

# State Renewable Energy News

## A Compilation of Utility-Oriented Renewable Energy Activities in the States

Prepared by the NARUC Subcommittee on Renewable Energy

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### Note from the Chair

The electric utility industry is experiencing an unprecedented level of discussion and debate related to industry competition and restructuring, stemming from pressures to reduce the costs of utility services.

As this debate progresses, we should keep in mind that market-related costs do not always reflect the full costs that our energy systems impose upon society, nor do they reflect many of the additional values that particular resources, such as renewables, may offer. We must also be assured that these discussions take stock of the longer-term imperative to move toward a more diverse and sustainable energy future.

NARUC is involved in a number of analyses and dialogues that are attempting to place utility restructuring into perspective. First is a "white paper" on efficiency, renewables and RD&D under different electric utility structures, and second is a joint project of the Electricity and Energy Conservation Committees on electric utility restructuring.

Finally, two important dialogues are forthcoming: the DOE/NARUC Electricity Forum, which will be held this November, and the Second National Regulatory Conference on Renewable Energy in 1995.

I look forward to many constructive exchanges during the course of these discussions.

---**Renz Jennings**

### State Activities

#### *Arizona*

##### **ACC Orders Greater RE Commitments**

The ACC signed two orders on June 1 committing the state's electric utilities to greater involvement with renewables. The first order, on integrated resource planning (IRP), requires the utilities to develop comprehensive renewable resource plans and to install a combined minimum total of 19 MW of renewables-based capacity by the end of 2000.

The second order, adopting a settlement agreement between Arizona Public Service (APS) and the ACC staff, commits APS to an aggressive program to identify, install, and operate cost-effective applications of renewables, as well as applications that are expected to be cost-effective within a few

years. APS also commits to spend at least \$9 million on renewables over a three-year period.

**ACC Contact:**

**David Berry, (602) 542-0742**

California

**Renewables Projects to Move Ahead**

The CPUC has ordered the state's investor-owned utilities (IOUs) to resume the BRPU solicitation process to acquire 1356 MW of new resources, of which approximately 456 MW will be renewables-based (45% geothermal, 45% wind, and 10% other) (*SREN*, Summer 1992 and Winter 1994).

**PUC Proposes Utility Restructuring**

The CPUC has initiated a rulemaking and investigation on restructuring the state's electric utility industry. The commission proposes to rely "on competition and the discipline of markets to replace often burdensome, administrative regulatory approaches." The CPUC would give all customers of the state's IOUs, beginning with the largest customers, direct access to competitive supply markets by 2002. In addition, the CPUC proposes to replace the state's traditional regulatory framework with performance-based regulation that rewards utilities for superior performance.

The commission also calls for a reexamination of current state laws requiring set-asides for renewable energy, noting that "through direct access and consumer choice, our proposed policy offers market incentives and signals to invest in resources which contribute to both increased fuel diversity and the success and competitiveness of renewable energy service providers."

**PUC Contact:**

**Dave Morse, (916) 657-4085**

Hawaii

**Legislature Calls for RE Investigation**

By resolution, the state legislature has called on the PUC to initiate and establish an informational docket on the facilitation of renewable energy resource utilization. Noting that a "second wave of renewable resource energy policy implementation" is occurring in the states, the resolution calls on the PUC to "conduct a systematic public examination of other states' regulatory policies and procedures which facilitate the development and use of renewable resources" with the "expectation" that the PUC "will adopt and implement those policies and procedures which are appropriate to the State of Hawaii's expressed policies and goals."

**PUC Contact:**

**Joan Yamaguchi, (808) 586-2019**

Minnesota

**Nuclear Legislation Calls for Renewables**

In authorizing the construction of a spent nuclear fuel storage facility at the Prairie Island nuclear plant, the Minnesota legislature is requiring Northern States Power (NSP) to build or purchase power from up to 950 MW of renewables-based capacity (825 MW of wind and 125 MW of "closed-loop" biomass) by the end of 2002. NSP already has plans to contract for 100 MW of wind capacity, in addition to 25 MW which became operational on May 1.

**PUC Contact:**

**Betsy Engelking, (612) 296-1337**

Montana

**PSC Opens Renewables Docket**

The Montana PSC has become the latest commission to initiate an investigation of renewable energy issues. The PSC requested comments from interested parties "on issues related to renewable energy assessment, development and implementation in Montana." Commenters were to "address strategies to develop, maintain, and provide information on state-specific renewable energy sources, the technological and economic status of renewable energy development, and other renewable energy implementation issues and strategies." Nineteen sets of comments were received and are currently being reviewed.

**PSC Contact:**

***Mike Sheard, (406) 444-6189***

*New York*

**Draft Energy Plan Reaffirms State Renewables Commitment**

A draft of the new New York State Energy Plan calls for the state to continue "to accelerate the development and use of renewable resource technologies in end-use and electricity production applications."

Despite a generation surplus, the plan notes that "the potential for economic development opportunities and environmental benefits is an important reason to foster renewable energy development within the state." Already pending in the state is a settlement agreement for the development of up to 387 MW of new renewables-based capacity (*SREN*, Fall 1993).

Among several specific recommendations are that utilities should integrate renewables into the IRP process and that the PSC should consider "green power" service options for utility customers.

**Energy Office Contact:**

***Gary Sheffer, (518) 473-4375***

*Oregon*

**Commission Adopts Staff RE Report**

The OPUC has adopted the recommendations contained in a staff report to establish policies and programs to encourage the development of renewable resources (*SREN*, Winter 1994). Noting its "strong desire to promote the development of renewable resources," the commission has adopted an overall policy goal that "utilities should conduct renewable resource assessment and confirmation activities in order to be prepared to evaluate and acquire cost-effective renewable resources to meet future (no later than the year 2000) resource needs."

Although the commission does not pre-approve cost recovery for utility investments, the staff recommended that the commission "allow cost recovery of renewable resource costs which exceed the utility's avoided cost" when, for example, "the value of gaining experience with renewables or diversifying its resource mix justifies the additional cost."

**PUC Contact:**

***Bill McNamee, (503) 378-6360***

*Rhode Island*

**PUC Rejects NEP Renewables Contracts**

Noting that "it is inappropriate to have ratepayers bear the total cost of 'demonstration' projects," the PUC unanimously rejected the seven renewables-based power contracts signed by New England Power (NEP) "to assess the current-day feasibility, value, resource potential, and environmental attributes" of renewables in the New England region (*SREN*, Summer 1993).

The contracts resulted from NEP's "green RFP" that represented one component of a company goal to "develop approaches to provide electric service in a more environmentally sustainable way." PUC staff testimony noted that approval of the contracts would have added less than 25¢ per year to the average residential bill over 30 years.

**PUC Contact:**

*Mary Kilmarx, (401) 277-3500*

Wisconsin

**Utilities Required to Consider Renewables**

The state legislature has established a goal "that, to the extent it is cost-effective and technically feasible, all new installed capacity for electric generation be based on renewable energy resources."

In meeting energy demands, resource options should be considered based on the following priorities:

(1) energy conservation and efficiency; (2) noncombustible renewable energy resources; (3) combustible renewable energy resources; and (4) nonrenewable combustible energy resources, by priority, natural gas, oil or coal with a sulphur content of less than 1%, and all other carbon-based fuels.

This policy is being considered in the context of Advanced Plan 7, the state's biennial resource planning process, which is currently before the commission.

**PSC Contact:**

*David Iliff, (608) 266-3905*

**Other Activities**

**National Wind Group Formed**

A new group called the National Wind Coordinating Committee (NWCC) has been formed to facilitate careful, reasoned discussion and teamwork among the major sectors of society that will be affected by the growth and use of wind power.

The group includes representation from the electric utility, environmental, utility consumer advocate, regulatory, government, and wind-industry sectors. The NWCC will identify issues that impact the use of wind power, establish a dialogue among key stakeholders, and catalyze appropriate activities.

**NWCC Contact:**

*Abby Arnold, (202) 778-9653*

**Montana Power Requests RE Information**

The Montana Power Company has released three separate requests for proposals (RFPs) for supply-side, demand-side, and renewable resources/new technologies "that would make the electric company's existing IRP more robust and lower cost." The RFPs do not represent resource commitments but rather a gathering of resource information to be included in the company's IRP evaluation. Proposals are due August 2.

**MPC Contact:**

*Lauren Ike, (406) 723-5454*

**Northwest Coalition Establishes Renewables Project**

A coalition composed of environmental and public interest groups, and energy developers, has established a new project to promote the development of renewable energy in the Northwest. The

primary goal of the Renewable Northwest Project (RNP) is to shift the mix of new energy resources away from fossil fuels and meet the demand for all new energy with energy efficiency and renewable resources.

RNP intends to accomplish these goals by:

- focusing on one public and one private utility as models for incorporating renewables
- participating in key regulatory proceedings
- building support for renewables with the public and governmental decision makers

**RNP Contact:**

***Rachel Shimshak, (503) 223-4544***

**TU Electric Receives RE Proposals**

Texas Utilities Electric Co. (TU Electric) has received 34 project proposals in response to its 1993 renewables-only solicitation (*SREN*, Winter 1994). Twenty-eight proposals were received from nine developers to provide 100 million kWh (~65 MW) of wind power requested. Six proposals were received from four developers for 2 million kWh (~1 MW) of photovoltaics (PV).

TU Electric expects to finalize a contract for the wind project by the end of the summer. However, due to price and other factors, the utility has decided the funds slated for the PV development would be better utilized for alternative PV programs, such as the 100 kW concentrating PV plant at its Energy Research Park (*SREN*, Summer 1993) and involvement in the Utility PhotoVoltaic Group (UPVG).

**TU Electric Contact:**

***Bob Almond, (214) 812-8634***

**Renewables Bidding Woes Continue**

An updated NREL analysis of utility competitive bidding results has found that renewables-based projects represented only 2% of the total winning capacity selected in "all-source" solicitations during 1993. The overwhelming majority of capacity selected was from natural-gas-based projects (75%) and sales from existing utility plants (21%). The relatively poor performance of renewables is attributed to the more competitive generation market and bidding design and evaluation criteria that give less weight to the nonprice benefits of renewables.

It is noted that several states and utilities are pursuing renewable energy set-asides or renewables-only solicitations ("green RFPs") to address existing market impediments.

**NREL Contact:**

***Blair Swezey, (303) 231-7014***

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The Subcommittee Chairman is The Hon. Renz D. Jennings, Chairman, Arizona Corporation Commission — (602) 542-3935.

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