



The current of the Valley

Connections

Summarizing Regional Energy Issues and News

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Energy Watch

Bush Addresses Energy In State of the Union

In his State of the Union address, President Bush outlined his advanced energy initiative. He spoke to the nation's dependence on oil, particularly supplies from unstable foreign countries, as well as the need to diversify the nation's energy sources using cleaner, cheaper and more reliable alternative energy sources.

The President has set a national goal of replacing more than 75 percent of oil imports from the Middle East by 2025. The President's Advanced Energy Initiative proposes speeding up research in six areas.

The President's Coal Research Initiative: \$2 billion over 10 years will be spent to speed up research in the use of clean coal technologies. The President's 2007 budget includes \$281 million for development of clean coal technologies. The President's 2007 budget also includes \$54 million for the FutureGen Initiative, a partnership between government and the private sector to develop innovative technologies for emissions-free coal plants that capture the carbon dioxide produced and stored it in deep geologic formations.

The President's Solar America Initiative: The 2007 budget will propose a new \$148 million Solar America

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City of Sanger Signs On to Regional Community Choice Energy Program

The City of Sanger has become the 13th San Joaquin Valley municipality to join a regional effort to establish a Community Choice power generation supply program.

Sanger City Council members approved entering into a memorandum of understanding (MOU) with the Kings River Conservation District, which plans to build a new gas-fired, base-load power plant to serve its municipal partners and add value, reliability and increased affordability to the valley power system.

Kings County and 11 area cities including Clovis, Corcoran, Dinuba, Fresno, Hanford, Kerman, Kingsburg, Lemoore, Parlier, Reedley and Selma, previously approved the MOU.

The California Public Utilities Commission (CPUC), late last year adopted very favorable rules for Community

Choice. KRC D and its 13 partners plan to submit an application this summer seeking to make such a program a reality in the valley by early 2007.

KRC D and its 13 partners are proposing to organize a joint powers authority that will govern Community Choice and establish electrical energy generation rates for all the member agencies. Details are in the process of being worked out and an agreement is being drafted.

The program's essential element continues to call for KRC D to construct, own and operate a base-load power plant of some 500 megawatts, using natural gas as a fuel, to bring an entirely new and reliable source of power to the region.

An application will be filed this summer with the CPUC seeking permission to establish a regional Community Choice program.

Community Choice Program Provides Opportunity for Local Renewable Power

Including the benefits of increased reliability, stabilized prices, and local input into energy issues, the regional Community Choice program proposed by KRC D and 13 area communities has the opportunity to build locally-sited renewable energy projects.

The California Public Utilities Commission requires a Community Choice Program's energy portfolio to include 20 percent renewable energy (solar, wind, bio-

mass and/or small hydro projects) by 2017. While initially most of this 20 percent will be purchased on the market, KRC D is committed to a portion of this coming from local renewable projects for the purpose of better shaping the region's energy future and improving the valley's air and water quality.

Some of the projects currently being explored include biomass using dairy waste, solar energy, and low-flow hydro.

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Initiative - an increase of \$65 million over 2006 - to accelerate the development of photovoltaics.

Expanding Clean Energy from Wind:

The 2007 budget includes \$44 million for wind energy research-a \$5 million increase over 2006 levels.

The Biorefinery Initiative: The Administration will accelerate research in cutting-edge methods of producing "cellulosic ethanol" with the goal of making the use of such ethanol practical and competitive within six years. The 2007 budget will include \$150 million - a \$59 million increase over 2006 - to help develop bio-based transportation fuels from agricultural waste products, such as wood chips, stalks, or switch grass. Research scientists say that accelerating research into "cellulosic ethanol" can make it cost-competitive by 2012, offering the potential to displace up to 30 percent of the nation's current fuel use.

Developing More Efficient Vehicles:

The President's plan will accelerate research in battery technology for hybrid vehicles and "plug-in hybrids." The 2007 budget includes \$30 million - a \$6.7 million increase over 2006 - for this purpose.

The Hydrogen Fuel Initiative: The President's 2007 budget will provide \$289 million-an increase of \$53 million over 2006 - to accelerate the development of hydrogen fuel cells and affordable hydrogen-powered cars. Through the President's program, the cost of a hydrogen fuel cell has been cut by more than 50 percent in just four years.

Desmond Re-nominated

On January 27, Governor Arnold Schwarzenegger nominated Joe Desmond to serve a full term as California Energy Commission (CEC) chair. Desmond has served as chair since last May, following the resignation of former chair William Keese. Desmond's nomination must be confirmed by the Senate, and Democratic leaders are said to be unhappy about the appointee's position on moving toward a market-based electricity system. Desmond served as deputy secretary of energy at the California Resources Agency prior to his appointment to the CEC last year.

Solar Roofs Initiative Adopted

On January 12 the California Public Utilities Commission (CPUC) voted to spend \$2.9 billion on incentives for solar energy over the next 10 years. The program, California Solar Initiative, has a goal of 3,000 megawatts of solar photovoltaics (PV) installed by 2017.

Solar PV systems will be installed on rooftops of residential, commercial and industrial buildings. Funds will come from the electric and gas distribution customers of investor-owned utilities. Incentives are initially set at \$2.80/watt starting in 2007 and will be reduced by an average of 10 percent annually.

The CPUC will oversee \$2.5 billion of the California Solar Initiative, which will cover existing residential housing as well as existing and new commercial and industrial properties. To encourage solar installations in the residential new-construction market, the California Energy Commission will oversee a \$350-million program which focuses on builders and developers of new housing. Ten percent of program funding is set aside for low-income customers and affordable-housing installations, and 5 percent of funding is earmarked for research and development.

All facilities that receive incentives under the initiative must undergo an energy-efficiency audit to identify other cost-saving efficiency measures outside of solar incentives. The CPUC believes that the average cost of the California Solar Initiative for a residential electric customer will be approximately \$12 a year, and the average residential natural gas cost will be \$1.40 per year.

New Commissioner Appointed

The CPUC has appointed Rachelle Chong, a former member of the Federal Communications Commission, who was sworn in little more than an hour before the January 12 meeting began. Chong replaces former Commissioner Susan Kennedy. Chong holds a law degree from the University of California, Berkeley, and has more than 21 years of experience in telecommunications law and policy, including serving with the FCC from 1994 to 1997.

Green California

Under the direction of Governor Schwarzenegger, the State of California is leading by example on energy efficiency and conservation, sustainability, green building and green purchasing practices. Through Executive Order S-20-04, known as the "Green Building Initiative," and the accompanying Green Building Action Plan, the governor calls for public buildings to be 20 percent more energy efficient by 2015 and encourages the private sector to do the same. The Governor created the Green Action Team to implement sustainable building practices and energy conservation efforts statewide.

In addition, the Governor unveiled a new website, www.green.ca.gov. Green California is a gateway for the latest information on how the State of California is working to reduce energy and resource consumption.

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