There's a fight over renewable energy occurring in Arizona right now. The state's largest public utility asked state regulators for permission to greatly increase the fees paid by homeowners who have solar power on their houses. The utility's argument is that the increase in solar power produced by these houses is putting a burden on the electricity grid – but that solar producing homeowners are not paying their fair share, both because they don't use a lot of the utility's electricity (which has distribution costs built into the cost for electricity service) and because of the credits that the utility has to give for solar power produced by those homeowners (net metering).

I don't want to get into the merits of the utility's arguments here – there is undoubtedly some truth to them, as this recent post by our colleague Severin Borenstein over at Berkeley's Energy Institute makes clear. What I do want to talk about is the politics of the debate in Arizona. Because the politics of this fight I think demonstrate yet again the importance of how changes in response to previously enacted environmental laws make future changes more or less likely.

My basic argument – developed in an analysis of a failed ballot initiative here in California to effectively repeal the state's greenhouse gas law – is that environmental laws that nurture and grow the right interest groups will allow for future progress in environmental law and policy in the future. By building up those interest groups, one can create a favorable political landscape for future legal and policy changes – for instance, by creating powerful industries that can lobby the legislature for future changes.

Arizona is a relatively conservative state, voting reliably Republican at the presidential level for many years. Given the national Republican Party's attacks on Solyndra and renewable energy in general, the utility's request would seem to be a shoe-in for success. But in the end the public utility had to settle for a modest fee for the costs of providing distribution services for residential solar power producers.

Why didn't the utility win hands-down? Opposition to the proposal came in part from solar power installation companies, which have a clear stake in making residential solar power as cheap as possible. But interestingly, Tea Party activists also united with environmental groups to fight the proposal. The environmental groups have an obvious interest here. The Tea Party activists framed this as a matter of individual choice – the utility's changes would make it more difficult for individual homeowners to produce their own energy, and therefore constrain the option of being able to make one's own choices about what kind of electricity to

use.

This is an interesting (and creative) frame for thinking about distributed renewable energy production. One reason I think it has gained traction – and not just in Arizona – is the nature of distributed solar as an economic and political matter. Residential solar production has taken off nationally, as this article from the New Republic notes. Residential solar production means that thousands of individual homeowners suddenly have a personal, significant financial stake in utility rates for renewable energy – and ensuring that those rates make solar energy production as lucrative as possible. Instead of being passive bystanders to fights over rates between (for example) industrial scale solar production facilities, fossil fuel industries, and public utilities, these homeowners have become active players. And that apparently has made a major change in the politics of the normally low-profile world of electricity regulation in general and net metering in particular.

Moreover, as time goes on, the public interest and support for distributed solar production should only increase as more and more homeowners join in. Laws and policies that encourage this trend will create more political support and power for solar energy which in turn can be harnessed to fight against efforts to undercut solar power (in Arizona) or even to expand support for solar power.

Of course, the fossil fuel industry knows this. Which is why conservative interest groups allied with the fossil fuel industry were fighting on the side of the utilities in Arizona, and have been supporting similar efforts in other states. But what Arizona shows is that this is (for now) a rearguard action. If legislators and policymakers continue to support these kinds of policies, the political environment will continue to shift to make renewable energy policy easier and easier to enact and expand in the future.