
State Renewable Energy News

A Compilation of Renewable Electric Activities in the States

Prepared for the NARUC Renewable and Distributed Resources Subcommittee

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State Activities

Arizona

ACC Adopts Final Portfolio Standard

In January, the ACC issued a formal rule adopting an Environmental Portfolio Standard that requires all load-serving entities to use renewable resources to supply at least 0.2% of their total retail energy sales, starting in 2001. The requirement is based on total retail energy sold and increases by 0.2% per year to 1.0% by 2005, then increases to 1.05% by 2006, and to 1.1% from 2007 through 2012. The commission will evaluate the costs and benefits of the standard to determine if the annual percentage increases should continue after 2004.

Initially, 50% of the portfolio requirement must be met with solar electric resources. The remainder may be met with other renewable electricity technologies, solar hot water, or research and development of solar electric resources.

A portion of the costs associated with meeting the standard will be funded by a surcharge of 0.875 mills per kilowatt-hour (kWh) applied to all customers, capped at 35 cents per month for residential customers and \$13.00 per month for most nonresidential customers. Other provisions allow distribution utilities to receive credits for the early installation of solar electric systems or for systems installed or manufactured in Arizona.

ACC Contact:

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California

Power Crisis Hits Green Power Marketers

Green power marketers, which at one time served more than 175,000 retail customers in California, are returning most of these customers to their default electricity providers. According to the Center for Resource Solutions (CRS), which oversees the national *Green-e* green power certification program, marketers have exited the retail market because of credit problems resulting from the dramatic spread between rising wholesale prices and fixed retail rates. CRS also notes that with the abolishment of the California Power Exchange (PX) in January, marketers faced "enormous risk" in determining how retail rates would be established in the future.

CRS Contact:

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Small Renewables Systems in Demand

The state's power crisis has spawned increased consumer interest in small renewable generating systems, such as photovoltaic (PV) and wind energy systems. The American Wind Energy Association reports that sales of small wind turbines in California "is exploding" and many of the state's newspapers are reporting markedly increased PV system sales.

The spurt of interest is aided by rebates for small renewable energy systems that are available through the California Energy Commission (CEC). The state provides a

“buy-down” of \$3,000 per kilowatt or up to 50% of the total purchase price of small PV or wind energy systems. The legislature is considering an increase in the rebate level to encourage more consumer installations.

CEC Announces Renewables Bid Winners

The CEC announced that 471 megawatts (MW) of new renewable energy power projects were selected for funding assistance in the second auction of the New Renewable Resources Account, bringing the total amount of new renewable energy development supported by the state fund to more than 1,000 MW. The new renewables account accounts for roughly 30% of the expenditures for public goods renewable energy support established in the state’s electricity restructuring law.

CEC Contact:

Marwan Masri, (916) 654-4531

Colorado

PUC Orders 162-MW Wind Plant Addition

The PUC directed Xcel Energy, formerly Public Service Company of Colorado, to add a proposed wind energy project to its portfolio of resources that will supply the company’s electricity needs for the next five years.

The 162-MW wind project will make up a portion of 1,834 MW of capacity additions approved under the utility’s 1999 integrated resource plan. Xcel had proposed purchasing power entirely from natural-gas-fired generation. In issuing its order, the PUC ruled that the proposed wind project, which will be located in Southeastern Colorado, “was a cost-effective bid that should be included in the company’s portfolio.”

PUC Contact:

Saeed Barhaghi, (303) 894-2871

New York

PSC Increases System Benefits Funding

In January, the PSC extended the state’s system benefits charge (SBC) for five years and increased the amount of annual collections to \$150 million from \$78.1 million. The funds are used to support energy efficiency, demand-side management, research and development of renewable energy and other technologies, and low-income energy assistance. The new customer surcharge is 1.4 mills/kWh.

To date, renewable energy funds have been used to support construction of an 11.5-MW wind project, a 150-kW PV system, and development of willow tree plantations to provide long-term feedstocks for biomass power plants. Additional monies have been used to implement a PV buy-down program for residential and commercial customers.

PSC Contact:

John McLaughlin, (518) 486-2883

North Dakota

House Approves Wind Incentives

In early February, the North Dakota House of Representatives passed three bills that would create incentives for the development of wind energy facilities, essentially bringing the state’s incentives in line with those available in neighboring Minnesota.

The bills would exempt wind energy equipment from sales and use taxes (HB 1221), reduce the taxable valuation of wind farms to the level of equivalently sized coal-fired power plants (HB 1222), and expand an existing state income tax credit to wind turbines on leased land (HB 1223). Two of the three bills passed with unanimous votes while the third passed with only one dissenting vote. All three bills have been referred to the Senate Finance and Taxation Committee.

State Energy Office Contact:

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Texas

Retail Pilot Starts in June

Retail electric suppliers are already signing up customers in preparation for the state’s retail competition pilot program that begins in June. Up to 5% of customers of the state’s investor-owned electric utilities can choose a competitive retail electric supplier. Retail competition for all customers begins in January 2002. To date, the state has certified 10 retail electric suppliers and has another nine applications pending. Under the state’s electricity restructuring law, retail marketers must provide a minimum percentage of their power from renewable energy sources.

PUC Contact:

Eric Schubert, (512) 936-7398

Washington

State Leaders Propose Energy Plan

In January, Governor Gary Locke joined with legislative leaders from both parties to propose a package of measures intended “to spur energy conservation, protect the most vulnerable from energy price increases, and increase electrical generation in the state.”

The broad package of measures includes incentives for energy efficiency and renewable energy development, including a requirement that utilities “draw from alternative sources for some of their power, including wind, solar and biomass.” Utilities would be able to reduce this obligation by investing more in conservation programs.

Other proposals include a sales tax exemption for small solar and wind systems, and for energy-efficient lighting products and appliances that bear the “Energy Star” logo.

Governor’s Office Contact:

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West Virginia

PSC Approves State’s First Wind Project

In December, the PSC conditionally approved an application by Backbone Mountain Windpower and Atlantic Renewable Energy Corporation to construct and operate a 75-MW wind power generating facility in Tucker County.

The approval came after the petitioners entered into a Settlement Agreement with the West Virginia Highlands Conservancy, which had raised issues surrounding potential impacts on birds and endangered species, and turbine visibility from Blackwater Falls State Park, which is near the southern end of the proposed project development. The agreement calls for the company to relocate the turbines planned for the southern portion of the project to a northern location.

The developers plan to sell the project output as a wholesale green power product that will be marketed in Maryland and Pennsylvania.

Wisconsin

PSC Adopts RE Credit Trading Rules

In November, the PSC adopted procedures for trading renewable resource credits (RRCs) to enable retail distribution companies to meet the state’s renewables portfolio standard (RPS), which requires 0.5% of retail electric sales to come from renewable sources starting in 2001. According to the new rules, retail electric providers may meet all or part of the portfolio requirement by purchasing credits through the credit-trading program. Renewable energy generators must become certified by the Commission to receive an RRC for each MWh generated. Once credits have been used to satisfy an electric provider’s portfolio requirement, they will be retired. The Commission plans to competitively select a program administrator to implement the credit trading system and audit participating generators.

PSC Contact:

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Other Activities

NARUC Releases RPS Report

NARUC has published a report that details important considerations for designing and implementing a renewables portfolio standard. An RPS is a policy that obligates each retail seller of electricity to include in its resource portfolio a certain amount of electricity from renewable energy resources. The report identifies issues related to defining a retail seller’s RPS obligation and administrative issues such as certifying that renewable energy generators meet the eligibility criteria, managing a tradable credit accounting system, verifying retailers’ compliance, and imposing noncompliance penalties if necessary. Currently, eight states have adopted an RPS.

The report was prepared for the NARUC Committee on Energy Resources and the Environment through a grant from the U.S. Department of Energy.

NARUC Contact:

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Western Governors Address Power Crisis

At a February energy policy roundtable held to address the region's growing power crisis, 10 Western governors agreed to a number of immediate and long-term actions to "ensure reliable and secure energy supplies."

Among the short-term steps recommended were several actions to increase the efficiency of electricity use in the region. The governors also agreed that state and tribal PUCs and non-jurisdictional utilities should work to eliminate barriers to clean, distributed generation that can be in place in the next 12-24 months, noting that "utilities have frequently blocked the installation of such technologies through cumbersome business practices or complex and inconsistent requirements for connecting such generation to the transmission grid."

The long-term actions included accelerating the development and deployment of promising renewable energy technologies through the extension and expansion of state and federal production tax credits and state and tribal policies such as system benefits charges, portfolio standards, renewable-resource-based utility tariffs, and/or creative new incentives.

WGA Contact:

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East Coast Losing Clean Power Marketers

As a result of sharp increases in wholesale power costs triggered by higher natural gas prices, some alternative providers, including those that have offered clean or green power options, have exited retail power markets in both New Jersey and Pennsylvania, where retail power markets are open to competition. AES Power Direct returned more than 15,000 customers in New Jersey to their default providers, including those that were purchasing its environmentally friendly power offering. The company is also no longer accepting new customers in Pennsylvania.

Utility.com is another casualty of soaring wholesale rates. The company informed its 30,000 Pennsylvania customers that they

must select an alternative provider or be returned to their default supplier. Utility.com also returned customers in other parts of the country, including California, where it was supplying green power.

Prior to these announcements, Conectiv Energy had ceased its retail marketing activities in Pennsylvania and New Jersey, where the company was offering both conventional and green power products.

Report Assesses Business Purchasing

"Organizational values" and "civic responsibility" are the most important factors motivating business customers to purchase green power, according to a new report released by the American Wind Energy Association (AWEA) and the National Wind Coordinating Committee (NWCC). The study, *Understanding Non-Residential Demand for Green Power*, presents the results of a survey of more than 500 nonresidential customers that have purchased or may be inclined to purchase green power.

A majority of the nonresidential customers surveyed agreed that public recognition, and thus competitive advantage, can be gained by being among the first businesses in an industry to buy green power, and that it becomes increasingly important to buy green if other businesses in the industry have done so. The survey also revealed that the higher the percentage of green customers that buy their products and services, the more willing these firms are to pay more for green power.

The authors also found that while actual green power customers rated the barriers to green power purchasing fairly low, prospective green power purchasers rated these barriers relatively high. This suggests that either it will be difficult to expand green power sales beyond the early adopters or that marketers will need to make a significant effort to educate and address the specific needs of these potential buyers.

Study Contact:

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Focus on Surging Wind Energy Development

300-MW Wind Plant for Pacific Northwest

In January, PacifiCorp Power Marketing, Inc. (PPM), a nonregulated subsidiary of PacifiCorp, and FPL Energy, LLC, a subsidiary of FPL Group, announced an agreement to develop and market power from a 300-MW wind plant along the Washington-Oregon border that will be the world's largest single wind energy development. FPL Energy will build, own, and operate the new wind farm and PPM will purchase and market the entire output of the project over a 25-year period.

Through proposed agreements with Bonneville Power Administration (BPA) and other utilities, PPM will use hydropower resources to "shape" the wind energy into firm green energy products and market them throughout the western region. The power will be moved over transmission lines owned by BPA and PacifiCorp. PPM is also discussing with BPA the purchase of up to 40% of the output from the project to serve BPA customers.

Both Oregon Governor John Kitzhaber and Washington Governor Gary Locke welcomed the Stateline Wind Generating Project as an environmentally sound solution to meet growing electricity needs in the region.

PacifiCorp Contact:

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First Large Wind Project for Nevada

A new wind power project to be developed at the Nevada Test Site (NTC) will supply green power to Nevada-based operations of the U.S. Department of Energy and help meet a national department-wide goal of obtaining 3% of the agency's power needs from green power by 2005. Additional amounts of wind energy will be sold into the regional power market.

Current plans are for 85 MW of wind energy capacity to be operational by the end of 2001 with a total build-out of 260 MW. The NTC is located 65 miles northwest of Las Vegas.

Texas RPS Spurs New Development

The American Wind Energy Association reports that more than 700 MW of new wind energy development is under development or proposed in Texas, largely as a result of the state's renewables portfolio standard, which calls for 2,000 MW of new renewable energy capacity to be developed by 2009. The new development, which is occurring in West Texas, will add to the 187 MW of wind energy capacity already in place.

BPA Seeks 1,000 MW of Wind

The Bonneville Power Administration is seeking bids for more than 1,000 MW of new wind energy—its largest wind power purchase ever—to help address a regional power shortage. The agency issued a request for proposals (RPF) seeking power from large projects, particularly those greater than 40 MW in size. BPA expects the bids to be cost competitive and to be priced significantly below the average price bid in California's recent power supply auction.

BPA is also looking to wind because wind projects "are relatively easy to site and expand, have low environmental impacts (including no carbon emissions) and are highly desirable to buyers of "green" power." BPA currently supplies green power blends of small hydro and wind power to about 10 wholesale customers, primarily municipal and rural electric cooperatives in the Pacific Northwest.

BPA already buys or is considering the purchase of nearly 300 MW of wind energy from three existing projects in Wyoming and four projects under development in Oregon, Washington, and Montana.

BPA Contact:

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Internet Links:

Arizona Corporation Commission Environmental Portfolio Standard Web Page:
<http://www.cc.state.az.us/utility/electric/environmental.htm>

Center for Resource Solutions California Update:
<http://www.green-e.org/media/index.html>

American Wind Energy Association California Power Crisis Web Page:
http://www.awea.org/faq/ca_shock.html

California Energy Commission New Renewable Resources Account Information:
http://www.energy.ca.gov/renewables/new_renewables.html

Colorado PUC Press Release on Wind Energy Addition:
<http://www.dora.state.co.us/puc/news/02-23-01.htm>

New York Public Service Commission SBC Web Page:
<http://www.dps.state.ny.us/sbc.htm>

North Dakota Legislature Web Page:
<http://www.state.nd.us/lr/>

Public Utility Commission of Texas Implementation of Renewable Energy Mandate:
<http://www.puc.state.tx.us/rules/rulemake/22200/22200.cfm>

Washington Governor Gary Locke's Energy Plan Announcement:
<http://www.governor.wa.gov/budpol/energynew.htm>

West Virginia Public Service Commission Order on Backbone Mountain Wind Project:
http://www.psc.state.wv.us/orders/2000_12/001209cb.htm

The Renewables Portfolio Standard: A Practical Guide (download from NARUC Site):
<http://www.naruc.org/>

Western Governors' Association Energy Policy Roundtable Recommendations
http://www.westgov.org/wga/press/energy_agree.htm

Understanding Non-Residential Demand for Green Power (download from NWCC Site):
<http://www.nationalwind.org/pubs/default.htm>

PacifiCorp Stateline Wind Project Web Site:
<http://www.statelinewind.com/>

This newsletter is prepared for the NARUC Renewable and Distributed Resources Subcommittee to promote information sharing on state-level renewable electric activities. It is sponsored by the Office of Power Technologies of the U.S. Department of Energy.

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The Subcommittee Chairman is the Honorable Roger Hamilton, Commissioner, Oregon Public Utility Commission.