

Powering Sustainability

The recent focus on distributed generation has not addressed how companies will fully meet increasing sustainability commitments, including goals of being '100 percent powered by renewable energy.' Customers and utilities are exploring new approaches that may close the gap between corporate sustainability commitments and energy offerings.

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I. Introduction

In 1747, Peter Collinson, the London agent of the Library Company of Philadelphia, shipped an "electric tube" to Benjamin Franklin that could be used to generate and transfer static electricity. In a subsequent letter of gratitude to Collinson, Franklin – a man known for his wide-ranging interests – wrote that as a result of his introduction to electricity, he "never was before engaged in any study that so totally engrossed [his] attention and [his] time as this has lately done" and that he "had little leisure for anything else."¹

History does not tell us whether Franklin's studies of electricity expanded to the contemplation of distributed generation, but that subject appears to have now reached a Franklin level of engagement among utility executives, renewable energy developers, and regulators. Unfortunately, Franklin's feelings of enthusiasm and gratitude for the opportunity to further his studies do not appear to be equally shared in recent regulatory explorations of distributed generation, particularly among those who expect to participate in years of proceedings as different

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stakeholders work through a landscape of evolving energy markets, requirements, and incentives.

In light of the certainty of additional distributed generation-related regulatory initiatives and decisions in the near future, this article examines broader goals of corporate customers seeking to procure more renewable energy. Despite all the publicity and analysis of the rapid growth of distributed generation and the associated challenges for utility business models, little attention has been given to what regulatory structures will actually allow these key customers of both utilities and distributed generation developers to fully achieve their announced energy and sustainability goals.

II. Corporate Commitments to Renewable Energy

Many readers of *The Electricity Journal* are well aware of the growth of state renewable portfolio standards (RPS) across the country.² With 29 states (plus Washington, DC, and two U.S. territories) imposing requirements for utilities to purchase or use renewable energy (or the characteristics of such energy represented by renewable energy credits, or “RECs”) and an additional eight states and two territories adopting renewable energy goals, there is widespread understanding that

investor-owned utilities and many competitive energy suppliers have significant legal obligations to procure renewable energy. In some states, these obligations include specific “set-asides” for distributed generation (with solar either required or usually selected as the distributed generation technology of choice).³

Those legal obligations, in turn, have driven the development and deployment of renewable energy

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in the United States and continue to do so. An estimated 109 GW of additional renewable energy capacity must be built to satisfy RPS requirements under existing state law.⁴

What is less appreciated is the extent to which an increasing number of major U.S. corporations have set their own renewable energy goals and made significant commitments to procure such energy without any legal requirement to do so. Some goals and commitments have received greater attention than others, but many are notable in both scope and range as well as in the identities of the companies

with operations in the service territories of utilities across the country. For example:

- **Walmart** set a goal of being 100 percent supplied by renewable energy, with an intermediate deadline of procuring 7 billion kWh of renewable energy globally by Dec. 31, 2020.⁵

- **Google** set a goal of being 100 percent supplied by renewable energy as well, and has already attained a “zero carbon footprint” for all of its operations.⁶

- **Unilever** intends to double its use of renewable energy to power 40 percent of its operations by 2020.⁷

- **Sprint** committed to obtaining 10 percent of the electricity used in powering its entire cellular network from renewable energy sources by 2017.⁸

These companies are not the only ones publicly stating and implementing their renewable energy plans. As reported by Ceres, a network of investors, companies, and advocacy groups, 59 percent of the Fortune 100 companies have made renewable energy commitments or set goals for greenhouse gas emission reductions for their operations, or both.⁹ Those companies also span a range of industries as shown in **Figure 1**.¹⁰

Furthermore, while 100 percent of the goals of some of the major corporations undertaking renewable energy commitments do not have particular deadlines, many of these companies have made commitments with

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