

SCAQMD Move on Power Plant Air Credits Fails to End Lawsuit

Litigation continues to hold up power plant projects in the South Coast Air Basin, despite agreement by air pollution control authorities to readopt rule amendments as called for in the lawsuit at hand. The changes would make emissions offset credits available to generators only after regulators analyze environmental impacts.

The move by the South Coast Air Quality Management District addresses a portion of the legal complaint filed by environmental groups over prerequisites for making credits available, but a settlement remains elusive, according to Sam Atwood, agency spokesperson.

Communities for a Better Environment Southern California program director Yuki Kidokoro said she could not comment because of the pending litigation. The organization is one of the suing parties. Attorneys for the other environmental organizations did not return *Circuit's* calls for comment.

The unresolved controversy stalls six proposed power plants with a planned capacity of more than 2,714 MW around the Los Angeles area, including ones proposed by AES, Edison Mission Energy, the city of Vernon, BP, and Riverside Public Utilities.

In the latest wrinkle in the seven-month-long controversy, SCAQMD last month floated a new regulatory proposal to address the air credit shortage for the power industry, agreeing to analyze its impacts under the California Environmental Quality Act (*Circuit*, March 23, 2007). Initially, the agency maintained that its decision to provide the credits to the industry was exempt from the environmental law.

Under the new proposal, power plant builders that access the agency's credit pool in the basin would pay graduated prices for offsets based on the severity of pollution in the affected area. Plant builders also would have to demonstrate that their project is needed because renewable power is unavailable.

Those seeking to locate in the most polluted areas or in environmental justice zones—areas where the poverty rate stands at 10 percent or more—could not impose an undue health burden. They also would have to limit the capacity of their facilities to 635 MW.

Graduated prices.

The controversy first erupted last fall, when SCAQMD tried to head off a potential electricity shortage in smoggy Southern California by opening a pool of air credits normally reserved for public agencies to the power industry (*Circuit*, Sept. 15, 2006). In polluted areas, the federal Clean Air Act's New Source Review provisions require builders of power plants and other major industrial facilities to offset their new pollution with emissions reduction credits. They can either purchase the credits on the open market from others who have overcontrolled their emissions or earn them by cutting their own emissions more than required at an existing plant.

After SCAQMD opened its own credit pool to the power industry, the Natural Resources Defense Council joined with three other environmental organizations in asking a judge to overturn the air board's action (*Circuit*, Dec. 8, 2006).

—William J. Kelly

Solar Energy Storage May Reduce Need for Peakers

Southern California Edison hopes an off-the-shelf device will help make solar energy more valuable in California. In a small-scale test slated to begin this summer, one or two of the devices would be placed on solar homes, where they would store electricity made during the midday sun until it is needed in the late afternoon when power use peaks.

If it is successful, Edison and Gaia Power Technologies—the New York company that makes the device, known as the Power Tower—think small renewable energy systems could be integrated into the power grid more economically. The device could be coupled not only with solar systems but with small wind generators.

“The greatest demand for energy is after the solar pro-

duction peak,” said Tom Dossey, Edison program manager for distributed energy resources. “It would make the renewable power more usable to the utility by matching it to power demand.”

“Matching power demand.”

Consequently, he said, Edison and other utilities are very interested in developing energy storage technologies that they can integrate into the grid as their reliance on alternative energy grows.

Increased ability to store renewable power could help minimize the need for gas-fired peaker plants. “We see it fitting in with renewables in terms of handling their intermittency,” said Matthew Johnson, Gaia director of business development.

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SMUD Looks at Rate Increase, Snow Decrease

Touting the fact that its rates have increased only twice in the last 17 years, the Sacramento Municipal Utility District announced that it plans a 7.6 percent increase effective in 2008. The increase is attributed to a mix of renewables commitments, investments in energy efficiency, higher natural gas costs to feed its traditional power plants, and a solar surcharge. The increase is set for public comment in June.

It's also been a stressfully dry year for the muni's hydropower. According to staff, the water content to feed

SMUD's system is down to 46 percent of normal. While that translates into a \$33 million loss for the muni in power sales, SMUD has hedging contracts that are expected to absorb the costs this year.

The muni also approved a new transmission line to an Apple Computer site in Elk Grove. The 1.1-mile line for 69 kV is set to hook up with a server farm intended to allow more

music uploads for Apple iPod users.

—J.A. Savage

Absorb the costs.

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Until now, the main use for the Power Tower, which stores electricity in batteries, has been as an alternative to backup generators. The Power Tower has made inroads in settings where those generators—which typically run on diesel fuel—cannot be installed because of zoning restrictions related to noise and fumes.

However, software and communications capabilities developed by Gaia could allow utilities to centrally control the devices when installed in conjunction with renewable energy systems, said Johnson.

The storage devices cost about \$10,000 to \$15,000 to install when sized for residences. Details of how they would be marketed and how electric tariffs would apply would have to be worked out if the test proves successful,

Johnson said.

Edison's Dossey suggested two alternatives. First, utilities could control the storage devices directly. Second, he said, a tariff structure could be developed that would allow home and business owners with solar roofs and storage devices to dispatch energy to the grid as they choose according to price. Customers would use new smart meters that utilities are rolling out to do so.

The test is expected to run for nine months and is supported by a \$76,000 grant from the California Energy Commission. Edison and Gaia are working on a final agreement for the project.

—William J. Kelly

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