

BEFORE THE OREGON PUBLIC UTILITIES COMMISSION

IN THE MATTER)
)
MIDAMERICAN ENERGY HOLDINGS) CASE NO. UM 1209
COMPANY)
Application for Authorization to Acquire)
Pacific Power & Light, dba PacifiCorp.)

Direct Testimony of

Paul R. Woodin

Western Wind Power

On behalf of

Sherman County Court

November 21, 2005

1 **Q. Would you please state your name and address?**

2 A. Paul R. Woodin of Western Wind Power. The address is 282 Largent Rd, Goldendale,
3 Wa 98620

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of Sherman County. Many other communities in Oregon are
6 vitally interested in this proceeding, but due to the costly nature of sponsoring expert
7 testimony and participating in hearings such as this, they are not in the hearing room.

8 **Q. What is your purpose in making your appearance at this hearing?**

9 Sherman County has been active in helping create a power market for locally owned
10 community renewable energy projects in Oregon. Sherman County and at least 14 other
11 Counties in Oregon are in the early stage of researching and developing 1-10 MW
12 renewable projects in wind, bio-mass, small hydro, geo-thermal and solar. These projects
13 will take 1-3 years to bring from early research stage through feasibility stage, financing,
14 and construction to the point that they are ready to secure power contracts from
15 PacifiCorp and the other Oregon utilities. There is real concern that these efforts could
16 be in jeopardy unless the Oregon Public Utility Commission can secure a binding
17 commitment from MIDAMERICAN ENERGY HOLDINGS COMPANY that affirms
18 support for community renewable energy projects including those based on PURPA
19 sales.

20 **Q. Would you briefly explain the purpose and benefits of community renewable energy
21 projects and so-called PURPA projects or QFs?**

22 A. Yes. The Congress of the United States passed the Public Utility Regulatory Policies Act
23 of 1978 because it determined that cogeneration and small power production are in our
24 national interest. One of the purposes of PURPA was to actively encourage the

1 development of renewable power projects. Development of these resources serves to
2 lessen the nation's dependence on foreign gas and oil, helps the national economy by
3 bettering the country's balance of payments, and preserves our own non-renewable
4 resources for future generations. In addition, these resources offer unique benefits to the
5 citizens of Oregon.

6 **Q. Utilities do not seem to embrace to such projects; why?**

7 A. Utilities are not naturally inclined to purchase from Community Renewable Energy
8 Projects (Qualified Facilities – QF's) from primarily an economic standpoint. A regulated
9 utility only returns value to its shareholders by its earning on a plant that is in ratebase.
10 Therefore the purchase of power from a QF in lieu of construction of its own plant that is
11 put into ratebase eliminates an opportunity to increase its earnings and hence its profit.
12 Also the historical lack of experience in dealing with a robust QF industry may add to
13 their resistance. There is real concern among Oregon Counties that MidAmerican
14 Energy Holding Company will use its significant influence to work behind the scenes to
15 undermine the gains Oregon Communities have made in locally owned small scale
16 renewable energy projects. This can be seen by the successful lobbying MidAmerican
17 Energy Holding Company has been involved with at a national level in regards to repeal
18 of PUHCA.

19 **Q. Do you have any concerns with regard to MidAmerican's commitment to renewable**
20 **energy?**

21 A. Yes, I do. It appears that MidAmerican has been very active in its Iowa service territory
22 to limit, and some would even say, kill the community based renewable energy industry

1 and severely limit net metering. I have attached a couple of articles regarding
2 MidAmerican's activities in Iowa.

3 **Q. You stated that Community Renewable Energy Projects bring unique benefits to the**
4 **citizens of Oregon. Can you describe what benefits the small power production**
5 **industry offer Oregon?**

6 A. Yes. The list of benefits to Oregon of a large and diverse portfolio of small power
7 production projects is a long one. Numerous decentralized projects provide diversity on
8 the system, thus insulating Oregon Citizens from exposure to disruptive outages of large
9 central generating units. Finally, a robust small power production industry provides
10 needed transmission and distribution system stability. Distributed generation from small
11 locally owned rural renewable energy projects helps stiffen weak grids and provide local
12 generation of small amounts of power. This helps improve system reliability by
13 providing multiple sources of energy production rather than a few large out-of-state coal
14 or gas fired power plants.

15 **Q. Are there benefits to the economy of Oregon as well?**

16 A. Absolutely. Such locally owned renewable projects benefit all concerned. The beauty of
17 PURPA contracts is that one can only qualify if production of electrical power is from a
18 renewable energy source or from cogeneration or waste materials. That means we are
19 encouraging our farms and communities to take advantage of their natural resources to
20 generate electricity and thereby make them more stable and profitable and offers a source
21 of revenue that has not traditionally been available to them. This means that revenues
22 that traditionally go to out-of-state utility monopolies will stay local and benefit the

1 towns and counties where the power is generated. That is critically important in a state
2 like Oregon which has one of the highest unemployment rates in the nation and whose
3 economy has been battered in recent years.

4 **Q What additional benefits are there to Oregon Citizens from community owned**
5 **renewable energy projects?**

6 A. The beauty of Oregon's community renewable energy program is that it offers an
7 alternative. Traditionally, utility power has flowed from large regional power plants.
8 Frequently, these power plants are out-of-state and are coal or gas fired. It is likely that
9 there will be no more large scale hydro projects. With natural gas prices reaching
10 continual new high prices, new load growth for regulated utilities will likely be served by
11 large coal plants. Community Renewable Energy Projects provide local communities the
12 ability to generate a small amount of their own green power and in a small way, help
13 reduce global warming and green house gases that will come from increased generation
14 of coal fired power plants.

15 **Q. Does Sherman County support PacifiCorp's Integrated Resource Plan to acquire**
16 **1,400 MW of renewables?**

17 A. Yes. PacifiCorp's commitment is a regional vision to broaden their power base by
18 acquisition of large blocks of renewable energy in a number of states in their service
19 territory. These acquisitions will likely be large scale commercial wind and in previous
20 discussions in this docket, MidAmerican stated their desire to own some or all of this
21 new generation. Sherman County supports this vision. It must be understood however,
22 that PacifiCorp's vision as stated in its IRP is intended for competitive bid of large scale

1 commercial projects of 25 MW or more. This 1,400 MW does not include Oregon's
2 Community Renewable Energy Projects. Community Renewable Energy Projects are
3 PURPA contracts based on the utility's avoided cost prices of combined cycle natural gas
4 facilities. These Community Renewable Energy Projects are small scale locally owned
5 distributed generation projects that keep their revenue local as compared to large scale
6 commercial projects.

7 **Q. How much activity is there in development of Community Renewable Energy**
8 **Projects?**

9 A. As stated earlier, at least 14 counties are in the early stages of resource assessments, in
10 the form of transmission studies, wind measurement, fuel studies for bio-mass projects,
11 and small hydro water flow studies. A number of counties have formed renewable
12 energy steering committees to help set their vision plans for future projects. There are a
13 number of projects that have reached the stage of feasibility study to finalize design,
14 financing, and permitting prior to actual construction. In the recent annual Association of
15 Oregon Counties (AOC), the 36 Oregon Counties passed a strong resolution making
16 Community Renewable Energy a key program for the state. It is this strong statewide
17 interest in locally owned renewable energy projects that motivated Sherman County to
18 become an intervener in UM 1209. It is critical that the Oregon PUC require that any
19 purchaser of an Oregon Utility commit to Oregon's small scale community renewable
20 energy program as part of any agreement to purchase an Oregon Utility.

21 **Q. What does Sherman County hope to see in agreements if MidAmerican should**
22 **purchase PacifiCorp?**

1 A. Sherman County expects to be able to work with the OPUC and MidAmerican to draft
2 binding agreements in support of Oregon's Community Renewable Energy. Due to the
3 sensitivity of these projects at both state and federal levels, part of the binding
4 agreements should be a commitment to support Oregon's Community Renewable power
5 market into the future, regardless of any potential changes at a federal level to PURPA
6 projects. Utilities have lobbied strongly against PURPA since the law was enacted in
7 1978. Sherman County is concerned that without formal agreement, it is possible for a
8 utility to commit to Oregon policies when purchasing an Oregon utility while meanwhile
9 lobbying at a federal level to repeal the laws that make these projects possible. Sherman
10 County requests the following topics be as a condition precedent to purchase any Oregon
11 Utility

- 12 • Commitment to support Oregon Community Renewable Energy projects even if
13 PURPA is eventually repealed at a federal level. This includes honoring existing
14 contracts AND PROCESSING ALL NEW CONTRACTS PRESENTED.
- 15 • Community Renewable Energy be recognized as part of Utility Integrated
16 Resource Plans and accepted as part of doing business in Oregon
- 17 • Support of reasonable interconnection standards similar to FERC small generator
18 interconnection standards developed in conjunction with the PUC and renewable
19 community
- 20 • Fair and reasonable standard power contracts developed in conjunction with the
21 PUC and renewable community

1 • Fair and reasonable avoided cost rates as determined in conjunction with the PUC
2 and renewable community.

3 **Q. Are Oregon Counties interested in these proceedings?**

4 A. Yes. They see any potential purchase of an Oregon utility as either an opportunity to
5 solidify community renewable energy policy or a risk that a utility will attempt to
6 undermine the program. If MidAmerican negotiates acceptable terms to confirm
7 Community Renewable Energy, then Sherman County will look favorably on
8 MidAmerican's interest in the purchase of PacifiCorp and will relay that support to the
9 other 35 Oregon Counties. On the other hand, if MidAmerican is unwilling to commit to
10 Oregon's Community Renewable Energy Program with binding language, then Sherman
11 County will advise Oregon Counties to recommend against the purchase.

12 **Q. Are Oregon State agencies interested in these proceedings?**

13 A. Yes. Community Renewable Energy policy is a key program in many state vision plans,
14 including the Governor's sustainable energy vision plan, and is an integral part of many
15 Oregon departments, to include Department of Energy, Agriculture, Economic
16 Development, Rural Development, and others. Many State agencies and Counties will be
17 following discussions on this issue and in large part, will make their minds up on the
18 benefits to Oregon of a potential purchase of PacifiCorp based on the outcome of
19 MidAmerican's commitment to Community Renewable Energy Programs.

20 **Q. Does this end your testimony as of November 21, 2005?**

21 A. Yes

22

EXHIBIT 1

DIRECT TESTIMONY OF

PAUL R. WOODIN

WESTERN WIND POWER

ON BEHALF OF

SHERMAN COUNTY COURT



FOR IMMEDIATE RELEASE:
December 8, 1998

Contact:
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AWEA and Other Renewable Energy Groups Seek to Persuade Federal Regulators to Uphold Iowa State 'Net Metering' Regulations

The American Wind Energy Association (AWEA) and other renewable energy groups said today that they will seek to persuade federal regulators to uphold state 'net metering' regulations, which allow homeowners with small wind or other home energy systems to offset on a one-for-one basis any excess electricity they provide to utilities against electricity they purchase from the same utilities.

The groups have filed as parties to a Federal Energy Regulatory Commission (FERC) proceeding brought by Iowa's MidAmerican Energy Company, a utility which hopes to strike down that state's net metering rule.

MidAmerican generally contends that net metering amounts to instantaneous purchase and sale of electricity by the homeowner, and that the homeowner should therefore pay regular retail rates for all power received, while the utility should pay much lower wholesale rates for the power the homeowner supplies. The renewables groups, however, say the transaction is a power swap, different only in scale from power trading that utilities often do among themselves without such bookkeeping.

MidAmerican has been rebuffed by the Iowa Utilities Board (IUB) in attempts to overturn the Iowa rule at the state level. After its most recent attempt, early this year, the Iowa State Senate voted 42-0 to approve legislation specifically requiring net metering.

Randall Swisher, executive director of AWEA, commented, "Net metering is sound public policy that has been implemented in 23 states. It is one of the best examples of common-sense measures that states can undertake to encourage the use of clean, non-polluting energy systems."

The AWEA filing states: "... this proceeding will have ramifications extending far beyond [MidAmerican's] requested relief. Twenty-three states now have statewide net billing statutes or regulations in place for small-scale renewable energy facilities [and] most or all of these state policies would be vulnerable to similar challenges. This situation is particularly troubling because these laws are one of the cornerstones of state renewable energy policy ..."

Joining in the filing were the American Solar Energy Society, the Environmental and Energy Studies Institute, the Hawaii Renewable Energy Alliance, the Solar Energy Industries Association, and the Solarex Corporation.

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AWEA, formed in 1974, is the national trade association of the U.S. wind energy industry. The association's membership of more than 700 includes turbine manufacturers, wind project developers, utilities, academicians, and interested individuals from 49 states. More information on wind energy is available at the AWEA web site: <http://www.econet.org/awea>

PROGRAMS

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Smart Power
Choices

Expand the Bottle
Bill

Campaign to Clean
Our Waterways

Scorecards

RESOURCES

Other State PIRGs

ABOUT US

Iowa PIRG's
Mission

Newsletters

News Room

For Immediate Release:
April 3, 2003

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**MidAmerican Energy Company Gets Bill Passed
May Not Create Increase Wind Energy Development**

Des Moines—Late yesterday afternoon, the Iowa House and Senate passed a MidAmerican Energy-sponsored bill to change renewable energy production in Iowa. Senate Majority leader Stewart Iverson and Minority leader Michael Gronstal got together to rush legislation through the statehouse which changes Iowa's current law and makes it easier for the states investor-owned utilities to build, own and operate wind farms in Iowa.

This legislation followed quickly on the heels of MidAmerican Energy's plan to build the world's largest land-based wind farm here in Iowa. According to the plan, it will be a 310-megawatt facility which could power as many as 85,000 homes with clean energy produced right here in Iowa. "As long-time supporters of renewable energy in Iowa, we welcomed MidAmerican's announcement," said Michelle Kenyon, coordinator of the Iowa SEED coalition. "However, we have major concerns about the legislation MidAmerican claimed to need in order to build it."

"The result of this bill could be little to no net gain in renewable energy or economic development in Iowa," said Amber Hard, advocate for Iowa Public Interest Research Group (Iowa PIRG). Under the bill passed yesterday, MidAmerican could decide not renew their existing wind energy purchases once they build their wind farm. Their net wind energy production would increase only slightly, while locally owned and operated wind farms are left high and dry. "Profits from wind energy development would be sapped from local communities and go into MidAmerican's pocket," continued Hard. "Clearly, the legislature still has work to do to expand wind energy development in Iowa."

The political power and influence of MidAmerican is undeniable, as is the need for more clean, renewable energy. Rep. Mary Lundby (R-Marion) offered an amendment to this bill that would have required a portion of wind energy production to come from locally owned facilities. It was narrowly defeated, due to strong lobbying efforts by MidAmerican.

"Mid American Energy has a long record of fighting any attempt to require them to assist in the growth of Iowa's wind energy business,"

added Rich Dana, director of IRENEW. "They have fought (and lost) against Iowa's 1983 law requiring them to purchase locally-produced renewable energy, and they fought (and lost) against Iowa's net metering law requiring them to buy power from customers with renewable energy systems that they wished to connect to the grid."

Despite their efforts, Iowa's renewable energy standard helped create a market and other developers jumped in and did the heavy lifting, building the industry that is now proving that wind energy can be competitive with fossil fuels. "Now that the hard work is done," said Dana, "MidAmerican wants to run in and corner the market, and their friends in the statehouse have given them that power."

"The Iowa Legislature still has the opportunity to spearhead a market for renewable energy by passing SF 117," added Michelle Kenyon, Iowa SEED coalition coordinator. "Senate File 117 would increase the state's renewable energy standard, the amount of energy utilities purchase or generate, to 10 percent by 2010. Plus it would require that 20 percent of the standard come from locally owned, small scale renewable energy projects."

Mid-American has opposed Senate File 117, which according to their proposal they would easily comply with through 2008 with no increase in rates.

"Now that MidAmerican has gotten what they wanted out of the legislature to capture the market on wind in Iowa, there should be no reason they would fail to support a renewable energy standard of 10 percent by 2010. Iowans want the assurance that the state will benefit from the development of wind power in Iowa, assurance that is based on more than MidAmerican's motives for profit," said Elizabeth Horton Plasket, executive director of the Iowa Environmental Council.

Renewable energy is a hot topic this year at the statehouse, and the MidAmerican plan could be an exciting opportunity for our state.

"Before our legislators walk away from this session patting themselves on the back for passing MidAmerican's bill, they should finish the job they started and pass an increased standard that will ensure real growth the renewable energy production and that the economic benefits of renewable energy development will go to Iowa's communities, workers and farmers, not solely to MidAmerican Energy," concluded Iowa PIRG's Hard.

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Jobs

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