

Co-ops warn of higher prices from grid upgrades

MATTHEW BROWN - Associated Press - Associated Press

Rural electric cooperatives in Montana lined up against a federal plan to modernize government-owned pieces of the nation's power grid, warning of higher prices that could hurt rural economies if the changes are adopted.

The proposal from Energy Secretary Steven Chu, unveiled in March, calls for sweeping upgrades to the grid — the sprawling network of transmission lines, transformers and other components that move electricity from power plants to consumers.

Chu's stated aim is to increase efficiency, promote renewable energy and spur new jobs. First in line for potential changes is the 15-state Western Area Power Administration with other regions of the country to follow.

Precise details have yet to be announced. But about two dozen Montana cooperative representatives called on Chu to withdraw his proposal during a Wednesday listening session in Billings, one of six scheduled to be held across the region this summer.

They said changes intended to deliver more wind and solar energy to urbanized states such as California could mean a doubling or tripling of power transmission rates in Montana.

That in turn would drive up prices for the co-ops' approximately 400,000 Montana consumers, they said.

"Any proposed changes would add costs and stress to our rural way of life," said Allen Thiessen, president of the Lower Yellowstone Rural Electric Association in Sidney. "The directive from Secretary Chu seems to be a solution in search of a problem, and that problem simply does not exist."

A senior advisor to Chu, Lauren Azar, said the government intends to keep prices for consumers as low as possible. No cost estimates have been derived because the proposal is still in the early stages.

"The goal is to ensure we've got a flexible, resilient grid for the 21st century," Azar said.

Following the listening sessions, experts from the Western Area Power Administration and Energy Department will develop recommendations to be delivered to Chu sometime this fall. Chu is expected to take action on the proposal by the end of the year.

Other co-op representatives and members said higher prices could hurt agricultural

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communities, rural schools and businesses and residents living on limited incomes. Several described Chu's proposal as a dramatic shift in who runs the grid, with local and regional organizations at risk of losing out to centralized federal government control.

Douglas Hardy, a lobbyist with the Montana Electric Cooperatives' Association, said the organization is not anti-wind energy, but rather is concerned that local co-ops will bear an unfair share of the costs to deliver energy to out-of-state customers.

Only two speakers voiced strong support for Chu's proposal — Jeff Fox with the Renewable Northwest Project and Tom Kaiserski with the administration of Gov. Brian Schweitzer.

Fox described upgrades to the grid as a necessity to keep energy clean and the transmission system reliable. He said the area served by the Western Area Power Administration already has 30,000 megawatts of wind energy — a \$60 billion capital investment that benefits rural economies.

Kaiserski urged co-op representatives need to keep in mind that the Chu proposal could spur development of more wind energy projects.

The Western Area Power Administration owns more than 17,000 miles of transmission lines, spokeswoman Lisa Meiman said. But that system is showing signs of its age, with 42 percent of the lines now 50 years old or older.

Meiman said the agency is "trying to find a balance" between upgrading those parts of the grid and fulfilling the needs of its customers.

"When you're talking about aging infrastructure, there's an understanding that these (upgrades) need to happen or the power's going to go out for everyone," Meiman said.

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