

# State Renewable Energy News

## A Compilation of Renewable Energy Activities in the States

Prepared by the NARUC Subcommittee on Renewable Energy

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*Volume 1, No. 2*

*Summer 1992*

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### State Activities

#### California

##### **PUC Adopts Bidding for New Generation**

In April, the PUC released its long-awaited decision on competitive bidding for the state's IOUs (SREN, Winter 1992). Several elements of this decision address specific needs of renewables. Among these are:

- The availability of standard offer contracts based on a utility's long-run marginal costs, including both fixed and variable components;
- Participation limited to QFs;
- Identification of the biddable capacity need;
- Explicit valuation of the costs of residual air emissions; and
- Establishment of a set-aside for renewables, in lieu of using a fuel diversity value, consistent with state law.

The Commission deferred a decision on quantifying the value of fuel diversity noting that "residual emission valuation by itself was sufficient to cause diverse technologies to appear" in utility resource planning models. It also established a total need for 1451.5 MW for the 1992-1999 period of which 297.5 MW (20%) will be set aside for renewables.

The Commission is expected to issue a separate decision on transmission access procedures for QFs shortly. With both decisions out, the state's utilities are expected to conduct a bid solicitation by the end of the year.

##### **PUC Contact:**

**Dave Morse, (916) 322-1284**

#### Colorado

##### **PUC Reaffirms PV-Line Extension Rule**

In a May 1992 Interim Order, the PUC reaffirmed a 1991 rulemaking (amending Rule 31) that requires the state's regulated utilities to inform customers of the potential economic benefits of utilizing photovoltaics (PV) in lieu of a line extension (SREN, Winter 1992). In the most recent

Order, minor modifications were suggested to the terms and conditions under which utilities will provide PV cost comparisons directly to customers.

### **PUC to Investigate Renewables**

In the same Order, the PUC expressed its intention to open a miscellaneous docket to investigate the potential of renewable energy sources in the state. Among the issues that the PUC will seek to clarify are:

- Regulatory barriers to renewables;
- Value analysis of cost-effective utility renewable applications;
- The impact of "green pricing;"
- The impact of large orders on the PV industry; and
- Recovery mechanisms to provide an incentive for utility participation in large scale PV and other renewable technology purchases.

The docket is expected to be opened in August with informational meetings commencing in the Fall.

#### **PUC Contact:**

**Morey Wolfson, (303) 894-2000 (x306)**

## **Iowa**

### **State Establishes New Buy-Back Rates for Renewables Projects**

State law defining the terms and conditions of utility power purchases from non-utility generators has set incentive buy-back rates for renewables-based projects. The law states that "rates shall be established at levels sufficient to stimulate the development of alternate energy production and small hydro facilities in Iowa and to encourage the continuation of existing capacity from those sources." A purchase limit of 15 MW was established for each of the seven IOUs resulting in a statewide renewables procurement total of 105 MW. The law was later amended to apportion the total capacity on the basis of relative 1990 utility peak demands.

Under implementation rules established by the IUB, the buy-back rates for renewables have been set at a maximum of 6.01 ¢/kWh (for long term contracts) compared to an average statewide incremental avoided cost of 1.5 to 2.5 ¢/kWh. To date, a 900 kW wood waste-fired project has been developed and feasibility studies are underway for wind, landfill gas, and hydro projects.

#### **IUB Contact:**

**John Pearce, (515) 281-5679**

## **Vermont**

### **State Meets Capacity Needs With Renewables**

Since 1980, Vermont has secured 95% of its in-state generation additions (165 MW) from renewables, representing about 20% of the state's current peak power demand. These additions exceed 100% of the state's entire load growth (after DSM) over the 1980-1991 period. The diverse portfolio includes hydropower; wood, refuse and other biomass resources; and wind energy.

The success of renewables in the state is attributable to the abundance of renewable energy sources conducive to small-scale development and state policies that have encouraged this development, such as the availability of long-term, levelized standard offer contracts for QFs. It is anticipated that the state will continue its reliance on renewables for new supply-side additions into the foreseeable future.

**PSB Contact:**

**Paul Peterson, (802) 828-2358**

## **Washington**

### **New Agency to Promote Renewables**

The State Department of Ecology recently approved the establishment of a new agency, the Conservation and Renewable Energy System (CARES), that will help public utilities cooperate in developing conservation, renewable and high-efficiency energy projects.

The regional need for additional resources and the financial constraints that prevent small to mid-sized PUDs from fully participating in new resource development were the driving forces behind the formation.

A major objective of the joint operating agency is to facilitate the acquisition of resources that are "least cost" economically and environmentally for the Northwest by utilizing low-interest, tax-exempt financing mechanisms. An initial analysis has demonstrated that the development cost of a wind farm can be reduced by 30% utilizing this type of financing.

**CARES Contacts:**

**Brian Walters/Sarah Driggs, (206) 682-3110**

## **Wisconsin**

### **State Resource Plan Calls for Renewables**

In its Preliminary Order on Advance Plan 6, the state's biennial resource planning process, the PSC has called for a major commitment by utilities to the development of renewable energy sources including:

- Establishment of a goal of 811 MW of renewable energy development by 2010, representing 22% of new capacity needs;
- Development of a renewables incentive program for utilities;
- A study of utility implementation issues;
- Availability of standard, long-term, levelized contracts for small customer-owned renewable energy generators;
- Utility evaluation of a number of renewable energy options including wind and biomass resources;
- Adoption of externality values, including CO2.

**PSC Contact:**

**Terri Kosobucki, (608) 267-3595**

## **Other Activities**

### **NARUC Selects White Paper Contractor**

NARUC has selected the firm of Hansen, McOuat, Hamrin & Rohde, Inc. to develop a White Paper on Renewable Energy in State Regulatory Processes. The objective of the paper is to identify and illuminate key barriers to and opportunities for greater consideration and selection of renewable energy technologies in state resource planning and acquisition processes. A final report is expected in November 1992.

#### **Project Contact:**

**Jan Hamrin (415) 397-2210**

**IRP Conference to Feature RE Session** The NARUC-DOE Fourth National Integrated Resource Planning Conference, to be held September 13-16 in Burlington, VT, will present a Forum on Renewable Energy. The session, to be chaired by the Hon. Ashley Brown (Ohio PUC), will include presentations on renewable energy economics, policies, and initiatives.

#### **NARUC Conference Contact:**

**Ann Thompson, (202) 898-2210**

### **Puget Selects Renewables Through Bidding**

Out of a total of 121.2 average MW (aMW) awarded from its recent solicitation for long term resources, Puget Sound Power & Light Co. has selected 58 aMW of renewables (48%), including projects utilizing wood liquor, landfill gas, MSW, hydro, and wind resources.

The bid evaluation criteria utilized by the utility incorporated a number of features supportive of renewables, including:

- A preference for smaller-scale projects (<70 MW);
- Net present value price comparison with allowance for front loading;
- A 10% price credit for renewables; and
- Consideration of environmental impacts.

The company stated that the special emphasis on renewables (and conservation) was based on the belief that "these resources are beneficial because they help balance our resource portfolio and have low environmental impacts." All of the projects selected offered price bids below the utility's avoided cost.

#### **Puget Contact:**

**Corey Knutsen, (206) 462-3734**

**Arizona:** ACC staff have disseminated a draft proposal for a PV-line extension rulemaking. A one-day workshop was held in July in which rural utilities expressed unfamiliarity with the technology. It was agreed that the ACC, along with the Arizona Energy Office, will develop literature to help explain PV as an alternative to line extension. No further activity is scheduled on the proposed

rulemaking.

**Contact:**

**Ray Williamson (AEO), (602) 280-1402**

**Massachusetts:** The Executive Office of Consumer Affairs and Business Regulation has set up an informal PV working group made up of utilities, the DPU, the Attorney General's Office, the Conservation Law Foundation, and various PV manufacturers. Four meetings have been held to discuss PV and identify further activities.

**Contact:**

**David Tibbetts (EOCABR), (617) 727-7755**

**New Mexico:** The PSC is considering a notice of proposed rulemaking that would require the state's utilities to provide PV cost comparisons with line extensions. No schedule for the rulemaking has been set.

**Contact:**

**Prasad Potturi (PSC), (505) 298-4081**

**Oregon:** PUC staff is reviewing responses from a utility PV questionnaire and will release a paper for public comment by the end of summer. The paper will summarize state PV activities and suggest further actions utilities might take to encourage greater use of PV.

**Contact:**

**Lee Sparling (PUC), (503) 378-6137**

**Texas:** In response to a PUC directive (SREN, Winter 1992), Houston Lighting and Power has recently completed its analysis of PV as a central station option finding that PV cannot compete with other bulk power options. However, PUC staff believe that PV does have cost effective utility applications and intends to work toward encouraging the state's utilities to pursue these applications.

**Contact:**

**Jim Neeley (PUC), (512) 458-0118.**

**Vermont:** As part of a general review of line extension issues, informal discussions have been held between the PSB and the state's electric utilities on the possibility of a PV-line extension rulemaking. A decision should be made by the end of summer.

**Contact:**

**Peter Meyer (PSB), (802) 828-2358**

**Other activities of note:** Arizona, Colorado and New York have formed PV collaboratives; Ohio and North Carolina are organizing collaboratives; and interest has been expressed in forming collaboratives in California, Hawaii and Texas. For additional information on these and other PV activities in the states contact:

**Jane Weissman (PV for Utilities), (617) 323-7377.**

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State Renewable Energy News is prepared under the auspices of the NARUC Subcommittee on Renewable Energy to promote the sharing of information on state-level renewable energy activities. It is issued three times annually to coincide with the NARUC Committee meetings.

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