

Power Shift

Gas-fired plant proposals go up in smoke while wind power gathers steam.

In a victory for local environmental activists, a South Dakota-based energy company, Black Hills Generation Inc., withdrew its application to construct a natural-gas-fired power plant north of Coburg.

"An uncertain market for new power plants in the Northwest necessitates a review of technology choices, as well as the timing of their implementation," wrote Black Hills Senior Vice President Mo Klefeker in a May 5 letter to the Oregon Department of Energy (DOE). "Black Hills does not recognize a need for a large baseload generation inside the Willamette Valley for the foreseeable future."

The proposal has had a volatile history. In 2001, local developer Gary Marcus announced plans to build a 600-megawatt gas-fired plant on farmland outside Coburg. In 2003, Black Hills signed on as Marcus' partner, and the plant's proposed output jumped to 900 megawatts. Earlier this year, Marcus sold all rights to Black Hills, and the company scaled the proposal down to a 300-megawatt peaking facility before withdrawing the application entirely on May 11.

Black Hills does not consider the story over. "We intend to maintain our options with regard to the Coburg site and expect to file a completely new application at some point in the future," Klefeker writes. But the company will have to begin the permitting process anew, an effort that generally takes several years and millions of dollars.

Carolyn Kinnan, president of Save Our Valley, the Coburg citizen group formed to oppose the plant, considers the application withdrawal a victory — if a temporary one. "I'm ecstatic," she says. "I know deep in my heart that they [Black Hills] are not gone, just backing up and getting a better run at it. But at least this gives us a breather for a few years."

Oregon Toxics Alliance Director Lisa Arkin is confident that the activists made a difference. "If the residents of Lane County had not spoken up and if our county commissioners had not given the public a chance to speak directly to the land use laws, I believe there still could be a 900-megawatt power plant on the books for Coburg," she says.

Black Hills spokesman Dale Jahr rejects that idea. "Public opposition had no bearing whatsoever on the withdrawal of

our application," he says.

The application withdrawal comes in the wake of turmoil around other gas-fired plant proposals in the state. On April 8, the Oregon DOE terminated all proceedings for the proposed 650-megawatt gas-fired Calpine generator in Turner after denying the company's request for an extension on their site certificate application. The DOE approved a site certificate for the proposed 1100-megawatt gas-fired Cob facility in Klamath Falls, but opponents of that plant presented a challenge that was heard before Oregon Supreme Court on May 11. A decision is expected in October.

Due to legal constraints, Marcus cannot comment on the withdrawal of Black Hills' application. But he says that the problem of energy infrastructure in the southern Willamette Valley remains. Lane County currently imports about 70 percent of its electricity, and much of it flows through transmission lines from Eastern Oregon. That long journey causes voltage instability, Marcus says.

BPA Transmission Account Executive Tony Rodrigues confirms that the transmission lines carrying electricity from power plants and wind farms east of the Cascades into Lane County have limited capacity. That leaves wind generators in Sherman County without buyers, waiting on a queue to get their electricity onto the lines. "They need to find a path to get the power to the grid," Rodrigues says. "We have some bottlenecks in the system."

Lane County currently has enough electricity to meet its needs, but analysts project higher local energy demand by 2012. To bring more energy from the east into Lane County, BPA will have to complete transmission line work that will cost about \$160 million, Rodrigues says. BPA is waiting for wind and gas generators to foot the bill. They'll do that, Rodrigues speculates, when they have assurance that Lane County consumers will buy the power.

And EWEB is looking to purchase more wind power. EWEB Communications Coordinator John Mitchell says that customers consistently rank wind and solar power at the top of their preferred energy sources, and the Northwest Power and Conservation Council directs the utility to prioritize conservation and renewable energy sources. Currently, EWEB users who purchase wind power support generation from turbines in eastern Wyoming. The actual electricity goes to customers in Wyoming, but "the wind displaces what coal would have generated in its place," Mitchell says. EWEB is also purchasing wind power from the Stateline Project on the Oregon-Washington border.

Wind power costs residential EWEB users 7.9 cents per kilowatt-hour, compared with a regular rate of about 7.4 cents per kilowatt-hour. The average Eugene household pays \$116 per month at the regular rate and \$125 per month for 100 percent wind energy. But rates on hydro and gas power are increasing while wind rates remain steady, making wind power increasingly competitive with EWEB's "regular" sources.

"As more [wind power] becomes available, we will be purchasing more," Mitchell says.

Rodrigues says that if Congress renews a federal tax credit for wind production, the price of wind energy will be comparable to the current price of natural gas energy. "Most of the hydro dams are tapped, and gas prices are going up and down," he says. "What I'm hearing from a lot of people is, 'We need to harness the wind as much as we can.'"

The UO is helping to support EWEB's wind projects. In early April, students overwhelmingly voted to fund campus sustainability projects by paying a fee increase of up to \$2 per student, and on Earth Day, university administrators used some of that money to purchase "green tags" backing EWEB's wind power projects.

State legislation may also help to promote renewable energy sources. The OTA is spearheading the Oregon Fair Energy Bill (SB 527), now before the Legislature with bipartisan support. The bill would put more decision-making power into the hands of cities and counties when power plant proposals fail to meet local land use laws. "The bill shines a spotlight on the issue of the importance of public process as it relates to energy facility siting," Arkin says.

The bill would also require energy facility decision-makers to consider energy forecasts and prioritize renewable projects. It falls short, however, of legislation in 17 other states that requires utilities to purchase specific percentages of their power from renewable sources.

The state seems poised to take other steps toward more renewable energy production. Oregon State Treasurer Randall Edwards, who is the chief investment officer for \$62 billion in state trust funds and other assets, wrote a May 12 op-ed for the *R-G* in which he stressed the economic damage wreaked by companies that contribute to climate change. "It is my duty to make prudent long-term investments for Oregonians. Global warming has increasingly become a long-term threat to our health and to the investments we make," Edwards wrote. "Oregon must continue a leading role in cleaner, greener technologies and fighting unaccountable polluters."

Might the state treasury help finance capital investment projects in alternative energies such as wind farms? "If it were presented right, possibly," Edwards tells *EW*. "Nobody's been knocking on my door saying, 'Here's how we could do it.' But yes, that would be of interest."



EWEB purchases wind power from the Stateline Wind Project.

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