



The TREIA Newsletter

Texas Renewable Energy Industries Association

June 1985

"If there is to be a continuing improvement in the governmental process in America, it will come from the increased interest and participation of the governed. In no other modern nation are the citizens so instrumental in their own collective political destiny as in the United States. Representative government achieves its greatest expression through the participation of an informed citizenry."

*James Ritchie, Executive Director
Alabama Trucking Association*

Dear Colleagues:

As you know, one of the primary reasons for TREIA's creation was to become a force in the government decision-making that affects the renewable energy industries. We made significant progress in the 69th legislative session, and it would be understandable to feel we can set aside State politics until the 1987 session.

That attitude is not only wrong, it's dangerous. Government impact is not confined to the Texas Legislature's six-month session every two years. For that particular government entity, it is a matter of considerable advance preparation -- establishing legislative priorities; finding and solidifying support not only among lawmakers, but through alliances with trade organizations and others who share our concerns; development of an industries' network for personal involvement in the 70th Legislature. Then, and only then, will we be poised for the 1987 session, with a clear sense of direction and purpose.

Through the past several months TREIA representatives have testified at numerous legislative hearings, and we lobbied for or against a variety of bills. We are working for extension of the renewable energy tax credits. We also are involved in rule-making procedures and cases before the Public Utility Commission. Additionally, we recently completed a major report for the Texas Department of Agriculture, detailing 18 specific recommendations to further the development of renewable energy in Texas. And we continuously monitor other government agencies and matters for their impact on our industries, and are prepared to represent our interests to the best of our abilities.

All of these activities have brought verbal applause from many quarters. Obviously we are pleased at the encouraging words, but I'll be frank with you -- kind words are not enough. What we've seen thusfar is the "coattail effect" -- a core of people and companies supporting TREIA's work, and the benefits being shared by everyone in the renewable energy businesses.

We have a strong foundation for the association, but it is critical that we expand our constituency and financial base. The brutal fact is that in spite of many friends, renewable energy has its share of adversaries. It should come as no surprise that those adversaries by and large are powerful, have deep pockets, established status and well-placed allies.

If ever the phrase "strength in numbers" had importance it is now, for those of us in the renewable energy industries. It is time for you to support efforts to determine our own "collective political destiny." It is time for you to join the Texas Renewable Energy Industries Association.

Curtis O. Higgs
Curtis O. Higgs
TREIA President

Legislative Wrapup

Nancy Johnson, TREIA lobbyist

Even though association work generally is enjoyable and challenging nothing beats the exhilaration of success in our primary area of concern. For TREIA, that means government involvement. **And the last week of May brought news of two very successful TREIA ventures.** One occurred on May 27th, the final day of the Texas Legislature's regular session. The other has to do with the Public Utility Commission, and you can read about that item in another article in this newsletter.

As TREIA's first foray into the state political arena, the 69th Session of the Texas Legislature served as an excellent opportunity to get the association's name before our lawmakers. We spent many hours visiting legislators, distributing TREIA and renewable energy information and monitoring or lobbying issues that were important to the industries.

As a new association, we didn't view this session as one in which to expect an abundance of renewable energy bills. All told we participated in about a dozen issues, and introduced one measure:

- **The joint resolution for extension of the federal renewable energy tax credits passed in the Texas Senate on the last day of the session.** The resolution serves as an indication of the Texas Legislature's support for the extension and will be sent to Washington for inclusion in the Congressional Record.

The resolution sailed effortlessly through the House under the sponsorship of Rep. Tommy Adkisson (San Antonio), who had approached TREIA earlier in the session with an offer to carry legislation for the association. The Senate version, carried by Sen. Ted Lyon (Rockwall), and later the House version were heard by the Senate Natural Resources Committee where they were passed despite opposition from the two Republican committee members (Krier of San Antonio, Brown of Lake Jackson).

Despite some concern, due to the opposition evidenced in the committee hearing, Sen. Lyon was able to get it passed on an unrecorded voice vote without discussion.

This resolution is very important to our lobbying efforts in Washington, because it sends a clear message that the folks back home want the tax credits ex-

tended. TREIA is sending copies to our national representatives, with further encouragement to support the extension.

TREIA and all of you involved in renewable energy owe **gratitude to Representative Adkisson** for initiating the resolution, **and to Senator Lyon** for assuring its final passage. Both these men and their staffs gave willingly of their time and attention to moving the bills through the legislative channels.

ABOUT OTHER LEGISLATIVE ISSUES...

- **TREIA joined forces with other trade organizations and interested parties in successful efforts to defeat six bills to alter the current alcohol fuel exemption.** Development of a Texas ethanol industry was the intent of the original legislation four years ago, but legislators were disillusioned by the predominant use of the exemption by out-of-state concerns. The repeated legislative attempts to tamper with the 1981 law, however, has been one of the major stumbling blocks for financing ethanol plants in Texas. It is anticipated that the financial community will view maintenance of the existing law as a stabilizing factor, and will react more favorably to funding instate plants.

- A seventh alcohol fuel bill, which passed, pertains to **labeling requirements for alcohol blends in gasoline**, including at-the-pump labeling. TREIA did not take a position on that bill, because of mixed feelings about whether such labeling is necessary.

Texas Oil Marketers Assn. Executive Director Dave Fellers told TREIA that passage of the labeling bill was top priority for his association this session, due to the importance of alcohol-blend information to his members and to consumers.

- **Senator Parmer's bill dealing with energy efficiency incentives for utilities** was unable to get under the wire for consideration in the House. The bill died because time ran out, rather than due to any significant impact by its opponents.

- **Senator Uribe's bill, on energy efficiency standards for new construction**, had considerable opposition as well as losing much of its initial support as a result of lobbying efforts by its opponents. In particular, the Texas Association of Builders worked to kill the bill early on.

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T.R.E.I.A.
3724 Jefferson, Suite 115
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staple ----- here

TEXAS RENEWABLE ENERGY INDUSTRIES ASSOCIATION
MEMBERSHIP APPLICATION

Please type or print.

Check applicable membership/dues category. Your voluntary category selection will be reviewed by the TREIA Board of Directors.

Voting Member (Company)

CIRCLE
AMOUNT

Category A: ☐ Sustaining Member ☐ Power Producer of 1 MW or more.....\$ 1000

Category B: ☐ Manufacturer ☐ Wholesaler ☐ Power Producer of
100 KW but less than 1 MW.....\$ 500

Category C: ☐ Dealer ☐ Marketing Company ☐ Installer/Service Company
☐ Architectural Firm ☐ Engineering Firm ☐ Building Design
and/or Construction ☐ Power Producer of less than 100 KW.....\$ 250

Category D: ☐ Individual Architect ☐ Individual Engineer
☐ Other Professional.....\$ 100
(please specify)

Nonvoting Member (Individual)

☐ Associate (employee of member company other than voting representative;
individual not involved in renewable energy as a business).....\$ 50

☐ Student (must provide proof of student status).....\$ 25

COMPANY NAME _____

VOTING REPRESENTATIVE _____ CEO _____
(if other than voting rep)

STREET ADDRESS _____ CITY _____ STATE _____ ZIP _____

MAILING ADDRESS _____ CITY _____ STATE _____ ZIP _____
(if other than st. address)

BUSINESS TELEPHONE () _____

Please provide a brief description of your renewable energy involvement:

Make checks payable to TREIA, 3724 Jefferson, #115, Austin, TX 78731; 512/450-1477.

☐ Total dues enclosed. ☐ Invoice in full. ** ☐ Invoice in installments.

** Categories D, Associate & Student dues are payable in full. Categories A, B or C may pay in full or in monthly installments as follows: Category A - 5 monthly pmts. of \$200; Category B - 4 monthly pmts. of \$125; Category C - 2 monthly pmts. of \$125.

Date _____ Signature _____

Need for alternatives' study noted in power plant denial

In major action favoring alternative energy, PUC Administrative Law Judge (ALJ) Shelia Bailey has recommended **denial of Southwestern Public Service Company's Notice of Intent (NOI) to build SPS-1, a coal fired generating plant** in Lubbock County. This was the first-ever NOI, a procedure created by the 1983 Texas Legislature as a first step before a utility may apply to the PUC for a plant-construction Certificate of Convenience and Necessity (CCN).

As intervenors in the case, TREIA joined Valley View Energy Corp., Golden Spread Electric Cooperatives, Texas Industrial Consumers and Phillips Petroleum. TREIA Director Mike Osborne represented the association, and Director Bobby Farris testified on behalf of Valley View.

This NOI denial is seen as a significant move toward notifying utilities that they must thoroughly investigate alternatives before applying to the PUC for plant construction approval. This belief comes from the following excerpt from Bailey's report (underlining is the judge's):

"...the ALJ believes that the utility ...must prove, not merely assert, that it seriously considered alternatives to the proposed plant. The utility must prove that it considered the advantages and disadvantages of the alternatives...The utility must prove the appropriateness of the proposed plant by showing that it is preferable to the available alternatives."

In her 60-page report Bailey discussed wind and solar power, biomass, gas-fueled generation, conservation and load management, cogeneration, and purchased power. She concluded that none of these alternatives, except purchased power which she felt SPS had inadequately explored, could alone provide enough power to forego construction of the 600-MW plant.

But Bailey wrote that, "The record is inconclusive as to whether any combination of these alternatives would be sufficient to meet SPS's electrical needs and would be a better choice than SPS-1. The ALJ believes this is a question that could and should be addressed at the CCN before a certificate is granted."

The final decision on Bailey's recommendations is scheduled for June 12th, a date likely to have passed by the time you receive this newsletter. It is expected

though that the Commissioners will approve her findings. In the event that they do not agree, she wrote:

"...should the Commission find that it is not in the public interest to deny the NOI, the ALJ would recommend that SPS be required to factually demonstrate the following at the CCN proceeding: (1) whether or not it has been able to locate suppliers willing to offer...purchased power adequate to defer SPS-1; (2) provide a cost/benefit analysis comparison between SPS-1 and purchased power; (3) provide a detailed statement regarding negotiations that might have occurred; and (4) if sufficient purchased power does not exist to defer SPS-1, present a detailed analysis of **whether a combination of the alternatives discussed herein would be a viable alternative to SPS-1.**"

ADDITIONAL PUC ACTIVITIES...

• In recent meetings with PUC Commissioners Ricketts and Thomas, TREIA Board members were told that **proposed rules for net energy billing** should be ready for inclusion in a July issue of Texas Register. The directors were given copies of the drafted recommendations for review.

• In the aforementioned meetings, Commissioner Thomas noted his desire to hold **meetings between renewable energy representatives and utilities** to work on shared regulatory matters. In particular, Thomas said he hopes to promote cooperation and lessen the adversarial relationship that often exists between these energy producers. The TREIA Board has relayed word to the PUC of its willingness to participate in such meetings.

• The following utilities have filed for **PUC approval of standard avoided cost calculations** for purchase of firm power and capacity from qualified facilities:

- Docket 6062, Texas-New Mexico Power
- Docket 6063, Southwestern Public Service
- Docket 6064, Houston Lighting & Power
- Docket 6065, Texas Utilities Electric
- Docket 6069, Southwestern Electric Power
- Docket 6070, West Texas Utilities
- Docket 6071, Gulf State Utilities
- Docket 6105, Central Power & Light

TREIA has been granted intervenor status in Docket 6063, Southwestern Public Service. The various phases of each case have been set, extending into early 1986.

TREIA report details needs of renewable energy

TREIA recently published an important report which also serves as the association's official statement of position -- *"Needs Assessment and Policy Recommendations for the Texas Renewable Energy Industries."* It details the development and current status of solar thermal, electrical power generation, renewable fuels, and building design and construction.

The document, prepared in cooperation with the Texas Agriculture Dept., is the culmination of a seven-month evaluation of renewable energy in Texas. The effort was lead by Russel Smith, consultant and past executive director of the Texas Solar Energy Society; and Bob King, director of TDA's Office of Natural Resources.

The report outlines renewable energy's contributions in Texas, leading to 18 recommendations for continued encouragement by government, educational institutions and the public.

The document was released at a Capitol press conference, followed by distribution to all Texas legislators and PUC officers. It will soon be sent to all TREIA newsletter recipients. Meanwhile, here is a synopsis of the recommendations:

SOLAR THERMAL

1. Legislative creation of a state license and code for solar installers.

ELECTRICAL POWER GENERATION

2. PUC rule changes to allow net energy billing for systems of 25 kw or less.
3. PUC determination of insurance liability for small-scale power producers.
4. PUC simplified standard interconnection contracts for qualified facilities.
5. PUC assurance that small-scale power producers needn't meet power standards exceeding those of the utility companies.
6. Legislatively-set avoided cost or, if

that is not possible...7. PUC estimate of potential capacity of dispersed non-firm power sources.

8. PUC adoption of fair wheeling rates.

9. Legislatively-set PUC punitive authority over utilities not supporting renewable energy development on their systems.

RENEWABLE FUELS

10. Legislative increase of the fund cap for the ethanol-blended fuel tax credit.

11. Legislative elimination of the phase-down on the ethanol tax credits.

12. Legislative allowance of the ethanol tax credit on levels below and up to 10%.

BUILDING DESIGN & CONSTRUCTION

13. State agency evaluation and promotion of building energy performance standards.

14. Legislative implementation of a standards program for state buildings.

GENERAL RECOMMENDATIONS

15. Texas support of and national passage of the renewable energy tax credits.

16. Legislatively-set incentives for utilities' energy efficiency programs.

17. Intensification of state agency education/training efforts in renewable energy.

18. State agency update/expansion of existing policy reports on renewable energy.

We trust that you have found the TREIA Newsletter informative and interesting. With this issue, 1500+ in renewable energy have received three monthly publications, providing a clear indication of TREIA's value to the industries.

As TREIA's primary information vehicle, future issues of the monthly Newsletter will be sent only to members and other trade associations involved in renewable energy.

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