

EWEB's energy example Utility's investments must make sense

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The Eugene Water & Electric Board has a responsibility to set a good example with its energy investments, particularly when it comes to such high-profile projects as its new operations center in west Eugene. Does that mean EWEB should install solar panels on its new \$83.5 million building? Not necessarily.

The city of Eugene's sustainability commission voted 7-4 to ask EWEB to reconsider its decision not to include a solar photovoltaic system at its operations center, and others have said the same. The utility board cut a \$900,000 solar power system from plans for the center as part of an effort to reduce the project's cost, which had climbed to an estimated \$98 million.

Solar power already is close to being cost-competitive in areas where electricity prices are high, such as Europe and Japan. Solar PV power has achieved what is called "grid parity" in Italy and Hawaii — that is, it costs the same to obtain a unit of electricity from a rooftop solar panel as it does to buy the same amount of power from a utility. President Bush has set a goal of achieving grid parity in the continental United States by 2015.

To reach that goal, the cost of solar PV equipment will have to come down, the price of electricity from other sources will have to rise, or both. The state of Oregon and the federal government are encouraging the first part of that equation through subsidies. Oregon offers a state tax credit to cover 50 percent of the cost of solar PV installations, and a federal tax credit of \$3 per watt is available.

These credits significantly shorten the length of time it takes for an investment in solar power to pay off. The expectation is that the tax credits will encourage the emergence of a solar power industry whose economies of scale and technical improvements will soon make PV arrays cost-competitive without a subsidy.

EWEB can't take advantage of the tax credits. The utility's only means of obtaining a subsidized solar PV array would be to exercise what's called the "pass-through option." EWEB would sell its tax credits at a discount to a partner who is eligible to benefit from tax credits. The discount would reduce the value of the subsidy, lengthening the payback period of an investment.

EWEB must weigh other considerations as well. If the utility finds it has \$900,000 to invest in renewable energy, it would need to determine which of several options — solar, wind, geothermal, biomass and others — make the most economic and environmental sense. Solar PV panels atop the operations center might not be the best choice.

It's possible that the best way EWEB can demonstrate the potential of solar PV power is by easing the way for residential and commercial installations, which already are proliferating. State law requires EWEB and other utilities to offer net billing arrangements, whereby any surplus power generated by PV arrays is sold back to the local utility. EWEB can promote and simplify such arrangements. It also can make certain that its operations center is built, oriented and wired in such a way that it can be easily retrofitted for solar PV panels at some later date.

EWEB is expected to be a leader in energy efficiency, conservation and renewables. The utility would not show leadership by making a premature or uneconomical investment in any energy source. Instead, EWEB should lead by preparing to move forward with investments that serve the utility and its ratepayers when the time is right. The right time for a solar array at the operations center might not have arrived quite yet.