



# The TREIA Newsletter

Texas Renewable Energy Industries Association

January, 1986

## TEXAS P.U.C. DENIES REHEARING

In a 3 to 0 decision, the Texas Public Utility Commission has denied a petition by the Texas Electric Cooperatives, Inc. (T.E.C.I.), to rehear the net energy billing portion of the agency's new substantive rules passed late this fall.

The net energy billing option allows qualifying facilities with a design capacity of 50KW or less the right to interconnect with the utility through a single meter. This option greatly simplifies and reduces the cost of QF interconnection.

The 76-member T.E.C.I. opposes the rule and argues that it is unlawful because it would require utilities to pay for purchases at the same rate that they would pay for sales. This rate may be greater than the avoided cost maximum set by federal law and therefore illegal.

This question of whether or not the states have a right to set rates which encourage renewable energy has already been heard by two state courts of final resort with differing results.

In *Kansas City Power and Light v. State Corporation Commission of the State of Kansas*, the Supreme Court of Kansas concluded that: "federal law has preempted the field in the area of cogeneration, and that the KCC, a state regulatory authority, cannot require KCPL to purchase electricity from cogenerators at a rate greater than the federal regulated rate based on avoided cost."

However, in *Consolidated Edison v. Public Service Commission of the State of New York*, the New York Court of Appeals reasoned that the limits of incremental cost set in PURPA applied to the federal government's role in encouraging alternative power production but *does not* prohibit the states from pursuing their own means of encouragement.

And, on appeal to the U.S. Supreme Court, Justices White and Blackmun cite the F.E.R.C.'s own explanatory regulation which states that: "the states are free under their own authority, to enact laws or regulations providing for rates which would result in even greater encouragement of these technologies, and that only state rates below the federal rate would have to yield to federal

law." However, the case was dismissed for want of a substantial federal question.

Because the U.S. Supreme Court did not reverse the New York court and because the Texas Public Utility Regulatory Act provides that the Commission shall make and enforce rules which encourage the use of renewable energy, the Commission agreed not to rehear the issue.

Prior to this December 18 decision, the Coops filed an appeal in District Court on Dec. 3. According to Mike Thomason of the coop association, the Texas Electric Coops may pursue this matter even further on the basis of discrimination. Whether or not the Texas Renewable Energy Industries Association will choose to intervene in the district court appeal will be decided in the Association's January 18 Board meeting.

— M. Osborne

## ANNUAL MEETING REPORT

This year's annual meeting was not the exciting meeting we've seen in the past. There was a lot of concern over the uncertainty of the tax credits and the Attorney General's advisory. But, on the positive side, TREIA in retrospect had achieved quite a few of the goals we had set forth the year before.

The morning session consisted of a valuable presentation by Don Best, editor of the *Solar Industry Bulletin*, and associate editor of *Solar Age*. Don counseled us to 1) understand that the energy business is down in all sectors, from renewables to fossils, and 2) to not count on energy prices going back up any time soon. He also opined that the south-eastern sector of the country is probably the most healthy in terms of renewable economics.

After Don's insightful and possibly encouraging talk, the group broke into three subcommittees. These groups spent the rest of the morning in brainstorming sessions delineating the goals and priorities for each of three

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# SOLAR UNIT OWNERS APPEAR SATISFIED

By Bill McCann

Most residents who own solar water heaters are happy with the units and have had little or no trouble with them, a survey by the city energy office indicates.

More than 90 percent of those responding to the survey checked good or excellent when asked to rate their satisfaction with their solar units. Eighty-five percent reported no problems or minor ones.

The survey was conducted by the Resource Management Department to determine the types of systems being used in the area and the level of owner satisfaction with the systems and to identify possible future studies of solar energy.

The results verify that the city program that offers rebates to persons buying solar water-heating equipment is justified and should continue, said department engineer Vincent Mione.

The city offers rebates of up to \$250 to residents installing solar water heaters in homes with electric water heating. Once the solar unit is installed, electric backup is used only at night or during prolonged cloudy weather.

The department sent out questionnaires last summer to 600 residents who had received solar heater rebates during a three-year period ending in July. A total of 241, or 40 percent, responded to the questionnaires.

Mione acknowledged that there could be some pro-solar bias in the survey because persons with favorable opinions are more likely to respond. Nevertheless, the results are significant, he said, because most surveys of this type get only 10 to 15 percent response.

"We wanted to find out if people who have solar are happy with it, and it certainly seems to be the case," Mione said. "We think the level of response indicates a very high interest in conservation."

## ROSSON NEW CHAIRMAN

Peggy Rosson of El Paso is the new chairman of the Public Utility Commission. Chairman Rosson is 50 years old and has served on the Commission for the last 2½ years.

When asked for a quote regarding the recent net energy billing rule, we were given the following statement:

"The possibility of elimination of tax incentives for alternative generation may signal the demise of an industry that can provide alternatives to the construction of large, expensive central power stations. These net energy billing rules signal a new incentive and opportunity for small generators to continue to invest in the development of more sophisticated and efficient systems, and support the public at large to benefit from the development of these new technologies, and assert some control over their own utility bills."

A total of 65 percent of those responding said they had no problems with their equipment, and 20 percent had minor problems. Eighteen percent reported major difficulties. Most of these problems were with equipment in which water running through the collectors sometimes froze during cold weather, Mione said.

"But we don't expect to see many of those problems anymore because those kinds of systems are not being installed any longer," he said.

More than 80 percent of those responding said they earned \$30,000 or more and almost half earned \$50,000 or more. More than 90 percent said they attended or completed college, and more than 40 percent of those responding reported that they had turned off their electric back-up element during the summer, relying entirely on their solar units for water heating. Mione called that information significant because it shows that solar units are contributing to reduced demands on the electric system in summer.

From the *American-Statesman*  
Austin, Nov. 11, 1985

## ANNOUNCEMENTS AND HAPPENINGS

**Solarex Corporation** has announced that it has closed its regional office in Houston. **Osborne Solar**, a stocking distributor for Solarex, is now negotiating with Solarex to improve its market position and expand its territory.

\* \* \*

**Bruce Foods Corp.** has built a solar pond in Northeast El Paso that will be used to help process foods. The company had financial and design help from the University of Texas @ El Paso, El Paso Electric Co., and U.S. Bureau of Reclamation.

\* \* \*

**Valley View Energy Corp.** has signed the first of several wheeling agreements necessary to wheel electrical power from the Texas Panhandle to Austin. The Company has an agreement with the city to provide bovine waste-generated electricity.

\* \* \*

Bob Walters of **Entech** has indicated that they are currently working with NASA's Lewis Center in developing light-weight materials for space vehicles. Both thermal and P.V. applications are under consideration.

\* \* \*

The Joint Special Committee on cogeneration will hold a public hearing on January 17, 1986, in the Senate Chamber of the Capitol Building in Austin, Texas. The hearing will begin at 10 a.m. and will conclude upon completion of the testimony. Both written and oral testimony will be accepted. If you have any questions, please call Shanna Igo at (512)463-0380.



## BOARD MEMBERS SEATED, NEW DIRECTOR APPOINTED

Six newly-elected members and one appointed member will be officially seated at the January 18 TREIA Board of Directors meeting in Austin. Those elected during December of 1985 are: Jay W. Carter, Sr., Kevin Conlin, Bobby Farris, Ron Radke, Bob Walters and Renee Yachabach. Appointed for the balance of 1986 is Albert J. Smith III. A list with addresses, phone numbers, and officers will be provided in February.

In line with the by-laws change adopted at the annual meeting last November which expands the constituency of TREIA into cogenerators and their related support companies, the TREIA Board has appointed Albert J. Smith III to the board of directors. He will be filling a term vacated by Rick Brand.

Mr. Smith is the corporate council for *Power Systems Engineering*, a Houston firm that designs, constructs, owns, and operates qualifying cogeneration facilities. He received his Doctor of Jurisprudence from the University of Texas in 1981 and A.B. in economics from Princeton University in 1976.

He should be a valuable addition to the Board.

## FROM THE PRESIDENT

Dear Member

As we begin a new year, I felt the need to sit down and write a few words to each of you.

This was our first full year in operation and in my opinion a successful one. We have made a definite impression in the area of rule-making at the PUC and have had success at influencing the state legislature. I am sure our voice was recognized at the federal level even though we were not successful in getting an extension for the tax credits.

The new year facing us is very critical to our industry. Together I am sure we can regroup and push forward without the tax credits, but it will take a solid organization. Let's all get behind the effort, *renew our memberships*, solicit new members and break through to a "SUNNY" future.

In closing I would like to express my personal appreciation, as retiring President, for your support this past year. We all need to continue that support for the new officers guiding our Association.

Yours truly,

*Curtis O. Higgs*  
President

## CORECT ISSUES DATA BASE

The Committee on Renewable Energy Commerce and Trade, a U.S. Department of Commerce subcommittee of little notoriety, has issued a remarkable work on international energy. The following is their summary of its purpose and scope.

The CORECT Subcommittee on Technical Competitiveness focuses on those issues that affect the competitiveness of U.S. renewable energy products, and appropriate actions for Federal involvement. The Subcommittee has discussed methods to address several issues identified by the U.S. renewable energy industry, such as financing availability, market identification, and local design requirements [1].

The CORECT Technical Competitiveness Subcommittee Data Base was assembled to help the U.S. renewable energy industry participants to identify promising markets, characterize their investment and financing requirements, as well as specify their local design requirements and capabilities.

The initial step in the assemblage of the data base was a country screening process. In order for a country to be considered for the matrix, it first must have had a population greater than one million. From that list, only those countries with positive diplomatic, security, and trade relationships with the U.S. were considered. Finally, those countries with an acceptable credit rating from EXIM Bank, OPIC, AID, and World Bank were

placed on the final list of 160 countries.

After compiling the list, data were collected for the countries and organized into the following files: the General Data File, consisting of general energy indicators for each country; the International Energy Demand File, covering commercial primary energy consumption of each country; the International Energy Resource File, identifying annual average insolation, wind power, and river flow data for various climatic regions within the specified country; the International Power System File, indicating such parameters as revenue (\$/kWh), rate of return, and system frequency; and the International Business Data File, including currency data, credit worthiness data, and the top companies and corporation in the country.

At present, the format in which the information from the data base can be obtained is a hard copy matrix. In the near future, the data will also be available on personal computer diskettes at the cost of a diskette. The data is stored on LOTUS files and can be easily manipulated by LOTUS commands.

The data base will be updated upon receipt of new information and then will be issued in hard copy form. The need for updating a personal diskette can be handled either by obtaining a new diskette or by sending the original diskette back to the data base manager for updating.



## ANNUAL MEETING

From p. 1

categories: Building Construction and Design, Solar Thermal, and Electrical Generation. These specific recommendations will be evaluated by the new Board of Directors on January 18 at their first meeting at the Austin Public Library.

Immediately thereafter, the attendees were treated to a positive luncheon address by State Rep. Tommy Adkisson. Rep. Adkisson was the sponsor in the House of Representatives for our Resolution that we supported through the Legislature last session. Even though Tommy is not an expert on renewables, he did a good job of doing his homework, digging out the facts, and reminding us of a lot of facts many of us have forgotten. When we asked his aide for a quote, we were given the following statement.

"We must carefully consider all areas in which it is possible to save money for both the people and the State of Texas. Renewable energy resources are no longer a luxury, they are a necessity. TREIA's members are the pioneers of the future, creating a bright outlook for our state."

Surely, we owe Rep. Adkisson our thanks and our support in the future.

In the afternoon, the business session was called to order by Pres. Curtis Higgs. Besides the normal agenda items, including nominations for Board of Directors, several changes to our By-Laws were adopted. One change was the addition of cogenerators into the TREIA fold. It is hoped that these cogenerators will broaden our financial base as well as sharpen our lobbying skills.

The meeting was then adjourned in timely fashion. At least, that's the way I remember it.

— M. Osborne

*Recruit  
a new member  
today!*

## CALENDAR

### Feb. 6

1986 California Wind Energy Assoc. Meeting. Sacramento, CA. Contact: CalWEA, P.O. Box 3183, La Jolla, CA 92038, 619/456-2006.

### Feb. 9-11

1986 SEIA Annual Mtg. & Convention. Sheraton Harbor Island East Hotel, San Diego, CA. Contact: SEIA, 1717 Mass. Ave. NW, Suite 503, Washington, DC 20036.

### Feb. 16-19

Desktop Computers for Engineering and Architecture, Austin, TX. Co — sponsors: U.T. College of Engineering and Schools of Architecture and Law the ASME, and the ASCE. Contact: DCEA Conf., CLE Program, UT Law School, 727 East 26th St., Austin, TX 78705.

### Feb. 23-26

Fifth ASME Wind Energy Symposium and Exhibition, New Orleans, LA. Contact: Dr. Andrew Swift, Dept. of Mechanical Engineering, U.T. El Paso, El Paso, TX 79968, 915/747-5450. Exhibit info.: Frank Dermarest, 214/358-7601.

### March 4-6

Photovoltaics Annual Systems Symposium, Exhibition and Tour. Orlando FL. Contact: M. Lujan, Div. 6224, Sandia National Laboratories, P.O. Box 5800, Albuquerque, NM 87185.

### March 5-6

1986 West Coast Energy Mgmt. Congress. Airport Hilton, Los Angeles, CA. Contact: Assoc. of Energy Engineers, 4025 Pleasantdale Rd., Ste. 340, Atlanta, GA 30340.

### April 14-17

ASME Solar Energy Div. Conf., Anaheim, CA. Contact: Dr. Dan Turner, Dept of Mech. Engineering, Texas A & M Univ., College Station, TX 77843.

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