

# Report reviews estimates of costs and benefits of compliance with renewable portfolio standards

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A new report, prepared by analysts from the Energy Department's National Renewable Energy Laboratory (NREL) and Lawrence Berkeley National Laboratory (LBNL), reviews estimates of the costs and benefits of compliance with Renewable Portfolio Standards (RPS) in the United States and explores how costs and benefits may evolve over time.

"A Survey of State-Level Cost and Benefit Estimates of Renewable Portfolio Standards," reviews recent estimated RPS costs for most states, but finds that a lack of [benefits](#) estimates and methodological differences limit the ability to directly compare benefits and costs. Such estimates can inform policymaker assessments of existing RPS policies, modifications to existing policies, and potential new policies.

"With RPS policies in 29 states and with most policies in effect for more than five years, we now have a sufficient experience base with which to examine policy impacts," said NREL's Lori Bird. States that have implemented RPS policies have collectively deployed approximately 46,000 MW of new renewable energy capacity through 2012.

Based on a review and analysis of data from state compliance filings and other sources, the report finds that the estimated incremental RPS cost over the 2010-2012 period—the cost above and beyond what would have been incurred absent the RPS—was less than 1 percent of retail electricity rates on average. This is well below the cost caps that most

state legislatures have adopted as part of their RPS.

The report includes a review of published quantitative assessments of RPS benefits. A limited number of states have developed quantitative benefits estimates, which vary widely in both methodology and magnitude.

Approaches to calculating RPS costs and benefits vary within and across states, which limits the ability to make comparisons. "Differences in methodologies and assumptions used by utilities to estimate RPS costs are leading some [states](#) to engage in processes to develop standardized methods," said NREL's Jenny Heeter.

"In future years, the costs as well as the benefits of RPS compliance will be influenced by a variety of factors including technology costs, fuel costs, and increasing RPS target levels, but RPS costs are generally limited by existing policy mechanisms that cap [costs](#), typically at less than 10 percent, and in many cases less than 5 percent, of retail rates," said LBNL's Galen Barbose.

**More information:** [www.nrel.gov/docs/fy14osti/61042.pdf](http://www.nrel.gov/docs/fy14osti/61042.pdf)

Provided by National Renewable Energy Laboratory

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