

How much can “Soft Kyoto” Achieve? Assessing the Impact of Renewable Portfolio Standards (RPS) and Voluntary Carbon Emissions Reductions in the United States

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While the US opted not to participate in the Kyoto Protocol, it has pursued a program of renewable energy development combined with a scheme of voluntary emissions reductions by large energy users. The renewable program, driven by strong state and some federal incentives, has resulted in considerable renewable energy development: total non-hydro renewable capacity stands at 27,000 MW, with roughly 9,800 MW of biomass, 6,000 MW of wind power, and 5,900 MW of wood/wood waste already developed. Wind energy development has developed at a very strong pace, with average annual growth rate from 1999 to 2003 at 23%.

The “Renewable Portfolio Standard (RPS)” program is a market-based strategy that aims to incentive renewable technologies and increase renewable development throughout the country. State RPS standards require utilities to purchase a given percentage of their energy from renewable sources.

This paper analyzes the US model of combining voluntary reductions with incentives for renewable energy development. It evaluates the structures and goals for federal and state RPS programs and provides an assessment of gains realized, potential obstacles, and future trends.