

How In-State Renewable Energy Mandates Raise Electricity Costs for Everyone

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EXECUTIVE SUMMARY

Renewable Portfolio Standards (RPS) require electricity suppliers to purchase renewable energy certificates, but many states require a certain portion of that electricity to be generated within state borders. These rules dramatically increase RPS compliance costs by forcing consumers to purchase scarce in-state or local credits, even when identical renewable energy certificates are available elsewhere at a fraction of the price.

- **In-state requirements are frequently the largest source of RPS costs.** Local solar or other geographically restricted credits accounted for 51 percent of New Jersey's RPS costs, 52 percent of Pennsylvania's costs, and approximately 57 percent of Washington, D.C.'s costs in the latest reporting years.
- **Consumers pay enormous premiums for locally mandated credits.** D.C. solar credits cost more than 16 times as much as its ordinary renewable credits and 177 times as much as Texas solar credits. New Jersey solar credits cost approximately six and a half times as much as the broader regional credits available elsewhere in PJM.
- **These mandates now impose substantial costs on families and businesses.** Based on independent modeling, RPS requirements added approximately \$298 per electricity customer

in New Jersey, \$227 in Maryland, \$125 in Pennsylvania, and nearly \$775 per customer in Washington, D.C., in the latest years analyzed. Massachusetts RPS and clean-energy mandates cost customers approximately \$18 per month on average from 2007 through 2025.

- **These mandates are increasingly liable to federal dormant Commerce Clause challenges.** West Virginia's September 2026 lawsuit against Pennsylvania in federal court — alleging its in-state requirements for solar and Tier II credits unlawfully discriminate against out-of-state generators — could be the first of many lawsuits as protectionist RPS costs climb and electricity prices become a potent political liability. Pennsylvania's border-closing mandates have cost ratepayers more than \$3.3 billion in cumulative compliance charges — including over \$700 million in 2025 — while denying West Virginia generators more than \$25 million in credit revenue in 2025 and a projected \$895 million over the next decade, according to West Virginia's complaint.
- **Allowing greater competition would produce immediate savings.** Purchasing less-expensive credits from outside state borders could have saved approximately \$553 million in New Jersey, \$154 million in Washington, D.C., and \$100 million in Maryland in a single year. Reopening Pennsylvania's Tier II market could save another \$270 million annually.

POLICY RECOMMENDATIONS

Policymakers seeking to reduce electricity prices should:

- **Repeal or phase out RPS mandates** because they increase costs for families and businesses. Ohio demonstrates that reforms to phase out and eventually eliminate RPS requirements save consumers millions of dollars per year.
- **Repeal in-state and local renewable-energy requirements** that prevent suppliers from purchasing less-expensive credits from other jurisdictions.
- **Eliminate technology-specific carve-outs**, particularly solar mandates that require consumers to purchase credits at many times the price of ordinary renewable certificates.
- **Allow nationwide credit eligibility** or, at minimum, permit credits from throughout the relevant regional electricity market.

INTRODUCTION

Imagine lawmakers in your state passed a law requiring that 4 percent of the groceries in your cart on every trip to the store had to be bananas. Now imagine those lawmakers also required those bananas to be grown in a local greenhouse for up to 177 times the price of imported bananas, thus turning a \$2 bunch of bananas into a \$354 budget-buster.

As outlandish as this may seem, this is effectively what policymakers in Maryland, Massachusetts, New Jersey, Pennsylvania, and Washington, D.C. have done with their electricity supply.

This analysis builds upon our “Blue States, High Rates” report by demonstrating how in-state Renewable

Portfolio Standard (RPS) requirements are driving substantial increases in electricity prices and how eliminating or reforming them to allow resources from outside the state or region would meaningfully make electricity more affordable for consumers.

RPS 101

Twenty-eight states have passed Renewable Portfolio Standards (RPS), which require a certain percentage of the electricity sold in their states to be generated from wind, solar, and other qualifying renewable energy resources.¹

Most Americans do not realize that compliance with RPS requirements is not necessarily achieved by their electric company building and operating wind and solar facilities. Instead, they often satisfy requirements by purchasing and retiring Renewable Energy Certificates, or RECs, which represent the “renewable” attributes of one unit of electricity, usually a megawatt-hour (MWh), generated by a renewable energy facility.

In states with in-state energy mandates, companies must purchase and retire special in-state RECs to meet compliance requirements. For states with in-state solar mandates, compliance is achieved by using Solar Renewable Energy Certificates (SRECs), which are often much more expensive than other RECs and are major contributors to rising electricity prices.

This analysis builds upon our “Blue States, High Rates” report by demonstrating how in-state Renewable Portfolio Standard (RPS) requirements are driving substantial increases in electricity prices.

¹ U.S. Energy Information Administration, “Renewable Energy Explained: Renewable Portfolio and Clean Energy Standards,” accessed September 1, 2026, <https://www.eia.gov/energyexplained/renewable-sources/portfolio-standards.php>.

WASHINGTON, D.C.

Washington, D.C.'s renewable energy mandates are making its electricity so expensive that the D.C. City Council explicitly exempted its municipal government buildings from being required to pay the costs of the regulations.² Unfortunately, residential ratepayers, businesses, and federal buildings are still saddled with the ballooning costs of the RPS.

In 2019, Washington, D.C. enacted the nation's most aggressive RPS, requiring 100 percent of its electricity to come from renewable energy by 2032.³ Subsequent updates required power providers to source 15 percent of their electricity sales from local solar by 2041, either by buying the power directly or by purchasing D.C. SRECs.^{4, 5}

Costs have predictably skyrocketed, prompting D.C. policymakers to exempt the electricity sold to government buildings from paying the additional costs of the RPS.

According to the D.C. Public Service Commission, RPS compliance costs have quadrupled in five years, soaring from \$65 million in 2020 to nearly \$272 million in 2025.⁶ D.C.'s in-region solar mandates accounted for approximately 57 percent of RPS compliance costs in 2025, despite representing only about 7.5 percent of the RECs retired.

Washington, D.C.'s renewable energy mandates are making its electricity so expensive that the D.C. City Council explicitly exempted its municipal government buildings from being required to pay the costs of the regulations. Unfortunately, residential ratepayers, businesses, and federal buildings are still saddled with the ballooning costs of the RPS.

RPS mandates now account for roughly 13.1 percent of D.C. electricity rates, adding 2.66 cents per kilowatt-hour (kWh) and nearly \$775 per electricity customer in the District, including residential customers, businesses, and federal buildings.

Now, even Mayor Muriel Bowser, who signed the 100 percent renewable energy by 2032 and 15 percent in-region solar mandates into law, is sounding the affordability alarm.

In a June 2026 letter to the D.C. Council, Bowser stated that D.C.'s in-region solar mandates are adding \$20 per month, \$240 per year, to every residential electricity

2 Public Service Commission of the District of Columbia, "Renewable Energy Portfolio Standards: A Report for Compliance Year 2025," May 1, 2026, <https://dcpsc.org/PSCDC/media/PDFFiles/Reports/2026-DCPSC-Renewable-Energy-Portfolio-Standard-Report-FINAL.pdf>.

3 District of Columbia Department of Energy and Environment, "Mayor Bowser Signs Historic Clean Energy Bill, Calling for 100% Renewable Electricity by 2032," January 18, 2019, <https://doee.dc.gov/release/mayor-bowser-signs-historic-clean-energy-bill-calling-100-renewable-electricity-2032>.

4 Council of the District of Columbia, "B24-0950, Local Solar Expansion Amendment Act of 2022," accessed September 1, 2026, <https://lirms.dccouncil.gov/Legislation/B24-0950>.

5 Michael Flett, "Washington DC Revises Solar Credit Laws," Flett Exchange, April 27, 2023, <https://www.flettexchange.com/blog/post/washington-dc-revises-solar-credit-laws>.

6 Public Service Commission of the District of Columbia, "Renewable Energy Portfolio Standards: A Report for Compliance Year 2025," May 1, 2026, <https://dcpsc.org/PSCDC/media/PDFFiles/Reports/2026-DCPSC-Renewable-Energy-Portfolio-Standard-Report-FINAL.pdf>.

bill.⁷ If left unchanged, the costs of the D.C. solar mandate will increase to \$40 per month, \$480 per year, by 2029.

While non-solar RECs in D.C. cost \$24.72 per MWh in 2025, SRECs cost \$407.24 per MWh, more than 16 times as much.⁸ In contrast, SRECs from states like Texas traded for a mere \$2.30 per MWh in 2025, meaning D.C. SRECs cost 177 times as much.⁹

If D.C. lawmakers had allowed these cheaper Texas SRECs to satisfy the roughly 380,000 solar RECs retired for 2025 compliance, it would have saved all D.C. electricity customers \$154 million, or about \$437 per customer, that year.

Massachusetts had the fifth-highest electricity prices in the country in 2025 at 25.56 cents per kWh. Research from the Lawrence Berkeley National Laboratory (LBNL) indicates the Bay State's RPS, Clean Energy Standards (CES), and multiple Massachusetts-specific solar mandates within the broader RPS accounted for 10.1 percent of electricity costs in 2025, making it one of the nation's most expensive RPS requirements.

MASSACHUSETTS

Massachusetts had the fifth-highest electricity prices in the country in 2025 at 25.56 cents per kWh.¹⁰ Research from the Lawrence Berkeley National Laboratory (LBNL) indicates the Bay State's RPS, Clean Energy Standards (CES), and multiple Massachusetts-specific solar mandates within the broader RPS accounted for 10.1 percent of electricity costs in 2025, making it one of the

nation's most expensive RPS requirements.¹¹

RPS mandates cost Massachusetts families and businesses \$14.0 billion from 2007 through 2025 — an average of \$737 million annually, or roughly \$18 per month per customer.¹² Early compliance costs were modest, but they escalated quickly after 2013 when in-state solar mandates became increasingly expensive. Since 2015, solar mandates have accounted for the

7 Muriel Bowser, letter to Phil Mendelson regarding fiscal year 2027 budget markups, June 2, 2026, <https://www.flettexchange.com/blog/pdf/MayorBowser%20Letter%20to%20Chairman%20Mendelson%20on%20FY27%20Budget%20Mark-Ups%206-2-26.pdf>.

8 Public Service Commission of the District of Columbia, "Renewable Energy Portfolio Standards: A Report for Compliance Year 2025," May 1, 2026, <https://dcpssc.org/PSDCDC/media/PDFFiles/Reports/2026-DCPSC-Renewable-Energy-Portfolio-Standard-Report-FINAL.pdf>.

9 ENGIE Impact, "Energy Market Watch," May 27, 2025, <https://assets.engieimpact.com/ENGIE-Impact-Market-Watch-5-27-2025.pdf>.

10 U.S. Energy Information Administration, "Electricity Data Browser," accessed September 10, 2026, <https://www.eia.gov/electricity/data/browser/#/topic/7?agg=1,0&geo=vvvvvvvvvvvo&endsec=g&freq=A&start=2001&end=2025&ctype=linechart&I-type=pin&rtype=s&maptype=0&rse=0&pin=>.

11 Lawrence Berkeley National Laboratory, "U.S. State Electricity Resource Standards: 2026 Data Update," Historical RPS & CES Target Achievement and Compliance Costs XLSX, June 2026, <https://emp.lbl.gov/publications/us-state-electricity-resource-0>.

12 Author's calculation based on percentages detailed in Lawrence Berkeley National Laboratory, "U.S. State Electricity Resource Standards: 2026 Data Update," Historical RPS & CES Target Achievement and Compliance Costs XLSX, June 2026, <https://emp.lbl.gov/publications/us-state-electricity-resource-0>.

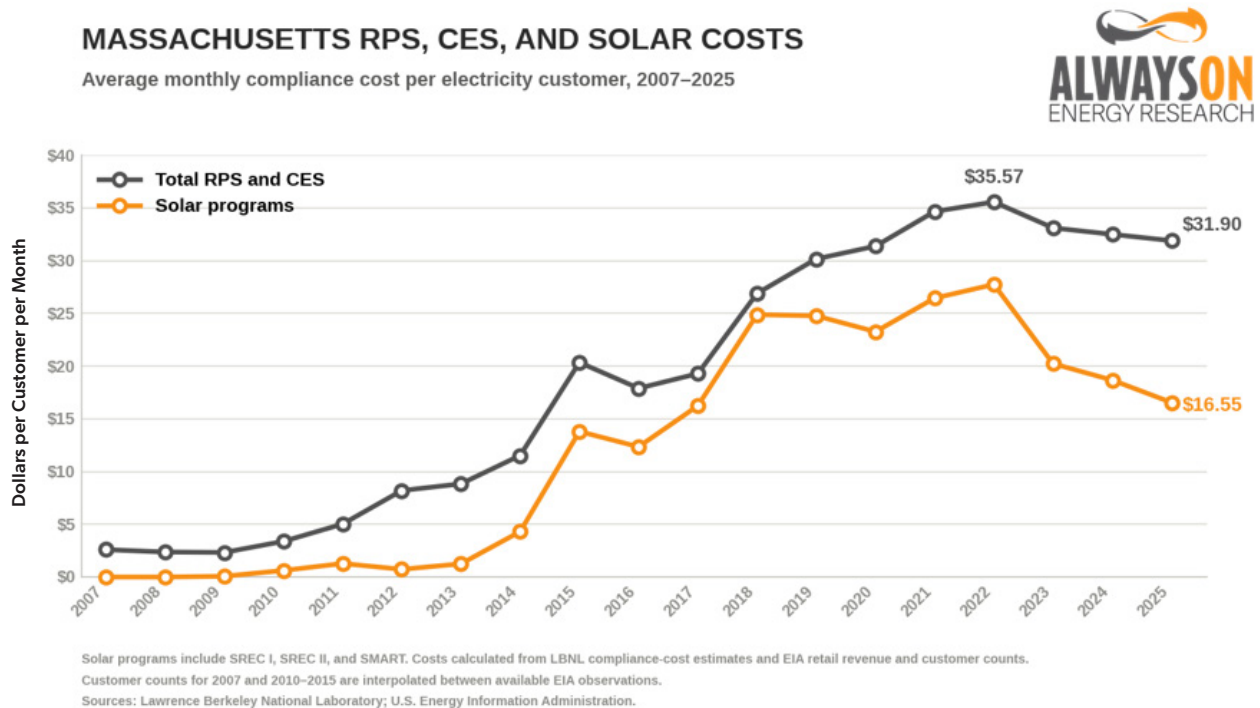


Figure 1. Solar-related expenses have been the largest cost driver of RPS and CES programs every year since 2015.

majority of RPS expenses (see Figure 1).¹³

Massachusetts established its in-state solar carve-out requirements, commonly known as SREC I and SREC II, in 2010 and 2014, respectively, to incentivize solar panel installations in the Commonwealth. Massachusetts Department of Energy Resources (DOER) estimates suggest SREC I and SREC II prices commonly trade between \$270 and \$404 per credit, which are substantially higher than the \$40 per MWh

cost of normal Class I RECs used to satisfy the broader Massachusetts RPS.^{14, 15}

As a result, the SREC I and SREC II programs are estimated to have cost \$5.65 billion from 2011 through 2023.¹⁶ However, if Texas solar RECs, which sell for \$2.30 per MWh, had been used instead of expensive in-state SRECs, these programs would have cost just \$42 million. This would have saved the average customer \$13 per month from 2013 through 2023.

13 Lawrence Berkeley National Laboratory, “U.S. State Electricity Resource Standards: 2026 Data Update,” Historical RPS & CES Target Achievement and Compliance Costs XLSX, June 2026, <https://emp.lbl.gov/publications/us-state-electricity-resource-0>.

14 Lawrence Berkeley National Labs, “U.S. State Electricity Resource Standards: 2026 Data Update,” Historical RPS & CES Target Achievement and Compliance Costs XLSX, June 2026, <https://emp.lbl.gov/publications/us-state-electricity-resource-0>.

15 Massachusetts Department of Energy Resources, “2019 Annual Compliance Report,” November 16, 2021, <https://archives.lib.state.ma.us/server/api/core/bitstreams/153cd292-ce0f-4a92-a778-b5347592deea/content>.

16 Figure calculated based on DOER data of SREC I and SREC II certificates retired in each year and a mid-point cost estimate between the high and low annual cost estimates produced by DOER.

PENNSYLVANIA

Pennsylvania's Alternative Energy Portfolio Standard (AEPS) costs residents \$118 annually and increases electricity prices by 0.51 cents per kWh, or 3.6 percent.^{17,18}

The AEPS requires 18 percent of retail electricity sales to be alternative energy by 2021. Compliance is accomplished by acquiring and retiring Alternative Energy Credits (AEC).¹⁹ Under the law, Pennsylvania must get 8 percent of its electricity from Tier I resources, including solar, wind, and other renewables, with a 0.5 percent solar carve-out. An additional 10 percent must come from Tier II resources, including waste coal, large-scale hydro, trash incineration, and demand-side management.²⁰

AEPS costs were modest through 2020, at only \$122.5 million in reporting year (RY) 2020 but have ballooned to \$701.9 million in RY2025 and a cumulative \$3.3 billion since inception.^{21,22} Because costs pass through to consumers in retail rates, they carry the state's 5.9

percent gross receipts tax, adding another \$41.4 million in 2025. Full AEPS repeal would save ratepayers \$743.3 million per year, or \$125 per customer (see Figure 2).

Despite the fact that Pennsylvania's Tier I AEC may be sourced from anywhere within PJM, credit prices have increased 357 percent from their low in 2019 to 2025 because 10 other jurisdictions are competing for credits to satisfy their own RPS requirements. The underlying driver is a regional supply shortfall: Tier I generation across PJM met just 53.6 percent of the region's Tier I RPS requirements in the first half of 2026, so a growing number of mandates is chasing a pool of credits that is not expanding fast enough to keep pace. In regulatory year 2019, solar AECs were \$31.58, or 393 percent more expensive than Tier I AECs, at \$6.41; but by 2025, they were only \$33.20, or 13 percent more expensive than Tier I AECs at \$29.29, primarily because Tier I became costlier.

While Tier I costs are rising, the increase in AEC costs is primarily driven by the in-state mandates for Tier II

17 Author's calculations. Total RY2025 compliance cost of \$701,874,446.14 divided by 136,554,641 MWhs of retail electricity sales subject to AEPS compliance (Pennsylvania Public Utility Commission, "Alternative Energy Portfolio Standards Act of 2004: Compliance for Reporting Year 2024–25," Appendix A, Table 2). EDC-served count 5,951,573, excluding rural electric cooperatives and municipals, which are not obligated, from the "Electric Power Outlook for Pennsylvania 2023–2028," https://www.puc.pa.gov/media/3805/aeps-2025-report_2-5-25_final_.pdf.

18 Pennsylvania Public Utility Commission, "Electric Power Outlook for Pennsylvania 2023–2028" (Harrisburg: Pennsylvania Public Utility Commission, August 2024), https://www.puc.pa.gov/media/3124/2024-epo-2023-2028-7-2024_final.pdf.

19 Commonwealth Foundation, "The Rising Cost of Pennsylvania's Alternative Energy Portfolio Standards," fact sheet, June 16, 2026, <https://commonwealthfoundation.org/research/the-rising-cost-of-pennsylvanias-alternative-energy-portfolio-standards/>.

20 Database of State Incentives for Renewables & Efficiency (DSIRE), "Alternative Energy Portfolio Standard" (Pennsylvania), N.C. Clean Energy Technology Center, accessed September 10, 2026, <https://programs.dsireusa.org/system/program/detail/262/alternative-energy-portfolio-standard>.

21 Commonwealth Foundation, "The Rising Cost of Pennsylvania's Alternative Energy Portfolio Standards," fact sheet, June 16, 2026, note 14, https://commonwealthfoundation.org/research/the-rising-cost-of-pennsylvanias-alternative-energy-portfolio-standards/#_edn14.

22 Reporting years run June 1 through May 31; RY2020 spans June 1, 2019 through May 31, 2020. See 52 Pa. Code § 75.61 ("EDC and EGS obligations"), <https://regulations.justia.com/states/pennsylvania/title-52/part-i/subpart-c/chapter-75/subchapter-d/section-75-61/>.

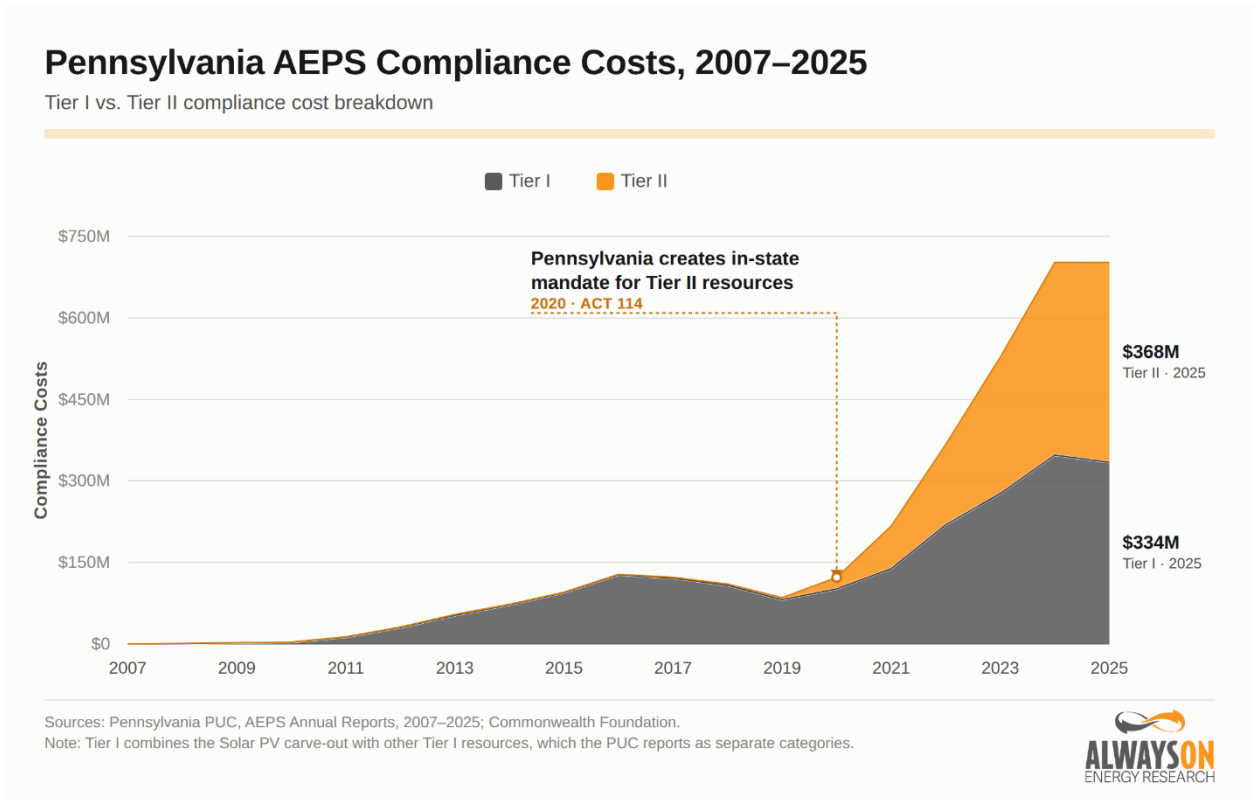


Figure 2. Compliance costs have soared for Tier I and Tier II resources since 2019.

resources enacted in 2020 under Act 114.^{23, 24}

For example, Tier II AEC prices in 2025 were 86 times higher than they were in 2019, and total compliance costs grew from \$3.6 million in 2020 to more than \$367 million in 2025. Tier II requirements now make up 52 percent of what Pennsylvanians pay for AEPS.

To address surging costs, the Pennsylvania Public Utility

Commission (PUC) projects a shortfall of Tier II credits beginning in 2028 and recommends allowing out-of-state credits to satisfy the mandates. Reopening Tier II would save ratepayers \$270 million a year, or about \$45 per customer.²⁵

In September 2026, West Virginia sued the Pennsylvania PUC, alleging the state's closed-border rules on alternative energy credits wall off interstate competition

23 Pennsylvania General Assembly, Act 40 of 2017 (House Bill 118), P.L. 379, 2017 Regular Session, approved October 30, 2017, <https://www.palegis.us/statutes/unconsolidated/law-information?sessYr=2017&sessInd=0&actNum=40>.

24 Pennsylvania General Assembly, Act 114 of 2020 (House Bill 2536), P.L. 1140, 2019–2020 Regular Session, approved November 23, 2020, <https://www.palegis.us/statutes/unconsolidated/law-information?sessYr=2020&sessInd=0&actNum=0114>.

25 Author's calculation, 13,654,235 Tier II credits at \$7.15 (had Tier II prices tracked Tier I's 176 percent increase since 2020) is about \$98 million against actual \$367.6 million. (Pennsylvania Public Utility Commission, "Alternative Energy Portfolio Standards Act of 2004: Compliance for Reporting Year 2024–25," Appendix A, Table 2)

and violate the Commerce Clause.²⁶ In its complaint, West Virginia contends that the restrictions serve no environmental purpose and were plainly protectionist, noting that the PUC stated that Act 40 was intended to “close the borders” and the Act 114 was enacted under explicitly protectionist legislation entitled “Closing Tier II Border.”

The complaint further highlights that the in-state rules achieved their goal of protecting in-state industries but raised costs for Pennsylvania ratepayers while failing to spur new renewable energy, which has remained flat at 4 percent of the state’s generation since 2013. Roughly 40 percent of Pennsylvania’s Tier II credits came from out-of-state generators in 2020, but by 2025 100 percent were sourced in-state. Following Act 40, solar AECs originating in Pennsylvania surged from 35 percent in 2018 to 99 percent. Additionally, West Virginia alleges the closed borders inflict substantial harm on its own economy. The state’s generators lost the opportunity to earn more than \$25 million in credit revenue in 2025 alone, and West Virginia projects that Acts 40 and 114 will deny its producers more than \$895 million in AEC revenue over the next decade. Furthermore, West Virginia ratepayers will miss out on \$120 million in credit revenue over the next decade,

according to the complaint.

West Virginia asks the court to strike down the rules as an unconstitutional trade barrier and restore the interstate market that federal energy policy was designed to create. If the courts were to rule in favor of West Virginia, the closed-border solar AECs and Tier II credits could reopen, regardless of what the PUC decides to do administratively.

NEW JERSEY

New Jersey’s Clean Energy Act of 2018 requires the state to achieve 35 percent renewables by 2025 and 50 percent by 2030.^{27, 28} It also mandated that in-state solar supply 4.35 percent of electricity sales in energy year (EY) 2027, declining to 1.10 percent by EY2033.^{29, 30}

Consumer costs have soared as the RPS requirements have become increasingly stringent. For example, RPS costs in EY2019 were \$676 million, or \$164 per year for each electricity customer.³¹ However, New Jersey Board of Public Utilities (BPU) documents show RPS compliance costs had risen 88 percent in EY2024 to \$1.27 billion.³²

The in-state solar mandate accounted for \$653 million,

26 Shayna Greene, “West Virginia Sues Pennsylvania For Energy Credit Sales Law,” Bloomberg Law, September 3, 2026, <https://news.bloomberglaw.com/environment-and-energy/west-virginia-sues-pennsylvania-for-energy-credit-sales-law>.

27 New Jersey also requires an additional 2.5 percent from small hydroelectric and waste-to-energy plants, bringing total compliance volumes to 37.5 percent by 2025 and 52.5 percent by 2030.

28 New Jersey, “An Act Concerning Clean Energy, Amending and Supplementing P.L.1999, c.23, Amending P.L.2010, c.57, and Supplementing P.L.2005, c.354,” P.L. 2018, c. 17 (Assembly No. 3723), approved May 23, 2018, https://pub.njleg.gov/bills/2018/AL18/17_.HTM.

29 Energy years stretch from June 1 through May 31. For example, energy year 2023 spans June 1, 2022 through May 31, 2023.

30 N.J. Admin. Code § 14:8-2.3 (“Amount of Renewable Energy Required”), <https://www.law.cornell.edu/regulations/new-jersey/N-J-A-C-14-8-2-3>.

31 EY2019 RPS compliance costs, sum of SREC and non-solar Class I RECs, from Appendix A-1, BPU Board Order Certifying EY24 Cost Cap Calculation, 2025. RPS compliance costs divided by customer count, average of monthly all-sector totals for June 2018 through May 2019, U.S. Energy Information Administration, Form EIA-861M.

32 New Jersey Board of Public Utilities, “Order Certifying EY24 Cost Cap Calculation and Setting ADI Program Megawatt Blocks for EY26,” Docket Nos. QO20020184 and QO25030113 (May 21, 2025), <https://nj.gov/bpu/pdf/boardorders/2025/20250521/8E%20ORDER%20Cost%20Cap.pdf>.

or 51.3 percent, of those costs despite covering just 4.9 percent of electricity sales because SRECs traded at an average of \$206.98 per MWh.³³ By comparison, compliance with the non-solar Class I requirement cost \$459 million because eligible RECs could be purchased throughout PJM. In EY2024, those RECs cost just \$31.76 per MWh, meaning New Jerseyans paid about six and a half times as much per REC for solar that is forced to be local as for other resources.³⁴

Rising RPS compliance costs accounted for 11.3 percent of New Jersey's total electricity expenditures in EY2024 and added about 1.77 cents per kWh.³⁵ These higher power prices added \$298 per year per electricity customer, including residential, commercial, and industrial customers.

New Jersey consumers are paying a hefty premium for the luxury of in-state solar. Had New Jersey been able to meet its EY2024 solar requirement at the price it paid for RECs elsewhere in PJM, consumers would have saved roughly \$553 million, or about \$130 per electricity customer annually.³⁶

New Jersey's RPS requirements ratchet upward every year. The BPU, recognizing cost pressures on consumers, froze the target at 35 percent for 2026 and reduced the 2027 and 2028 targets from their prior levels, making a steeper climb to the 50 percent

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by 2030 target.³⁷ The BPU has taken comments on amending its rules to let solar generated anywhere in PJM produce New Jersey Class I RECs, on the stated ground that broader eligibility would increase supply and reduce compliance costs.³⁸ However, the BPU has so far declined to modify solar eligibility rules, opting instead to freeze the targets.

MARYLAND

Maryland's RPS, established in 2004 and raised by the Clean Energy Jobs Act of 2019, requires 50 percent of retail sales be renewable by 2030, with a solar carve-out reaching 14.5 percent by 2030 and an offshore wind carve-out reaching 13.02 percent by 2027.³⁹

33 New Jersey's Clean Energy Program, "RPS Compliance Reports" (dataset: EY25 RPS Compliance Results, 2004–2025), New Jersey Board of Public Utilities, accessed September 10, 2026, <https://cleanenergy.nj.gov/resources/rps-compliance-reports>.

34 Ibid.

35 Author's calculations on cost-capped programs, Appendix A-1 of New Jersey Board of Public Utilities' "Order Certifying EY24 Cost Cap Calculation and Setting ADI Program Megawatt Blocks for EY26" (2025), and EIA-861M.

36 Class I RECs traded at 15.3 percent of the price of SRECs in EY2024. Applying the 15.3 percent to the \$653 million SREC costs in EY2024 yields only \$100 million, meaning the same solar obligation met with Class I RECs would have cost \$553 million less.

37 "New Jersey Board Proposes Lower RPS Target for 2029," Argus Media, August 12, 2026, <https://www.argusmedia.com/en/news-and-insights/latest-market-news/2864389-new-jersey-board-proposes-lower-rps-target-for-2029>.

38 Hugh Morley, "N.J. BPU Evaluates Broadening Class 1 Solar REC Program," RTO Insider, October 14, 2025, <https://www.rtoinsider.com/117084-nj-bpu-evaluates-broadening-class-1-solar-rec-program/>.

39 Always On Energy Research and Institute for Energy Research, "Blue States, High Rates: Maryland," last modified September 4, 2026, <https://www.bluestateshighrates.com/states/maryland/>.

An additional 2.5 percent of retail sales must be large hydroelectric.

The Maryland Public Service Commission (PSC) reports compliance costs totaling almost \$617 million in 2024, up from \$142 million in 2019.⁴⁰ The law cost Marylanders \$227 per customer in 2024, adding 1.12 cents per kWh to retail rates, or about 6.9 percent of what Marylanders spent on electricity.⁴¹

Solar facilities are eligible “only if the facility is connected to the electric distribution grid serving Maryland,” but other Tier 1 resources like wind, hydroelectric, and biomass can come from anywhere within PJM or adjacent areas.⁴² The solar carve-out cost \$188 million in 2024, a disproportionate 30 percent of total compliance costs for only about 17 percent of the required credits that year.

Maryland’s in-state solar facilities only produced enough electricity to satisfy 80 percent of the carve-out in 2024.⁴³ To fill that shortfall, suppliers paid \$37 million in alternative compliance payments (ACPs), or penalties for not meeting the mandates, which were \$60.00 per MWh credit in 2024. ACP prices will fall to \$22.50 by 2030. The PSC reports solar RECs traded at an annual average of \$58.56 in 2024, nearly at the cap, and 2.2 times the price of Tier 1 credits.⁴⁴

Non-solar, open-border Tier 1 obligations were only 22 percent met, with \$319 million in ACPs and only \$90 million in Tier 1 RECs, which averaged \$27.09 in 2024. The 2024 Tier 1 ACP was priced at \$27.50. As the PSC explains, compliance costs have soared in 2024 “due to REC prices in the market being above the ACPs when many suppliers were looking to purchase RECs.”

Had Maryland met its 2024 solar obligation at the Tier 1 price, ratepayers would have saved \$100.3 million, about \$37 per customer annually. Recognizing the shortage of SRECs, the Maryland General Assembly enacted Senate Bill (SB) 65 in 2021, which raised the solar compliance penalty price to its current level and cut the volume of credits required for the solar carve-out. However, it failed to lift geographic restrictions that might allow procurement from other states.⁴⁵

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40 Maryland Public Service Commission, “Renewable Energy Portfolio Standard: With Data For Calendar Year 2024” (November 2025), <https://psc.maryland.gov/wp-content/uploads/2026/01/2025-RPS-Report.pdf>.

41 Author’s calculations. The 2024 compliance cost of \$616,906,542 (Maryland PSC, RPS Data for Calendar Year 2024, November 2025) divided by 55.2M MWh of retail sales subject to RPS compliance. Per-customer figure divides total compliance cost by 2,722,513 Maryland electricity customers, all-sectors, U.S. Energy Information Administration Table 1, 2024 Total Electric Industry – Customers. Share of total electricity costs computed from \$8.88 billion in Maryland retail electricity revenue. Table 3, 2024 Total Electric Industry.

42 Maryland Public Service Commission, Renewable Energy Portfolio Standard, 3.

43 Ibid., 9 (Table 6).

44 Ibid., 39 (Appendix G).

45 Maryland General Assembly, Senate Bill 65, “Electricity – Renewable Energy Portfolio Standard – Tier 2 Renewable Sources, Qualifying Biomass, and Compliance Fees,” 2021 Regular Session, <https://mgaleg.maryland.gov/mgawebbsite/Legislation/Details/SB0065?ys=2021rs>.

OHIO

Ohio does not see the same consumer impacts of its RPS as Pennsylvania, New Jersey, Maryland, and Washington, D.C. because it has prioritized ratepayers over policies that mandate ever-increasing quantities of wind and solar energy.

In 2008, Ohio passed an alternative energy portfolio standard, which originally had a solar carve-out of 0.5 percent by 2026, and a requirement that half of all qualifying credits come from in-state facilities.⁴⁶ To reduce the costs of the mandates, the legislature eliminated the in-state requirement in 2014, and in 2019, House Bill (HB) 6 eliminated the solar carve-out and cut the final target to 8.5 percent by 2026, after which the mandate terminates.⁴⁷

In 2024, Ohio's RPS cost \$75.9 million, for a per-customer cost of \$13.11 that year and added only 0.05 cents per kWh to electricity prices.⁴⁸ A key reason? About 94 percent of the credits Ohio suppliers retired came from outside of Ohio in 2024, with Indiana supplying 37 percent, Kentucky 13 percent, and South Dakota 12 percent.

In 2013, the last full year of procuring half of all qualifying credits in-state, the Public Utilities Commission of Ohio (PUCO) reported suppliers paying \$173.61 for an Ohio

solar REC and \$94.39 for an out-of-state solar REC, while Ohio non-solar RECs were \$19.05 and out-of-state non-solar RECs were \$11.50.⁴⁹

In 2015, after the border requirement was removed, suppliers paid \$93.86 for solar — near parity with 2013's out-of-state solar — and \$9.07 for non-solar; in other words, solar was priced at 10.4 times the cost of non-solar.⁵⁰ Total statewide compliance costs fell from \$64.7 million to \$42.5 million.

When the solar carve-out was eliminated, solar REC prices plummeted, repricing in 2019 in anticipation of the new law to an average of \$14.23, down from \$41.69 in 2017.⁵¹ The price premium between solar and non-solar resources in 2019 fell to just 2.5 times. In 2024, Ohio required more than triple the RECs that it required in 2013, but total compliance costs rose only 17 percent.

Ohio does not see the same consumer impacts of its RPS as Pennsylvania, New Jersey, Maryland, and Washington, D.C. because it has prioritized ratepayers over policies that mandate ever-increasing quantities of wind and solar energy.

46 Ohio Rev. Code § 4928.64, "Electric distribution utility to provide electricity from alternative energy resources" (2016), <https://law.justia.com/codes/ohio/2016/title-49/chapter-4928/section-4928.64/>.

47 Public Utilities Commission of Ohio, "Renewable Portfolio Standard Report to the General Assembly for the 2024 Compliance Year" (2026), <https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A26B19B30256D01804>.

48 Author's calculations. Ohio PUCO RPS report for the 2024 compliance year (\$75.9 million). Customer number from U.S. Energy Information Administration (EIA) Table 1, "2024 Total Electric Industry – Customers." Total retail sales from U.S. Energy Information Administration, "Ohio Electricity Profile 2024," <https://www.eia.gov/electricity/state/ohio/>.

49 Public Utilities Commission of Ohio, Alternative Energy Portfolio Standard Report to the General Assembly for the 2013 Compliance Year (January 6, 2016), <https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A16A06B41346103960>.

50 Public Utilities Commission of Ohio, Renewable Portfolio Standard Report to the General Assembly for the 2015 Compliance Year (2017), <https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A17E19B32756J03490>.

51 Public Utilities Commission of Ohio, Renewable Portfolio Standard Report to the General Assembly for the 2019 Compliance Year, <https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A21D07B44944F01106>. Public Utilities Commission of Ohio, Renewable Portfolio Standard Report to the General Assembly for the 2017 Compliance Year, <https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A19C20B45525B02916>.

CONCLUSION

Ohio's willingness to reexamine its RPS mandates to keep costs low for consumers is an example for the country. As energy affordability remains a top public concern, RPS requirements will continue to be modified to help contain costs. Repealing in-state mandates for alternative energy resources would provide the most cost relief for consumers, but allowing credits from anywhere in the nation to satisfy RPS requirements would also yield substantial savings. And where legislators decline to reform these mandates, legal challenges for violating interstate commerce under the U.S. Constitution's dormant Commerce Clause may do the job for them.

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