

# Electric Power Daily

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## FERC moves forward on setting standards for smart grid

The Federal Energy Regulatory Commission on Thursday proposed a policy statement and action plan to guide evolution of a smarter grid by setting priorities for development of key “interoperability” standards and providing direction on cyber security.

Importantly, in the mind of Chairman Jon Wellinghoff, FERC also proposed an interim rate policy for jurisdictional utilities to recover the costs of smart grid technologies deployed before adoption of final interoperability standards.

The Energy Independence and Security Act directs the commission to adopt standards and protocols to ensure smart grid functionality and interoperability in interstate transmission and in wholesale electricity markets. Standards development will be coordinated by the National Institute of Standards and Technology.

Once FERC feels that NIST’s work has produced “sufficient consensus” on the standards, it will conduct a rulemaking to adopt them. Following Thursday’s

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## FP&L proposes massive rate hikes of \$1.3 billion

Florida’s consumer advocate and an attorney who represents Florida Power & Light’s largest customers said Thursday that they have serious concerns about the utility’s proposal to increase its base rates by \$1.044 billion — or 31.5% — in January and an additional \$247.4 million increase 12 months later.

In its request, which was posted on the Florida Public Service Commission’s web site on Thursday, FP&L said that the base-rate increases would be the investor-owned utility’s first since 1985, and that FP&L actually lowered its base rates by \$350 million in 1999 and another \$250 million in 2002.

FP&L said that the proposed increases are needed to enable the utility to recoup the cost of major investments in generating capacity and its transmission and distribution system. The utility asked for permission to earn a 12.5% rate of return on equity, and noted that without the requested increases it would earn ROEs of only 4.7% in 2010 and 3.1% in 2011. Those ROEs, it said, “are

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## Boxer focusing on strategy to enact cap-and-trade

Noting that federal regulations to curb carbon emissions may be imminent, Senate Environment and Public Works Committee Chairman Barbara Boxer Thursday urged her colleagues to come together on legislation for a market approach to curb greenhouse gas emissions and transition to a low-carbon economy, an approach electric utilities embraced.

“We’re very encouraged,” said Melissa Lavinson, PG&E senior director for federal affairs. Boxer’s efforts to meet with her colleagues and the administration as well as key US House members “is time well spent.”

PG&E is a member of US Cap, a coalition of industry and environmental organizations that have advocated a carbon market to control greenhouse gas emissions. Lavinson as well as other representatives from US CAP members Exelon, Florida Power & Light and Public Service New Mexico were in the audience for a 20-minute address by Boxer in her committee hearing room on

### Generation

## DOE sets \$2.4 bil grant program for developing plug-in vehicles

The Department of Energy will open up a \$2.4 billion competitive grant program to help develop plug-in hybrid electric cars and trucks, President Barack Obama said Thursday.

“These cars of tomorrow require the batteries of tomorrow,” Obama said at a stop in Pomona, California. “Show us that your idea or your company is best suited to meet these challenges and we’ll give you the chance to prove it.”

The battery program is part of the \$787 billion economic stimulus law which Obama signed last month. The DOE program is part of an effort to get 1 million plug-in hybrid-electric vehicles on the road by 2016, Obama said.

Plug-in hybrids are different than their cousin gas-electric hybrids in one critical way. Plug-in hybrids can run off of power from the electric grid while gasoline-electric hybrids run off of gasoline which generates electricity in the engine to make the cars more efficient

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## Report suggests coal plants in Northwest be scrapped

The suggestion that coal plants in the Northwest can and should be replaced by renewable energy and energy efficiency “ignores the reality of the current and growing demand for baseload power,” in the Northwest, a spokesman for one of the region’s utilities said Thursday.

A report entitled “Bright Future,” released by the NW Energy Coalition on Wednesday, says the region could meet the region’s demand for power without coal with 14,280 MW of new energy efficiency measures and 11,320 MW of new renewable energy by 2050 — all for an additional .68 cents/kWh.

But David Hoffman, a spokesman for PPL Montana, which is a co-owner of the 2,000-MW coal-burning Colstrip Power Plant east of Billings, said renewable energy can not replace baseload generation.

“Coal is a very cost-effective baseload supply,” he said. “To suggest that that can be

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climb but a challenge that we accept," he said. "Its certainly a challenge considering that currently there aren't any available, however manufacturers are working hard to bring models to consumers and will do what they can to meet that goal."

Toyota, GM, Ford, and Volkswagen have all announced plans to begin selling plug-in hybrid models in the coming years.

— *Alexander Duncan*

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replaced in that short of time with renewable ignores the true costs of renewable supplanting coal generation."

The Bright Future report suggests replacing 1,000 MW of coal generation by 2020 and an additional 5,600 MW of coal by 2050 – leaving about 700 MW of coal in the region. The plants generate 22% of the region's power, but produce 87% of the greenhouse gas emissions from the electric sector, according to a Northwest Power and Conservation Council study.

The Bright Future report admits that there are concerns about integrating wind and providing baseload capacity in the near term. But, the report says that solutions to those issues are coming:

"Eventually, the sheer number, variety and geographical dispersion of renewable power projects will smooth out much of their intermittency. Advanced storage technologies combined with the smart grid — such as the use of electric-power vehicle batteries as widely distributed storage — will help, as will increased energy efficiency efforts that lower demand peaks. In the interim, the system must make room for the new renewables by progressively closing coal plants and covering renewable power production gaps by running gas turbines more and spare hydro capacity if and when available."

Marc Krasnowsky, a spokesman for the NW Energy Coalition, says the 40-page report is not intended to provide all of the answers, but simply to show that the region can meet the growing demand for power while still reducing its carbon emissions.

"We've tried to set a framework for ongoing discussion with

utilities and other energy decision-makers," Krasnowsky said. "We don't expect everyone to agree with everything. The real point is to say it can be done – and we shouldn't throw up our hands and say we can't do it."

The report will be presented to the Northwest Power and Conservation Council as it works on the region's 20-year power plan. The report will also be presented to the Obama administration and will be used by the Sierra Club in its "Clean Coal" campaign, Krasnowsky said. The coalition, which promotes energy efficiency and renewable power, completed a similar study before the Northwest Power and Conservation Council's last power plan was finalized in 2004. That study helped shape the council's energy efficiency and renewable goals, Krasnowsky said.

The Bright Future report says that to meet demand growth of 1.7% a year, replace the coal plants and replace 1,000 MW of power now produced by the lower Snake River dams, the region would have to develop 25,600 MW of new renewable energy and through energy efficiency. Current average demand in the region — Washington, Oregon, Idaho and Montana — is 21,000 MW. The report says there is a potential for than 60,000 MW of renewable power in the Northwest alone, and additional 14,000 MW of potential in increased energy efficiency savings. Additionally, the report says that combined heat and power generation can provide 6,200 MW.

The cost of the new renewable generation and energy efficiency measures by 2020 would be an additional \$1.3 billion over the "business-as-usual" scenario that would cost \$2.2 billion. Costs for the period ending in 2050 would cost about \$14.2 billion, compared with the "business-as-usual" scenario of \$12.1 billion. That breaks down to about .68 cents/kW.

Krasnowsky said that the report's cost analysis does not include the benefits such as green jobs, reducing emissions and saving salmon fisheries.

"This isn't just a 'green' choice, it's an economically wise choice," he said. "And then when you go in [and] add the other issues, it's a slam dunk." — *Pam Radtke Russell*