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Washington wind power headed to California

From the Web via YellowBrix
2/26/2009 2:24:05 AM GMT



By Craig Troianello, The Seattle Times

SEATTLE, WA.: Puget Sound Energy, Washington's largest utility, has agreed to sell virtually all the green power produced by its wind farms for the next two years to Southern California Edison.

The deal, coming right after Puget was sold to an international investor group, could fuel some grumbling: The Australians are now wholesaling Puget's clean energy to the Californians.

"People who believe you can follow the green electron down the line" may bristle at the thought of selling that power out of state, says Robert McCullough, a Portland energy consultant. But in fact, "once you put them on the grid, you can't tell them apart -- a green electron and a brown electron are just figments of our imagination."

Still, there's a distinct market for the green ones.

California requires investor-owned utilities to obtain 20 percent of their power from renewable sources by 2010. SoCal Edison is now at 16 percent, so "we're still out in the marketplace," says Mike Marelli, its manager for such deals. Washington's mandate for 15 percent of energy from renewable sources doesn't fully kick in until 2020, leaving Puget room to sell its green energy in the meantime.

Puget Energy owns the Hopkins Ridge wind farm in Columbia County and Wild Horse wind farm in Kittitas County. Wild Horse, east of Ellensburg, has 127 turbines. Puget Sound Energy plans to add another 22 turbines this year.

Together they produce enough electricity to serve nearly 100,000 homes.

Another Kittitas County wind farm, Vantage Wind Energy, will be under construction this year with a total of 60 turbines.

Puget quietly auctioned off the power from its wind farms in December, while its \$7.4 billion sale to investors led by Australia's Macquarie Group awaited final state regulatory approval.

The buyout closed Friday, Feb. 6; the following Monday, high bidder SoCal Edison disclosed the two-year wind-energy deal in a filing with California regulators.

Profit motive aside, McCullough says such a transaction could make environmental sense. The Southland's existing power plants "are 50 years old and therefore environmentally dirtier and less efficient" than Puget's recently built natural-gas plants. So even if Puget has to run those plants while it sells wind power to California, the net effect is lower emissions, he says.

Puget spokeswoman Martha Monfried says the proposed deal "is part of a bigger settlement that we're trying to reach" to end a long-standing legal battle that Puget, like other utilities, has fought with California utilities since the energy crisis of 2000-2001.

Puget claims in that litigation that it's owed \$21 million from power sales made in 2000, according to Clearing Up, a Seattle-based energy newsletter. Neither Puget nor SoCal Edison would discuss the rest of the potential settlement.

Puget's wind farms at Hopkins Ridge in Columbia County and Wild Horse in Kittitas County together produce an estimated 1.1 million megawatt-hours a year. The SoCal Edison deal calls for delivering 2 million MWh, beginning as soon as June, assuming regulators approve.

Specific terms are confidential, but Marelli says the price is somewhere south of 10 cents per kilowatt-hour. That suggests the deal is worth less than \$200 million.

The Washington Utilities and Transportation Commission regulates the rates Puget can charge its in-state customers, but not its out-of-state wholesale deals.



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"We were a bit surprised" by the deal, says Ken Elgin, of the commission staff.

Yakima Herald-Republic reporter David Lester contributed to this report.

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