



Adopted on September 17, 2018

Resolution sponsored by: Representative Jim Gooch, Jr., Kentucky*
Senator Brandon Smith, Kentucky

6.2018 | Recommending Policies that Mitigate Market Distortions and Create Transparency

WHEREAS, the US Congress sought to assist Wind and Solar research and development by creating the Investment Tax Credit and Production Tax Credits to support early stage technology development; and

WHEREAS, because Wind Production Tax Credits are only issued for dispatched energy, the owners of wind energy generating capacity often offer prices for their electricity at prices below zero dollars per MWH; and

WHEREAS, generators who are offering electricity at prices below zero force generators of nuclear and coal power to either pay to remain online or cycle their plants on and off in a manner that is both inconsistent with their operational design and detrimental to the ultimate life and reliability of such plants; and

WHEREAS, these market distortions have already led to the premature retirement of coal and nuclear plants and threaten to force similar retirements in the future and erode the resiliency and reliability of electric grids across the United States; and

WHEREAS, the premature retirement of coal and nuclear plants strands assets that are borne by ratepayers in regulated markets and, in deregulated wholesale markets, economically harming both public and private power producers; and

WHEREAS, state and federal subsidies, socialized transmission costs, and the need for back-up power and ancillary services all contribute to the cost of renewable energy are not transparent to ratepayers because most of those costs are not attributed to renewable energy on utility bills or simply hidden in their local, state and federal tax bills.

THEREFORE BE IT RESOLVED, the Southern States Energy Board recommends that State and federal legislators, state and federal public utility regulators Independent System Operators (ISO), and Retail Transmission Organizations adopt laws, regulations, protocols and policies that mitigate market distortions resulting from renewable subsidies and create more transparency in electric markets by developing policies and protocols that better inform ratepayers of the true and total costs of renewable energy; and

BE IT FURTHER RESOLVED, that included among the reforms should be policies that prohibit electric generators who receive per-megawatt hour tax credits from either States or the Federal Government from offering their generated electricity into electric markets at prices less than the zero dollars and discourage offers below subsidy levels which artificially undervalue generation resources across United States electricity markets.