

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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State Activities

Arizona

Staff Recommends Renewables Actions

In its review of electric resource plan filings, the ACC staff has recommended both short-term and long-term actions on renewables for the state's regulated utilities. Among the staff recommendations are flexible set asides of 381 MW of renewables to be implemented by 2009, of which 19 MW must be implemented by 2000. The long-term set asides are flexible to allow for changes in demand forecasts and supply-side resource needs.

The staff also proposed that utilities conduct an inventory of renewables and include a discussion of their renewables-related R&D activities and a three-year renewable resource action plan in future resource plans. In addition, the staff was concerned about the adequacy of utility analyses of renewables versus conventional generation resources and proposed a working group to explore decision making under uncertainty and its impact on resource choices.

The staff suggested several practical steps that can be taken to foster cost-effective renewables. Among these are pursuit of federal partnerships and cost-sharing for renewables development, and investigation of the role of renewables at points of consumption and in the transmission and distribution system.

ACC Contact:

David Berry, (602) 542-0742

California

Bidding Results Announced

Preliminary results from the recent capacity bid solicitation indicate that the process has elicited project prices well below the utility benchmarks or "identified deferrable resources" (IDRs). The results also show that the prices for renewables-based projects are from 0.8 to 2.7¢/kWh higher than for fossil-based projects.

1997 Resources (¢/kWh)

Resource	MW	IDR	Bid	Utility
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Geothermal	100	9.1	5.9	SCE
Geothermal	100	8.6	6.4	SDG&E
Wind	50a	8.5	5.7	SCE
Repower	221	6.3	3.8	PG&E

1998 Resources (¢/kWh)

Resource	MW	IDR	Bid	Utility
Geothermal	50/50*	9.0	6.1/6.5	SDG&E
Wind		22.5a	7.6	4.6 PG&E
Repower	221	6.3	3.7	SCE
Repower	291	5.6	3.8	SDG&E

*two separate capacity blocks

1999 Resources (¢/kWh)

Resource	MW	IDR	Bid	Utility
Geothermal	200	10.0	6.4	SCE

PUC Contact:**David Morse, (916) 657-4085****Colorado****Legislature Considers RE Language**

The legislature is considering a bill that would add "encouragement of renewable energy development to the factors to be considered by the Colorado PUC in setting and reviewing rates and policies of regulated utilities." The bill passed out of Assembly Committee by an 8-1 vote after language was added to include consideration of rate impacts.

PUC Contact:**Morey Wolfson, (303) 894-2000 x306****Nevada****Legislature Conducting RE Assessment**

The legislature is conducting an assessment of the state's renewable energy resources as part of an overall effort to develop a state energy plan. The Senate resolution calling for the study notes that "it is imperative that alternative ways to use renewable sources of energy such as solar, wind and geothermal energy be considered," in part to achieve environmental objectives and reduce state energy imports. Nevada currently imports all of its energy from other states. A day-long hearing on renewable energy resources and policies was held on January 31.

Legislative Contact:**Don Williams, (702) 687-6825****Oregon****Staff Views LCP as Forum for Renewables**

In a recent report, the PUC staff has held that the state's least-cost planning (LCP) process is the proper forum for consideration of renewables, noting that "ensuring that renewable resources are

evaluated on a consistent and comparable basis with conventional resources is an LCP goal."

At the same time, the staff report recommends that utilities undertake a number of activities on renewables as part of their LCP process. These recommendations include a utility commitment to meeting current LCP renewables targets, development of RD&D plans for renewables, formation of a renewables advisory group, and improvement in modeling the costs and benefits of renewables development.

The staff report is an outgrowth of a PUC investigation of regulatory issues related to renewable energy development in the state (SREN, Winter 1993).

PUC Contact:

Bill McNamee, (503) 378-6360

Texas

Draft IRP Rule Includes Renewables

The PUC staff has issued a working paper on a proposed IRP rule that includes several renewables-related provisions. The proposed rule would require utilities to provide information to customers on the cost trade-offs between stand-alone generating systems and utility line extensions, similar to rules currently in place in several western states. Other issues under consideration include providing a profit incentive for utilities to purchase power and developing a fuel diversity value for use in bidding evaluation.

PUC Contact:

Karl Rábago, (512) 458-0293

Wisconsin

Advance Plan Filing Includes Renewables

In their Advance Plan 7 (AP7) filing, the state's electric utilities have outlined the addition of 431.5 MW of renewable resources (including 100 MW of wind in Minnesota) between 1994 and 2013. Although this is a reduction from the 821 MW of renewables eventually adopted in Advance Plan 6, it is a substantial increase from the 52 MW that had been proposed by the utilities in their AP6 filing (for 2010).

The projects include 242.3 MW of wind and 138 MW of wood and biomass. Solid waste (27.7 MW), hydro (17.3 MW) and PV/solar (6.2 MW) would make up the remainder.

PSC Contact:

David Iliff, (608) 266-3905

Wyoming

State Issues Demo RFP

The state has issued a request for proposals (RFP) for energy demonstration projects to gain experience with a variety of renewable and energy efficient technologies. Funding from the state energy office will contribute up to \$2 million toward equipment or engineering/construction of selected projects.

Projects must utilize currently available technology or equipment and energy savings or generation must be measurable. The RFP reply deadline is March 15.

Energy Office Contact:
Dale Hoffman, (307) 777-7284

Other Activities

DOE Releases RE Tax Report

The U.S. DOE recently released the findings of a study on the tax and rate treatment of renewable energy projects. The study reports that federal tax laws provide incentives for both utility and non-utility generators to invest in renewable energy projects. However, federal tax laws become a barrier to the adoption of renewables when developers are subject to the alternative minimum tax (AMT).

The report also notes that the utility fuel adjustment clause is a barrier to the adoption of renewables because it insulates utilities from the risks of fuel price fluctuations. The study did not examine incentives or subsidies that energy sources may receive in other areas of the fuel supply network. The report was mandated by Congress in the Energy Policy Act of 1992.

DOE Contact:
Paul Carrier, (202) 586-5659

PGE Selects Five Projects from "Green RFP"

Portland General Electric (PGE) has selected five projects, representing a total of 169.1 MW, for further negotiation as a result of its May 1993 RFP seeking up to 50 aMW of renewables-based generation (SREN, Summer 1993). Developers offered a total of twenty-nine projects, representing 626 MW, in response to the RFP.

The negotiation list includes:

- one geothermal project (21.1 MW);
- two biomass projects (2 MW and 30 MW);
- one wind project (100 MW); and
- one hydro project (16 MW).

PGE expects to execute agreements with several, but not necessarily all, of the five projects for a total of 80 to 120 MW.

PGE Contact:
Frank Afranji, (503) 464-7033

Texas Utility Issues Renewables RFP

Texas Utilities Electric Co. (TU Electric) has issued an RFP for up to 102 million kWh (~66 MW) of renewable energy generation, with 100 million kWh (~65 MW) to be supplied by wind and 2 million kWh (~1 MW) by photovoltaics, although other non-combustible renewables projects will also be considered. Although price per kilowatt-hour will be the principal bid evaluation criteria, other non-price factors will be considered.

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

New England Utilities Seek to Reduce QF Payments

Several utilities in New England, citing high payments to qualifying facilities (QFs) as the cause of rising rates, are actively working to restructure QF payments. Several renewables-based projects would be affected.

New Hampshire

Public Service of New Hampshire (PSNH) has reached agreements with five hydro projects that will immediately reduce the rate paid to these QFs by 14%. Contracts with three of eight wood burners, though not all yet signed, call for a \$91 million buyout with no further utility obligation to purchase power. It is not yet clear whether the new contracts would result in any plant closures; PSNH has agreed to wheel power for any of the QFs that still want to generate. The PUC must still approve the new contracts.

PUC Contact:
Sarah Voll, (603) 271-2431

Maine

Central Maine Power (CMP) and Bangor Hydro Electric are supporting development of state legislation that would impose a revenue tax on the gross receipts of QF producers. The legislation would impose, retroactive to January 1, 1994, a 33% tax on QF rates above a base price of 6¢/kWh and a 67% tax on any rates above 9¢/kWh. The revenue would be used to offset the utilities' higher costs to purchase this electricity.

CMP has contracts with 80 QFs, which account for 40% of its energy supply. The contracts have escalation clauses which, according to CMP, will result in QF payment increases of 3%/year over the next five years.

CMP Contact:
David Allen, (207) 623-3521 x2575

PGE Reports on Renewables Assessment

The Portland General Electric Co. (PGE) recently published the recommendations of its Renewable Resources Work Group. The group was formed to advise the company's resource planners and

management on issues influencing the assessment, selection, development and integration of renewables for PGE's system. In addition, five subgroups were formed to develop technology reports on specific renewable resources—biomass, geothermal, hydro, solar, and wind.

The work group recommendations relate to both planning issues and acquisition and development issues. Among the planning recommendations were that the company should set both short- and long-term targets for renewables acquisition as part of its least cost planning process, with the long-range target "built around the need for system cost-effectiveness that fully reflects the values added by diversity, risk mitigation and other considerations." The work group also recommended that "PGE should position itself to be flexible in the ability to pursue rapid development of a range of (renewable) resource options."

PGE Contact:

Lee Barney, (503) 464-8899

Utility Wind Activity

The Lower Colorado River Authority (LCRA) has announced that it will expand its contractual commitment with Kenetech to include an additional 200 MW of wind development, up from the original 50 MW (SREN, Fall 1993). LCRA plans to market the additional energy to neighboring utilities. The first phase of the project installation is scheduled to begin in 1996.

LCRA Contact:

Tom Foreman, (512) 473-3200

The Sacramento Municipal Utility District (SMUD) has begun development of the first phase of its 50-MW wind project, also with Kenetech. An initial 5-MW increment will be installed this spring, with the remaining turbines scheduled for installation after a two-year test period.

SMUD Contact:

Bob Wichert (916) 732-6222

CMP Pulls Out of Wind Program

Central Maine Power (CMP) has pulled out of the EPRI/DOE wind turbine verification program. CMP was one of three utilities selected as hosts for a national testing program to evaluate advanced wind turbine technology (SREN, Fall 1993). The move is part of a corporate restructuring that calls for a 12% cut in the company's operating budget, including a workforce reduction of 225 full-time staff and termination of its EPRI membership. However, CMP has indicated that it may still purchase energy from the wind project if it goes forward.

CMP Contact:

Rich Chapel, (207) 623-3521 x2772

The Chairman of the NARUC Subcommittee on Renewable Energy is The Hon. Renz D. Jennings, Commissioner, Arizona Corporation Commission. He may be reached at (602) 542-3935.

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