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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Second NARUC Renewables Conference Announced

The site and dates for the Second NARUC Conference on Renewable Energy have been chosen. The conference will be held May 7-10, 1995, in Madison, WI. More information will be forthcoming from NARUC.

State Activities

California

Utilities Cutting RD&D Programs

Both Pacific Gas and Electric and Southern California Edison have proposed major reductions in their RD&D programs in response to competitive pressures to reduce costs. In addition, the PUC Division of Ratepayer Advocates has questioned the ratepayer benefit of utility RD&D investments in generation technologies when these utilities have proposed to withdraw from the generation business.

Both utilities have had active RD&D programs in renewable energy. Among the potential casualties of these cutbacks are research activities in generation-related renewables such as wind, solar thermal electric, and photovoltaics.

PUC Contact:
David Morse, (916) 657-4085

Connecticut

Retail Wheeling Decision Considers Renewables

In a recent decision on retail wheeling, the DPUC has concluded that "the introduction of open generation competition for retail sales is not in the best interest of the stakeholders, State Energy Policy, and the economy of the State of Connecticut." Noting current market pressures stemming from "persistently high" retail electric rates coupled with "extremely low" wholesale power rates, the DPUC nevertheless decided that retail wheeling should only be introduced at a time of capacity need. The state's two utilities are projected to have adequate capacity for at least another decade.

Among the Findings of Fact are that "retail wheeling would not encourage the development of renewable energy sources." Renewables development, which the DPUC notes "is critical for Connecticut's growth and energy independence," would be negatively impacted because "providers of generating capacity would be inclined to forgo the long-term societal benefits of renewable resource development in favor of lower short-term cost, lower risk options."

DPUC Contact:
Mark Quinlan, (203) 827-2691

Florida

PSC Decision on Solar Water Heating

The PSC has approved a staff recommendation that sets goals for the state's utilities to save more than 2,000 MW of capacity by 2003 through a variety of DSM measures. The utilities may apply demand and energy savings achieved through solar and other renewable energy implementation measures to the conservation goal. Noting several references to the encouragement of solar and other renewables development in state statutes, the PSC has requested that the utilities "develop alternate funding sources such as (but not limited to) voluntary green pricing to promote the installation of solar water heating and other renewable measures."

PSC Contact:
Roland Floyd, (904) 488-8501

Hawaii

PUC Initiates Renewables Investigation

The PUC has opened a docket on renewable energy resources "to identify the policies, programs, procedures, and incentives necessary for the successful deployment of renewable technologies, such as wind power, biomass, solar, hydro and geothermal in Hawaii." An informal meeting will be held with the intervenor parties to determine how best to proceed with the docket.

The docket responds to a Senate Concurrent Resolution, adopted by the 1994 legislature, to institute a proceeding on renewable energy resources (SREN, Summer 1994). The resolution directs the PUC to submit status and final reports on its review to the legislature 60 days prior to the convening of the regular sessions of 1995 and 1996, respectively.

Legislative Contact:
Joan Yamaguchi, (808) 586-2019

Massachusetts

DPU Decision Revives NEP "Green RFP" New England Power (NEP) is again moving ahead to procure power from several small-scale, renewables-based projects after the DPU approved six of seven power purchase contracts signed from the company's "green RFP" (SREN, Summer 1993). The seventh contract, for a landfill gas project, will be allowed to take effect without explicit approval.

The process had received a setback earlier this year when the Rhode Island PUC rejected the contracts because the prices to be paid were above NEP's avoided cost (SREN, Summer 1994). As a result, the utility renegotiated with the developers to lower the prices and resubmitted the contracts in all three states. Regulatory approval of the new contracts is still pending in New Hampshire and Rhode Island.

DPU Contact:
Theo MacGregor, (617) 727-9748

Nevada

Settlement Agreement on Solar Plan

Parties to the approval process for the 1994 Resource Plan of the Nevada Power Company (NPC) have agreed on the terms of a proposed Renewable Energy Program Action Plan. The three-year, $1.7 million program will focus on participation in joint venture programs to study advanced solar-based electric generation options, such as "dish/Stirling," central receiver, and high-concentration photovoltaics technologies. A Solar Test Facility will be developed to test several types of systems. The stipulation was subsequently approved by the PSC.

PSC Contact:
John Candelaria, (702) 486-6550

New York

PSC Approves Renewables Settlement

In an Opinion and Order issued November 3, the PSC unanimously approved the conditions of a Settlement Agreement on a plan to acquire up to 387 MW of renewables. The agreement is an outgrowth of the 1992 State Energy Plan which recommended a 300-MW renewable energy set-aside (SREN, Fall 1993). The next step is for the renewables working group, comprised of various stakeholders, to reconvene to begin implementation of the agreement. The order directs the working group to advise the PSC if the program is likely to increase total state revenue requirements by more than _ of 1%.

PSC Contact:
Sam Swanson, (518) 474-1677

NARUC Restructuring Report Released

NARUC has released a report entitled Affected with the Public Interest: Electric Utility Restructuring in an Era of Competition, which examines the implications of various scenarios for utility restructuring on the prospects for achieving a more sustainable energy mix in the utility sector.

The report, prepared by a team headed by Jan Hamrin, focuses on the challenges that regulators face with balancing economic efficiency with the public policy goals of resource efficiency, reduced environmental impacts, and consumer equity. Of particular interest is how investments in renewables and energy efficiency, as well as supporting RD&D activities, which contribute to the achievement of these public policy goals, can survive in a more market-driven electricity sector.

For renewables, the authors conclude that various market opportunities should exist under restructuring. In fact, the authors believe that if proper care is taken in the design and implementation of restructuring schemes, "both wholesale and retail markets for renewables can be enhanced beyond opportunities under present power sector structures." Such strategies include greater internalization of environmental costs, the ability to aggregate both renewables generation for the wholesale market and smaller customers interested in purchasing renewables in the retail market, and targeted programs of technology demonstration and commercialization.

A key feature of the report is a review of utility deregulation experience in several foreign countries as well as the experience of other deregulated industries in the United States. Based on this analysis, the authors assess the tools and strategies available for accomplishing activities in support of sustainability under generic restructuring models. Key policy issues are identified as well as questions for regulators, utilities, and other interested parties to consider in discussions of electric utility restructuring and reregulation.

NARUC Contact:
Judy Ford, (202) 898-2203

Other Activities

Montana Power Rejects Renewables

Montana Power Company (MPC) has rejected the inclusion of renewable energy projects in its forthcoming IRP based on an evaluation of project proposals received in response to the company's RFP on renewable and innovative technologies (SREN, Summer 1994). MPC received nine proposals totaling 341.1 MW, including projects based on wind, hydro, geothermal, and fuel cell technologies.

The renewables projects were rejected based on a cost/benefit evaluation that included consideration of cost as well as environmental and financial factors.

MPC Contact:
Tom Worring, (406) 723-5421

Texas Utility Selects Wind Project

Texas Utilities Electric Co. (TU Electric) has selected New World Power to build a 40-MW wind project near Big Spring, TX. The project was selected from 28 proposals submitted in response to the utility's RFP for renewables generation (SREN, Winter 1994).

TU Electric will purchase power from the project for about 4¢/kWh, which is slightly higher than the utility's marginal cost. However, the cost "is reasonable for the purposes of evaluating the resource, encouraging development of the industry and contributing to efforts to further reduce wind power costs," according to Executive Vice President Tom Baker.

TU Electric Contact:
Bob Almond, (214) 812-8634

Utility Launches Green Pricing Program

Traverse City Light & Power (TCL&P) has initiated a "green pricing" program with its customers to help fund the installation of a 500-kW wind turbine. In addition to the customer contributions, TCL&P will benefit from the 1.5¢/kWh federal production payment for public utilities and a $50,000 grant from the Michigan PSC. The project is expected to be operational in the spring of 1995.

The TCL&P customer volunteers will pay a premium of 1.58¢/kWh, which will increase the average monthly bill by about $7.50. However, these customers will be insulated from variable fuel cost increases if conventional fuel prices should rise.

TCL&P Contact:
Steve Smiley, (616) 922-0844

Utilities Continue QF Buyouts

Central Maine Power (CMP) has bought out, bought down, or otherwise modified 25 nonutility power contracts thus far in 1994 in an effort to hold price increases below the rate of inflation for the rest of the 1990s. The contract changes involve more than 200 MW of capacity and will provide a net present value savings exceeding $250 million, according to the utility. The latest agreement affects power from a 34-MW wood-fired project, for which the average cost of 6.8¢/kWh compares favorably with the average cost of the utility's existing NUG contracts, but is still higher than the current cost of 2¢/kWh to 4¢/kWh for alternative power in the region.

Pacific Gas & Electric (PG&E) is also seeking to restructure contracts with qualifying facilities (QFs), recently reaching agreements with eight project operators to reduce or suspend operations. The agreements, totaling about $200 million, involve primarily wood waste projects, which will soon be subject to lower utility payments based on the California SO4 power purchase contracts. These projects have had high fuel costs due to competition for biomass fuels.

CMP: Clark Irwin, (207) 623-3521
PG&E: David Landes, (415) 973-9326

STEP Pilot Program Under Way

A Sustainable Technology Energy Partnerships (STEP) program has been initiated to meet the needs of states, localities, and industries in using renewable energy and/or energy efficiency technologies in cost-effective applications to enhance economic development and pollution control. STEP is a DOE pilot program with NREL and state energy offices (SEOs). It is intended to demonstrate specific ways in which states and national laboratories can work together to accelerate the commercialization and deployment of laboratory technologies and research products. STEP will focus on research, development, and early stages of commercialization.

DOE, through its Office of Energy Efficiency and Renewable Energy and NREL, will contribute approximately $10 million to the pilot program. The program requires a 1:1 match by SEOs and their partners. There are five eligible program areas: alternative fuels utilization, biofuels, building energy systems, photovoltaics, and wind energy.

The first phase of the pilot program, which required participating SEOs to submit two-page letters of intent (LOIs) to NREL, is complete. The next phase, which involves a formal solicitation for subcontracts, is scheduled for late November or early December. States that did not respond to the LOI request can still be considered in the formal solicitation.

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