

The long-term predictability of an RPS will enable the industry to attract investment capital and achieve manufacturing economies of scale that will spur economic development, lower consumer prices, strengthen U.S. energy security, and help our environment.

Support a 15% RPS by the year 2020.

Status:

2008 – The House of Representatives and Senate leaders have publicly stated that they intend to act on RPS legislation in the future.

2007 – Congress was unable to pass RPS legislation.

Benefits of an RPS:

Save American Consumers More Than \$100 Billion

Diversifying the power supply by developing America's homegrown renewable energy resources helps shield consumers from spikes in energy prices. According to a major study by a widely respected energy research firm, a national RPS would save American consumers as much as \$100 billion in lower electricity and natural gas bills (from *Impact of a Federal Renewable Portfolio Standard*, Wood Mackenzie, March 2007).

Strengthen Energy Security

Wind energy contributes to our energy security. An inexhaustible, domestic resource, it helps reduce our dependence on imported fuels and especially natural gas (used for electricity generation and residential heating). A 15% RPS is expected to displace over 8% of expected natural gas consumption in the electric sector in 2020, (or more than 15% of the estimated **imports** of pipeline and liquefied natural gas).

Helps Achieve Cleaner Air and Address Climate Change Cost Effectively

Adopting a national RPS of 15 percent by 2020 could prevent nearly 3 billion tons of carbon dioxide from being emitted into the atmosphere by 2030 (*Impacts of a 15-percent Renewable Portfolio Standard*, EIA, June 2007). Wind power offsets other, more polluting sources of energy. This is important because electricity generation is the largest industrial source of air pollution in the U.S.

Jaime Steve
Director,
Legislative Affairs
jsteve@awea.org
202-383-2506

Aaron Severn
Energy Legislative Manager
asevern@awea.org
202-383-2507

Bree Raum
Manager, Grassroots
Advocacy & WindPAC
braum@awea.org
202-383-2513



Renewable Portfolio Standard (RPS) continued

Benefits of an RPS:

Spurs Economic Development

A national RPS will create jobs and increase income across the country, especially in economically hard-pressed rural areas. Each large utility-scale wind turbine that goes on line generates over \$1.5 million in economic activity.

Jobs: Wind energy is an important source of new manufacturing jobs. The wind energy industry contributes directly to the economies of 46 states with power plants and manufacturing facilities. Overall, more than 36,000 American jobs contribute to the wind industry's continuing growth. The CEO of GE Energy, John Krenicki, Jr., recently testified that "We believe wind and solar energy are likely to be among the largest sources of new manufacturing jobs worldwide during the 21st Century." A Union of Concerned Scientists (UCS) study found that a 20% RPS by 2020 would create over 350,000 jobs.

Income: Each turbine provides about \$5,000 in lease payments per year for 20 years or more to farmers, ranchers or other landowners. According to the UCS, a 20% national RPS would result in approximately \$1.2 billion in lease payments to farmers and rural landowners by 2020 (from *Renewing America's Economy*, January 2007, Union of Concerned Scientists).

Tax Base: Wind projects in rural areas also significantly contribute to the local tax base. One large (108-turbine, 162-MW) project in rural Prowers County, Colorado, increased the county's tax base by 29% (From *Snack Bars to Rebar*, March 2004, <http://www.state.co.us/oemc/events/cwade/2004/presentations/cox.pdf>).