

# Tackling renewables

## Aggressive goals aim to decrease emissions — but challenges await

INTERVIEWED BY SUE OSTROWSKI

To remain competitive, businesses should stay on top of evolving state and federal policies on renewable energy. These changes present both opportunities and challenges, according to James Curry, managing shareholder in Babst Calland's Washington, D.C. office, and Ashleigh Krick, an associate at Babst Calland. Commercial and industrial power consumers may be able to obtain benefits from sourcing renewable power, both financially and to answer growing shareholder and lender scrutiny.

At the same time, the increasing level of renewables coming online presents challenges related to grid reliability, underscoring the continued relevance for other more stable sources of electricity.

*Smart Business* spoke with Curry and Krick about the increase in state-level carbon reduction targets, the challenges associated with increased use of renewable energy and the role of traditional generation sources to maintain reliability.

### WHAT IS THE CURRENT STATE OF AFFAIRS FOR RENEWABLES?

In Pennsylvania, bipartisan legislation has been introduced to increase the state's Alternative Energy Portfolio Standards (AEPS), enacted in 2004 with the goal of increasing the state's share of power from renewables. The AEPS requires that electric distribution companies and electric generation suppliers supply 18 percent of their electricity from certain alternative energy sources, such as solar, hydropower, geothermal, waste coal and distributed generation. The proposed legislation would increase that requirement by 10 percent.

Although an early adopter of a renewable portfolio standard, neighboring states have jumped ahead of Pennsylvania in recent

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years. New Jersey and Maryland have set renewable energy targets of 50 percent by 2030, while New York has a goal of 70 percent. And, in April 2020, Virginia passed legislation requiring the state's largest utility to provide 100 percent of its electricity from renewables by 2045.

Pennsylvania Gov. Tom Wolf recently committed state government to purchasing 50 percent of its electricity needs from solar energy, the largest commitment of its kind in the U.S. The project will involve seven new solar facilities totaling 191 megawatts around the state and is slated to begin operation in 2023.

### WHAT ARE THE CHALLENGES WITH RENEWABLES?

Renewables such as solar and wind are intermittent resources and do not provide continuous output. As more renewables come online, it becomes more difficult for grid operators and utilities to ensure system reliability. As renewables grow, the additional renewables that must be added to maintain reliability dramatically increase, as does the cost.

In some areas, market participants have looked to utility-scale battery energy storage to fill part of this reliability need. While storage can be a complement to renewables and gas-fired generation, storage faces some of the same reliability issues. As states advance decarbonization targets, traditional,

baseload electric generation sources will continue to play a vital role in reliability.

In addition, there is no one-size-fits-all approach for renewables projects. Timelines and success may depend on state, county and local permitting and other requirements. Land acquisition can be challenging and in many states, including Pennsylvania, local municipalities exert substantial control over project-related zoning and land use issues.

Despite the challenges, many utilities and businesses are pursuing renewables projects to meet state targets or mandates.

### WHAT DOES THE FUTURE HOLD FOR RENEWABLES?

The cost of renewables is likely to continue to fall, and technologies will continue to improve. Battery electric storage and other storage technologies are expected to become more cost-competitive, with demand for electricity increasing significantly in the coming decades as trends toward the electrification of the transportation and industrial sectors continue.

These factors call for practical, common-sense solutions to our growing energy needs, environmental challenges and continued demand for a reliable grid. While state-level incentives and mandates have been a driving force behind renewables development, we anticipate new federal policies such as tax credits, carbon capture incentives and possibly a federal clean energy standard. ●