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New Co-op Group To Speed Clean Energy Projects

BY CHRIS HOLLY

In a bid to accelerate the deployment of renewable energy by cooperatives, a group of 21 co-ops is forming a new organization that will vet renewable energy projects and allow co-ops throughout the country to bid for a slice of a project's output or its associated renewable energy credits, National Rural Electric Cooperative Association officials said Monday.

The purpose of the National Renewable Cooperative Organization (NRCO) is to make the co-ops' drive to deploy more renewables more efficient by taking advantage of the different levels of expertise within the co-op sector on renewable technologies and to recognize the varying amounts of renewable resources available in different regions of the country, said the officials, who are among roughly 3,000 NRECA members in Washington this week to lobby Congress.

Initially, the NRCO will act as a screening entity that will vet renewable energy proposals based on cost and value, the officials said. Eventually, they added, the organization will also take ownership of some of the renewable assets.

A condition of membership in the organization is operation in competitive wholesale markets, and the projects will be built in most cases to put clean power onto the grid—not necessarily to serve the immediate needs of an individual co-op, said James Compton, general manager of South Mississippi Electric Power Association (SMEPA), a network of distribution cooperatives.

NRCO, for example, may opt to recommend a biomass project in the territory of a SMEPA cooperative, which would get the energy from the new facility while a North Dakota project may

take a share of the clean energy credits the new biomass plant generates.

Alternatively, Basin Electric Power Association may build a new wind farm selected by NRCO and take the power from the project while Mississippi cooperatives take the green credits, Compton explained.

"In my mind, it's going to allow [Compton] in Mississippi to take advantage of renewables that he otherwise wouldn't be able to enjoy," said Ron Harper, general manager of Basin Electric, a large generation and transmission co-op that serves distribution co-ops throughout the upper Midwest.

Alternatively, power from a new project may be sold directly into the wholesale competitive power market, he said.

The new organization was developed in part because of huge concern among co-ops about meeting projected demand for new power over the next decade just as state regulators and consumers are rejecting new coal-fired generation and the nuclear renaissance remains stalled over escalating projected costs for new reactors, NRECA Chief Executive Officer Glenn English said.

"This comes down to a very fundamental issue we're trying to deal with here," English told reporters. "We're for all intents and purposes eliminating the prime fuel source we've relied upon for all these years...so what we have to have is as much production as we can get from renewables and efficiency."

English said the idea is "obviously revolutionary as far as the country goes, but it's really what we're used to doing as co-ops."

Crucial to the effort, the co-op offi-

cial said, is to speed the deployment of transmission capacity to bring renewable generation sited in rural areas to urban load pockets. English voiced concern that new federal authority to force construction of transmission lines through designation of national interest electric transmission corridors is undermined by political opposition.

The co-op officials also stressed that Congress needs to come up with additional incentives for cooperatives to build renewables. Because they are not subject to federal taxation, cooperative and municipal utilities don't benefit from the federal tax credit for energy produced from wind power and other renewable resources. While Congress established a federal bond program for co-ops and municipals, the program is funded at far lower levels than the production tax credit for renewables.

English said he and other NRECA officials are worried that as Congress increasingly focuses on the details of a greenhouse gas cap-and-trade program, it may ignore at its peril the problem co-ops face as they struggle to meet demand before climate change legislation is enacted and takes effect.

"What we're saying to Congress is, 'this little issue over in the shadows, you have to devote a little of your attention to how we're going to fix the next 10 years while you're focused on the next 75 to 100 years on climate change,'" English said. "If something gets out of whack on this, the whole thing goes out the window, in my opinion. You're going to have a backlash and a rejection. So I think it's in everyone's interest in looking at this problem."

