

# Green Energy Legislation is on the Rise as State Lawmakers Prioritize Energy Efficiency and Environmental Policy

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The topic of green energy has taken center stage in recent years as state legislators turn their attention to energy efficiency policies, programs and technologies that protect the environment and promote economic prosperity.

States are investing more in energy efficiency, according to the 2018 State Energy Efficiency Scorecard included in an annual report by the American Council for an Energy-Efficient Economy (ACEEE)<sup>1</sup>.

Steve Nadel, Executive Director at ACEEE, stated, “States are stepping up on energy efficiency, including major new commitments in New Jersey, New York, and Virginia, helping to address the very limited activity from Washington, DC. These efforts contributed to the 2.25 million-plus efficiency jobs last year in the United States.”

The Scorecard, issued October 4, 2018, ranked Massachusetts and California as the leaders in energy efficiency policy and program efforts, with Rhode Island, Vermont and Connecticut rounding out the top five. North Dakota, West Virginia and Wyoming were reported as ‘lagging behind’ the other states. New Jersey was considered most improved.

The Scorecard noted that Iowa fell the most, moving down five spots to #24. This drop was due mostly to a bill signed in early 2018 that imposes a restrictive cap on efficiency programs and allows customers to opt out of paying for some of them. Sixteen other states also fell in the rankings.

## **2018 Brought Significant State Solar Policy Changes**

Renewable energy — especially solar — was the subject of considerable legislative changes at the state level in 2018. Although the federal government's 30% tariff on foreign-manufactured solar components made for a rough start to the new year, the overall policy developments made throughout 2018 were positive for the solar industry.

Here are some of the highlights at the state level<sup>2</sup>:

### **CALIFORNIA**

- On May 9, 2018, the California Energy Commission mandated that all new homes (with a few exceptions) include rooftop solar beginning in 2020.
- On September 10, 2018, Governor Jerry Brown signed Senate Bill 100 requiring 100% of the state's electricity must come from carbon-free fuel sources by 2045.

### **COLORADO**

- In late March, Governor Hickenlooper signed a bill that states residents should be able to install, use and interconnect energy storage systems without unnecessary restrictions or discriminatory rates. Colorado is one of the first states to declare energy storage as a human right.

### **FLORIDA**

- In April 2018, the Florida Public Service Commission declared that solar leases are no longer classified as third-party electricity sales, making them legal in the state. Florida solar customers now have a new financing option and solar companies in the state have a new product to offer.

### **HAWAII**

- In April 2018, Hawaii passed a law that will change the revenue model for Investor-Owned Utilities. The measure is expected to aid the process of modernizing the state's electricity grid because utility revenues will now be linked to performance metrics. This will incentivize the use of distributed energy resources like solar, rather than investment in costly new utility-owned infrastructure projects.

### **ILLINOIS**

- In April 2018, Illinois regulators produced a plan to procure 25% of the state's energy from renewable sources by 2025, as required under the Future Energy Jobs Act passed in 2016. The plan covers large investor-owned utilities as well as smaller,

municipal utilities and rural electric cooperatives, which solar advocates say will make solar incentives more accessible to low-income and rural customers.

#### **MARYLAND**

- In November 2018, Maryland announced \$5 million in funding for grants to support solar-plus-storage projects in economically disadvantaged communities. Project providers must apply for grants by March 1, 2019.

#### **MASSACHUSETTS**

- In October 2018, the Massachusetts Department of Energy Resources approved compensation for owners of new solar projects under the state's Solar Massachusetts Renewable Target (SMART) program, a successor to its previous SREC incentive program. Like the SREC program, SMART is a production-based incentive, meaning that photovoltaic (PV) system owners are compensated based on the amount of energy their system produces. Unlike the SREC program, however, system owners receive a fixed rate of compensation per unit of energy produced rather than being compensated a variable amount based on market demand.

#### **NEW JERSEY**

- On May 23, 2018, Governor Phil Murphy signed into law a key energy bill that requires 35% of New Jersey's power to come from renewables by 2025, and 50% by 2030. In addition, the law establishes the most ambitious solar-specific target in the nation — requiring utilities source 5% of their energy from distributed solar by 2021. In addition, he signed an executive order for New Jersey to develop a plan to reach 100% clean energy by 2050.

#### **NEW YORK**

- In October 2018, Governor Andrew Cuomo announced \$40 million of incentives to support solar-plus-storage projects. Eligible projects will be able to receive an additional incentive of \$350 per kWh of installed storage capacity.
- On December 17, 2018, Governor Cuomo pledged the state to use 100% carbon-free electricity by 2040 in a speech announcing his policy agenda for early 2019. The move builds upon the state's existing strong commitments to renewable energy.

#### **NEVADA**

- In November 2018 mid-term elections, voters in Nevada approved a ballot initiative (Question 6) to require utilities to source 50% of their electricity from renewable energy by 2030.

#### **PENNSYLVANIA**

- Released in November 2018, Pennsylvania's Solar Future Plan outlines strategies for sourcing 10% of the state's energy from solar by 2030. The plan is likely to be good news for the solar industry in Pennsylvania. The Pennsylvania Department of Environmental Protection (DEP) predicts the plan could create between 60,000 and 100,000 new jobs, and as much as \$1.6 billion in economic benefits annually.

- Governor Tom Wolf signed a bill early in 2018 allowing commercial PACE (C-PACE) financing in the state, which would allow commercial property owners to repay solar loans via their property taxes, in municipalities that establish C-PACE programs.

## UTAH

- In March 2018, Governor Gary Herbert signed a law that extends Utah's \$1,600 solar tax credit for two more years. The credit will begin to phase out in 2021.
- Utah also passed a consumer protection measure requiring solar companies to provide a disclosure statement on contract provisions to all residential customers.

## VIRGINIA

- In March 2018, Virginia passed the Grid Transformation & Security Act of 2018, which states 5,000 Megawatts of solar development by utilities is in the interest of the state. In October, Dominion Virginia Power issued an RFP (Request for Proposal) for 500 Megawatts of solar projects, to be developed by 2020. The projects may either be sold to Dominion or it will purchase the energy they produce through 20-year power purchase agreements. The resulting solar development will be utility-scale, with the minimum allowable project size being 5 MW.

## WASHINGTON

- In December 2018, Governor Jay Inslee released a clean energy proposal that calls for 100% clean energy by 2045. It also includes goals for transitioning to electric transportation, adding a clean fuel standard and building energy-efficient buildings.

It's clear that state legislators are committed to the march toward stronger green energy policy and environmental protection standards. Some lofty goals have been set for the next twenty-five years. The question ultimately is — can they be met? Time will tell.

New Vista Solutions is a full service vendor management company for residential and commercial mortgage lenders, offering a suite of compliant, technology-driven settlement services products. Through its partnership with IncentiFind, New Vista also offers **The Green Report**, a comprehensive list of government-backed and utility-funded incentives available to property owners when they construct, renovate or upgrade real property using energy-efficient, water-conserving and/or renewable products, materials or measures. It compiles all eligible incentives specific to each project (or building) that property owners construct, renovate or upgrade.

<sup>1</sup> <https://aceee.org/press/2018/10/aceee-2018-state-energy-efficiency>

<sup>2</sup> <https://bit.ly/2TCIZO8>