

UTILITY ENGAGEMENT PRIMER AND WORKBOOK



UTILITY ENGAGEMENT OVERVIEW

Most sustainability-minded businesses would prefer to procure clean energy through their default energy provider — their utility — but utility-provided solutions can vary widely. Some utilities offer cost-competitive clean energy options to customers of any size. Some offer clean energy at a price premium only to their very largest clients or to those that are bringing new energy load to a region. Some offer no clean energy options at all.

Are you interested in exploring utility-provided clean energy options? This overview will help you think through what features you might look for and how to best engage your utility in meeting your procurement goals.



KEY TO REMEMBER

Approach your utility from a place of partnership. Help your utility representative understand your energy procurement goals. Then be open minded when they present options — and speak up if you need something different.

WHY A UTILITY-PROVIDED SOLUTION?

Buying clean energy through your utility has many benefits. It often means that your business can support a clean energy project through monthly payments on an existing energy bill with no upfront commitment of capital. Typically, a company's accounting office is already comfortable paying this bill, so no new internal processes need be created and buy-in is easier to obtain. Additionally, because utilities are already experienced in selling energy to customers of all sizes and backgrounds, utility-provided solutions are generally not limited by a customer's credit rating or load size, as other procurement options may be.

Utilities typically offer clean energy through two mechanisms:

- **Green tariffs.** [Green tariffs](#) allow an eligible customer to buy both the energy and associated renewable energy certificates (RECs) from a large-scale renewable energy project through an independent tariff (rate) or as a rider on a customer's current electricity bill. These programs are typically offered by local electric utilities and approved by a state public utility commission (PUC). Green tariff designs differ widely from utility to utility, and there is no one-size-fits-all solution. Any company evaluating a green tariff should make sure they thoroughly understand the product they are considering.
- **Green power pricing programs.** Green power pricing programs are a utility-provided option in which RECs that are provided to the customer are often unbundled from (or not directly connected to) a specific project's clean energy generation. These programs may provide RECs that the utility procures from existing local projects or projects located across the country. These RECs are typically provided at a cost premium with a short-term customer commitment; for example, customers can typically sign up for this option on a monthly basis. These programs are easier for the utility to set up and involve a simple sign-up process for the customer.

UTILITY ENGAGEMENT BASICS

The best way to make the most of your utility bill is to proactively engage with your utility provider. Help them understand your needs, and be open minded to solutions they may present. And do your homework!

Reach out to your internal facilities team or procurement officer. Ask them to help you **understand the current electricity bill(s) for each of your facilities**. How large is your annual energy load in terms of energy usage (kWh) and peak or minimum demand (kW)? Does your electricity usage vary by season? What rate are you currently on, and how is it structured? How are fees like transmission and administration accounted for on your bill?

Then, **explain to your internal partners what you are trying to accomplish** with your clean energy procurement — and its importance to your business, customers, and other interested parties. Ask if your company has a dedicated representative at your utility and, if so, whether they have explored sustainability options with them. Most utilities offer a suite of products that may include on-site solar installation rebates or net-metering, as well as free advisors who do walk-throughs of your facility and suggest ways to improve efficiency, often with rebates for your trouble. **Ask your internal partners to connect you to your utility** or to join you in discussions with them.

If you do not have a dedicated representative, visit your utility's website. Search for existing green tariffs or renewable energy products that your utility already offers. You may be able to find the name of a helpful utility contact on their renewable energy program page.

Once you find someone to talk to — talk! **Help your representative understand what you are trying to achieve with your energy procurement.** What types of energy does your company define as “clean” — only solar and wind, or nuclear and large hydro as well? How much of your energy load are you looking to cover? Do you anticipate large changes in your load as your company electrifies processes or installs electric vehicle infrastructure? Are you interested in resiliency products like battery storage? Are there specific things that would help you achieve your goals, or is low energy pricing your highest priority? Would your organization be willing to shift load to take advantage of demand response incentives or cheaper time-of-use rates that move demand away from peak hours? What pricing mechanisms would work for your organization? Transparency here is key. Tell your story, and let them tell you theirs.

Start this process now! Even if your company does not yet have firm clean energy or sustainability goals, consider meeting with your utility as soon as possible. Let them guide you through options that are available to you already, and help them understand what you may need in the future.

UNDERSTANDING THE UTILITY'S PERSPECTIVE

To bring a new product — such as a green tariff — to market, most utilities must first **secure approval from their PUC** or similar regulatory body. This process could take as little as two months to over a year, depending on the regulatory environment and support for the proposal. It is the mandate of the PUC to ensure reliable, affordable electricity for all customers in a service territory.

A company's utility bill includes not only costs associated with energy generation, but also costs for maintaining transmission and distribution infrastructure, technical functions like load balancing and frequency and voltage maintenance, and a utility's administrative operations. It is imperative that an organization pay its fair share of fixed costs. Utilities must be careful that they don't offer advantages to one class of customers at the expense of the rest of their rate base — **the approval of a green tariff cannot raise costs for other customers.**



Utilities must also **be cognizant of how a new clean energy project will impact total system operations**, including existing generation assets that have already been approved to meet electricity needs. If a new solar project provides enough energy to the grid during peak demand hours, might existing fossil fuel plants be idled or existing energy procurement contracts go unfulfilled? Does the addition of a new project align with the approved integrated resource plan (IRP) under which the utility operates?

Utilities that have successfully developed attractive green tariffs have almost uniformly had executive-level buy-in on the process. Not only have executives served as champions in promoting a tariff to the PUC for approval, but they have also helped **empower cross-functional teams within utility operations** that can more effectively bridge internal silos. To craft a viable tariff, internal utility teams will likely include:

- Resourcing (the people who find electricity generation projects to invest in or buy from)
- Internal Accounting (the people who run the numbers on cost fairness and regulatory reporting)
- IT (the people who can ensure the program charges/credits can be applied to your bill)
- Legal and Regulatory Affairs, and
- Customer Accounts (your representatives).

There is often a knowledge gap among some of these parties about the importance and functionality of renewable energy. The more people who understand this, the more inventive the team will be!

Finally, utilities in different markets may have different options available to them. Utilities working in an organized wholesale market could offer green tariff designs and structures that vertically integrated utilities in more traditional markets cannot, and PUCs will have differing levels of comfort with change.

There are different types of utilities in the U.S. Knowing which kind of utility serves your load can help you understand their motivations and restrictions.

Investor-owned utilities (IOUs) are for-profit entities that are owned by shareholders and can be either private or public (traded on a major stock exchange). They are typically driven by a need to demonstrate a return on investment. The most common type of utility in the U.S., IOUs' activities are overseen by state PUCs.

Municipal utilities (munis), or public utilities, are owned by a community (cities, towns, counties) and are operated by government agencies. Their actions are often driven by the idea that whoever creates the need for upgrades pays for upgrades. Munis are often exempt or limited in their PUC oversight.

Electricity cooperatives (co-ops) are private, member-owned organizations common in rural areas. They typically have much smaller customer bases than IOUs or munis and may also have limited PUC oversight. Their actions are also typically driven by the idea that whoever creates the need for upgrades pays for upgrades.



WORKING TOGETHER

- **Take a long-term approach.** View your relationship with your utility as just that — a relationship. Seek out ways to cooperatively achieve both organizations' goals. This may require patience. If an attractive green tariff does not yet exist, be willing to meet several times to provide input on possible options. Recognize that the utility will need to navigate systemwide impacts as well as a potentially complicated PUC approval process. It may be necessary to start with a small-scale pilot project to lay the groundwork for a larger program in the future. Also, consider engaging in the utility's long-term IRP processes to encourage the utility to procure cleaner energy for its own operations as a default and to build transmission that will enable a greener grid.
- **Evaluate options for collective action.** Does your company have relationships with like-minded businesses that are served by the same utility? Would they be willing to form a coalition to jointly approach the utility about clean energy options? Could your aggregated load demonstrate a more meaningful and influential demand?
- **Engage your own leadership early.** You may have to convince your own teams that a clean energy product from your utility is worth investing in. Remind them that any green tariff should be evaluated at least against your organization's current electricity rate plus expected costs for buying unbundled RECs from the open market. Identify the supporting budget and explain the green tariff as part of a portfolio approach to procurement.
- **Try to build bridges between your company's leadership and your utility's leadership.** This especially applies to regions where green tariffs are not common. Some of the most successful green tariffs have resulted from CEO-level discussions about customers' wants and a utility's options.
- **Help your utility representative think through the value your organization can offer.** For example:
 - Does your company have flexibility in its operations? Could electricity-intensive activities be curtailed during periods of high energy demand to reduce stress on the grid? In emergencies, companies may be willing to flex their load to avoid blackouts that threaten their equipment and products. Could this demand response be used to secure a more attractive electricity rate or be incorporated into a green tariff?
 - If your business has a large, predictable energy load, perhaps lower tariff rates may be justified by the increased load factor and grid reliability benefits your operations provide.
 - If you are a business bringing new load to a utility, perhaps the economic benefits of new jobs and increased tax revenues may justify a more attractive electricity rate or the development of a new clean energy generation resource.
 - If you are a large, credit-rated company, perhaps your involvement in a project's development can result in lower energy pricing, and reduced electricity costs can be shared among all customers.

- **Share examples of what has worked elsewhere.** If your company has successfully procured clean energy through a green tariff in another region, share this with your utility representative. Modeling a tariff on a product that has worked elsewhere reduces the learning curve. Additionally, if a utility can point to the success of a similar tariff, PUC commissioners may be more comfortable approving the product.
- **Offer open and honest feedback.** As a utility develops a green product offering, give them your thoughts on even the smallest details. Does the name of the proposed product resonate with customers? One successful green tariff almost failed because the original name, “Green Premium,” invoked leadership concerns over higher costs despite no actual premiums being imposed!
- **Support the utility in securing PUC approval.** The green tariff approval process can be lengthy and full of legal testimony and community hearings. It can also be very political. Use your company’s good name to support the proposed tariff publicly. This can mean briefing utility commissioners about how clean energy options help you meet your business goals, filing a letter of support during the PUC approval process, or asking your communications team to place an op-ed in your local newspaper explaining the benefits of the tariff.



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COMMON GREEN TARIFF FEATURES

As you evaluate a potential utility-provided clean energy option — or advocate for the creation of a new one — it is crucial that you dig into the details of the product. A green tariff, for example, allows an eligible customer to buy both the energy and associated renewable energy certificates (RECs) from a large-scale renewable energy project through an independent tariff (rate) or as a rider on a customer’s current electricity bill. The most successful green tariffs are those that are designed with extensive customer input, so educating yourself about the options can help you be a better partner. Below are possible tariff features to consider:

TYPICALLY ATTRACTIVE TO SMALLER CUSTOMERS	TYPICALLY ATTRACTIVE TO LARGER CUSTOMERS
Shorter-duration contracts (one month to five years) allow for flexibility as market conditions change.	Longer-duration contracts may reflect the economic benefits (savings) of reduced fuel costs versus traditional fossil-fuel-based generation.
Fixed pricing allows for billing predictability (example: monthly flat bills as determined by the past 12 months of usage).	Lower pricing may account for reduced risks to utility operations (resulting from long-term contracts), or adjustable pricing may allow a company to capitalize on falling energy costs.
Subscriber formats allow multiple customers to access output from a single, large project that may otherwise not have been accessible. This often means reduced electricity costs and amplified sustainability impact, though customers will likely have less direct input on the project selected.	“Sleeved” power purchase contracts allow the customer to engage directly on specific project selection.
Percent-of-load-based contracts (versus a fixed number of MWh contracted for) allow procurement to ebb and flow as a company grows or as energy loads drop if a company increases its efficiency.	Support of new, local clean energy projects that provide demonstrable economic or health benefits to the community.
To reduce pricing, RECs may be provided from a mix of resources and projects as opposed to a dedicated resource.	A mix of resources may be used to allow for load following RECs that match the hourly pattern of a customer’s energy use (24/7 matching) and for increased resiliency in the face of unanticipated project maintenance or outages.
Ability to aggregate load from multiple facility locations in meeting procurement thresholds or to shift committed procurement to different facilities within the same utility service territory (if a leased facility relocates).	
REC production guarantees: A company that is using a green tariff to achieve clean energy goals must be able to rely on delivery of expected RECs. A utility may develop contingency plans to offer unbundled replacement RECs if a project does not perform as expected due to weather or mechanical failure. Contracts should ensure a customer does not pay for a REC if it is not produced.	
The utility can conduct REC retirement on behalf of the customer.	
Contract termination fees may be waivable if the terminating customer’s subscription level is adopted by another eligible customer, a feature that provides additional flexibility and risk mitigation.	

UTILITY DISCUSSION WORKSHEET

Pre-Discussion	
Utility Name: _____	Account Number(s): _____
Primary Utility Contact:	
Energy Load Profile Notes (annual MWh usage, seasonal fluctuations, rate schedule, expansion/conservation plans):	
Clean Energy Procurement Goals (percentage of load, percentage improvement, target dates, etc.):	Has team asked utility for sustainability options?
To Discuss With Utility	
Electric Rate Options:	
Are my facilities on the best rate, given historical usage patterns? _____	
Is there a better rate if usage can be adjusted or if facilities have growth or contraction plans? _____	
Available Sustainability Offerings:	
<input type="checkbox"/> Energy Efficiency Assistance? <input type="checkbox"/> Energy Storage/Resiliency Options? <input type="checkbox"/> Green Tariffs or Green Power Programs? <input type="checkbox"/> Electric Vehicle Infrastructure Incentives/Rates? <input type="checkbox"/> Demand Response Programs? <input type="checkbox"/> On-Site Solar Incentives?	
Notes:	
Openness to Developing New Green Tariff Options (if yes: process, timeline, how to engage):	
Potential Green Tariff Features <i>(check the most attractive options)</i>	
<input type="checkbox"/> Shorter contract lengths (1 month–5 years) <input type="checkbox"/> Longer contract lengths (5–15 years) <input type="checkbox"/> Fixed pricing (allows for more predictable billing) <input type="checkbox"/> Adjustable pricing (may allow for savings) <input type="checkbox"/> Smaller load/subscriber format <input type="checkbox"/> Larger load single-offtaker “sleeved” project <input type="checkbox"/> RECs provided by a single dedicated project <input type="checkbox"/> RECs provided from several sources (may provide for cheaper costs and/or load matching)	<input type="checkbox"/> Support of project that is located close to company facilities <input type="checkbox"/> Support of project that provides community or environmental benefits <input type="checkbox"/> Ability to shift contracted load between facilities <input type="checkbox"/> Ability to aggregate load across multiple facilities <input type="checkbox"/> Ability to select renewable energy technology type <input type="checkbox"/> Ability to consider multiple clean energy generation sources, including batteries <input type="checkbox"/> Ability to support 24/7 clean energy product

**Address**

Clean Energy Buyers Institute (CEBI)
1425 K St. NW, Suite 1110, Washington, DC 20005

**Phone**

1.888.458.2322

**Email / Web**

info@cebi.org
www.cebi.org



www.cebi.org