

SB 838: POWERING OREGON'S FUTURE

a continuing series on why renewable energy matters...

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Cost Impacts of a Renewable Energy Standard



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UTILITIES REPORT SAVINGS FROM RENEWABLE ENERGY

Utilities are increasingly reporting significant cost savings from investing in renewable energy. According to Puget Sound Energy, Washington's largest utility, recent investments in wind power are expected to save customers \$170 million over the next 20 years compared to buying other resources. Xcel Energy reports investments in wind power saved their Colorado customers almost \$14 million in 2004 and 2005 alone.¹ Renewable energy has the ability to offer stable, predictable priced electricity because the power of the wind, sun and waves is free. Alternatively, fossil fuels are risky for consumers because the price is volatile and unpredictable.

"The wind we've added has been very economically beneficial to us. ... We're strictly treating wind as an economic alternative."

-Bill Grant, transmission control center manager, Xcel Energy

UTILITIES FIND RENEWABLE ENERGY IS AFFORDABLE AND COST COMPETITIVE

Utilities throughout the Northwest and across the country are finding that renewable energy resources are among their cheapest options for electricity. PGE, PacifiCorp and Puget Sound Energy, the region's largest utilities, all found in their latest Integrated Resource Plans that wind, geothermal and biomass are cheaper than natural gas, cost-competitive with new coal plants and less risky than both.²

EXPERTS PREDICT SAVINGS FROM RENEWABLE ENERGY STANDARD

A new Lawrence Berkeley National Laboratory report analyzes the cost impact of Renewable Energy Standards. The report considers 28 different cost impact studies, many of which conclude that utility customers will save money. According to the report, projected cost increases would have a minimal impact on electricity rates, generally only plus or minus one percent.³ In seven of the eight states where actual cost impacts have been determined, the rate impact has been less than one half of one percent. Half of the eight states have seen rate increases of just 0.1%.⁴ For comparison, PGE recently increased rates by nearly 3% on average to cover the costs of a single new natural gas plant.

Additionally, a separate LBNL report concludes that increasing our use of renewable energy "displaces gas-fired electricity generation, which reduces natural gas demand and ... puts downward pressure on gas prices."⁵

"The long-term electricity rate impacts of state [Renewable Energy Standard] policies are projected to be relatively modest. When these electricity cost impacts are combined with possible state [RES]-induced natural gas price reductions and corresponding gas bill savings, the overall cost impacts are even smaller."

-Lawrence Berkeley National Laboratory study

1. "2005 Annual Report." Puget Sound Energy (March, 2006); "Xcel Reports Huge Savings from Wind." Windpower Monthly, Vol 22, No. 5 (May 2006).
2. "PGE's 2007 Integrated Resource Plan - Stakeholder Dialogue No. 6." Portland General Electric (February 2007). See pgs 13-14; "2004 Integrated Resource Plan Update." PacifiCorp (November 2005). See pgs 61-62; "2005 Least Cost Plan." Puget Sound Energy (April 2005).
3. "Weighing the Costs and Benefits of State Renewable Portfolio Standards: A Comparative Analysis of State-Level Policy Impact Projections." Lawrence Berkeley National Laboratory (March 2007).
4. "The Costs and Benefits of State RPS Policies: Cost-Impact Studies, Actual Costs, and Cost Containmentment." Lawrence Berkeley National Laboratory (May 2006). Presented at Oregon Renewable Energy Working Group. See slide 27.
5. "Easing the Natural Gas Crisis: Reducing Natural Gas Prices through Increased Deployment of Renewable Energy and Energy Efficiency." Lawrence Berkeley National Laboratory (January 2005).
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