Despite Promised Deregulation, Some States Renew Commitment to Renewables

By Liz Edmondson

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Rules and policies promulgated by the Obama administration, such as the Clean Power Plan and the Clean Water Rule, were some of the most controversial environmental regulations seen in recent memory. While these rules have not yet been implemented at the state level and remain stayed pending the outcome of litigation, the election of President Donald J. Trump in November called into question what the future of these and other Obama administration policies will be and what role states will play in guiding energy and environmental policy in the future.

In addition to pledging to undo the Clean Power Plan and the Clean Water Rule, Trump is generally in favor of expanding natural resource extraction and decreasing industry regulation and oversight. He has stated an intention to remove the United States from the Paris Agreement on climate change and roll back the Environmental Protection Agency’s reach.

Many are concerned that these policies could have far-reaching and negative impacts on the environment and on efforts to reduce greenhouse gas emissions. However, others at the state level believe that market forces and state-level policies were driving renewable energy production and greenhouse gas emissions reductions previously and will continue to do so.

“The low price of natural gas and increases in renewable energy generation due to state policies is what resulted in the shift away from coal,” said Minnesota state Rep. Pat Garofalo, former chair of
CSG’s Energy and Environmental Public Policy Committee. “What you will see going forward is that the market and state-level policy will drive decisions on what energy sources we use, and not federal regulation.”

Between economic conditions that have favored cleaner burning natural gas over coal, lower electricity demand, and state policies that have encouraged investments in and shifts toward renewable resources, the United States is on track to meet the goals set in the Clean Power Plan despite the stay of the rule.

In states that already have aggressive renewable energy policies, it is unlikely that the new presidential administration will affect the energy and climate landscape. Many states have aggressive renewable energy requirements and were well on track to meet the requirements of the Clean Power Plan regardless of its fate.

For example, Oregon recently upped its renewable energy requirements and now mandates that utilities meet half of customer energy demand with renewable power by 2040. Oregon also became the first state in the nation to pass legislation last year to phase out coal-fired power through 2030.

While states more dependent on fossil fuels are hopeful that Trump’s energy agenda may aid recovery of the coal industry, these states will likely continue to chart their own courses.

“Here in Ohio, industry has taken a tremendous hit and that is going to change, but not immediately,” said Ohio state Rep. Al Landis, co-chair of CSG’s Energy and Environment Committee. “There is going to be more of a national energy policy that doesn’t exclude fossil fuels, but we are looking at a year to 18 months before the coal industry sees a recovery in Ohio.”

However, Ohio is moving ahead on legislation that addresses its renewable energy portfolio standard, which was frozen two years ago. “Doing nothing is not an option because the freeze is set to expire,” said Landis. “The debate now is do we continue the freeze, go back to where we were or do we continue (to set new) goals? We’re trying to find common ground.”

“Despite the election, there was a sense of direction with or without what was happening in Washington,” said Landis. “We want to chart our own course.”

States will continue to take a variety of approaches to address energy challenges in the coming years. Several states are taking the lead in mandating renewable energy use. Illinois recently passed SB2814, which reforms the state’s renewable energy portfolio standard to increase from 25 percent of renewable energy by 2025 to 35 percent renewable energy by 2030. Other states with aggressive renewable energy targets include 50 percent by 2030 in both New York and California, 75 percent by 2032 in Vermont, and 100 percent by 2045 in Hawaii.

Infrastructure

Conflicts over the placement of and potential water quality and other adverse impacts from natural gas pipelines such as Dakota Access, will continue to be important as the need for natural gas infrastructure expansion confronts concerns for environmental protection and property rights. Replacing aging water infrastructure, a need brought to light by the water crisis in Flint, Michigan, and updating electric transmission lines in an era where the electric grid continues to modernize will also remain on states’ agendas.

Water
Water quality and management will also continue to be an issue in 2017. Droughts continue to plague many states—particularly in the South and West—and water management will be a key issue for states going forward. Many states also share interstate water resources and states will have to cooperate to ensure effective use and management. With the Trump administration’s promise to roll back environmental regulations and increase fossil fuel production, state policymakers should expect concerns over water quality impacts to increase.

**Solar Energy Policies**

Net metering, the policy that allows rooftop solar customers to receive a credit on their electric bill for any excess energy they provide to the electric grid, is a policy that almost every state addressed in one way or another in 2016. Expect states to continue to determine how to value the solar power the customer-generator provides to the grid and to develop more creative policies that address how customers interact with the grid as technology continues to advance.

**Natural Gas**

The new presidential administration stated its intent to increase natural gas production and roll back fossil fuel regulations, including those relating to methane. States will continue to be largely responsible for regulating natural gas production within their borders. Last year saw numerous conflicts over whether local governments could more stringently regulate natural gas production, which are expected to continue into 2017.