

**MINUTES OF
THE SEVENTH OWWG MEETING
THE DALLES
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By

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General comments

This seventh OWWG meeting focused on **production based incentives** for wind energy and other renewable energy systems. These tariffs have been very successful in promoting community based wind farms in several European countries and in Minnesota.

The Program

Carel DeWinkel welcomed about 70 attendees to this seventh meeting of the OWWG. He started the meeting by showing the “Outstanding State Wind Working Group” award that the OWWG received from USDOE’s Wind Powering America at the Global Windpower 2004 conference in recognition of “regional leadership, creativity, and commitment to wind energy development”. He thanked all participants who have contributed to the efforts of the Group to promote wind energy in the state.

Next, Paul Gipe, wind energy expert and well known author of books on wind energy, gave an extensive presentation on the European experiences with production based incentives, also called “feed laws”. Paul traveled in Europe to study the pros and cons of those laws. The basic characteristic of a feed law is the guaranteed price per kWh for a fixed period of time without setting specific targets for installed capacity. This is in contrast to the so-called “quota” system of which the US based “Renewable Portfolio Standard” is an example. Paul’s presentation can be found at:

http://www.energy.state.or.us/renew/Wind/OWWG/Pubs/Gipe_show.htm.

More information can be found by clicking on European Renewable Tariffs on

<http://www.energy.state.or.us/renew/Wind/OWWG/OWWG.htm>

Interesting results of the German feed law include the rapid growth of wind energy to about 14,000 MW and that these wind farms are geographically dispersed, of various sizes and mostly developed by small enterprises and cooperatives. Gipe reported that private citizens own well over 75% of the turbines in Germany and that more than 200,000 people are involved in cooperative renewable programs. Another aspect worth mentioning is that the market is highly competitive and has resulted in a dramatic decrease in the installed cost of wind turbines. Other European countries with feed laws also tend to have more installed capacity than those countries with quota (RPS type) laws. It is for these reasons that members of the OWWG have expressed an interest in further exploring an incentive program for Oregon similar to a feed law, at least for the

smaller wind farms¹ which is the focus of the OWWG. Paul's presentation was very well received.

BPA's Debra Malin and Tom Osborn discussed the Conservation and Renewable Discount Program (C&RD program), which is funded by a 0.05 cent/kWh discount on the energy bought from BPA. It contains *production-based* incentives for renewables, including *1.5 cents/kWh for new wind facilities and 1 cent/kWh for expansions of existing wind facilities*. These incentives could be part of an effective program for community wind projects.

The C&RD program is being reviewed in the fall of 2004 and it is not clear whether the program will be modified or not. Public comments are encouraged. Several attendees expressed a strong support for this program and asked the BPA representatives to find ways to expand this program with more funds allocated to the renewables.

For further information, contact either Debra Malin at djmalin@bpa.gov or 503-230-5701 or Tom Osborn at trosborn@bpa.gov or 509-527-6211.

Peter West of the Energy Trust of Oregon briefly discussed the status of an incentive program for community wind energy that he plans to launch next year. In preparation for this new program, the Trust contracted Ryan Wiser of Lawrence Berkeley Lab to analyze options for community wind power development for Oregon. Ryan gave a detailed presentation of the options considered and the study results include the estimated incentive levels to make the various options economically viable. Ryan's study can be found at

<http://www.energy.state.or.us/renew/Wind/OWWG/Meetings/Meetings.htm#Upcoming>

For the latest on the Energy Trust of Oregon's planned Community Wind program, please contact Peter West at peter@energytrust.org or 503-493-8888x209 or check the Trust's web site at www.energytrust.org.

Similar to what was stated for BPA's C&RD program, a relatively simple production based incentive program could become a very important component of community based wind energy developments in our state.

A good wind resource, highly reliable and cost effective wind turbines and production based incentives will not result in many installed wind farms if it is difficult to connect to a utility, to get a long enough contract to obtain financing for the project, and to get a fair price for delivery of the energy to the user.

Lisa Schwartz, senior analyst of the Oregon Public Utility Commission's Staff, reviewed the status of the PURPA² proceedings, the outcome of which is crucial for small wind farms and other renewable energy projects. The schedule of this Docket No. UM1129, "Investigation Relating to Electric Utility Purchases from Qualifying Facilities", includes a hearing scheduled for October 2004 if a settlement is not reached by August 25. The main issues are contract length, price structure (prices varying or levelized?), the size threshold for standard rates, utility tariff content (prices, terms and conditions), and avoided calculation method(s). Lisa explained the differences between the utilities on the one hand and the Commission's Staff and various intervenors on the other hand. At the

¹ Such incentives would also work for other smaller renewable facilities

² Public Utility Regulatory Policy Act of 1978.

time of this writing, an agreement on a 10 MW threshold below which a standard rates will be available and a 15 to 20 year contract length seems possible. The calculation of the avoided cost appears to be more controversial, particularly as it relates to the use of natural gas price forecasts and dealing with a utility's generation capacity surplus in the near future. For the latest update, please contact Lisa directly at lisa.c.schwartz@state.or.us or 503-378-8718.

Finally, Union county commissioner John Lamoreau discussed his county's interest in wind energy development. He outlined the county's siting ordinance for wind energy, the possible development of a commercial 100 MW wind farm, and exploring ways to have the county invest the development of a community owned wind farm similar to the efforts by Sherman county. For further information, please contact John at lamoreau@union-county.org or 541-963-1001.

Next Step

The next OWWG is scheduled to take place in October or November 2004. The location has not been determined, yet.

***Oregon Wind Working Group (OWWG)³
Seventh Meeting, The Dalles, OR, August 11, 2004***

Agenda

- 09:00 – 09:10 Welcome – Carel DeWinkel, Oregon Department of Energy
09:10 – 10:45 Renewable Tariffs in Europe and the USA – Paul Gipe, wind energy consultant (see below for a more detailed outline of Paul’s presentation)
10:45 – 11:00 Break
11:00 – 12:15 Renewable Tariffs continued: successes, failures – Paul Gipe
12:15 – 01:15 Lunch in cafeteria (own expense)
01:15 – 01:45 BPA’s Conservation and Renewable Discount Program – Tom Osborn and Debra Malin, BPA
01:45 – 03:00 Status of the Energy Trust’s intermediate sized wind energy incentive program – Peter West, Director of Renewable Energy, Energy Trust of Oregon and a presentation by Ryan Wiser, Lawrence Berkeley Lab, on “*A Comparative Analysis of Community Wind Power Development Options for Oregon*”.
03:00 – 03:15 Break
03:15 – 03:45 Status of PURPA hearings – Lisa Schwartz, Staff, Oregon Public Utility Commission
03:45 – 04:00 Union County’s interest in wind energy – John Lamoreau, County Commissioner
04:00 – 04:15 Wrap-up

³ As part of its *Wind Powering America* program, the U.S. Department of Energy is funding the Oregon Wind Working Group’s (OWWG) activities over a four-year period, beginning June 1, 2002. The Department of Energy is the lead organization. The group includes representatives of utilities, government agencies, environmental groups, farming and rural interests, and developers.