

POWERLINE

NEWS FROM THE GRASSROOTS – AMERICA'S COOPERATIVE COMMUNITIES • WINTER 2006

Oregon

OREGON RURAL ELECTRIC COOPERATIVE ASSOCIATION

The Rub on Renewable Mandates

By Sandy Flicker, Executive Director



Sandy Flicker

Oregon Rural Electric Cooperative Association Salem, OR

For more than 60 years, your electric cooperative (co-op) has purchased clean, renewable, electricity from the Federal Columbia River Power System. Oregon's electric co-ops are proud of their renewable heritage, and support the development of cost-effective projects that will help provide more electricity for the Northwest.

With all the excitement about "green power," elected officials and consumers sometimes overlook the fact that new renewable projects – such as wind, solar and geothermal – are more expensive than our existing renewable hydro supply. This is a particular concern for Oregon co-ops that serve some of the highest cost and economically depressed areas in the state.

Despite this fact, the governor's office is planning to introduce a bill mandating that all electric utilities – regardless of size – purchase a large portion of their electricity from renewable generation sources other than hydro. The problems with this renewable mandate for electric co-ops are numerous.

Oregon co-ops already purchase more than 70 percent of their electricity from renewable hydro projects. However, clean, regenerating hydro is not recognized as a renewable resource under the Governor's bill. The Oregon Rural Electric Cooperative Association (ORECA) and the National Rural Electric Cooperative Association (NRECA) have passed resolutions that include hydro as a renewable, and ORECA will be supporting legislative efforts as they are introduced this session.

Second, electric co-ops have always been accountable to the members they serve – not to state or federal government. In a recent survey on renewable energy, a clear majority of co-op members believed that their locally elected board should make the resource decisions for their non-profit utility. Legislative mandates like this completely circumvent co-op consumers' right to determine what is in the best interest of their member-owned non-profit utility.

Third, the administrative burden of a renewable mandate to Oregon co-ops will in itself affect co-op rates. ORECA will be advocating for fair treatment of small member-owned utilities with 50,000 consumers or fewer.

WHAT'S INSIDE

- 2 A SNAPSHOT OF OREGON COOPERATIVES AND RENEWABLES
- 4 CO-OPS LOOK FORWARD TO SUCCESSFUL RELATIONSHIP WITH NEW CONGRESS

The state's energy loan program and other tax incentives are good ways to finance renewable projects without unfairly burdening co-op members. Renewable energy research and advancements in technology will continue to make such projects economically feasible. Both of these efforts are strongly supported by electric co-ops.



Oregon's electric co-ops have made substantial investments in new renewable energy projects – including wind, solar and biomass – through their own projects and contracts for wholesale power from the Bonneville Power Administration. ORECA is particularly interested in renewable projects that will provide jobs and other economic development opportunities for communities served by electric co-ops. Look inside this edition of *Powerline* and learn what Oregon electric co-ops are doing by way of promoting conservation and renewable energy sales in their service territory. *

A Snapshot of Oregon Cooperatives and New Renewables

Coffin Butte Resource Project Corvallis, OR

Blachly-Lane Electric Cooperative (Blachly-Lane), Coos Curry Electric Cooperative, Douglas Electric Cooperative, Umatilla Electric Cooperative (UEC) and West Oregon Electric Cooperative, Inc. (WOEC) are among the 12 cooperatives that own Coffin Butte Resource Project (CBRP). The plant generates electricity with landfill gas from the Coffin Butte landfill. PNGC Power manages the facility, which is located north of Corvallis. On September 5, 2006, a new operating permit from the Oregon Department of Environmental Quality (ODEQ) was issued. According to Steve King, PNGC Power Generation Resources Manager, "This permit will allow us to install and operate two additional engines to produce electricity. With the existing 2.46 megawatts and the proposed 3.2 megawatts, our total generating capacity will be 5.66

megawatts."

At CBRP, emissions of carbon dioxide, a greenhouse gas, and sulfur dioxide, a pollutant responsible for acid rain, are both lower than at fossil-fueled plants. According to the US Environmental Protection Agency calculations, generation at CBRP eliminates more than 15,000 tons of carbon dioxide emissions and more than 100 tons of sulfur dioxide emissions per year. Electricity generated by the project also offsets the combustion of 12,000 tons of coal per year.

Last year the plant celebrated 10 years of service and the next steps for expansion are underway. UEC members approved the participation in expanding the Coffin Butte Electrical Generation Plant at a special meeting of the members on September 29 at UEC's Hermiston office.

WOEC hopes to have a Green Power program to offer to its members in 2007. They



will be able to purchase some of the output from the expansion project at Coffin Butte. WOEC has allocated some of its Conservation Rate Credit to renewable projects such as wave technology. Blachly-Lane offers

its customers an opportunity to be a supporter of this green power resource. Customers may sign up for 100 kWh blocks of power at \$2 each to help support this expansion. *

Columbia Basin Electric Cooperative Heppner, OR

Columbia Basin Electric Co-Op (CBEC) is in the middle of the Northwest's Wind Power Range. The breezes that blew waves in the tall rye grasses the first pioneers witnessed now blow hundreds of wind turbines to meet growing Northwest energy needs.

CBEC has contracted for energy from these wind towers and marketed it to their consumers in 100 kwh blocks at very attractive prices. Their member owners have responded heartily, for these new giants not only provide sources of electrical power, but also contribute to the local economies in the form of local payrolls and industrial supplies.

CBEC is also researching cost-effective solar systems for remote service installations. Cabins, stock pumps, irrigation mini-circles, and security lighting are all potential applications for renewable solar energy. The need for a source of information, hardware, and periodic maintenance of these systems is a niche CBEC believes it can fill. The ever-increasing costs of wire and grid-attached delivery is making these installations and technology more viable. *

Douglas Electric Cooperative Roseburg, OR

Douglas Electric Cooperative (Douglas) continues their annual Earth Day / Alternative Energy Fair. In most years, Douglas Electric has had a booth at the fair, made presentations on energy-efficiency, and helped financially underwrite the cost of special activities. In fact, it's not uncommon for Douglas to give "renewable" presentations to local service clubs and organizations. While net metering activity has been slow, the co-op tries to be a help to its members instead of a roadblock. A wave project on the Oregon coast should afford Douglas even more opportunities to be proactive. *

POWER LINE

POWER LINE is published by the Grassroots Advocacy Unit of the National Rural Electric Cooperative Association (NRECA) in conjunction with the Oregon Rural Electric Cooperative Association (ORECA).

Sandra Flicker, ORECA, Executive Director (503) 585-9988

Oregon Rural Electric Cooperative Association (ORECA) website:
www.oreca.org

Randy Dwyer, NRECA, Director, Grassroots Advocacy (703) 907-5850

Jessica Tiaht, NRECA Managing Editor, PowerLine, Grassroots Advocacy (703) 907-5846

Lyle Piper, NRECA, Senior Advisor, Grassroots Advocacy (703) 907-5998

E-mail: powerline@nreca.org

Hood River Electric Cooperative

Odell, OR

Hood River Electric Co-op (HREC) offered to purchase Environmentally Preferred Power from BPA during the next three-year rate period. Unfortunately, demand for this product exceeded availability and their allocation for 2007 was reduced by more than 50%. HREC will be purchasing 2,264,000 kWh of EPP in 2007 and has requested 5,165,000 kWh per year in 2008 and 2009.

Locally, Hood River County officials are facilitating meetings with area residents, businesses, utilities, water districts and other

agencies to evaluate the potential for development of renewable generating resources within the county. They have identified hydro, wind and biomass projects as focus points of the evaluation. Committees have been established to explore potential of these various technologies. John Gerstenberger, Manager of HREC, has been invited to participate in the steering committee and in the hydro subcommittee. •

Midstate Electric Cooperative

La Pine, OR

Midstate Electric Cooperative's (MEC) LEED gold certified administrative building is equipped with a Solar Photovoltaic Array that has 40-175W panels that equal 7 kW of DC power. The DC power is converted to AC power and is estimated to generate 10,000 kWhs a year, or 12% of the estimated annual energy use.

The other 88% of the total annual energy use is generated by green power called Environmentally Preferred Power (EPP) from Bonneville Power Administration. Currently the EPP purchased is 100% wind and comes from three wind generation facilities located in Oregon and Washington. MEC also offers EPP to their members. •

Oregon Trail Electric Cooperative

Baker City, OR

Several years ago, Oregon Trail Electric Cooperative (OTEC) implemented several renewable energy programs that allowed consumer participation. OTEC offered a Green Power Program in 2002 whereby consumers could choose to purchase Green Power that OTEC purchased from BPA. Over 500 member-owners purchased this Green Power. Most of those consumers continue to purchase units of Green Power. For many years, OTEC has offered a rebate for consumers who choose to install solar photovoltaic (PV) generation. OTEC also offers net-metering to our consumers.

OTEC currently is working on a Renewable Education Program for its local high schools. The co-op is working toward implementing at least three projects during the 2006-2007 school year where Renewable Energy lesson plans will be taught in collaboration with OTEC, high school teachers, Oregon Rural Action, and a PV contractor. The education curriculum will culminate with the permanent installation of a 1-kilowatt (kW) PV system and monitoring system for further education. OTEC's goal is to complete more than seven of these projects in our service territory in the next three years. •

Salem Electric Cooperative

Salem, OR

In September 1995, the Salem Electric Cooperative (SE) board adopted a policy to replace all non-renewable BPA power currently being purchased by SE with power generated from renewable resources, not to exceed an amount equal to the cost of a 4% rate increase.

In November 1995, BPA offered to provide up to 15 megawatts of power to SE from four renewable resources. The power would be available 100% of the time since it would be backed with BPA's hydro system. The cost was calculated at 3.5 cents per kWh, and a contract was signed in November 1998.

Effective October 2001, SE executed a Full-Service Subscription

Power Sales Agreement with BPA, which had a provision to purchase 4.5 MW of BPA's Environmentally Preferred Power (EPP) product. BPA's resource mix was 90% renewable, therefore the non-renewable portion dropped to 4.5 MW.

At the September 2003 board meeting, the board approved a staff recommendation to not renew the EPP contract and to study available alternatives.

Effective October 1, 2006, SE entered into an agreement with BPA to purchase 1.8 MW of renewable energy from BPA. A 1% rate increase was necessary to cover the added cost. The current contract is effective for three years. •

continued on page 4

Co-ops Look Forward to Successful Relationship with New Congress

BY JESSICA TIAHRT

Sixty-four new U.S. Representatives and Senators will bring a change in dynamics and interesting challenges for electric cooperatives as the Democrats regain control in the 110th Congress.

Large seat gains and party switches are nothing new. In 1974, the Democrats picked up 75 seats in the House of Representatives, pushing their majority over the two-thirds mark. Twenty years later, the Republican Party swept the elections, gaining 54 seats and taking over control of the House for the first time in 40 years. As some industries scramble to find ways to adapt to new political environments, electric cooperatives are once again poised to make a smooth transition thanks to a long history of bipartisanship and strong relationships with members on both sides of the aisle.

As a former member of Congress first elected in 1974, NRECA CEO Glenn English understands transitional peri-

ods. “That is the way the political system works in this country, and we have to adapt and evolve and move with it. I think we are well positioned to do that.”

Since 1966, the Action Committee for Rural Electrification (ACRE®) has helped hundreds of candidates get elected to federal office. ACRE supports candidates based on their support for electric cooperatives. As co-op issues tend to bridge party lines, ACRE’s contributions are usually distributed evenly between Republicans and Democrats. The Energy Daily recently reported, “The largest contributor in the energy sector, the National Rural Electric Cooperative Association, was also among the more even-handed contributors...” This election cycle, approximately 56% of ACRE contributions went to Republican candidates and 44% to Democrats.

“You are going to have a lot of new House members come in with this election. A few will be Republicans; most will be

Democrats. So yes, you have to get acquainted with all these people and you have to work with them.... Some we were supporting going into this election,” said English. “We will obviously be getting acquainted with them to a much greater degree than we have to date.”

Although any period of transition brings with it a set of challenges, English believes the new Congress will continue to be receptive to electric co-ops.

“We have always positioned ourselves as being very responsible and solid.”

As co-ops look toward the next two years, grassroots activism will continue to be an integral part of the legislative efforts on Capitol Hill. NRECA expects to continue its spirit of bipartisanship as co-ops work to maintain strong relationships and find new supporters within the most liberal and conservative of members. •

A Snapshot *continued from page 3*

Lane Electric Cooperative

Eugene, OR

Lane Electric has been interested in renewable energy for many years. While some utilities offered green tags or blocks of green power to its membership, Lane looked at it from another vantage point. Lane Electric contributes to the Bonneville Environmental Fund (BEF) for the research and development of new renewable energy resources rather than investing in existing resources. Lane Electric’s board also elected to amend their net-metering policy to pay the avoided cost per kilowatt hour generated by a renewable project plus a “green rate adder”. When you add the avoided cost per kWh hour and the “green rate adder”, (approximately 1 cent per kilowatt hour), Lane’s members receive a sweeter than average deal for their renewable efforts. •



**Oregon Rural Electric
Cooperative Association**
707 13th Street SE, Suite 200
Salem, OR 97301

FIRST CLASS MAIL
U.S. POSTAGE

PAID

ARLINGTON, VA
PERMIT# 5324