

OAHE MEMBERS AND LOCALLY SITED GENERATION



Jordan Lamb
jlamb@
oaheelectric.com

Many of our members have received inquiries about potential siting of generation on their property. While renewable energy is affordable to install and generate power for our members, there are both pros and cons that must be accounted for and it is important that our members fully understand both sides of this conundrum.

When a renewable project is sited in Oahe Territory, there are several benefits that Oahe Members and local communities receive. A recent wind installation

provided both short term jobs in concrete, electrical and road infrastructure. Long term jobs for the area were also provided in plant maintenance and long term generator plant managers to ensure safe and efficient delivery of the renewable energy. These dollars stay in local communities and tend to support local businesses.

Generator installations also are required to pay several forms of taxes to both local and state agencies related to construction fees in permitting, property tax and generation tax to name a few. If the project attained a lease agreement with a local farmer or land owner, those dollars are also kept locally.

In the intermediate ground lies transmission congestion. When a new project is sited, it often cannot attain firm transmission service. This means that anytime transmission lines are at full capacity, it can affect the price of the generation output. Some times this price may be very cheap, even negative, which means that the generator owner pays the off-taker to take the electricity. Other times this may drive up the price, similar to what we saw last February, to over \$1-2 per kWh (our residential rate is 9 cents/kWh today). Depending on where the congestion occurs, it could benefit or hurt Oahe Members

On the other side of this fence lies some obvious and not so obvious implications. Many local members do not like the appearance of renewable projects, the most often mentioned being wind. Generator installations can have long term negative impacts on property valuation due to this. There is also concern for long term cleanup requirements. Typical renewable projects have in contract to clean up after the end of life, but there is concern if an entity went bankrupt prior to the facility end of life that there would be no clean up efforts to return ground to its prior condition.

The more complex issue is related to transmission required to outlet new generation. As part of Southwest Power Pool (SPP), load customers, in our case Oahe Members, pay for transmission within a given zone. If a transmission line goes through our zone or service area, our members pay for a por-

tion of that line. SPP encompasses the Midwest (see graphic below).

Recently, there has been a push from Washington, D.C., to site renewable wind in the wind rich Midwest and build transmission to supply this generation to the generation short areas along the East and West coastlines. The D.C. argument here is that these generators sited in the Midwest are similar to what I noted earlier above. The issue here is that the local area load pays for the generation. Generation we currently do not have enough load for. Essentially, we are paying for transmission outlets to serve coastal areas, areas short on generation, and coastal areas should be paying for this transmission, not Oahe Members. Current SPP tariff and common Regional Transmission Organization tariffs require local load to pay for new generation generally in the entire United States.

While renewables can bring affordable priced power that puts downward pressure on Oahe rates, we must be cautious to identify issues and determine upfront where the construction costs ultimately are pinned. Oahe, East River and Basin Electric Cooperatives have voiced our concerns and continue to evaluate options moving forward with our members as our #1 priority.

