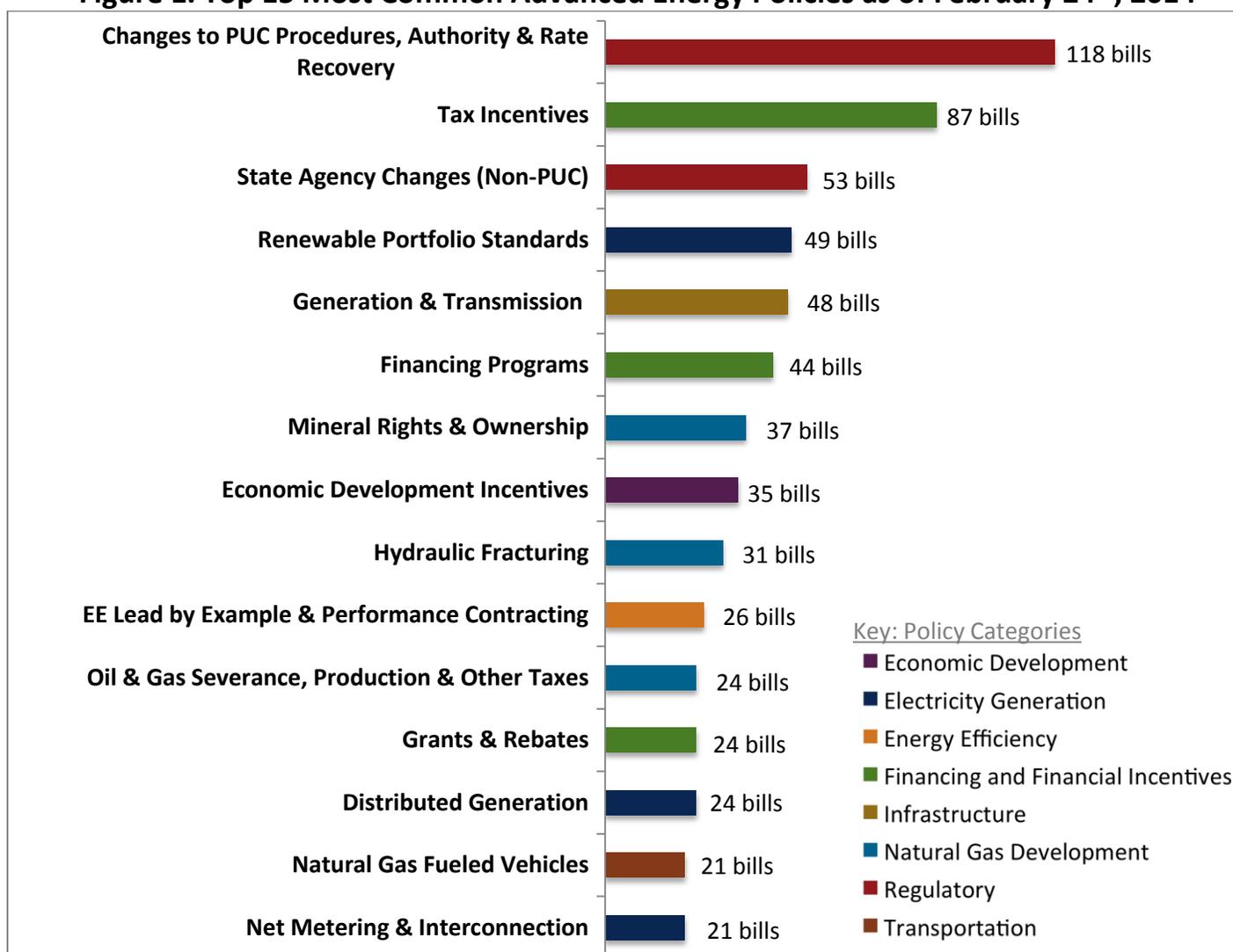


2014 Year-To-Date: State Advanced Energy Legislation

March 2014

The Center for the New Energy Economy (CNEE) maintains the Advanced Energy Legislation Tracker (AEL Tracker) which consolidates all advanced energy-related legislation introduced in all 50 U.S. states and the District of Columbia into one database. As of late February, the AEL Tracker contained 1,268 bills introduced in 2014^{1,2}. CNEE has catalogued the policy topics covered by each of these bills and this paper highlights the 15 most common policy topics introduced this year (see Figure 1, below).

Figure 1. Top 15 Most Common Advanced Energy Policies as of February 24th, 2014



¹ All data used in this paper reflects legislation contained in the AEL Tracker database as of February 24th, 2014.

² Several states have two-year sessions, meaning that bills introduced in 2013 remaining active into 2014. A handful of states are not in session this year, while others are holding budget sessions. A detailed calendar outlining legislative sessions can be found [here](#).

Changes to PUC Procedures, Authority & Rate Recovery

Legislatures appear to be increasingly engaged in Public Utilities Commission matters. Examples of legislation in this class include a proposal in West Virginia ([HB 2803](#)) to require integrated resource planning and a measure in Virginia ([SB 643](#)) relating to the recovery of costs for offshore wind facilities. A proposal in Maryland ([HB 731](#)) would require the commission to assess water use when considering granting a certificate of public convenience and necessity. For other energy-related agencies like siting and transportation commissions, legislatures have been active in proposing increased public participation, amended decision making procedures, and new rules review requirements. For example, a pair of bills in Washington ([SB 6417](#) and [HB 2312](#)) would revise requirements for public participation.

Tax Incentives; Financing Programs; and Grants & Rebates

Similar to 2013, tax incentives dominate financing and financial incentive legislation. Though these policies may help to reduce the net costs associated with the adoption of new technology, they do not directly address up-front cost barriers. To date, 44 true financing bills³, which do address up-front costs, have been introduced. An additional 24 bills relate to grant and rebate programs. Several noteworthy examples include a PACE bill in Hawaii ([SB 3110](#)), a bill expanding the third party leasing program in Virginia ([HB 864](#)), and a measure to authorize, and provide funding for, on-bill financing programs in Nebraska ([LB 978](#)). New York has also introduced a bill ([A 8381](#)) to provide tax incentives to banks that provide clean energy loans.

Renewable Portfolio Standards; Net Metering & Interconnection

Within the electricity generation category, the most common policy type is proposed modifications to Renewable Portfolio Standards. Examples include bills in Iowa ([HF 2166](#) and [SF 2107](#)) to create a solar carve-out, and bills in Maryland ([HB 1149](#) and [SB 733](#)) to increase the RPS goals overall. Newly enacted legislation in Oregon ([HB 4042](#)) would open net metering of wave and tidal energy and ([SB 838](#)) would allow REC purchases by Co-ops to count toward RPS compliance. A proposal in Vermont ([H 702](#)) would increase the net metering cap. Most distributed generation bills are focused on solar, and include proposals limiting homeowners and community association restrictions on installation; regulating small installations on farmland and other open spaces; and setting requirements and liability for solar contractors. A pair of bills in Hawaii ([HB 2165](#) and [SB 2239](#)) would protect solar owners from shading created by the activities of neighbors.

Generation & Transmission

The trends in generation and transmission siting in 2014 are expansion of stakeholder input processes as well as expediting siting and permitting. Examples include increasing public participation in the siting process in Mississippi ([SB 2523](#)) and Iowa ([HF 2047](#)); requirements related to permitting, siting, and decommissioning wind in Alabama ([SB 12](#)); a proposal in Kansas ([HB 2661](#)) to revise transmission planning requirements; and a bill in Illinois ([HB 4644](#)) related to expedited review of and siting requirements for certain transmission lines.

Mineral Rights & Ownership; Hydraulic Fracturing; Oil & Gas Severance, Production & Other Taxes

Natural gas development remains a common legislative topic, with an emphasis on mineral rights and ownership. These bills address the split estate, pooled resources, and mineral leasing. Specific examples here include a proposal in Mississippi ([HB 665](#)) to revise the conditions under which the mineral estate reverts to a surface owner, a pair of bills in West Virginia ([HB 4558](#) and [SB 578](#)) relating to forced pooling, and a bill in New York ([S 6220](#)) to prohibit leasing on certain state lands. As with 2013, disclosure of hydraulic fracturing fluid

³ Financing programs include: PACE, third party financing and other leasing programs, low-interest loans and on-bill financing, performance based incentives, and bonding authority.

composition and waste disposal remain common topics. Other bills, including a proposal in Illinois ([SB 3485](#)), seek to amend provisions relating to regulating and permitting hydraulic fracturing operations. Legislatures are also actively revising provisions related to resource severance and other taxes placed on producers. While many of these bills contain minor adjustments to tax laws, a bill in Pennsylvania ([HB 2051](#)) would implement a new natural gas severance tax.

Economic Development Incentives

The bulk of new economic development-related legislation would modify existing incentives including tax credits, grants, loans, and other support to encourage job growth related to advanced energy and emerging technologies. Examples here include a bill related to tax incentives for investments in advanced industries in Colorado ([HB 1012](#)), a proposal to create “Green Business Incentive Zones” and provide tax and other incentives in Maryland ([SB 787](#)), and in Missouri, three proposals ([HB 1236](#), [HB 1310](#), and [SB 698](#)) would implement the Angel Investment Incentive Act to create tax credits for investments in new, innovative businesses.

Energy Efficiency Lead-By-Example & Energy Performance Contracting

As in 2013, energy efficiency continues to comprise a relatively small portion of introduced advanced energy legislation. While most of the bills in this group address existing state government leadership efforts, a few would create new programs or utility savings goals. For instance, a pair of bills in Mississippi would allow Energy Savings Performance Contracting ([HB 1438](#) and [SB 2521](#)), legislators in West Virginia ([HB 4367](#)) are considering energy efficiency goals, and in New Jersey ([A 2535](#)), a recently introduced proposal would create additional incentives for utility programs.

Natural Gas Fueled Vehicles

Within transportation legislation, natural gas fueled vehicle policies are the most common. Within this class, the majority of bills address natural gas fuel taxes. Examples of other bills in this group include a delay in fueling stations infrastructure goals in Oklahoma ([SB 1213](#)) and in Virginia ([SB 505](#)) a bill creating a host of provisions and incentives related to natural gas fueled vehicles.

Key Takeaways:

1. Thus far in 2014, legislation relating to the regulation of utilities and PUC procedures is the most common advanced energy policy type.
2. Tax incentives are the most common proposed financial incentives.
3. Renewable Portfolio Standards continue to be a prominent topic at state legislatures, with several new proposals to rollback, increase, or modify a standard introduced this year.

This brief is the latest in CNEE’s series of AEL Tracker Trends and Analysis papers, all of which can be accessed [here](#).