

Corporate demand fueling clean energy use -- Ceres

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In many states, demands by corporate America and everyday electricity consumers for clean energy are pushing utilities to procure renewables and invest in energy efficiency at levels well above state mandates.

And while it's coincidental that U.S. EPA's Clean Power Plan promotes those same investments, for the next five years, spending on clean power will be driven more by the recent five-year extensions of tax incentives for wind and solar than the carbon rule.

Those are among the conclusions of a new report by Ceres, a Boston-based sustainability advocate, which ranks the 30 largest investor-owned utilities on renewable energy and efficiency.

Among the trends at play are "the increasing cost competitiveness of renewables as well as the corporate demand for renewables," said Dan Bakal, Ceres' director of electric power and an author of the report.

That corporate demand includes industrial customers, as well as large retailers and high-tech companies, Bakal said. In 2015, large renewables purchases were made by Alphabet Inc.'s Google, Apple Inc., Facebook Inc., Dow Chemical Co., Wal-Mart Stores Inc., Procter & Gamble Co. and General Motors Co., among others.

More businesses are adopting sustainability programs and "are thinking globally and recognize that we really need to decarbonize the electricity system," Bakal said.

"So it's really pushing utilities to come up with new offerings for these major, name-brand companies," he said.

"Utilities recognize there's a lot of change happening in their industry, and their business model is going to need to adapt," he said. "But the question is how quickly it needs to adapt."

The Ceres report found that there have "been efforts by some utilities to slow the pace of change," which Bakal explained as reflecting "challenges coming at them that are affecting their revenue streams and their ability to make investments in the grid that is still fundamental" to their business.

Some proposals being put forward "could actually slow the uptake of distributed resources and energy efficiency, so we're encouraging [utilities] to take a proactive role that won't slow clean energy deployment but will address the revenue concerns that they have," he said.

The top five companies for renewable energy sales based on 2014 data were Sempra Energy, Pacific Gas and Electric Co., Edison International, Xcel Energy Inc., and Public Service Enterprise Group.

The bottom five were PPL Corp., Consolidated Edison Inc., American Electric Power Co., Florida Power & Light Co. and Southern Co.

For energy efficiency as a percentage of retail sales, also based on 2014 data, the top five companies were Eversource Energy, Pacific Gas and Electric, Portland General Electric, National Grid PLC, and Pinnacle West Capital Corp.

The bottom five were Oklahoma Gas & Electric, Southern, Entergy Corp., FPL and Dominion Resources Inc.

Clean Power Plan only one driver

The report pointed to the Edison Electric Institute, the association of investor-owned utilities, as acknowledging that the Clean Power Plan is "only one of many drivers shifting electric utilities toward clean energy and that carbon reductions will continue regardless" of whether the EPA rule survives legal challenge.

The rule was stayed by the Supreme Court in February. Oral arguments are slated at the U.S. Court of Appeals for the District of Columbia Circuit in September.

Should the rule be upheld, Bakal said, "it is safe to say that companies in states with more ambitious clean energy goals are better positioned [to comply] because the frameworks are already in place, even if they require some revisions. So, companies in western states, such as California, Oregon or Washington, as well as Colorado and Minnesota, and the states in the Regional Greenhouse Gas Initiative are generally better positioned," he said.

"Climate has clearly become politicized in many places, and that's unfortunate.

"There are plenty of people on both sides of the aisle and businesses that recognize the value in renewable energy and energy efficiency. And they keep stepping up by making investments, implementing new initiatives and advocating for the policies that are going to move us in the right direction and level the playing field," Bakal said.

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