

## Renewable energy bill hotly debated in Senate

Written by Marianne Goodland, State Capitol reporter

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Rural electric co-ops say a bill to increase use of renewable energy sources will instead cause unaffordable spikes in electricity bills for their customers.

The Senate State, Veterans and Military Affairs committee recently approved a bill that would require rural electric co-ops to increase their use of renewable energy sources from 10 percent to 25 percent by 2020. The bill, Senate Bill 13-252, now awaits final action from the Senate.

SB 252 targets two cooperative electricity associations: Tri-State Generation and Transmission and its 18 Colorado member co-ops and Intermountain Rural Electricity Association.

The bill doesn't target them by name. It instead calls for higher standards for generation and transmission companies that provide wholesale electricity to its members, or cooperative electricity associations with more than 100,000 meters. Tri-State and IREA are the only two entities that fit those definitions.

Bill sponsor Senate President John Morse (D-Colorado Springs) claimed increasing the renewable energy standard for rural electric providers will have a "profound" impact on air quality. The bill limits increases on utility bills to 2 percent to cover the higher costs, but opponents claimed that requirement lacks enforcement.

Currently, the state defines eligible renewable resources as solar, wind, geothermal, biomass and new hydroelectric power created prior to 2005. SB 252 adds two new sources: coal mine methane and a process for burning trash without oxygen, known as pyrolysis.

Supporters of SB 252 testified on April 8 that the bill will create more jobs in the renewable energy industry. That included testimony from RES Americas, which operates wind farms throughout Colorado; wind turbine manufacturer Vestas; and several manufacturers of solar panels.

Anna Giovinetto of RES Americas noted that increasing use of renewable energy results in

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more stable costs, and in other states that has not caused increased electricity costs. She also noted that while SB 252 places a 2 percent cap on increases in electric bills, use of fossil fuels has no such limit. SB 252 “levels the playing field” and creates clean energy jobs, she said.

Mark Stacy of Iberdrola Renewables in Cheyenne, Wyo., said that renewable energy provides new streams of revenue for ranching and farming families with only a land loss of 2 percent to the renewables’ footprint.

Ron Binz, a former Colorado public utilities commissioner, said claims from Tri-State that SB 252 would cost the company \$3 billion by 2020 were not believable. Binz said those figures are for the capital costs tied to building new natural gas plants or transmission lines and would be spread out over decades.

The bill was amended to clarify that if co-ops cannot keep to the 2 percent limit, they can reduce the renewable energy standard to stay under the 2 percent limit. The amendment doesn’t say how that would happen or for how long.

Tri-State G&T has 44 member co-ops in four states. Eighteen are located in Colorado, including Highline Electric in Holyoke, KC Electric in Hugo, Morgan County REA, Poudre Valley REA in Larimer County, United Power in Brighton and Mountain View in Limon.

Kent Singer of the Colorado Rural Electric Association said the co-ops serve 70 percent of the state’s land mass but only 25 percent of the state’s population, which he called “light density” and which means that costs are spread out over a much smaller customer base.

Co-ops are not opposed to renewable energy, Singer said, pointing to several wind farms already generating electricity for co-ops. Singer also claimed the sponsors never talked to CREA or Tri-State before introducing the bill; as a result, he said, they don’t understand how the co-op system works.

The 2 percent rate cap will likely be challenged in court, and Singer said that a suggestion that the Public Utilities Commission review rates for the co-ops would create a “nightmare.” The

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PUC doesn't have authority over rate-setting by the co-ops.

The capital costs cited by both sides on SB 252 comes from the need for new natural gas plants that would provide back-up power to cover solar and wind systems that can't operate 24 hours a day, seven days a week.

Richard Gordon of Tri-State said that they can only pass along these costs to their 18 Colorado members, not to member co-ops in the other three states served by Tri-State. Gordon also complained about the short timeline for meeting the SB 252 requirement: six years. "We cannot meet the mandates in the time allotted," he said.

Prompted by Sen. Ted Harvey (R-Highlands Ranch), several REA representatives said electricity bills for state-owned facilities would go up by tens of thousands of dollars annually. That includes prisons, state parks and Colorado Department of Transportation facilities.

Sen. Greg Brophy (R-Wray) tweeted Thursday, April 11, that the bill will cost the Wray school district \$30,000 more per year for electricity—money that he said will come out of the classroom. Partial estimates collected by Harvey showed increased costs of more than \$500,000 annually for state facilities, not including the prisons.

That led Harvey to ask that the bill be sent to the Senate Appropriations Committee because of its state fiscal impact. The committee voted along party lines to reject that request.

The bill also got opposition from several farmers, Colorado Farm Bureau, Colorado Corn Growers and other agribusiness interests. Several Moffat County commissioners testified that SB 252 would pit rural Colorado against urban Colorado; Commissioner Tom Mathers called it a "direct assault on the ratepayers in rural Colorado."

According to its sponsors, SB 252 is supported by Governor John Hickenlooper.

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In other action at the capitol:

Colorado may become one of the first states to allow the growing of industrial hemp for commercial purposes, under a bill approved by the Senate Agriculture, Natural Resources and Energy Committee on April 10.

SB 241 is a secondary result of voter passage of Amendment 64 last November, which legalizes recreational marijuana use.

Colorado already had a pilot program for industrial hemp, regulated by the Colorado Department of Public Health and Environment. That pilot is repealed under SB 241 and regulation would be put under the Department of Agriculture.

SB 241 would require registration from anyone who wants to grow industrial hemp for commercial purposes, or who wants to grow it outdoors on 10 acres of land or less for research and development purposes. Anyone registered with the department would not be subject to civil or criminal penalties.

More than 25,000 products can be made from industrial hemp, such as fiber, lubricating oils, construction materials, energy and bird seed. According to the North American Industrial Hemp Council, the varieties used for growing industrial hemp are not the same as those used for marijuana.

THC, the active ingredient in cannabis, is less than 1 percent for industrial hemp; for marijuana it is at least 3 percent. Under federal law, while growing industrial hemp is technically not illegal, a special permit from the Drug Enforcement Agency is required. Nine states, including Colorado, already allow the growing of industrial hemp.

During the April 10 committee hearing, Erik Hunter from the pilot program committee said hemp grown under that project absorbed mine wastes like copper, lead and arsenic.

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Fifteen farmers have signed up for the program, he said. John Patterson, owner of Colorado Industrial Hemp Supply, said construction materials made from hemp are nearly fireproof.

Rocky Mountain Farmers Union president Kent Pepler of Mead endorsed SB 241 and industrial hemp, which he said uses less fertilizer and water. However, he does have concerns about how the federal government views the industry. He warned that farmers growing hemp could be kicked out of the federal farm program, which could impact conservation, crop insurance, financing and rural development.

Rep. Jerry Sonnenberg (R-Sterling) said this week that he'd love to explore the options for growing hemp. "I think it's another tool in the toolbox, a crop that takes less water," he said. Hemp can be used for energy and biomass, and "I'd love to be in the forefront of the experiment." The bill is now awaiting action from the full Senate.

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