

# Press Clippings

August 16 – August 22, 2010

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## **Electric Light & Power – FERC Rejects Tariff on Wind Power for Puget Sound Energy**

8/16/10

The U.S. Department of Energy's Federal Energy Regulatory Commission issued the following order. On June 14, 2010, Puget Sound Energy filed a new Schedule 12, Wind Integration Within-Hour Generation Following Service to its Open Access Transmission Tariff.

Puget's proposed Schedule 12 Wind Following Service requires Puget to offer, and all wind generation resources in Puget's balancing authority area to purchase or otherwise account for, Schedule 12 Wind Following Service from Puget; the cost of this service is based upon the incremental cost of a proxy generation unit that does not currently provide this service or even exist on Puget's system.

In this order, the commission rejects Puget's proposal, without prejudice, as discussed below. We reject the tariff sheets containing Puget's proposed Wind Following Service because Puget has not shown that the rate it proposes to charge for the service is just and reasonable.

Changing system conditions, such as an increasing amount of wind generation described by Puget, present unique challenges that may require novel solutions. However, such solutions must fit the problems they are intended to solve, and the commission must ensure that ratepayers are protected from rate proposals—such as the one proposed by Puget here—that are not shown to be related to the actual, demonstrable costs incurred in providing service.

Section 205(a) of the Federal Power Act (FPA) requires that “[a]ll rates and charges made, demanded, or received . . . shall be just and reasonable.” In determining whether proposed rates meet this standard, the commission's long-standing practice has been to ensure that in the aggregate, “rates are designed so that a transmission owner meets, but does not exceed, its revenue requirement.”

Puget attempts to justify its use of a proxy rate based on the Commission's acceptance of proxy rates in the assessment of generator imbalance charges under Schedule 9 of the pro forma OATT. Puget seeks to expand this logic beyond the context of imbalance energy charges to the capacity reserves at issue in its Wind Following Service.

Puget argues that because there is no existing liquid market for the flexible capacity in the region, it is appropriate for Puget to use the hypothetical capacity costs of a hypothetical generator as a proxy for determining the rate to be charged for this service.

However, we find that Puget has not shown that its proposed proxy rate is just and reasonable. In the context of generator imbalance charges, to which Puget cites as

support for its proposed rate schedule, the commission has explained that while it will allow for the recovery of legitimate and verifiable opportunity costs, it will do so only where transmission providers clearly explain how opportunity costs would be determined and demonstrate that the recovery of opportunity costs would not lead to over-recovery of costs.

While Puget has explained how it will determine its opportunity costs (based on the hypothetical Proxy unit), it has not demonstrated that calculating its opportunity costs in this manner will not lead to over-recovery of its costs. Accordingly, even under the standard for using proxy rates in assessing generator imbalance charges, Puget has not met its burden.

Based on the information submitted, we cannot find that Puget's proposed rate is a reasonably accurate representation of the opportunity costs Puget incurs in providing a following service to wind resources.

Moreover, Puget has not explained its proposal for self-scheduling this service, including the types and locations of resources that may be used. We therefore reject Puget's proposed Wind Following Service rate, without prejudice to Puget filing a new rate proposal consistent with the discussion in this order.

## **KBKW – 100 Mason County Homes to Get “Smart” Power**

8/17/10

*David Haviland*

The Bonneville Power Administration and Mason County Public Utility District Number 3 announced today that they are partnering on a smart grid pilot project to help manage the electricity grid and use wind power more effectively.

The project addresses two fundamental bottlenecks in the power grid; congestion during times of high power use and the imbalance created when more wind-powered energy is being generated than is being used.

“Homeowners who choose to participate in this pilot project can help the region ease strain on the region’s electrical system,” said Bonneville Power’s Smart Grid Program Manager Lee Hall. “They will also make help the region make the best use of wind; a clean and renewable, yet variable power source.”

Mason County PUD 3 will install special devices on water heaters that will communicate with the electrical grid and tell the appliances to turn on or off, based on conditions of the regional electrical system and the amount of renewable energy available.

Homeowners can override the water heater device at any time, and with modern insulated water heaters, it is unlikely they will even notice a change in water temperature.

To thoroughly understand the benefits of the project, you have to understand a basic principle of an electrical system. That is, at any given moment, the amount of electricity consumed must match the amount that is generated. Otherwise, the grid can destabilize causing a blackout.

Shifting water heater energy use to a time when consumption is lower helps level out the peaks and valleys of energy use, which makes the balancing act of supply and demand a little easier. This is especially valuable when managing variable power sources like wind power.

“Reducing electricity use during peak hours can be a money saver for Mason County PUD 3 and our customers,” says Jay Himlie, Power Supply Manager for PUD 3. “It reduces the fees a utility has to pay for their peak power demand. It’s really exciting to help pioneer this technology in the Pacific Northwest.”

Another goal of the project is to see if the device can find out when wind power is readily available and fire up the water heaters to take advantage of it.

Wind power can only be produced when the wind blows, so using water heaters as

energy storage devices gives the power system another tool to help balance out the variable nature of wind generation. When there is excess wind, the project can also help keep it from going to waste by turning on the water heaters that had been previously turned off by the device. The wind energy is put to use in heating up the water, which is stored for the family's use. With enough of these "storage units" in place, the region can reduce the need to rely on the hydro system to maintain the power system balance of supply and demand. With increasing demands on the Northwest hydro system, this project provides a valuable additional source for system flexibility.

To goal is for the device to find the balance between making sure the homeowner has enough hot water, while making wise use of wind power in the system.

Installation of the devices in the 100 participating homes should begin in October 2010.

Mason County PUD No. 3 provides electricity to more than 32,000 customers in most of Mason County and small portions of Kitsap, Grays Harbor, and Pierce Counties. Mason 3 owns and operates 11 substations and has almost 1,600 miles of overhead and underground lines to serve its customers. The PUD also provides wholesale telecommunications services in its service area through a fiber optic network. There are approximately 400 connections to this system.

Bonneville Power, headquartered in Portland, Ore., is a not-for-profit federal electric utility that operates a high-voltage transmission grid comprising more than 15,000 miles of lines and associated substations in Washington, Oregon, Idaho and Montana. It also markets more than a third of the electricity consumed in the Pacific Northwest. The power is produced at 31 federal dams operated by the Army Corps of Engineers and Bureau of Reclamation and one nuclear plant in the Northwest and is sold to more than 140 Northwest utilities. BPA purchases power from seven wind projects and has more than 2,800 megawatts of wind interconnected to its transmission system.

## Energy Prospects West – Controversial Coastal Wind Project is Up for Sale

8/17/10

*Penelope Kern*

Energy Northwest has put development rights for its embattled Radar Ridge wind project up for sale, the Washington public power consortium announced in mid-August.

The Aug. 12 decision came after Grays Harbor Public Utility District, the majority owner of the 82-MW project -- planned for the coastal Washington town of Nacelle -- terminated its participation and opted instead for generation from a co-gen biomass project in its service territory.

Radar Ridge has faced vociferous opposition from environmental groups because it is planned for a site on state land adjacent to critical habitat for the marbled murrelet, a bird listed as threatened under the Endangered Species Act.

Earlier this summer, Grays Harbor commissioners approved short-term funding to continue environmental studies for Radar Ridge through July, but also voted to pull the PUD out of the project officially, after development cost estimates ballooned from \$3 million to \$5.2 million, when it became apparent the project would need a full EIS instead of a less exhaustive environmental assessment (see "Washington PUD Agrees to Short-Term Funding for Controversial Wind Project," June 8, 2010).

In its latest effort to move on from Radar Ridge, the PUD signed a 12-year power purchase agreement with Sierra Pacific Industries for the output from a biomass co-gen plant at its Aberdeen sawmill, located in Grays Harbor's service territory.

The PUD will use the power -- 5 MW until mid-2014, then potentially 11 MW thereafter -- to fulfill its RPS requirements, which the power from Radar Ridge was initially intended to satisfy.

According to Tom Krueger, ENW's manager of generation project development, ENW is looking for a utility to buy out Grays Harbor's 36-percent share of Radar Ridge, but if it cannot find a taker, then development rights for the entire project are up for sale.

"We've got the next two months to get a new investment partner or sell the project. We're still working with utilities to invest in the project, but now we've opened it up to independent power producers, as well," he told *Energy Prospects West*.

Krueger said ENW will continue with the permitting process while it looks for buyers, and still believes the project "will be a competitive, low-cost resource."

He added that the project would be the only wind farm in western Washington -- freeing it from the transmission constraints faced by wind farms in the Columbia Basin -- and would be a winter-peaking facility, unlike other wind projects in the Pacific Northwest, where demand has typically been greater in the colder months.

"The project continues to have all the science validated, we're still very optimistic it can be permitted, and the cost of capital equipment continues to drop," Krueger said. "Over the last few months, the cost of wind turbines has dropped probably 20 percent."

When acting as a project developer, ENW's company policy limits it to a 25-percent share of a project, Krueger added.

In addition to Energy Northwest's 25-percent share in Radar Ridge, Clallam PUD No. 1 has a 15-percent stake, and Mason County PUD No.3 and Pacific County PUD No.2 have stakes worth a little over 11 percent each.

## The Dalles Chronicle – Wyden Sees Promise in Gorge Tech

8/17/10

*Keri Brenner*

HOOD RIVER — Oregon Sen. Ron Wyden said businesses in the gorge’s technology cluster have built a foundation for a strong economic future.

“This community is doing well in growing things, making things, adding value and shipping them out,” Wyden told members of the Gorge Technology Alliance at a roundtable meeting Monday morning at the Port of Hood River. “There is great potential here.”

Wyden, who also toured the renewable energy technology facilities at Columbia Gorge Community College’s The Dalles campus later Monday, said he is open to creating a small research and development center in the gorge for future technology innovation.

“It’s an intriguing idea that has some promise,” Wyden said of the proposal from Steve Sliwa, chief executive officer of Bingen-based Insitu, Inc. “I’ll look into it.”

Sliwa, whose company employs about 800 people, of which 500 work in 23 gorge-area buildings, was one of about 35 Gorge Tech Alliance members and guests at the event. It was just about two weeks after Insitu won a \$43.7 million contract to supply its Integrator model autonomous surveillance aircraft vehicles to the U.S. Navy.

“We’ve built this amazing cluster that should be OK for the next five to 10 years,” Sliwa said in making his first pitch to Wyden for the R & D center. “But after that, if we want to see it survive and thrive, we’ll need innovation to allow us to have a 50-year vision.”

He said the gorge would need a partnership with a major research university — as well as government support — to attract professors and grad students to the research and development center.

Other gorge business owners told Wyden they could use help with raising venture capital, enhancing technology education in the public schools, attracting manufacturing firms to the gorge and in continuing to uphold Wyden’s 1998 bill that limits taxes paid by Internet-based businesses in more than 5,000 taxing districts across the country.

“A lot of states in this down economy are looking to unravel that law to try to get sales taxes from the Internet,” Wyden said after comments from Ken Levy, chief executive officer of Stevenson, Wash.-based Internet company 4-Tell. “It’s ominous.”

“This was a great meeting,” Levy said later. “I think we showed Wyden what we can do to improve ourselves without necessarily needing a government handout.”

Bill Boyden of The Dalles said he attended Monday's meeting to hear "what [Wyden's] take is on technology in the gorge."

"I'm not leaving here," said Boyden, who works at Northwest Aluminum Specialties in The Dalles. "I'm interested to know what he thinks is the future of this area."

Ken Whiteman, CEO of Hood River-based GreenShipping.com, told Wyden there was a large gap between the \$100,000 or \$200,000 in start-up monies available through so-called "angel" investors in the gorge and the \$2 million or more typically invested by Portland or other metro-area venture capitalists.

"I would need about \$1 million," he said. "There isn't that range available."

Wyden said although gorge unemployment numbers were lower than the rest of the state, there was "still a long way to go" in providing enough living-wage jobs. He said he agreed with attorney and former lobbyist Tim Farrell of Hood River, who said it was difficult for residents who were not part of the technology cluster to find work.

"There's a huge amount of economic hurt out there," Wyden said.

Wyden asked his staff to work with Steve Maier of Innovative Composite Engineers in White Salmon on ways to secure enough land for manufacturing. Maier said much of the gorge was protected National Scenic Area where development is prohibited.

"I have three companies who would like to come here, but there's no space," Maier said. "The smallest needs 50,000 square feet —the largest, 250,000 square feet."

Wyden said his tour east this week also includes a stop at Shepherds Flat, under construction in Gilliam County. When completed, it will be the largest wind farm in the world, Wyden said.

"There are 700 people working there right now putting up those turbines," he said. "That's a lot for Gilliam County."

## **Portland Business Journal – Vestas Keeps HQ in Portland, Moving to the Pearl**

8/18/10

*Erik Siemers*

Wind turbine giant Vestas Wind Systems A/S on Wednesday said it will lease an old Meier & Frank warehouse in the Pearl District and turn it into a 172,000-square-foot gleaming new headquarters.

Oregon Gov. Ted Kulongoski, Portland Mayor Sam Adams and Vestas Americas President Martha Wyrsh announced the news in a press conference at City Hall at noon.

Vestas received both state and city incentives for the \$66 million project, which is expected to create 600 construction-related jobs.

The company will receive \$1 million from the state's strategic reserve fund and has the potential to receive an additional \$1.25 million in state tax credits.

The agreement stipulates that the company, which employs 400 locally, must add at least 100 jobs within the next five years. Once built out, the building will have room to house 600 workers as Vestas continues to grow.

The city will give the company a 15-year, interest-free loan for \$8.105 million. The company is expected to repay the loan within five years, Adams said.

Construction will begin in October. Vestas plans to move to the building in early 2012. It will occupy 133,258 square feet of office space. The remaining 39,000 square feet is a parking garage.

The announcement will end years of speculation about the company's future in Portland.

In December 2008, the Danish company said it would build a roughly \$250 million, 600,000-square-foot new North American headquarters in the South Waterfront. The building could have eventually housed 850 jobs.

Vestas employees are spread out across several buildings downtown.

The city and state ultimately put together a \$41.5 million tax incentive package for the proposed South Waterfront project. The company mothballed the plan in April 2009 when the economy collapsed.

Since then, rumors swirled that the company might relocate its North American headquarters to Denver, where it has been ramping up its manufacturing operations. The company recently said it would build a research and development facility in Denver, further fueling speculation.

The company said it also looked at sites in Texas and around the Portland area before deciding on the Meier & Frank warehouse.

The news is a big win for both Kulongoski and Adams, who have pinned much of the state's economic future to the development of the green economy.

Portland-based Gerding Edlen Development Co. bought the Meier & Frank Delivery Depot in October 2007 for \$15 million.

Gerding-Edlen, which is known for its green buildings, planned to start renovating the building in May 2008. That plan also stalled when the economy slowed.

The building, 1417 N.W. Everett, was erected in 1927 and added to the National Register of Historic Places in 2001.

Also Wednesday, Vestas parent company Vestas Wind Systems A/S reported a 17 percent drop in second-quarter revenue to about \$1.3 billion and downgraded its full-year sales and earnings forecast, sending its shares — traded on the Danish stock exchange — down nearly 20 percent to a new yearly low.

Yet second-quarter sales for Vestas' Americas division — a region that spans both North and South America — more than tripled to \$530 million, living up to its billing as the company's biggest growth market.

Features of Vestas new headquarters:

- Solar photovoltaic roof panels.
- Rainwater reuse collection system.
- Under-floor mechanical ventilation.
- Secured interior storage for 80-plus bicycles.
- Auditorium to accommodate up to 250 people.
- Open workspace on five floors.
- Stacked car parking for 183 cars.
- Parking that can be converted to workspace.

## **Portland Business Journal – Energy Advocates Cheer Vestas Decision**

8/18/10

*Christina Williams*

Vestas' decision to remain in Portland is a boost to the state's burgeoning green economy.

The announcement is a relief for economic development officials and investors who have been striving to retain Oregon's prominence in the clean energy sector. It also provides much-needed momentum to business leaders campaigning to revive policies aimed at developing sustainable industries.

Vestas first announced plans to build a headquarters building — at that time speculation pointed to the South Waterfront district — in 2008, shortly after Gov. Ted Kulongoski announced an ambitious "climate change" agenda. Kulongoski's agenda included support for a regional carbon cap-and-trade program and an expansion of the Business Energy Tax Credit program, which gave tax breaks to stimulate investment in renewable energy and conservation.

Today, regional cap and trade is far from reality. Lawmakers, concerned about declining revenue and inadequate controls on the BETC program, dramatically scaled back funding for the program earlier this year.

Against that backdrop, Vestas' decision to stay was a hard-won, critical victory for renewable-energy advocates.

"It cements the perception and reality of Portland as the capital of sustainable energy in the U.S.," said Portland Mayor Sam Adams, who as former Mayor Vera Katz's chief of staff helped recruit the company to Portland from California in 2002.

State Rep. Jules Kopel Bailey, a Portland Democrat who represents the 42nd district, said the state can build on Vestas' decision.

"It signals that Oregon is a good place to do business and that the clean energy economy is going to be a major part of the backbone of our economic recovery," Bailey said. "The critical question is what policies can we put in place for the future."

Against the backdrop of a \$500 million budget shortfall, Bailey and his colleagues in the state Legislature will be hard-pressed to provide incentives for clean energy without taking revenue away from other vital programs.

"The state should take notice of the fact that when it has positive policies that encourage the support and development of renewable resources, the state gets paid

back many times over," said Rachel Shimshak, executive director of the Renewable Northwest Project.

Vestas renewed commitment to Portland could also boost the state's nascent but growing cluster of wind energy-related manufacturers.

The Portland Development Commission led a team of wind companies to an industry trade show in Dallas earlier this year and has been working to nurture the cluster.

"It's a huge win for all of us in the clean-tech sector to have Vestas in our ecosystem," said Gregg Semler, venture capitalist with Pivotal Investments and a member of the Oregon Business Development Commission. "These guys are leading the market. They're like Nike. They will be looking for innovation."

Although Vestas' U.S. manufacturing and research and development work is done in Colorado, Kulongoski said the company will look to tap the local supply chain as appropriate.

Referencing a recent trip he made to Vestas' Danish headquarters, Kulongoski said: "They asked me a question: What can we do to reach out to more suppliers in Oregon?"

## **Cascade Community Wind – CCWC Awarded \$1M from Washington State Energy Program**

8/18/10

Cascade Community Wind Company (CCWC), a Washington State limited liability company, has been awarded a \$1,000,000 grant and loan from the Washington State Energy Program. This award will be used to help CCWC install up to eight community wind turbines before December 2011. The ARRA dollars were awarded based on the strength of CCWC's business plan and the fact that this initial support will help create a business model that can be replicated to develop many more community wind projects.

Of particular significance to the State Energy Program are CCWC's ongoing efforts to remove barriers to distributed community renewable energy projects in general.

Distributed renewable energy projects, common in Europe and parts of the Midwest, are relatively new to Washington State and as such encounter many barriers that need to be overcome in order to provide an environment where these projects can succeed.

Permitting codes, Utility policies, public education, a trained workforce, and even some basic needs, such as access to insurance and bonding, are aspects of the business environment in Washington that are not readily available for community renewable energy projects. CCWC is grateful to the State for its support as CCWC addresses these and other issues in the building of a community wind business that will open doors for other businesses to follow.

Cascade Community Wind Company will be installing two smaller wind turbines this summer near Thorp, Washington, and another six turbines around the state next year. CCWC will invest this money (and the approximately \$10 million of private and federal funds it leverages) in communities that see locally-owned generation of renewable energy as a boon to both the environment and the economy.

Interested communities, especially those in Whatcom, Skagit, Kittitas, Island, Jefferson, Kitsap King, Pierce, and Thurston counties, where Puget Sound Energy offers a good price for power from community projects, should contact Cascade Community Wind. CCWC also helps develop large 'behind the meter' projects across the State.

Currently in Kittitas County, home-scale wind turbines can be built using the County's recently passed small wind ordinance. Very large wind farms can be permitted using the state EFSEC process. But community projects, which have the good economics of a wind farm but are also locally controlled providing local benefits, have no way to be permitted in Kittitas County. "Basically what the county commissioners are saying is that I can sign my land away to a big European wind developer to sell power to California, but if I want to harvest my own wind crop to put in the local grid for my neighbors to use, I'm out of luck" says Mel Dyke, a Wheat and Hay farmer near Thorp.

In Whatcom County, Terry Meyer P.E., manager of CCWC, remarks, “We can start when the county government resolves the current moratorium on community wind projects.”

Cascade Community Wind Company helps land owners build and finance community-supported wind turbines on their land by allowing local folks to subscribe to the power from that turbine. These community wind turbine subscriptions save the subscriber money over the long term by paying down the subscriber’s power bill with revenue from the community wind turbine.

## **Brighter Energy – Idaho Utility Abandons Talks Over 150MW Wind Power Deal**

8/19/10

*James Cartledge*

The company based in Boise said it had jointly determined with an unnamed wind generator on Friday (August 13) not to continue chasing a 20-year deal.

The failure brings to an end a Request for Proposal process that was launched back in May 2009.

Idaho Power said yesterday that analysis of the project had shown there were more cost effective options available. The utility will now pursue alternative renewable energy resources.

Idaho Power Senior Vice President of Power Supply Lisa Grow explained: “Since issuing our RFP more than a year ago, the wind energy market has changed dramatically and prices for Power Purchase Agreements (PPAs) acquired under the Public Utility Regulatory Policies Act of 1978 (PURPA) process have decreased. In light of these changes, we expect to be able to acquire energy resources without concluding the RFP at this time.”

### **Strategy**

Ms Grow said Idaho Power will work to maximize the value of its existing hydropower projects while it develops a portfolio including new wind, geothermal and solar generation capacity.

Part of IDACORP, Inc., Idaho Power has so far contracted for more than 600MW of renewable energy projects from hydroelectric, wind and biomass sources, and last month sought permission for its first ever solar power deal (see this [BrighterEnergy.org](http://BrighterEnergy.org) story).

The firm serves around 486,000 residential and business customers in southern Idaho and eastern Oregon.

Earlier this month, the utility’s 20-year strategy was accepted by the Idaho Public Utilities Commission. the Integrated Resource Plan said Idaho Power would add 150MW of wind generation to its portfolio over the next decade, along with 40 MW of geothermal generation.

An upgrade of the Shoshone Falls hydroelectric facility is also planned, offering another 20 MW of capacity by 2015.

After 2020, a further 500MW of wind power could be added to the firm's portfolio subject to transmission arrangements being in place.

Idaho Power's Senior Vice President of Power Supply said: "At Idaho Power, we're continually planning for the future and must take steps to position our company to meet upcoming obligations and anticipated regulation while considering impacts to our customers and owners."

## **La Grande Observer – County Continues Debate Over Wind Farm Vote**

8/20/10

*Bill Rautenstrauch*

Union County's legal counsel advised the board of commissioners Wednesday not to adopt a formal position in support of or in opposition to the proposed Antelope Ridge Wind Farm.

Brandon Eyre recommended that if an advisory vote is held this November, the ballot question should shift focus from the board of commissioners to Union County citizens.

Eyre said he has concerns about the basic wording of sample ballot questions drafted by the board. He said he questions whether Union County should adopt a formal position on Horizon Wind Energy's plan to build the 300-megawatt wind farm near Union.

"I'm hesitant to advise you to take a position. I'm hesitant to bind you to an action that's irrelevant," he said.

The board is holding a hearing on a potential advisory vote that would tell commissioners if a majority of citizens want the wind farm built. Ahead of the opening of the hearing Aug. 4, the board distributed copies of two drafts of the potential ballot question.

The question reads the same on both drafts: "Shall the Union County Board of Commissioners support the Antelope Ridge Wind Farm Application?" The drafts differ, however, in the accompanying explanations.

One draft says a "yes" vote will result in the board submitting a formal position supporting the application, and a "no" vote will result in the county opposing it.

The other draft says a "yes" vote will result in the commissioners taking up a position of support; it does not say the board would submit a statement of opposition in the event of a "no" vote.

But as the hearing continued Wednesday in the Misener Conference Room, Eyre said he doesn't think the board should adopt a position, since the Oregon Department of Energy and not the county will approve or disapprove Horizon Wind Energy's site application.

"My concern is it binds the county to take action the county doesn't have authority to take," he said.

Eyre stopped short of saying there should not be an advisory vote. He submitted another draft of the question, one that reads, “Do the citizens of Union County support the current Antelope Ridge Wind Farm application currently before the Department of Energy?”

“I’m not opposed to (the vote), but I’m opposed to something that requires the county to take an action,” Eyre said.

Horizon, the owner of the 100-megawatt Elkhorn Valley Wind Farm in Telocaset, wants to build the 300-megawatt Antelope Ridge facility in the Craig Mountain area in Union.

Its application to the state has not yet been deemed complete. When it is, ODE’s Energy Facility Siting Council will hold public hearings.

The Antelope Ridge proposal has been controversial and emotional from the beginning, with opponents saying construction will have negative impacts on Union County’s quality of life, and supporters saying the project should go through because it will yield jobs and economic benefits and green sustainable energy.

Friends of the Grande Ronde Valley, an anti-wind farm group, has been pressuring the board of commissioners to take a stand against the wind farm proposal. Recently, organized support for the wind farm appeared with the formation of a group called For Our Rural Oregon.

On Aug. 4, some 27 citizens testified, with a slim majority saying they didn’t want the advisory vote to take place. Wednesday, 33 people offered testimony, with 20 favoring a vote and 13 saying there shouldn’t be one.

At least one person who wants a vote registered objections with Eyre’s suggestion that the county board not take a stand.

“I support the ballot measure and I’m offended by legal counsel’s advice,” said Brad Wales of Cove.

Many of those against the vote said private property rights are at stake. One of those was Carol Byron, whose family owns a ranch in the area.

“Our dad always had a vision of harvesting the wind,” she said.

Byron said the EFSC siting process affords citizens with ample opportunity to state their views. She was one of several people urging the board continue the advisory vote hearing, with a session during an evening when more people can attend.

The board agreed with that, setting another round of testimony for 6 p.m. Wednesday.

## **The Spokesman Review – California Turbulence Blows Ill for Region**

8/22/10

*Bert Caldwell*

In California's effort to marshal a symphony of energy resources, the Northwest is the designated woodwind.

John White, director of the Center for Energy Efficiency and Renewable Technologies – CEERT for the short-winded – drew the orchestra analogy last week as he tried to explain the implications of two mostly contradictory efforts to reset standards for renewable energy use in the Golden State.

An ideal utility resource portfolio is like a symphony, he says, with geothermal, solar, wind and other technologies making energy music together. Californians, with Proposition 23 and SB722, are just working on the score.

For Northwest energy planners, both are disquieting because they might profoundly affect regional investment in wind energy.

California utilities must get one-third of their electricity from renewable resources by 2020. A presentation last week to members of the Northwest Power and Conservation Council illustrated just how important that California standard is to wind farm development in Oregon and Washington.

More and more new Northwest wind generation capacity is built for California consumption: 40 percent in 2009, 66 percent this year. Drive Interstate 90 up Vantage Hill or through the Kittitas Valley and the observable investment in new windmills is breathtaking. By rule of thumb, one megawatt of wind generation costs between \$1 million and \$2 million. Total capacity in Oregon and Washington is rapidly approaching 4,000 megawatts.

Eyesores to some, those windmills are also windfalls for landowners, who pocket substantial royalties, and counties that collect increased taxes.

But they have become a major challenge to the Bonneville Power Administration, which controls the major power lines that take wind-generated energy south. When the wind screams, the transmission grid overloads. On calm days, expensive infrastructure is wasted.

So how would Prop. 23 and SB722 potentially affect an already complex interplay of money, machines and good, green intentions?

The oil industry-sponsored proposition would roll back California's clean air standards. As a side effect, it would also nullify Gov. Arnold Schwarzenegger's executive order

imposing the one-third alternative energy requirement. SB722 would codify that order, thus blocking its overturn if the proposition passes in November.

But the bill also stipulates that California private and public utilities buy more alternative energy from in-state sources or those immediately available from out of state. With the deadline for legislative action fast approaching, and the vote on Prop. 23 barely more than two months away, White says utilities are scrambling to get the best deal possible in Sacramento, while reassessing their options should either, or both, pass.

“I hope California’s actions are not disruptive,” White says.

Tom Karier, one of two Washington members on the Power and Conservation Council, suggests it could hardly be otherwise.

“Just leaving this up to an election makes it pretty hard to do power planning,” he says. “They’ve made this complicated.”

Karier says the upside for the region is the possibility that expensive investment in new transmission lines might be unnecessary and more wind power becomes available for utilities in Montana, Idaho, Washington and Oregon.

Iberdrola has been building wind farms in the region for more than a decade. Kevin Lynch, its head of policy and regulation, says Iberdrola has transmission connections to California that probably meet SB722 guidelines. Other Northwest wind generators may not have that ability, he says, and Iberdrola is watching developments closely.

Meanwhile, we in the woodwind section can only hold our collective breath as Californians come to legislative and elective blows.

Oboe is we.

## **The Columbian – Clean Tech Faces Muddy Future**

8/22/10

*Libby Tucker*

Southwest Washington's emerging clean-technology industry could face long-term setbacks if the U.S. Congress fails to pass a comprehensive energy policy this year, state and local leaders say.

Both the House and Senate this session have debated energy bills that seek to regulate greenhouse gas emissions in some form, whether by establishing a carbon cap-and-trade system or a national renewable energy standard. But the proposals have so far failed to move forward.

The federal inaction has few immediate consequences to the clean technology industry in Washington, which has its own renewable energy and efficiency standards and has benefitted from large federal recovery act grants for energy projects, said Rogers Weed, director of the Washington Department of Commerce. But many companies are looking toward federal energy legislation as a signal that their investments will yield growth long term, he said.

"It's an important market signal that would trigger a lot of activity," Weed said.  
Room to grow

Vancouver-based NCS Power, which makes high-efficiency LED street lamps and replacement tubes for fluorescent commercial fixtures, recently landed its first large international order for 5,000 LED tubes, a deal worth several hundred thousand dollars. And it has hired several new employees in the past few months, bringing its total employment to 12, said Chief Executive Officer Bart Adams.

But instituting a carbon tax or cap-and-trade system would help the company sell more of its products, Adams said.

Clients make decisions based on how long it takes for energy savings to equal the cost of installing all new fixtures.

Historically, most companies have looked for a return on investment within three years. But many cash-strapped businesses have lowered their return-on-investment threshold to 18 months, Adams said.

Without a price on carbon emissions, few companies see carbon reduction as adding to their bottom lines.

But the carbon reduction is just one of about 10 metrics NCS Power uses to calculate the financial return on its lighting systems, and so the federal delays aren't slowing NCS down. NCS is just not growing as fast as it could.

"It's not costing us business," Adams said, "but it all helps."

Similarly, Oregon Iron Works has increased its work force in Vancouver to handle a string of energy-related projects, including a prototype wave-energy buoy, eight new 1,000-ton lift gates for the John Day hydroelectric dam and a nuclear shield door for the Hanford power plant. Company managers expect energy-related projects, which comprise about 10 percent of its business, to rise in coming years as the country increasingly turns to renewable sources of energy, said David Gibson, renewable energy program manager at Oregon Iron Works.

But its clients would likely be placing many more orders for renewable projects if a national energy standard was in place, he said.

"There's a considerable amount of risk (in these projects)," Gibson said. "So anything to mitigate that risk would help us."

### **Growth potential**

Both companies belong to a growing clean-energy sector in Southwest Washington that includes solar industry giants such as Sharp and SEH America, as well as longtime manufacturers, such as Christensen Shipyards and Columbia Machine, that are retooling to compete for renewable energy contracts. The potential for further growth — a proposed SEH expansion could create as many as 1,000 jobs — has gained the attention of state and local officials.

Gov. Chris Gregoire has pegged the clean energy sector as one of a handful of industries with substantial job growth and economic development potential in coming years. And the Commerce Department has set a goal to increase clean-tech manufacturing in the state and boost exports to Asia.

Southwest Washington, with its proximity to the Columbia River Gorge and two major rail lines, is well situated to capitalize on that growth. The Port of Vancouver has already boosted its wind turbine imports, which accounted for 220 jobs and 56,000 Longshoreman hours in 2009.

The Columbia River Economic Development Council is working with the state's clean energy leadership council to build the clean-tech sector in this region and across the state, said Bart Phillips, CEO of the CREDC. A preliminary report will be available in September.

In the absence of federal legislation, the state strategy will focus on upping state mandates and purchases to meet its goals for the sector, Weed said.

Some argue that the state's renewable energy standard has provided enough incentive to Washington businesses, however. What the state's clean-tech industry needs now is a more favorable business climate in general, including lower taxes, said Gary Chandler, a lobbyist for the Association of Washington Business.

"Competition has made it cheaper to import (wind turbines) than to make them," Chandler said. "The state needs to look at policy here to make it a better environment for manufacturing. We'd have a lot more people employed in Vancouver right now if we made the technology here."

### **Lack of incentives**

Regardless of the state's economic development plans, the exact effects of a national comprehensive energy plan on the state's clean-tech sector is unclear. The likelihood that carbon regulations will pass this year among a slowing economic recovery is increasingly slim. Supporters have so far failed to garner votes from states that still meet most of their energy needs with coal and natural gas-fired plants, which are among the largest carbon emitters. Leaders from these states argue charging extra for carbon emissions is too costly for utilities and businesses to implement.

"At one level, a national cap and trade will have some increased costs to our businesses," Phillips said. "It will (also) level the playing field, and without it, it's going to be difficult to stimulate the clean-energy market for us to sell goods and services to."

Most state and local officials agree, however, that putting a price on carbon would spur more demand for clean technologies and help the industry grow. This would happen, in part, by offsetting federal subsidies that make it hard for renewables to compete with oil and gas. It would also lower the risk that companies face in investing in new manufacturing facilities and new technologies.

"If there's no federal legislation, the incentives go away," said Rep. Brian Baird, D-Wash., during a recent visit to Vancouver. "It sets us back economically. It's costing us jobs."