

SRP plan to buy credits criticized

by [Ryan Randazzo](#) - Apr. 19, 2011 12:00 AM
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Salt River Project proposes to get 20 percent of its energy from "sustainable" sources by 2020, but it could pay out-of-state power plants for electricity never sent to Arizona to meet part of that goal.

That part of the plan does not sit well with alternative-energy advocates hoping to build up the Arizona economy with green technology.

The plan would allow SRP to buy "renewable-energy credits" - not necessarily the actual renewable energy - to meet its goals. Renewable-energy credits, or RECs, are essentially paper markers to represent the environmental benefits of power from wind farms, solar panels and other alternative sources.

Each megawatt of energy that a wind or solar farm generates is worth one REC, and the RECs can be sold separately from the actual electricity generated at a power plant.

SRP announced April 1 it would increase its commitment to renewable energy and conservation, aiming for 20 percent of its supply to come from those sources by 2020.

The plan would let SRP meet one-fourth of that goal with RECs from out-of-state power plants.

SRP officials said RECs could be cheaper than buying electricity from Arizona power plants or subsidizing customers who put

solar on their roofs.

They said their goals for alternative energy are to reduce the emissions from power plants as inexpensively as possible.

For people who want to promote an alternative-energy industry in Arizona, that's a problem.

"SRP is proposing to buy pieces of paper," said Tempe energy consultant Amanda Ormond, former director of the state Energy Office, who estimated SRP could spend as much as \$5 million a year on out-of-state RECs. "I don't want you buying pieces of paper on my behalf just so you can say you met a standard."

SRP officials said that promoting the local economy is not their mission.

"For us it is about (power plant) emissions and cost effectiveness," Chief Financial Executive Mark Bonsall said. "It is not about jobs and economic development."

Bonsall said SRP would limit its REC purchases to utilities in the West, including Canada and Mexico.

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SRP's elected board members will vote on the plan next month. They conducted a public meeting Monday to hear feedback from customers.

More than 30 members of the public spoke.

Alternative-energy advocates generally argued that SRP's money is better spent locally, because subsidizing rooftop solar for its customers creates Arizona jobs.

Industrial customers generally approved of SRP's plan because it minimizes costs.

SRP charges customers a tariff that averages about \$4.50 a month on residential customers, and much more on business and industrial customers that use more energy.

"Really, it is not a utility's job to subsidize or incentivize portions of the economy," said SRP customer Carl Luther.

Luther said his comment was a personal view, as he also is the utility manager for Boeing Co. in Mesa.

Speaking for the company, he echoed the concerns of many large industrial SRP customers, who might pay hundreds of thousands of dollars or more to SRP in sustainability tariffs annually.

"It can be problematic for us," Luther said.

Alternative-energy advocates also complained that SRP's plan is much less than what investor-owned utilities like Arizona Public Service Co. and Tucson Electric Power Co. are required to achieve by the Corporation Commission.

SRP is a division of the state and not regulated by the commission.

The other utilities must get 15 percent of their energy from renewable sources like solar by 2025, and they must also reduce their power demand by 22 percent by 2020 through conservation.

SRP combines those two into one goal of 20 percent. If the other utilities calculated their sustainability goals the same way as SRP, they would have a goal of 35 percent. They also charge their customers more to support those programs and spend much more money on meeting those goals.

APS and TEP also are not allowed to buy out-of-state RECs to meet their goals.

"The regulated utilities are required to do quite a lot more than you," said Adam Browning, executive director of the Vote Solar Initiative, adding that even those requirements are less than most neighboring states with regard to alternative energy. "Everybody else is doing double or triple what you are," Browning said.

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