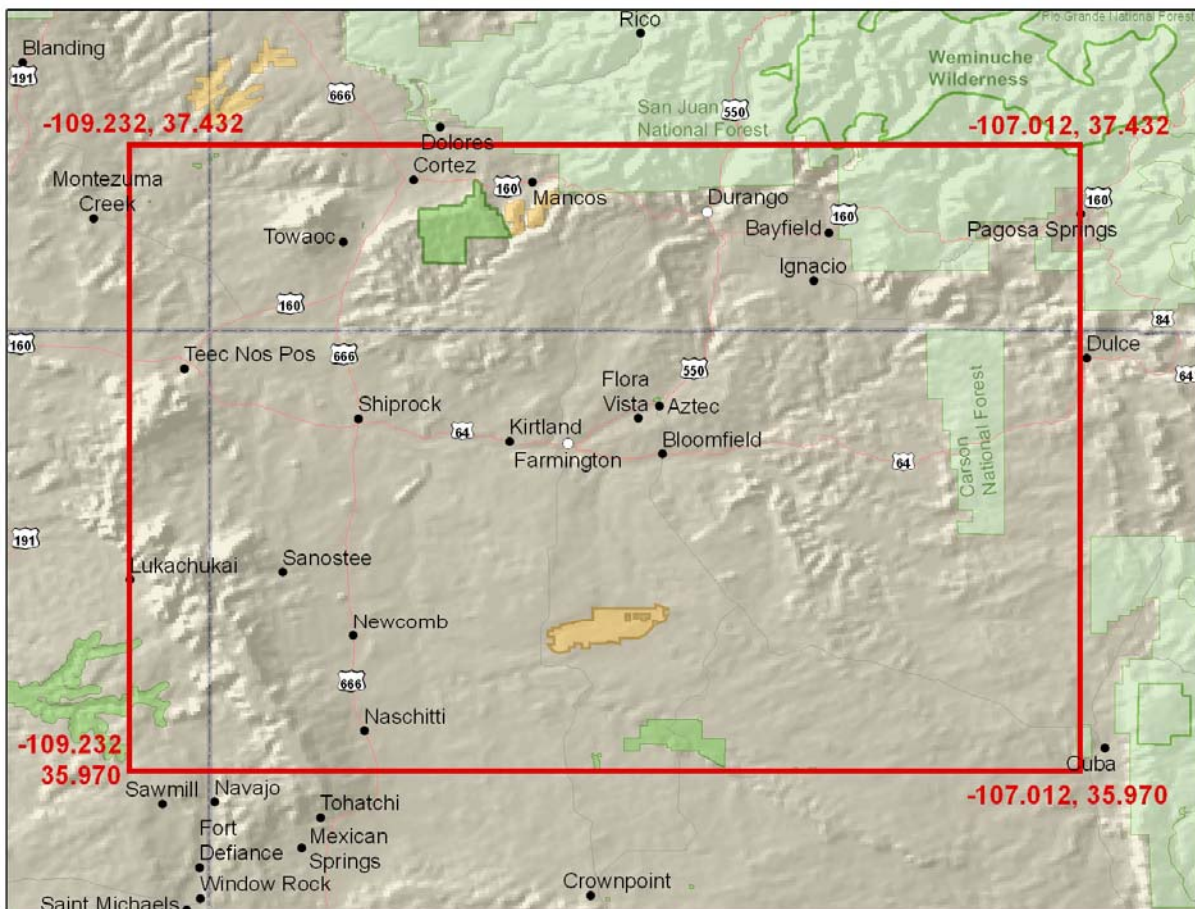


Energy Efficiency, Renewable Energy and Conservation Section

Four Corners Air Quality Task Force Report of Mitigation Options



November 1, 2007

The report is a compilation of mitigation options drafted by members of the Four Corners Air Quality Task Force. This is not a document to be endorsed by the agencies involved, but rather, a compendium of options for consideration following completion of the Task Force's work in November 2007.

Energy Efficiency, Renewable Energy and Conservation Table of Contents

Preface	1
ENERGY EFFICIENCY	2
Advanced Metering	2
Cogeneration/Combined Heat and Power.....	4
Green Building Incentives	8
Improved Efficiency of Home and Industrial Lighting.....	9
Volunteer Home Audits for Energy Efficiency	12
The Use and Credit of EE and RE in the Environmental Permitting Process.....	13
RENEWABLE ENERGY	15
Expand the Renewable Portfolio Standards (RPS) to be Mandatory for Coops and Municipalities	15
Four Corners States Adopt California Standards for Purchase of Clean Imported Energy	17
Net Metering for Four Corners Area	19
New Programs to Promote Renewable Energy Including Tax Incentives	22
Promote Solar Electrical Energy Production	26
Subsidization of Land Required to Develop Renewable Energy	27
Use of Distributed Energy	29
CONSERVATION	31
Changes to Residential Energy Bills.....	31
County Planning of High Density Living as Opposed to Dispersed Homes throughout the County.....	34
Direct Load Control and Time-based Pricing	35
Energy Conservation by Energy Utility Customers.....	37
Outreach Campaign for Conservation and Wise Use of Energy Use of Energy.....	40
CROSSOVER OPTIONS.....	42
PUBLIC COMMENTS	43

Energy Efficiency, Renewable Energy and Conservation: Preface

The Task Force identified a need for an Energy Efficiency, Renewable Energy, and Conservation (EEREC) mitigation option section for the Task Force report. Since this category had cross over among the groups, each group contributed to this section of the report. The Other Sources and Power Plants Work Groups met together at the November 8, 2006 Task Force meeting and briefly at the February 8, 2007 meeting to discuss EEREC as a topic. Louise Martinez, Bureau Chief of Energy Efficiency Programs with the New Mexico Energy, Minerals, and Natural Resources Department, gave a presentation on New Mexico Clean Energy Programs in the work group breakout session. New Mexico has a comprehensive set of renewable energy incentives to attract new projects and developers. The Four Corners area has a very strong solar energy resource and potential for energy efficiency improvements which both could offer environmental and health benefits.

Energy use is increasing in the Four Corners Area and in the U.S. as a whole. New generation will be required to meet additional energy demands. The work group on EEREC discussed that we could use the proactive NM position on clean energy as an example of a model to help write mitigation options for developing clean energy in the 4 Corners. Options focused on not only industry but also consumer behaviors. Three general areas were identified for options. Twenty-one mitigation options were brainstormed for the EEREC section; 18 were drafted.

Efficiency is important because efficiency is getting more out of each bit of energy we use. The result can be a direct benefit by reducing emissions from power plants or other sources and getting work done for less money. Efficiency has an indirect benefit by reducing the demand for additional energy production.

The work group brainstormed and drafted several options relating to efficiency. Options written included the following: Improved efficiency of home & industrial lighting; home audits for energy efficiency, as well as green building and energy efficiency incentives. An option was also written to improve county & city planning efforts. One option on power generation energy efficiency at existing power plants was written and included in the Existing Power Plants mitigation option section.

Renewable energy is important because it can benefit air quality by complementing and offsetting existing fossil fuel energy use and generation with clean energy sources. The work groups wrote options on better utilizing the solar resources in the Four Corners; expanding renewable portfolio standards to the Four Corners area municipalities and power cooperatives; creating/improving net-metering agreements with the electric utilities; and several others. A few policy options were written concerning importing and using only clean energy locally. One option tying together renewable energy and energy efficiency was written on “The Use and Credit of Energy Efficiency and Renewable Energy in the Environmental Permitting Process.” An option discussing the viability of biomass as an energy source to mitigate air pollution was also drafted in addition to an option for a bioenergy center.

Conservation, or using less energy, is also important because it reduces air pollution. Burning fossil fuels directly or using electricity generated by fossil fuel combustion results in increased air pollutants. Decreasing energy consumption correlates to decreased emissions. Options focusing on conservation centered around energy use. Options that could improve conservation efforts and reduce emissions included smart metering, direct load control, time based pricing, and residential bill structure changes. The work group discussed the need for more education of the public & industry on these issues. An option for an “Outreach Campaign for Conservation & Wise Use of Energy” was drafted. The San Juan VISTAS program, a voluntary emissions reduction program emphasizing energy efficiency, was discussed as a possible model for all sectors of industry and the community to work together to improve air quality through cost effective strategies in the Four Corners area.

ENERGY EFFICIENCY

Mitigation Option: Advanced Metering

I. Description of the mitigation option

Overview

Advanced Metering is the integration of electronic communication into metering technology to facilitate two-way communication between the utility and the customer equipment. Increasing electric energy prices and a growing awareness of the need to reduce the environmental impact of electric energy consumption are directing the industry, legislators and regulators to turn to Advanced Metering technologies for solutions. Strategic deployment of Advanced Metering Systems will facilitate or enable sustainable and cost-effective Energy Efficiency (EE) and Demand Response (DR) programs while at the same time providing a platform for cost-reducing innovations in the areas of customer service, reliability, operations and business practices.

Partly due to the time lag between when energy is consumed and when the consumption is billed, and partly because there is no tangible commodity to associate with their monthly electric bill, most end-use customers have a difficult time relating their monthly electric bill with their daily energy use patterns. Consequently, a critical component of effective and sustainable EE and DR programs is the ability to provide energy use information to customers in an understandable, timely and useable manner. An Advanced Metering System with its two-way communication system provides an infrastructure for sending and receiving timely energy use and pricing information and, if desired, load control signals directly to customers and end-use equipment.

Advanced Metering Systems supports both EE and DR programs. The primary objective of EE programs is to reduce the total amount of energy used annually by consumers. (DR focuses on shifting energy use to off peak hours and does not necessarily result in energy conservation). EE programs, therefore, are typically focused on consumer education, the use of more energy efficient equipment and other measures such as building improvements to reduce energy losses and waste.

Environmental Benefits - Advanced metering provides indirect benefit to the environment by providing real-time tools to enable the customer to make informed decisions around energy use and conservation. Energy conservation displaces a portion of electric generation and can lead to lower emissions of carbon dioxide (CO₂), nitrogen oxides (NO_x), sulfur dioxide (SO₂), and particulate matter (PM-10). In addition, reduced operation of generating plants means less water use and a reduction in the amount of natural resources (fossil fuels) being extracted from the earth. It can also help prevent or delay the need for building new power plants or other new energy infrastructure.

Economic- Direct operational benefits may result, including reduced monthly metering read costs; reduced meter read to billing time; reduced costs related to unaccounted for energy, energy diversion and energy theft; and reduced time to restore service following an outage.

Other benefits may include:

Increased customer satisfaction due to real time access to energy use information and other meter data by customer service personnel

Increased customer satisfaction due to the availability of accurate real time outage information and reduced outage times

The ability to apply innovative rate structures

Trade-offs - Capital costs to install Advanced Metering Systems can be more costly than conventional meters. Several years may be required for payback of Advanced Metering Systems.

II. Description of how to implement

Mandatory or Voluntary: Could be either voluntary or mandatory. Utilities have demonstrated that voluntary dynamic pricing programs can generate demand response and energy conservation. However, these programs tend to attract only modest levels of participation, in large part because they are narrowly targeted and passively marketed.

The public utility commission is the most appropriate entity to implement.

A differing opinion comment was received on this option during the Task Force Report Public Comment Period: "Advanced metering for home owners will not work. It will only enrich the electric companies who will use the data to set rates higher when people need the energy. An alternative is rolling blackouts on house ACs like that used in the Houston, TX area." See the public comments received for EEREC in the appendix to this section.

III. Feasibility of the option

A. Technical: Good feasibility. Programs have been applied and demonstrated at utilities across the country. Advanced metering systems are commercially available.

B. Environmental: Medium feasibility. Prices and advanced metering systems can be used to modify customer behavior to use less electricity within individual homes and businesses during peak hours, but metering by itself does not save energy. Instead, metering should be viewed as a technology that enables optimized performance and energy efficiency, and provides the information necessary for customers to make more-informed decisions regarding their energy use.

Should energy conservation take place, air emissions, water and fossil fuel use can be reduced through generation displacement. Additionally, EE and DR programs may allow utilities to hold off adding new generation assets, thereby, improving opportunities for employment of more advanced, demonstrated and cost-effective clean coal and renewable energy technology.

C. Economics: Advanced metering systems must be designed, managed, and maintained to cost-effectively meet site specific needs. Applications analysis must consider both initial costs (i.e. purchase and installation) and on-going operations costs (e.g., data analysis, system maintenance, and resulting corrective actions).

IV. Background data and assumptions used

Gillingham, K., R. Newell, and K. Palmer, The Effectiveness and Cost of Energy Efficiency Programs, Resources Publication, Fall 2004, pgs. 22-25, www.rff.org/Documents

Federal Energy Regulatory Commission, Assessment of Demand Response and Advanced Metering, Staff Report, Docket No. AD-06-2-000

Assumption: Regulatory rate structures that allow for decoupling profits from sales to remove disincentives to conservation.

V. Any uncertainty associated with the option (Low, Medium, High)

Medium. Voluntary programs do not guarantee energy conservation and emissions reductions.

VI. Level of agreement within the work group for this mitigation option

Good. This option write-up stems from a discussion at the February 7, 2007 meeting of the Power Plant Working Group.

VII. Cross-over issues to the other source groups (please describe the issue and which groups)

Other Sources Group- Renewable Energy, Energy Efficiency and Conservation Mitigation Options

Mitigation Option: Cogeneration/Combined Heat and Power

I. Description of the mitigation option

Combined Heat and Power (CHP) is the sequential or simultaneous generation of multiple forms of useful energy (usually mechanical and thermal) in a single, integrated system. CHP systems consist of a number of individual components – prime mover (heat engine), generator, heat recovery, and electrical interconnection – configured into an integrated whole. The type of equipment that drives the overall system (i.e., the prime mover) typically identifies the CHP system. Prime movers presented the CHP systems discussed herein include reciprocating engines, combustion or gas turbines, steam turbines, and microturbines.

These prime movers are capable of burning a variety of fuels, including natural gas, coal, oil, and alternative fuels to produce shaft power or mechanical energy. Although mechanical energy from the prime mover is most often used to drive a generator to produce electricity, it can also be used to drive rotating equipment such as compressors, pumps, and fans. Thermal energy from the system can be used in direct process applications or indirectly to produce steam, hot water, hot air for drying, or chilled water for process cooling. When considering both thermal and electrical processes together, CHP typically requires only $\frac{3}{4}$ the primary energy separate heat and power systems require. This reduced primary fuel consumption is key to the environmental benefits of CHP, since burning the same fuel more efficiently means fewer emissions for the same level of output.

II. Description of how to implement

A. Mandatory or voluntary: The implementation of CHP should be “voluntary” since the economics, operational aspects and emissions must be customized to the design objectives of the facility.

B. Indicate the most appropriate agency(ies) to implement: Since the option is voluntary and based upon the business decision of the entity proposing the facility, there is agency that would be in a position to mandate requiring CHP to be used. However, there could be a number of state agencies involved in permitting a CHP facility, including the state Air Quality Division, to issue air quality related construction and operating permits as appropriate.

III. Feasibility of the option

A. CHP Technologies

1. Gas turbines: are typically available in sizes ranging from 500 kW to 250 MW and can operate on a variety of fuels such as natural gas. Most gas turbines typically operate on gaseous fuel with liquid fuel as a back up. Gas turbines can be used in a variety of configurations including (1) simple cycle operation with a single gas turbine producing power only, (2) combined heat and power (CHP) operation with a single gas turbine coupled and a heat recovery exchanger and (3) combined cycle operation in which high pressure steam is generated from recovered exhaust heat and used to produce additional power using a steam turbine. Some combined cycles systems extract steam at an intermediate pressure for use and are combined cycle CHP systems. Many industrial and institutional facilities have successfully used gas turbines in CHP mode to generate power and thermal energy on-site. Gas turbines are well suited for CHP because their high-temperature exhaust can be used to generate process steam. Much of the gas turbine-based CHP capacity currently existing in the United States consists of large combined-cycle CHP systems that maximize power production for sale to the grid.
2. Microturbines, which are small electricity generators that can burn a wide variety of fuels including natural gas, sour gases (high sulfur, low Btu content), and liquid fuels such as gasoline, kerosene, and diesel fuel/distillate heating oil. Microturbines use the fuel to create high-speed rotation that turns an electrical generator to produce electricity. In CHP operation, a heat exchanger referred to as the exhaust gas heat exchanger, transfers thermal energy from the

microturbine exhaust to a hot water system. Exhaust heat can be used for a number of different applications including potable water heating, absorption chillers and desiccant dehumidification equipment, space heating, process heating, and other building uses. Microturbines entered field-testing in 1997 and the first units began commercial service in 2000. Available and models under development typically range in sizes from 30 kW to 350 kW.

3. There are various types of reciprocating engines that can be used in CHP applications. Spark ignition (SI) and compression ignition (CI) are the most common types of reciprocating engines used in CHP-related projects. SI engines use spark plugs with a high-intensity spark of timed duration to ignite a compressed fuel-air mixture within the cylinder. SI engines are available in sizes up to 5 MW. Natural gas is the preferred fuel in electric generation and CHP applications of SI. Diesel engines, also called CI engines, are among the most efficient simple-cycle power generation options in the market. These engines operate on diesel fuel or heavy oil. Dual fuel engines, which are diesel compression ignition engines predominantly fueled by natural gas with a small amount of diesel pilot fuel, are also used. Higher speed diesel engines (1,200 rpm) are available up to 4 MW in size, while lower speed diesel engines (60 - 275 rpm) can be as large as 65 MW. Reciprocating engines start quickly, follow load well, have good part-load efficiencies, and generally have high reliabilities. In many instances, multiple reciprocating engine units can be used to enhance plant capacity and availability. Reciprocating engines are well suited for applications that require hot water or low-pressure steam.
4. Steam turbines that generate electricity from the heat (steam) produced in a boiler for CHP application. The energy produced in the boiler is transferred to the turbine through high-pressure steam that in turn powers the turbine and generator. This separation of functions enables steam turbines to operate with a variety of fuels including natural gas. The capacity of commercially available steam turbine typically ranges between 50 kW to over 250 MW. Although steam turbines are competitively priced compared to other prime movers, the costs of a complete boiler/steam turbine CHP system is relatively high on a per kW basis. This is because steam turbines are typically sized with low power to heat (P/H) ratios, and have high capital costs associated with the fuel and steam handling systems and the custom nature of most installations. Thus the ideal applications of steam turbine-based CHP systems include medium- and large-scale industrial or institutional facilities with high thermal loads and where solid or waste fuels are readily available for boiler use.

B. Environmental: CHP technologies offer significantly lower emissions rates per unit of energy generated compared to separate heat and power systems. The primary pollutants from gas turbines are oxides of nitrogen (NO_x), carbon monoxide (CO), and volatile organic compounds (VOCs) (unburned, non-methane hydrocarbons). Other pollutants such as oxides of sulfur (SO_x) and particulate matter (PM) are primarily dependent on the fuel used. Similarly emissions of carbon dioxide are also dependent on the fuel used. Many gas turbines burning gaseous fuels (mainly natural gas) feature lean premixed burners (also called dry low-NO_x burners) that produce NO_x emissions ranging between 0.3 lbs/MWh to 2.5 lbs/MWh with no post combustion emissions control. Typically commercially available gas turbines have CO emissions rates ranging between 0.4 lbs/MWh – 0.9 lbs/MWh. Selective catalytic reduction (SCR) or catalytic combustion can further help to reduce NO_x emissions by 80 percent to 90 percent from the gas turbine exhaust and carbon-monoxide oxidation catalysts can help to reduce CO by approximately 90 percent. Many gas turbines sited in locales with stringent emission regulations use SCR after-treatment to achieve extremely low NO_x emissions.

Microturbines have the potential for low emissions. All microturbines operating on gaseous fuels feature lean premixed (dry low NO_x, or DLN) combustor technology. The primary pollutants from microturbines include NO_x, CO, and unburned hydrocarbons. They also produce a negligible amount of SO₂.

Microturbines are designed to achieve low emissions at full load and emissions are often higher when operating at part load. Typical NO_x emissions for microturbine systems range between 0.5 lbs/MWh and 0.8 lbs/MWh. Additional NO_x emissions removal from catalytic combustion in microturbines is unlikely to be pursued in the near term because of the dry low NO_x technology and the low turbine inlet temperature. CO emissions rates for microturbines typically range between 0.3 lbs/MWh and 1.5 lbs/MWh.

Exhaust emissions are the primary environmental concern with reciprocating engines. The primary pollutants from reciprocating engines are NO_x, CO, and VOCs. Other pollutants such as SO_x and PM are primarily dependent on the fuel used. The sulfur content of the fuel determines emissions of sulfur compounds, primarily SO₂. NO_x emissions from reciprocating engines typically range between 1.5 lbs/MWh to 44 lbs/MWh without any exhaust treatment. Use of an oxidation catalyst or a three way conversion process (non-selective catalytic reductions) could help to lower the emissions of NO_x, CO and VOCs by 80 percent to 90 percent. Lean burn engines also achieve lower emissions rates than rich burn engines.

Emissions from steam turbines depend on the fuel used in the boiler or other steam sources, boiler furnace combustion section design, operation, and exhaust cleanup systems. Boiler emissions include NO_x, SO_x, PM, and CO. The emissions rates in steam turbine depend largely on the type of fuel used in the boiler. Typical boiler emissions rates for NO_x with any postcombustion treatment range between 0.2 lbs/MWh and 1.24 lbs/mmBtu for coal, 0.22 lbs/mmBtu to 0.49 lbs/mmBtu for wood, 0.15 lbs/mmBtu to 0.37 lbs/mmBtu for fuel oil, and 0.03lbs/mmBtu – 0.28 lbs/mmBtu for natural gas. Uncontrolled CO emissions rates range between 0.02 lbs/mmBtu to 0.7 lbs/mmBtu for coal, approximately 0.06 lbs/mmBtu for wood, 0.03 lbs/mmBtu for fuel oil and 0.08 lbs/mmBtu for natural gas. A variety of commercially available combustion and post-combustion NO_x reduction techniques exist with selective catalytic reductions achieving reductions as high as 90 percent. SO₂ emissions from steam turbine depend largely on the sulfur content of the fuel used in the combustion process. SO₂ composes about 95% of the emitted sulfur and the remaining 5 percent are emitted as sulfur tri-oxide (SO₃). Flue gas desulphurization (FGD) is the most commonly used post-combustion SO₂ removal technology and is applicable to a broad range of different uses. FGD can provide up to 95 percent SO₂ removal.

While not considered a pollutant in the ordinary sense of directly affecting health, CO₂ emissions do result from the use of the fossil fuel based CHP technologies. The amount of CO₂ emitted in any of the CHP technologies discussed above depends on the fuel carbon content and the system efficiency. The fuel carbon content of natural gas is 34 lbs carbon/mmBtu; oil is 48 lbs of carbon/mmBtu and ash-free coal is 66 lbs of carbon/mmBtu.

C. Economic: The total plant cost or installed cost for most CHP technologies consists of the total equipment cost plus installation labor and materials, engineering, project management, and financial carrying costs during the construction period. The cost of the basic technology package plus the costs for added systems needed for the particular application comprise the total equipment cost. Total installed costs for gas turbines, microturbines, reciprocating engines, and steam turbines are comparable. The total installed cost for typical gas turbines ranges from \$785/kW to \$1,780/kW while total installed costs for typical microturbines in grid-interconnected CHP applications may range anywhere from \$1,339/kW to \$2,516/kW. Commercially available natural gas spark-ignited engine gensets have total installed costs of \$920/kW to \$1,515/kW, and steam turbines have total installed costs ranging from \$349/kW to \$918/kW.

Non-fuel operation and maintenance (O&M) costs typically include routine inspections, scheduled overhauls, preventive maintenance, and operating labor. O&M costs are comparable for gas turbines, gas engine gensets, steam turbines and fuel cells, and only a fraction higher for microturbines. Total O&M costs range from \$4.2/MWh to \$9.6/MWh for typical gas turbines, from \$9.3/MWh to \$18.4/MWh for

commercially available gas engine gensets and are typically less than \$4/MWh for steam turbines. Based on manufacturers offer service contracts for specialized maintenance, the O&M costs for microturbines appear to be around \$10/MWh.

IV. Background data and assumptions used

A. CHP offers energy and environmental benefits over electric-only and thermal-only systems in both central and distributed power generation applications. CHP systems have the potential for a wide range of applications and the higher efficiencies result in lower emissions than separate heat and power generation system. The advantages of CHP broadly include the following:

- The simultaneous production of useful thermal and electrical energy in CHP systems lead to increased fuel efficiency.
- CHP units can be strategically located at the point of energy use. Such onsite generation avoids the transmission and distribution losses associated with electricity purchased via the grid from central stations.
- CHP is versatile and can be coupled with existing and planned technologies for many different applications in the industrial, commercial, and residential sectors.

V. Any uncertainty associated with the option Medium

VI. Level of agreement within the work group for this mitigation option

Although a general discussion of this option has not occurred between the working group members, most of the members do not have technical experience working with CHP facilities.

Source of Information: Catalogue of CHP Technologies, U.S. Environmental Protection Agency, Combined Heat and Power Partnership

Mitigation Option: Green Building Incentives

I. Description of the mitigation option

This option involves the promotion of the Leadership in Energy Efficiency and Design certification LEED through state sponsored incentives. The LEED Green Building Rating System™ is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection, and indoor environmental quality.

The cost of LEED certification depends upon: the level of certification sought, the particular project demographics and characteristics, the availability of grants for achieving certification, the LEED experience of the Design Team, the LEED experience of the estimator, the stage in the design at which the Client makes the decision to seek certification (the earlier the better), and the Client's perception of the value and benefits of a more attractive building environment for their occupants. While the factors above may seem numerous, they are quantifiable, they can be priced, and they can be managed.

Certain aspects are realized at no additional cost due to the high level construction performance that today's contractors insist upon as standard practice. Clearly, the higher the certification level, the more it is required to accept the points that have significant additional cost impact. The strategy therefore is to firstly seek the points that have no financial impact, followed by either the insignificant premium costs or the insignificant additional costs. The expensive points are usually only sought when applying for Gold or Platinum certification.

II. Description of how to implement

A. Mandatory or voluntary: Because of concerns associated with the additional costs of certification, this program should be voluntary in scope. Yet, it should be mandatory for all new government buildings to be modeled after some of the options and foundations that this program is built upon, without necessarily reaching for LEED certification.

B. Indicate the most appropriate agency(ies) to implement: Colorado/NM Offices of Energy Management and Conservations,

III. Feasibility of the option

A. Technical: There are only two buildings with the highest LEED certification nation wide, although this certification is technically feasible. There are thousands of buildings build or retrofitted throughout the nation that initially use the guidelines and practices laid out in the LEED certification although they are not LEED certified.

B. Environmental: The environmental benefits of energy efficiency programs are very well documented.

C. Economic: This certification does increase the cost of construction through additional project management and supply demands. Although there are additional costs, the LEED certification does show economic benefits over the life of the building.

IV. Background data and assumptions used

V. Any uncertainty associated with the option: Medium

VI. Level of agreement within the Work Group for this option: TBD

Mitigation Option: Improved Efficiency of Home and Industrial Lighting

I. Description of the Mitigation Option

Utilizing compact fluorescent lights can result in significant energy savings when compared to traditional incandescent lights. Improved lighting efficiency in homes and in commercial/industrial business applications throughout the Four Corners States has tremendous potential to reduce energy consumption, save money, and reduce the amount of fuel burned in coal fired power plants. Burning less coal would result in fewer air pollution emissions.

One quote commonly used in news articles states “If every home in the U.S. switched one light bulb with an ENERGY STAR, we would save enough energy to light more than 2.5 million homes for a year and prevent greenhouse gases equivalent to the emissions of nearly 800,000 cars” (U.S. EPA, 2006).

Background:

Artificial lighting accounts for approximately 15 percent of the energy use in the average American home (U.S. DOE, 2006). Lighting consumes about 20 percent of all electricity used in the U.S. The nationwide lighting figure is potentially as high as 21-34 percent when the air conditioning needed to offset the heat produced by conventional lighting is considered (Rocky Mountain Institute, 2006).

Benefits: Energy Star qualified compact fluorescent light bulbs (CFLs) have many benefits including:

CFLs use 70 to 75 percent less energy than standard light bulbs (General Electric Company, 2006) with minimal loss of function. If the cost of the bulbs, lower energy use, and longer operating life are considered, a consumer can save approximately \$52 over eight years for each CFL bulb that replaces a standard light bulb (Rocky Mountain Institute, 2004).

More than 90 percent of the energy used by incandescent lights is given off as heat, which creates the need run air conditioners to compensate for the heat generation and increases energy use (Rocky Mountain Institute, 2006). CFLs generate 70 percent less heat, reducing the need to cool interior air (US EPA, 2006).

CFLs commonly have an operating life of 6,000-15,000 hours compared to 750-1,500 hours for the average incandescent light (USDOE, 2006). CFLs last from 6-15 times longer.

At 4 mg of mercury per light, CFLs have the lowest mercury content of all lights containing mercury. All fluorescent lights contain mercury, incandescent lights do not. Use of CFLs results in a net reduction in mercury because coal power is such a large source of atmospheric mercury. The 70 percent lower energy consumption from CFLs compared to incandescent lights, results in a 36 percent mercury reduction into the atmosphere by coal-burning power plants. With proper recycling, the mercury released by CFLs decreases up to 76 percent compared to incandescent lights (US EPA, 2002; Rocky Mountain Institute, 2004).

Reduction in coal produced energy consumption would also result in a decrease of SO_x, NO_x, CO₂, and other air pollution emissions. It can be demonstrated that running a 100-watt light bulb 24 hours a day for one year requires about 714 pounds of coal burned in a coal power generator. CFLs that use 70 to 75 percent less energy, would also translate from less power used, less coal burned, and fewer emissions. “Every CFL can prevent more than 450 pounds of emissions from a power plant over its lifetime” (U.S. EPA, 2006)

II. Description of how to implement

It has been determined that lack of awareness about the environmental benefits and energy/cost savings of CFL lights is the single largest barrier to their widespread use. CFL light replacement and education programs already exist in the U.S. and in other countries. Components of these programs were used in preparing this mitigation option.

Options could include any or all of the following:

States adopt the goal of delivering one free CFL bulb to every household in Colorado, New Mexico, Arizona, and Utah. Utilities, businesses, communities, and volunteers work together to deliver bulbs and information on the cost savings and environmental benefit of using CFLs.

Within the Four Corners States, adopt a campaign which includes regional advertising, information brochures, and marketing to promote awareness about the energy efficiency and environmental benefits of switching to CFL lights.

Provide light retailers with point-of-sale displays illustrating CFL cost savings, energy savings, proper CFL bulb selection, environmental benefits etc.

Offer State tax incentives for businesses/corporations that build or retrofit facilities using advanced lighting technologies including CFLs.

Voluntary or mandatory – The responsibility to develop a CFL light distribution and education program should be headed by the State governments of the Four Corners region. Coal power plants, utility companies, and other energy-related industry could voluntarily contribute to the purchase of CFL lights for distribution in households, and also contribute to educational awareness programs.

B. Indicate the most appropriate agency(ies) to implement – Colorado Department of Public Health and the Environment, New Mexico Environment Department, Utah Division of Air Quality, Arizona Department of Environmental Quality, DOE and EPA should take lead program roles. Certain aspects, such as purchasing lights for distribution, could be cooperatively funded by the Four Corners region coal-burning power plants, or State governments.

III. Feasibility of the Option

Technical: CFL technology is well developed and commonly available. In fact, large manufacturers of CFLs such as the General Electric Company and large distributors such as Walmart have embarked on major campaigns to promote and distribute CFL lights primarily for the “green” energy savings they represent (Fishman, 2006).

Environmental: Proven 70 percent reduction in energy consumption compared to traditional incandescent lights. Energy efficiency translates to reduction in air pollution emissions from coal-fired power plants. Lowest mercury content of all fluorescent lights, lower overall mercury emissions due to less coal based energy consumed.

Economic: Proven cost savings to consumers due to high energy efficiency and longer bulb life. If a 75 watt bulb is replaced by an 18 watt CFL bulb which is operated four hours a day, the estimated eight year savings is \$36 - \$52 (U.S. EPA, 2006, Rocky Mountain Institute, 2004). This calculation accounts for the higher purchase cost of CFLs.

IV. Background Data and Assumptions Used

(1) Fishman, Charles, 2006. How Many Lightbulbs Does it Take to Change the World? One. And You’re Looking at It. Fast Company Magazine, New York, NY.
www.fastcompany.com/magazine/108/open_lightbulbs.html

(2) General Electric Company, 2006. Ecomagination – For the Home: Compact Fluorescent Lighting. <http://ge.ecomagination.com>

(3) U.S. DOE, 2006. Energy Efficiency and Renewable Energy Consumers Guide: Lighting. http://www.eere.energy.gov/consumer/your_home/lighting

(4) U.S. EPA, 2006. Compact Fluorescent Light Bulbs: ENERGY STAR. <Http://www.energystar.gov/>

(5) U.S. EPA, 2002. Fact Sheet: Mercury in Compact Fluorescent Lamps (CFLs). www.nema.org/lamprecycle/epafactsheet-cfl.pdf

(6) Rocky Mountain Institute, 2006. Efficient Commercial/Industrial Lighting. <http://www.rmi.org/sitepages/pid297.php>

(7) Rocky Mountain Institute, 2004. Home Energy Briefs, #2 Lighting. <http://www.rmi.org/>

V. Any Uncertainty Associated With the Option

Low – both for feasibility and energy savings and environmental benefit through emissions reductions.

VI. Level of Agreement within the Work Group for this Mitigation Option TBD.

VII. Cross-over Issues to the Other Source Groups None at this time.

Mitigation Option: Volunteer Home Audits for Energy Efficiency

I. Description of the mitigation option

This option involves the development and implementation of a program or project that will engage community members in providing free energy audits to area residents. These audits of low income areas will find the largest sources of energy loss in homes and businesses and will provide simple solutions to the problem. Many local programs exist as examples, but currently only one program exists. Farmington had “make a difference day” at college, where they went to 10 homes with weatherization checklist. This could serve as a launching step for the program.

The air quality benefits to the region will be generated by increasing the energy efficiency of the homes and businesses involved in the program, therefore decreasing the amount of energy needed to be created by local coal burning power plants. In addition, those involved in the program can find out other sources by which to reduce their energy consumption (e.g. car pooling, appliance efficiencies).

II. Description of how to implement

A. Mandatory or voluntary: The audit of a home should be made mandatory for any individual or family receiving energy assistance from state or local governments and/or utilities. For those not receiving assistance, the program is voluntary in scope.

Weatherization and insulation subsidization: PNM has a good neighbor program; grants could go to non-profits; rebates could be used.

B. Indicate the most appropriate agency(ies) to implement: Colorado/NM Offices of Energy Management and Conservations, Americorps or Vista programs

III. Feasibility of the option

A. Technical: Similar programs are prevalent nationwide, this option is technically feasible.

B. Environmental: The environmental benefits of energy efficiency programs are documented.

C. Economic: Most energy efficiency programs, especially implemented with volunteers, are economically viable and sustainable.

IV. Background data and assumptions used N/A.

V. Any uncertainty associated with the option Low.

VI. Level of agreement within the Work Group for this option All agreed.

VII. Cross-over issues to the other source groups None at this time.

Mitigation Option: The Use and Credit of Energy Efficiency and Renewable Energy in the Environmental Permitting Process

I. Description of the mitigation option

In principle, facilities implementing activities that lead to energy efficiency (EE) and rely upon renewable energy (RE) can receive additional incentives/ flexibility in their State air quality permits. A goal would be to provide alternatives to conventional energy sources that occur within the nexus of environmental, energy, and economic activities. Such an effort would also allow EE/RE to compete with traditional pollution control technologies to reduce emissions and encourage more environmentally-sensitive energy generation.

The benefits to industry might include: categorical permit exemptions for specific source categories that incorporate EE and/or RE if their use result in significant ambient air quality improvements; use of EE/RE to represent offsets for the purpose of major source NSR review; education and promotion of EE/RE for the purpose of avoiding a permit requirement (i.e., reducing emissions below de minimus regulatory thresholds or “syn minorng”); incorporating EE/RE as a control option in the Reasonable Available Control Technology (RACT) review process for minor sources located in non-attainment and attainment/maintenance areas, and; other benefits as identified. State air quality agencies could also provide benefits to industry by considering: “fast tracking” environmental permit requests of facilities incorporating EE/RE; recognizing participating facilities through various environmental leadership awards’ programs; and, and other ideas as appropriate.

The benefits to the states could include: air quality improvements and help in avoiding future air quality problems; energy security; economic development (e.g., new jobs); environmental and energy leadership; facilitated collaboration between State and Federal agencies; and synergism of technical resources.

Such EE/RE approaches could be “codified” in State Implementation Plans, Supplemental Environmental Projects, and/or enforceable air pollution permits. EE/RE could also be tied to State Portfolio Standards (e.g., Colorado Renewable Energy Standards at 10% by year 2015) or other mechanisms.

II. Description of how to implement

- A. Mandatory or voluntary: Voluntary for industry to enter into EE/RE agreements, though possibly enforceable through State permits or SIPs.
- B. Indicate the most appropriate agency(ies) to implement: State Air Quality agencies or other authorities responsible for issuing air quality permits; State Offices’ of Energy Management and Conservation (or like agencies); Department of Energy, if necessary in determining appropriate EE/RE initiatives;

III. Feasibility of the option

- A. Technical: Technically, permitting agencies and interested industry would need to come up with a mutually satisfying definition of “EE/RE,” including possibly setting minimum EE/RE requirements. For example, EE/RE efforts might include: establishing/ continuing “green” programs such purchasing wind power to generate a significant percentage of energy to operate office buildings and facilities; incorporating solar power; expanding the use of alternative vehicles as vehicles of first choice in industry fleets; using biodiesel fuel use in fleet vehicles; encouraging other industry partners to adopt green programs and assist them with expertise and experience (peer to peer mentoring); using industry and State resources, combined with other resources, to educate employees and general public to EE/RE measures; and, exploring grants and other funding mechanisms for EE/RE efforts. Also, it would make

sense to start this on a pilot level scale to resolve any challenges that are identified in an initial effort.

B. Environmental: It's been demonstrated that there are direct environmental benefits from the use of EE and RE (e.g., reduced emissions of criteria and hazardous air pollutants, including SO_x, NO_x, mercury, etc.). Such EE/RE may also address concerns for impacts on regional haze and climate change.

C. Economic: EE/RE could be a significant financial gain for participating facilities in terms of: saved revenue from energy efficiency ("profits" could be re-directed to other aspects of the facility/industry); saved revenue by not having to transport fuels across the country, such as coal and heating oil; fuel price protection; reduced exposure to potential carbon taxation; an offset/trading value for early adopters and efficient reducers; public perception, and/or; others to be identified.

IV. Background data and assumptions used

Efforts would need to begin by establishing a workgroup with appropriate professionals who could illuminate opportunities to implement EE/RE through permitting and rule changes. Also, this initiative would need to work with permitting agencies' inventory groups to collect data to identify source categories that may be appropriate pilot project candidates for an EE/RE initiative.

V. Any uncertainty associated with the option (Low, Medium, High)

Medium, as there are not many examples to draw upon. Also, mutually satisfying definitions of EE/RE would need to be developed.

VI. Level of agreement within the work group for this mitigation option.

TBD but is assumed to be medium to high, depending on the workload necessary to get this effort underway.

VII. Cross-over issues to the other source groups TBD

RENEWABLE ENERGY

Mitigation Option: Expand the Renewable Portfolio Standards (RPS) to be Mandatory for Coops and Municipalities

I. Description of the mitigation option

The installation of new renewable generation has the potential to reduce the quantity of fuel combusted at existing fossil generation facilities thereby reducing air emissions and may potentially reduce the size of new generation that is needed to be built in the future.

Investor owned electric utility companies in New Mexico are required to provide 5% of the total energy supplied to its retail customers via renewable energy beginning in January of 2006. This requirement grows by 1% per year until 2011 when the requirement is 10%. This Renewable Portfolio Standard (RPS) requirement is part of the Rule 572 which was adopted by the NM Public Regulation Commission (NMPRC) in December of 2002. The New Mexico State legislature later passed the Renewable Energy Act, signed by the Governor on May 19, 2004, which codified this rule.

II. Description of how to implement

A. Mandatory or voluntary

The Renewable Energy Act states that the NMPRC may require that a rural electric cooperative 1) offer its retail customers a voluntary program for purchasing renewable energy under rates and terms that are approved by the NMPRC, but only to the extent that the cooperative's suppliers make renewable energy available under wholesale power contracts; and 2) report to the NMPRC the demand for renewable energy pursuant to a voluntary program. The Act is silent regarding municipalities at this time.

B. Indicate the most appropriate agency(ies) to implement

The NMPRC, the New Mexico Environment Dept, the New Mexico Energy, Minerals and Natural Resources Dept.

III. Feasibility of the option

A. Technical: Resource maps indicate that there is a good solar resource in the Four Corners area; however, wind energy, biomass, and geothermal are somewhat limited. Solar power generation is still more expensive than fossil-fired generation at this time.

B. Environmental: The environmental benefits of off-setting fossil-fired generation with renewable generation are well documented.

C. Economic: Each individual utility must balance its own unique needs to maintain a balance between reliability, environmental performance and cost. Integrating renewables into a utilities generation portfolio can cause electric prices to increase and adversely affect reliability to the utility's customers.

IV. Background data and assumptions used

Economic Outlook for Various Generation Technologies (2010)				
	Efficiency (%)	Capacity Factor (%)	Overnight Capital Cost(1) (\$/kW)	Cost of Electricity (COE)(1) (\$/MWh)
Wind (Class 3 to Class 6)(9)	N/A	30-42	1190	53-69

Solar Thermal (Parabolic Trough)	N/A	33	3410	180
Biomass CFB	28	85	2160	67
Coal(2) PC SC	39	80	1350	44
Coal(2) PC USC w/ CO2 capture	30	80	2270	72
Coal(2) CFB	36	80	1480	53
IGCC(2) GE – Quench W/O CO2 capture	37	80	1490	51
IGCC(2) GE – Quench w/ CO2 capture	30	80	1920	65
NGCC(4) (@ \$4/MM Btu)	46	80(5)	500	43
NGCC(4) (@ \$6/MM Btu)	46	80(5)	500	59
NGCC(4) (@ \$8/MM Btu)	46	80(5)s	500	76

Acronyms: kW- kilowatts; MWh – megawatts/hour; CFB- circulating fluidized bed; PC- pulverized coal; SC-supercritical; USC- ultra-supercritical coal; IGCC- integrated gasification combined cycle; CFB- coal-fired boiler; NGCC- natural gas combined cycle

Notes:

All costs in 2006\$; COE in levelized constant 2006\$ and includes capital cost. Capital Cost is overnight, W/O Owner, AFUDC costs.

All fossil units about 600 MW capacity; Pittsburgh#8 coal for PC, CFB, IGCC.

Based on Gas Turbine technology limitations to handle hydrogen

NGCC unit based on GE 7F machine or equivalent by other vendors;

Represents technology capability

Value shown is 10% emission of total. The remainder is assumed to be absorbed by the biomass plant crop growth cycle

Includes reservoir development and associated cost for fuel supply

Reinjection of fluid in closed loop operation assumed

Wind COE values estimated via 2005 EPRI TAG analysis.

V. Any uncertainty associated with the option (Low, Medium, High)

High. Generally, the co-ops and municipalities do not like mandates.

VI. Level of agreement within the work group for this mitigation option

Mixed due to the fact that municipalities and rural electric cooperatives in the Four Corners area are relatively small and any participation in a statewide RPS will have a minimal impact on air quality.

VII. Cross-over issues to the other Task Force work groups None identified.

Mitigation Option: Four Corners States Adopt California Standards for Purchase of Clean Imported Energy

I. Description of the mitigation option

California has adopted a law that bans import of power from sources that generate more greenhouse gases than in-state natural gas plants. This law, which goes into effect January 1, 2007, impacts power generated in coal-fired plants in the Four Corners area, among others. Critics of this law say it will not accomplish its purpose of reducing emission of greenhouse gases, particularly carbon dioxide, because power from plants that do not meet CA's standards will simply be sold in other markets. If the Four Corners states (CO, NM, UT and AZ) adopted similar rules, pressure would be placed on the owners of many, if not all, the dirty plants in our area, plus a number of others, to clean up their emissions to meet the new standards. In so doing, a real contribution to the reduction of greenhouse gases, as well as other pollutants, would be made.

II. Description of how to implement

Four points relative to the CA legislation need to be addressed.

First, to be effective in a timely way, the rules need to apply to a utility's existing contracts that extend beyond a reasonable period of time, for example, five years. In anticipation of the January 1 implementation date for the CA law, some CA cities are renegotiating their long-term contracts, and extending them out to 2044. This must be avoided. Incentives will have to be provided to both sides in order to entice them to renegotiate their contracts

Second, some of the motivation for contract renegotiation relates to significant reductions in cost of power after the capital costs of the plant are retired. Incentives for renegotiation for similar reasons must be reduced or eliminated.

Third, state laws in the Four Corners area must specify power imported from 'other jurisdictions', such as from tribal nations as well as other states, in order to be effective in our area, since most present and future coal-fired power plants will be built on tribal lands, albeit within one of the Four Corners states. Additionally, tribal jurisdictions may wish to adopt similar legislation on the importation of power into their lands from external sources.

Fourth, the Four Corners states may not have a standard comparable to CA's standard, i.e., that of the greenhouse gas emissions of 'in-state natural gas plants'. In lieu of an appropriate in-state standard, a state could adopt CA's standard, or the average emission level for natural gas fired plants on a national level.

These requirements must be mandatory if they are to be effective
State and tribal permitting agencies should be given responsibility of implementation

III. Feasibility of the option

Technical - Four Corners states can seek technical assistance from the state of CA, which should be willing to assist in order to avoid dilution of the impact of their own law. Monitors of greenhouse gas emissions will need to be in place if not already in use

Environmental – This option would have a significant environmental impact

Economic – This option would also have a significant economic impact. There is no doubt that plants requiring significant pollution upgrades or even plant phase outs would raise the cost to shareholders and that these costs would be passed along to the customer. However, this is appropriate. End runs around the legislation, such as, marketing the power outside CA and the Four Corners area would occur to some extent. Obviously, addressing this issue at a national level would be far superior to a state-by-state approach; however, in lieu of national action, this option takes CA's step significant further.

Political – this option will be a very hard sell. Constituents in all Four States include citizens, including tribal members, with financial interests in status quo.

Legal – Since the U.S. Constitution gives Congress the power to regulate inter-state commerce, CA’s law may not hold up to judicial scrutiny. If it doesn’t, then this option would be withdrawn.

IV. Background data and assumptions

This option assumes legality, constitutionality and permanence of the CA law. This option would be withdrawn if the Supreme Court gives the EPA the power to regulate greenhouse gases in the case heard November 29 and if the EPA then takes a stance at least as tough as the CA standard.

V. Any uncertainty associated with the option

This option has lots of uncertainty related to political and legal feasibility.

VI. Level of agreement within the work group for this option TBD.

Mitigation Option: Net Metering for Four Corners Area

I. Description of the mitigation option

Providing electricity consumers in the Four Corners area with net-metering agreements would allow each consumer to generate their own electricity from renewable resources to offset their electricity use. A net-metering law also mandates that a utility cannot charge more for your electricity than they pay you for the solar(renewable) power you generate. Net metering would make small house/business renewable systems more feasible.

Increased capacity of renewable energy systems in the Four Corners and around the world, will lead to less need for new coal-fired power plants and their associated emissions

EPA has just released a new edition of its Emissions and Generation Integrated Resource Database (eGRID). eGRID is a comprehensive source of data on the environmental characteristics of almost all electric power generated in the United States. It contains emissions and emissions rates for NO_x, SO₂, CO₂ and mercury. The database also contains fuel use and generation data.

In the United States, electricity is generated in many different ways, with a wide variation in environmental impact. Traditional methods of electricity production contribute to air quality problems and the risk of global climate change. With the advent of electric customer choice, many electricity customers can now choose the source of their electricity. In fact, you might now have the option of choosing cleaner, more environmentally friendly sources of energy. According to the EGRID Power Profiler, it is possible to generate a report, for example about City of Farmington electricity use. EGRID provides fuel mixes, i.e. how is our power being generated. For Farmington the mix is approximately 13% Hydroelectric, 13% gas, and 74% coal. E-GRID also provides the corresponding emissions rate estimates. For Farmington, emissions rates associated with the electricity generation (lbs/MWh) are 3.1 NO₂, 3.3 SO₂, and 1873 CO₂

Info on E-GRID is available at <http://www.epa.gov/cleanenergy/egrid>

Net metering programs serve as an important incentive for consumer investment in renewable energy generation. Net metering enables customers to use their own electricity generation to offset their consumption over a billing period by allowing their electric meters to turn backwards when they generate electricity in excess of their demand. This offset means that customers receive retail prices for the excess electricity they generate. Without net metering, a second meter is usually installed to measure the electricity that flows back to the provider, with the provider purchasing the power at a rate much lower than the retail rate. Net Metering Policy:

Net metering is a low-cost, easily administered method of encouraging customer investment in renewable energy technologies. It increases the value of the electricity produced by renewable generation and allows customers to "bank" their energy and use it a different time than it is produced giving customers more flexibility and allowing them to maximize the value of their production. Providers may also benefit from net metering because when customers are producing electricity during peak periods, the system load factor is improved.

There are three reasons net metering is important. First, as increasing numbers of primarily residential customers install renewable energy systems in their homes, there needs to be a simple, standardized protocol for connecting their systems into the electricity grid that ensures safety and power quality. Second, many residential customers are not at home using electricity during the day when their systems are producing power, and net metering allows them to receive full value for the electricity they produce without installing expensive battery storage systems. Third, net metering provides a simple, inexpensive,

and easily-administered mechanism for encouraging the use of renewable energy systems, which provide important local, national, and global benefits

History:

On September 30, 1999, the New Mexico Public Regulation Commission (PRC) adopted a rule requiring all utilities regulated by the PRC to offer net metering to customers with cogeneration (CHP) facilities and small power producers with systems up to 10 kilowatts (kW) in capacity. Municipal utilities, which are not regulated by the PRC, are exempt. There is no statewide cap on the number of systems eligible for net metering.

For any net excess generation (NEG) created by a customer, the utility must either (1) credit or pay the customer for the net energy supplied to the utility at the utility's "energy rate," or (2) credit the customer for the net kilowatt-hours of energy supplied to the utility. Unused credits are carried forward to the next month. If a customer with credits exits the system, the utility must pay the customer for any unused credits at the utility's "energy rate." Customer-generators retain ownership of all renewable-energy credits (RECs) associated with the generation of electricity. [from DSIRE – Database of State Incentives for Renewable Energy – New Mexico]

Benefits:

Utilities benefit by avoiding the administrative and accounting costs of metering and purchasing the small amounts of excess electricity produced by these small-scale renewable generating facilities. Consumers benefit by getting greater value for some of the electricity they generate, by being able to interconnect with the utility using their existing utility meter, and by being able to interconnect using widely-accepted technical standards.

Tradeoffs: The main cost associated with net metering is indirect: the customer is buying less electricity from the utility, which means the utility is collecting less revenue from the customer. That's because any excess electricity that would have been sold to the utility at the wholesale or 'avoided cost' price is instead being used to offset electricity the customer would have purchased at the retail price. In most cases, the revenue loss is comparable to having the customer reducing electricity use by investing in energy efficiency measures, such as compact fluorescent lights and efficient appliances.

Special meters may also cost customer some installment costs

II. Description of how to implement

A. Mandatory or voluntary

Utilities should be required to providing Net metering arrangements for electricity users.

B. Indicate the most appropriate agency(ies) to implement

City of Farmington Utility, other Four Corners local utilities and Coops

Two comments were received on this option during the Task Force Report Public Comment Period:

“Not only do we need net metering with our local utility (Farmington Electric Utility System), it needs to be encouraged and not expensive to sign up. These are small steps toward diversifying our energy sources, and we are in a prime solar area for generating home-based electricity.”

“A net metering program would be positive if implemented with the proper subsidies to encourage citizens to get involved. Many people in the Four Corners area are not in the financial position to invest in the start-up program; this would have to come from state government programs for those who qualify.”

See all the public comments received for EEREC section in the appendix to this section.

III. Feasibility of the option

A. Technical

The standard kilowatt-hour meter used by the vast majority of residential and small commercial customers accurately registers the flow of electricity in either direction. This means the 'netting' process associated with net metering happens automatically-the meter spins forward (in the normal direction) when the consumer needs more electricity than is being produced, and spins backward when the consumer is producing more electricity than is needed in the house or building. [HP magazine, Net Metering FAQs]

It may be necessary to purchase a new meter.

B. Environmental

Use of renewable energy in the Four Corners area would offset emissions generated by polluting energy sources by approximately, 3.1 lbs NO₂, 3.3 lbs SO₂, and 1873 lbs CO₂ per MWh energy production.

Solar electric and wind energy systems can be expensive; however, if a systems design approach is used taking due account of conservation and energy efficiency, the system can be profitable.

C. Economic

Solar electric and wind energy systems can be expensive; however, if a systems design approach is used taking due account of conservation and energy efficiency, the system can be profitable.

Net-metering makes good economic sense. It is a fair approach and agreement between utility and consumer to buying and selling electricity

IV. Background data and assumptions used

1 Green Power Markets, Net Metering Policies

<http://www.eere.energy.gov/greenpower/markets/netmetering.shtml>

2 American Wind Energy Association: <http://www.awea.org/faq/netbdef.html>

3 Go Solar California Net Metering

http://www.gosolarcalifornia.ca.gov/solar101/net_metering.html

4 Database of State Incentives for Renewable Energy

<http://dsireusa.org>

5 Home Power Magazine, Net Metering FAQs:

http://www.homepower.com/resources/net_metering_faq.cfm

6. Solar Living Source Book, John Schaeffer, 2005

V. Any uncertainty associated with the option (Low, Medium, High) Low.

VI. Level of agreement within the work group for this mitigation option TBD.

VII. Cross-over issues to the other Task Force work groups None.

Mitigation Option: New Programs to Promote Renewable Energy Including Tax Incentives

I. Description of the Mitigation Option

The Four Corners Region is recognized as having excellent solar and wind resources yet the incentives to use and develop renewable energy sources in Colorado (southwestern Colorado in particular) are extremely limited. For example, in Montezuma County, Colorado, net metering and the Federal Tax Credit for Solar Energy Systems are the only renewable energy incentives offered to residential power users. This mitigation option proposes several opportunities to diversify the incentives used to promote, develop, and increase the use of renewable energy in Colorado and other Four Corners states. The diversification of incentives will help Colorado in particular meet or exceed its current renewable energy standard (1), increase the overall use of renewable energy, reduce dependence on coal burning power sources, and reduce coal power plant emissions.

A 2003 report by the Union of Concerned Scientists gives “grades” to all states in the U.S. regarding the use and commitment to clean, renewable energy sources (2). Renewable energy sources include wind, geothermal, solar and bio-energy. In 2003, New Mexico received a grade “B+/B” (among the top 5 states in the nation) because of its commitment to increase the use of renewable energy by at least 0.5 percent per year. Currently, New Mexico has a renewable energy standard of 10 percent by the year 2011. In the same report, Colorado received a grade of “F” due to low levels of existing renewable energy and no commitment for future renewable energy development. This situation has improved since Colorado Amendment 37 passed in 2004 requiring a state-wide renewable energy standard. Colorado utilities are now required to obtain 3 percent of their electricity from renewable energy sources by 2007 and 10 percent by 2015. Even with the Colorado Amendment 37 law, incentives for encouraging the development of renewable energy in Colorado are extremely limited. There is tremendous opportunity to implement the many incentives already used in western states such as New Mexico, California and Nevada.

Incentives in this mitigation option would greatly accelerate the construction, maintenance, and expansion of solar and wind power generation. Wind and solar power sources create zero emissions of NOx, SOx, and CO2 (3). For this reason, solar and wind are the primary focus of this mitigation option.

INCENTIVES FOR RENERABLE ENERGY PROJECTS *

Incentive	Description	Incentive Currently Offered?		Who Can Implement?
		Colorado	New Mexico	Authority
Building Permit Fee Waiver for Solar Projects	Waive building permit fees when qualifying solar energy systems are installed in commercial/residential construction projects.	N	N	County/City
Leasing Solar Water Heating Systems	Service provider installs and maintains solar water heating systems for residents. Hardware owned and maintained by service provider. User pays installation fees and monthly utility fees based on system size.	N	N	Utility companies, city or county water & sanitation utilities
Renewable Energy Rebates/Credits	Rebates and/or credits (often based on system size) for purchase and	Only in a few areas,	N (?)	Utility companies

(System Costs)	installation costs of new grid-connected renewable energy systems that meet minimum energy efficiency qualifications.	including La Plata/Archuleta Counties.		
Renewable Energy Rebates/Credits (Net Metering)	Rebates and or credits for excess energy produced from grid-connected renewable energy systems.	Y	Y	Utility companies
Tax Deduction/Credit #1	Tax deduction or credit for 100% of the interest on loans made to purchase renewable energy systems or energy efficient products and appliances.	N	N	States
Tax Deduction/Credit #2	Property Tax deduction for qualifying solar photovoltaic systems.	N	N	States
Tax Deduction/Credit #3	Corporate income tax credit for companies with qualifying low or zero emissions renewable energy systems > 10 MW	N	Y	States
Tax Deduction/Credit #4	Personal income tax credit (plus Fed. Tax credit) up to 30% or \$9,000 for on or off-grid photovoltaic and solar hot air systems.	N	Y	States
Sales tax exemption for Biomass Equipment and Materials	Commercial and industrial sales tax (compensating tax) exemption for 100% of the cost of material and equipment used to process biopower.	N	Y	States
Supplemental Energy Payments (SEP's)	SEPs are made for eligible renewable generators to offset above-market costs of investor-owned utilities to meet their renewable energy standard portfolio obligations.	N	N	States
Bond Programs for Public Buildings	Bonds provided to schools and public buildings to upgrade to energy efficient heating/lighting or installation of renewable energy power systems. Bonds paid back through savings on energy bills.	N	Y	States
Grant Programs	Grants provided for up to 50% of the cost of design, installation and purchase of renewable energy systems for residential and commercial/industrial	N	N	Utilities, States, residences
Energy Efficient Standards for State	Requirement for all new public building construction to achieve US	Only where economical	Y	States, local governments in

Buildings	Green Building Council Leadership in Energy and Environmental Design (LEED) ratings based on size. LEED systems emphasize energy efficiency and encourages use of renewable energy sources.	ly feasible		Colorado
Loan Programs	Zero interest loans offered for qualifying photovoltaic and solar water heat systems	Only a few locations, none in SW Colorado	N	Local communities, utilities and financial partners

* Incentives in this table were developed by comparing incentives currently used in New Mexico, California, Nevada, and Colorado (4)

Benefits: Incentives will be necessary to increase the use of renewable energy, especially for the typical residential power user. Colorado’s renewable energy program is relatively new and is stimulating a developing renewable energy market. The timing is very good to implement and support a diverse incentive program to meet or exceed the State’s renewable energy standard, and increase the overall use of renewable energy. An increased use of clean renewable energy will result in a corresponding decrease in NOx, SOx, and CO2 produced by coal-fired power generation.

Tradeoffs: Several incentive options would require legislation or other mechanisms of State governments and would require some time to set in place. Many incentives would be offered by State government in the form of tax incentives and may slightly decrease State tax revenues. The use of incentives listed in the above table by several western states is a good indication they work effectively and provide value to that State. They can be implemented by Colorado and other Four Corners region states.

II. Description of How to Implement

A. Voluntary or mandatory – Incentives, by definition, would be voluntary for the consumer. It could be voluntary or mandatory for the States, local government, or utility companies to offer the incentives.

B. Indicate the most appropriate agency(ies) to implement – See Incentives Table above for appropriate agency for each incentive measure.

III. Feasibility of the Option

Public and corporate knowledge regarding the environmental benefits and cost benefits of solar and wind alternative energy systems is limited, and could be greatly improved. The diversification of incentives could stimulate interest in renewable energy systems.

A. Technical: The technology for wind and solar power systems, and solar water heating and space heating is currently widely available. Improvements to make these technologies more efficient and affordable is ongoing. Using incentives to increase the use and demand for these systems would stimulate further technological advances.

B. Environmental: A 10 percent increase in the use of renewable energy in Colorado will result in a reduction of 3 million metric tons of CO2 per year in 25 years (5). It would also result in the reduction of SO2 and NOx.

C. Economic: 1) Increased demand and use of solar and wind energy systems will stimulate accelerated improvements in solar and wind energy technology and reduce costs of the technology in the long term. 2) Implementing incentives for individuals and corporate/businesses will stimulate and accelerate the use

of existing wind and solar technologies. 3) Increased use through incentives will create an expanding market for producers (6), and could create up to 2,000 new jobs in Colorado in manufacturing, construction, operation, and maintenance and other industries in 25 years (5) 4) Increased use of the technology would reduce and energy costs to consumers and insulate the economy from fossil fuel price spikes (7).

IV. Background Data and Assumptions Used

(1) A renewable energy (or electricity) standard is a requirement by a state or the Federal government for utilities to gradually increase the portion of electricity they produce from renewable energy sources.

(2) Union of Concerned Scientists, 2003. Plugging in Renewable Energy, Grading the States. www.ucsusa.org/clean_energy

(3) American Wind Energy Association, 2006. Wind Energy Fact Sheet – Comparative Air Emissions of Wind and Other Fuels. 122 C Street, Washington, D.C., 2 pp.; citation for solar).

(4) Database of State Incentives for Renewable Energy (DSIRE), 2006. New Mexico, Colorado, Nevada, and California Incentives for Renewables and Efficiency. www.dsireusa.org/ ; Governor's Office of Energy Management and Conservation, 2006. Rebuild Colorado, Utility Incentives for Efficiency Improvements and Renewable Energy. www.colorado.gov/rebuildco ; Martinez, Louise, 2006. Presentation to the Four Corners Task Force – New Mexico Clean Energy Programs. New Mexico Energy, Minerals, and Natural Resource Department, presentation in Farmington NM, November 8.

(5) Union of Concerned Scientists, 2004. The Colorado Renewable Energy Standard Ballot Initiative: Impacts on Jobs and the Economy. www.ucsusa.org/clean_energy/clean_energy_policies/the-colorado-renewable-energy-standard-ballot-initiative.html

(6) Gielecki, Mark, F. Mayes, and L. Prete, 2001. Incentives, Mandates, and Government Programs for Promoting Renewable Energy. Department of Energy, 26 pgs. www.eia.doe.gov/cneaf/solar.renewables/rea_issues/incent.html

(7) Union of Concerned Scientists, 2006. Renewable Energy Standards at Work in the States. http://www.ucsusa.org/clean_energy_policies/res-at-work-in-the-states.html

V. Any Uncertainty Associated With the Option (Low, Medium, High)

Low – Increasing the use of renewable energy sources is widely accepted as a practice which will decrease air pollution emissions associated with burning fossil fuels. Increasing incentives would increase the widespread use of renewable energy systems.

VI. Level of Agreement within the Work Group for this Mitigation Option TBD.

VII. Cross-over Issues to the Other Source Groups None at this time.

Mitigation Option: Promote Solar Electrical Energy Production

I. Description of the mitigation option

A. Promote Solar Electrical Energy Production:

The region in general has good solar energy possibilities, a large number of clear days with very few successive days of clouds. If storage was not used it means that there would be power to feed to the distribution system during peak solar intensity. The power density is also quite favorable being in the range of 600 to 1000 W/m² for peak values (winter, summer). In the summer this would match the large load of air-conditioning, it would not match the winter load. Solar electrical has a developed technology with standards and while the systems are complex, especially if feedback to the power grid is done, it is not beyond the capabilities of trained people in the area.

B. Reduce Electrical Energy Consumption by Substituting Solar Energy:

The reduction of electrical energy consumption for home heating and hot water production can be replaced or supplemented by solar energy inputs. These would be significant for the individual household but these households are a small percentage of the general population. All buildings use solar energy, it is just a matter of degree. All can be improved to make better use of the solar energy which we have available, reducing other energy consumption.

II. Description of how to implement

A. Mandatory or voluntary:

Voluntary on the part of the person with the solar electric installation and with agreement of the electric utilities company, possibly with legal control by the state. Utilities would specify interconnect requirements.

B. Indicate the most appropriate agency(ies) to implement Utilities/State

III. Feasibility of the option

A. Technical: For solar electrical systems, new inspectors would be needed or present ones reeducated. You may need a change in distribution control system.

B. Environmental: The environmental results of shifting the energy consumption from fuels (gas, oil, coal) burned in the region to solar means a reduction of all types of air pollutants by what ever reduction was achieved.

C. Economic: Not that practical unless the person is far off the grid. Would most likely need incentives (tax?). Large capital out lay to replace ongoing expenses of fuel. If other energy sources are replaced by solar, taxes will be lost.

D. Political: Since regulation and taxes may be involved this could be a problem.

IV. Background data and assumptions used:

6000-7000 heating degree days for the region

1500 cooling degree days for the region

6 usable solar hours per day (yearly average).

5 usable solar hours per day (winter average)

V. Uncertainty associated with the option (Low, Medium, High):

Low for would it work, High for could you get enough people doing it to have a significant affect.

VI. Level of agreement within the Work Group for this option TBD

VII. Cross-over issues to the other source groups None

Mitigation Option: Subsidization of Land Required to Develop Renewable Energy

I. Description of the mitigation option

Land required for larger renewable energy projects, especially solar electric energy production, would be subsidized. This option would help to promote and make renewable energy production more feasible.

BLM/FS has a large amount of unused land. Some large renewable energy projects could be demonstrated on that land. A collaborative program should be developed with US Government owners of NW NM land to provide cheap or in some case potentially free land leases to companies that are willing to develop renewable energy production facilities. Barriers should be reduced.

The Navajo Nation and other tribes in the Four Corners area own a large amount of land in the Four Corners area. There has been some interest in wind energy development on Native American land in Arizona. Available land resources on the reservation could be used to develop renewable energy projects and stimulate the local economy.

Benefits: Solar electric energy is clean energy.

Solar electric energy production could complement and eventually displace coal fired power plant electricity generation. Eventually, over time, promotion and expansion of solar electric energy production could replace the need for a new coal-fired power plant. This alternative strategy to energy production would then displace the air pollution emissions associated with that power plant.

Solar electric energy development in the Four Corners area would stimulate the photovoltaic equipment and service industry here.

Burdens: Land resource would be needed (see feasibility section). We have estimated the amount of land required to generate 1 MW of solar electric capacity.

II. Description of how to implement

A. Mandatory or voluntary

Mandatory. A rule would need to be created describing the subsidization amount and conditions.

B. Indicate the most appropriate agency(ies) to implement

Four Corners government property owners such as BLM, FS, and Navajo Nation

III. Feasibility of the option

A. Technical

The amount of land required to produce 1 MW solar electric generation capacity

For Farmington, NM a Flat-plate collector on a fixed-mount facing south at a fixed tilt equal to latitude, sees avg. of 6.3 hours of full sun. Full sun is 1,000 watts per square meter.

For our estimation we will use large Evergreen Cedar-series ES-190 W Spruce Line Module with MC Connectors, rated by California Energy Commission, http://www.consumerenergycenter.org/cgi-bin/eligible_pvmodules.cgi, at 166.8 watts output.

Based on our location in Farmington, 166.8 watts x 6.3 hours, we have a per day 1050 watt-hr per day per module. Module is approximately 61.8" x 37.5", surface area is 16.1 square feet. Allow extra space and we will need approximately 20 square feet per module.

Assume DC output to conventional AC power conversion inefficiency of 95%, CEC

1.05 KWh per module per day is reduced to approx 1 KWh at AC grid.

Conversion: 43,560 square feet in an acre

2178 modules could be fit on area of 1 acre.

This # of PV modules would generate approximately 2.2 MWh of energy.

At Farmington site this corresponds to approximately 345 KW of solar electric generation capacity.

Therefore, we could fit could generate 1 MW of electricity during daylight hours on about 3 acres of land in Farmington. Based on the solar irradiance values for Farmington this would be about 2.2 MWh of energy per day.

[Real Goods Solar Living Sourcebook, John Schaeffer, 12th edition, 2005, p.57 method of design used]

B. Environmental: Photovoltaic modules do not have significant negative environmental costs

C. Economic: Each module in example would cost approximately \$1,000. There is a large amount of open land available, not in use, on government land in the 4 Corners area. Renewable energy projects could provide local jobs and help economy.

IV. Background data and assumptions used

1. California Energy Commission, <http://www.energy.ca.gov/>, PV specifications
2. Evergreen Solar PV module product information, <http://www.evergreensolar.com/>
3. Farmington, NM Solar Insolation data from San Juan College Renewable Energy Program

V. Any uncertainty associated with the option (Low, Medium, High) Low

VI. Level of agreement within the work group for this mitigation option TBD

VII. Cross-over issues to the other Task Force work groups None

Mitigation Option: Use of Distributed Energy

I. Description of the mitigation option

Distributed energy refers to decentralized generation and use of relatively small amounts of power, usually on demand in a local setting. Excess power may or may not be delivered to the grid. This option would encourage the use of distributed energy by owners of residential or commercial buildings or neighborhoods, where practical and feasible. While it is generally accepted that centralized electric power plants will remain the major source of electric power supply for the future, distributed energy resources (DER) can complement central power by providing incremental capacity to the utility grid or to an end user. Installing DER at or near the end user can also benefit the electric utility by avoiding or reducing the cost of construction of new plants to meet peak demand and/or of transmission and distribution system upgrades.

Distributed energy encompasses a wide range of different types of technologies. The Department of Energy, the state of California and various trade groups have programs encouraging research into and use of these technologies. Distributed energy technologies are usually installed for many different reasons. This option focuses on any distributed energy options that reduce demand on grid sources and thereby reduce the demand for new large power plants and/or transmission costs. While excess power generated by distributed sources and delivered to the grid can aid in reduction of power demand on centralized sources, distributed energy options are also important in serving needs in areas not currently attached to the grid thereby reducing the need for hookup to the grid.

Since these technologies are individual and/or local in nature, the burden would be on the prospective homeowner and building owner to seek out options and financing and a contractor who is sufficiently knowledgeable to suggest options and skilled enough to implement them. Initially, mortgage support or grants may also be needed to encourage implementation.

For the environmentally conscious consumer, the use of renewable distributed energy generation and "green power" such as wind, photovoltaic, geothermal or hydroelectric power, can provide a significant environmental benefit. However, the potential lower cost, higher service reliability, high power quality, increased energy efficiency, and energy independence are additional reasons for interest in DER.

II. Description of how to implement

The choice to use distributed energy resources and specifically which one(s) are appropriate should be voluntary. The decision can involve higher capital costs, and the willingness to invest in technologies that may be new and not widely implemented. Federal, state and local departments of energy should support research into options most suited to a particular geography and climate; loans and grants should be available and experts should be retained to consult with potential users.

III. Feasibility of the option

- A. Technical – Information on various choices is available, choices range from low-tech to high-tech
- B. Environmental – Any options that reduce the demand on the centralized power grid and minimize their own pollution will contribute to an improved environment by reducing the need for coal-fired power plants in our area
- C. Economic – Options range in cost. Greater use of options should ultimately result in reduced unit costs
- D. Political – Use of distributed energy resources should be an easy sell politically; the degree to which federal and state research and resources are already available, indicates a public commitment already in place

IV. Background data and assumptions N/A

V. Uncertainty – This option has a high degree of certainty that it could be implemented and be effective.

VI. Level of agreement within the work group for this option TBD

VII. Cross-over issues to the other source groups None at this time.

CONSERVATION

Mitigation Option: Changes to Residential Energy Bills

I. Description of the mitigation option

Energy for many households in the four corners area is delivered as electricity and/or natural gas. Residential energy is used for home heating, hot water, and to run appliances. Most residential consumer receives monthly bills. Examples of typical electric and gas bills are shown in Figures 1 and 2, respectively.

Figure 1. Residential electric utility bill with sample energy cost savings

Electric Association Bill (Colorado)								
Account Information								
SERVICE DATE		NO. DAYS	RTE/SEQ	METER READING		MULTIPLIER	kWh USAGE	CHARGES
PREVIOUS	PRESENT			PREVIOUS	PRESENT			
9/18/2006	10/16/2006	28	403-160	1	612	1	612	
LAST AMOUNT BILLED							95.07	
PAYMENT MADE -- THANK YOU							95.07	CR
.....								
ENERGY CHARGES							54.30	
CITY TAX							2.97	
BASIC CHARGE							15.50	
FRANCHISE FEE							3.49	
TOTAL CURRENT CHARGES							76.26	
COST COMPARISON		DAYS SERVICE	TOTAL kWh	AVG. kWh/DAY	kWh COST/DAY			
CURRENT BILLING PERIOD		28	612	22	2.72	TOTAL DUE		76.26
PREVIOUS BILLING PERIOD		34	806	24	2.24	BILLING DATE:		10/20/2006
SAME PERIOD LAST YEAR		28	676	24	2.72	DUE DATE:		11/6/2006
Example of possible cost savings for an electric hot water heater								
Most efficient		4622 kW/yr						
Anticipated monthly saving in kWh/yr		21 kWh						
Monthly dollar saving @ your rate of 12.5 cents / kWh		2.65						
Savings over a 13 year life		412.78						

Figure 2. Residential gas utility bill with sample energy cost savings

Energy (gas) Company Bill (Colorado)		DATE OF SERVICE		METER READING	
BILLING INFORMATION:		FROM	TO	PREVIOUS	PRESENT
METER DEPOSIT	347.00	10/02/06	11/01/06	9750	9845
PREVIOUS BALANCE		RATE CODE:	36QC		
		USAGE IN CCF:	78		
CURRENT GAS CHARGE TOTAL	85.15	PRESSURE FACTOR:	0.819		
FACILITY CHARGE	21.50	Usage this month	95 therms		
COM LDC COST @ .16000/CCF	12.45	Example of possible cost savings for a gas hot water heater			
UPSTREAM COST @ .02530/CCF	1.97	Most efficient	230	therms/year	
COMMODITY COST @ .67930/CCF	52.86	Anticipated monthly saving in therms		4 kWh	
DEFERRED GAS COST @ -.09880/CCF	-7.69	Monthly dollar saving @ your rate of 0.97 cents		3.88	
FRANCHISE FEE @ .05000	4.06	Savings over a 13 year life		605.28	
SERVICE CHARGE TOTAL	0.54				
PENALTY	0.54				
TAX TOTAL					
STATE TAX @ .02900	2.47				
CITY TAX @ .04050	3.44				
COUNTY TAX @ .00450	0.38				
CURRENT CHARGES	91.98				
TOTAL AMOUNT DUE	91.98				

A typical energy bills lists meter readings, cost breakdowns, and other technical information. Much of the information on monthly energy statements is required by regulatory bodies and laws. Most importantly, a typical bill does not provide the consumer with information to make decisions on energy conservation and the ability to translate proposed conservation options to dollars saved.

The suggested mitigation option is to have an additional place on monthly bill that would feature one energy conservation step that a consumer may take and indicate cost savings. In the examples presented, a cost saving for a new energy efficient hot water heater is shown (bold box in Figure 1 and in Figure 2). Another monthly statement could show the amount of savings that may result from lowering the thermostat one degree Fahrenheit. A statement of energy saving on the bill would be more effective than simply including a generic insert in the bill. These often are quickly discarded.

In addition, we recommend that all energy bills have a graph that shows 1) year to month energy used for the current and past year and monthly use comparing the current to the previous year.

II. Description of how to implement

- A. Mandatory or voluntary: Voluntary
- B. Indicate the most appropriate agency(ies) to implement:
Energy companies

III. Feasibility of the option

- A. Technical: Some reprogramming of residential energy billing program
- B. Environmental:
- C. Economic: Cost of reprogramming software

IV. Background data and assumptions used

V. Any uncertainty associated with the option (Low, Medium, High) Medium

VI. Level of agreement within the work group for this mitigation option: TBD

VII. Cross-over issues to the other Task Force work groups: Unknown

Mitigation Option: County Planning of High Density Living as Opposed to Dispersed Homes throughout the County

I. Description of the mitigation option

San Juan County is presently starting the process of developing a county wide growth master plan. A number of questions in their citizens questionnaire were if there should be encouragement or restrictions in development of home sites in the rural areas of the county and if this growth should be low or high house value. From the point of view of energy conservation and hence reduced pollution of many types the county should be encouraged to develop a plan which encourages clustering of housing (not in the far rural areas) so as to reduce energy losses on distribution lines and the reduction of travel distances for transportation. The ideal clustering should be near employment and services. Other counties in the Four Corners should be encouraged to also follow this pattern.

II. Description of How to Implement:

A. Mandatory or voluntary

While you cannot force people to do this, encouragement by tax policies, varying rates based on distances for electrical services, zoning or other methods would be helpful.

B. Indicate the most appropriate agency(ies) to implement

Taxes and zoning would be under the county government while the rates would be with the electric utilities companies of allowed by law. I do not know how much latitude they have.

III. Feasibility of the option

A. Technical: No problems

B. Environmental: None until specifics are assumed.

C. Economic: Concentrated populations, within limits, will have an advantage of reduced infrastructure cost.

D. Political: The greatest problem with this option will be general resistance to the ideal by the general public and very great resistance from those with vested interest.

IV. Background data and assumptions used San Juan county citizens' questionnaire.

V. Uncertainty associated with the option (Low, Medium, High) TBD.

VI. Level of agreement within the Work Group for this option TBD.

VII. Cross-over issues to the other source groups None at this time.

Mitigation Option: Direct Load Control and Time-based Pricing

I. Description of the mitigation option

Overview

This option describes demand response tools focused on direct load control and electric pricing. By offering direct load control and electric pricing options around time-of-day, critical peak and seasonal use, customers are provided with an effective price signal regarding when and how they use electricity. Demand response (“DR”) is the label currently given to programs that reduce customer loads during critical periods. In the past, DR programs have also been called “load management” and “demand-side management” programs. Most demand response programs currently focus on either peak load clipping through direct load control or load shifting through time-based pricing mechanisms. The primary goal of DR programs is to reduce peak demand. The concerns regarding impending major capital expenditures by utilities for additional generating and transmission system capacity and the impact of energy consumption on the environment has sparked a renewed interest in utility programs to reduce the amount of energy used during periods when the generation and power delivery infrastructures are most constrained and at their highest costs. Reductions in peak demand may or may not be accompanied by a reduction in the total amount of energy consumed. This is because DR programs may result in energy consumption simply being shifted to a period when the utility system is not as constrained and market prices are lower.

Air Quality and Environmental Benefits- Demand response programs primary purpose is to reduce peak load. These programs may not lead to energy conservation nor should they be relied upon to do so (Energy efficiency programs are specifically designed to reduce the total amount of energy used by customers on an annual basis).

These programs may allow utilities to hold off on building new generating plants and permit technology to develop and mature in the areas of clean coal generation as well as renewable energy. (As an indirect benefit, if customers do choose to conserve energy, the reduction in energy use may lead to a reduction in the need for energy generation resulting in emission reductions in air pollution and greenhouse gases).

Economic: Customer charge for the installation and use of automatic metering systems (where applicable) installed in participating residential and commercial customer homes and businesses
Cost to utility for administration and tracking of the program.

Trade-offs: Positive public relations, clean coal and renewable technology maturation

II. Description of how to implement

Mandatory or voluntary: Voluntary

Time of use pricing: Electricity is priced at two different levels depending upon the time of day. The inverted block rate is a rate design for a customer class for which the unit charge for electricity increases from one block to another as usage increases and exceeds the first block. The incentive is to use less energy and stay within the first block, which has the lowest rates.

Critical peak pricing: Critical peak pricing is a pricing scheme that encourages customers to reduce their on and mid-peak energy usage by offering incentives through an alert-based, monitoring system.

Seasonal use pricing: Electric rates vary depending upon the time of year. Charges are typically higher in the summer months when demand is greater and the cost to generate electricity is higher. For example, during the months of June through September, electricity rates would be higher than other months.

The public utility commission is the most appropriate entity to implement.

III. Feasibility of the option

Technical: Good feasibility. Programs have been applied and demonstrated at utilities across the country. Automated and advanced metering systems are commercially available.

Environmental: Medium feasibility for indirect benefits. Prices and advanced metering systems can be used to modify customer behavior to use less electricity within individual homes and businesses during peak hours. This may or may not lead to energy conservation. However, such programs may allow utilities to hold off adding new generation assets, thereby, improving opportunities for employment of more advanced, demonstrated and cost-effective clean coal and renewable energy technology.

Economic: Good economics. Advanced metering systems, in addition to better enabling time-based rates, can deliver load control signals to end-use equipment and provide consumers with energy consumption and price information to assist with shifting load from on-peak to off-peak periods, thereby saving the customer money on their utility bills. Direct load control and electric pricing options create long-term market transformations by shifting energy use to periods of lower plant and infrastructure constraints as well as lower market cost. As a result, utility maintenance and equipment replacement costs may be reduced and the cost to build new generation may also be postponed.

IV. Background data and assumptions used

Energy Administration Information, Department of Energy

Federal Energy Regulatory Commission, "Assessment of Demand Response & Advanced Metering"
Conservation is not the purpose of direct load control and electric pricing options. Energy efficiency programs are better suited to promote conservation.

V. Any uncertainty associated with the option (Low, Medium, High) Medium. Voluntary programs do not guarantee energy conservation and emissions reductions.

VI. Level of agreement within the work group for this mitigation option Good. This option write-up stems from a discussion at the November 8, 2006 meeting of the Power Plant Working Group.

VII. Cross-over issues to the other source groups (please describe the issue and which groups)

Other Sources Group- Pilot Neighborhood Project to Change Behavior to Reduce Energy Use and Energy Efficiency Programs

Mitigation Option: Energy Conservation by Energy Utility Customers

I. Description of the mitigation option

This option would require all generators of power (renewable and non-renewable sources) in the Four Corners area to develop a program which causes their customer base to reduce per capita power usage each year for five years until an agreed upon endpoint is reached. The owners of all facilities that generate power, irrespective of how it is generated, should be required to develop or participate in a program which encourages their customer base to reduce per capita, per household, per production unit (or whatever other measure is equivalent for non-residential customers) use of power each year for five years until some reasonably aggressive endpoint is reached. The percent annual reduction would be 20% of the difference between the baseline usage and the five year goal.

The goal or endpoint would be negotiated between industry trade groups, governmental agencies, environmental groups and interested parties and would vary depending on the climate at the location of the customer base. The set of endpoints thus determined would apply industry-wide and always be a challenge. Most measures observed to date depend on a percent reduction in per unit usage. The difference in this option is that the endpoint for each customer base is a specific achievable minimum amount of energy usage based on current technology.

This concept is similar to water conservation programs, which have successfully reduced water usage. Water companies have used incentives to promote the use of water saving devices – low water flush toilets, controls on shower heads, more efficient outdoor sprinkling systems.

Power generators could develop their own programs or join together with other power producers in a consortium to implement a program. Customers could be rewarded with financial incentives such as reduced costs per unit for reduced levels of usage and/or lesser rates for power used at off-peak times of the day or week. Conservation credits could be traded as in the pollution credit trading program as long as the caps were reduced each year until the overall goal for that customer base is met.

A web site devoted to success and failure of conservation incentive programs, publicizing the progress of each power plant could impact compliance by affecting shareholder decisions, among other things. The American Council for an Energy Efficient Economy has a start on this with their study 'Exemplary Utility-Funded Low-Income Energy Efficiency Programs' (www.aceee.org).

The burden of this requirement would be on the power generators and indirectly on the customer base. The goals for each power generating plant should be aggressive but attainable for their customer base. When a plant has multiple customer bases, appropriate goals should be set for each base separately, in consideration of differences in climate.

II. Description of how to implement

This rule should be mandatory for all power generators. Many power generators have such programs now but should be required to look at best practices (most cost-effective programs) for these programs and implement them.

A loan-incentive program may be needed to help owners of large buildings replace costly appliances such as hot water heaters, refrigerators, heating and air conditioning units, which can achieve high energy savings.

III. Feasibility of the option

Technical: Programs motivating conservation exist.

Environmental: The environmental benefits include reduced pollution which accompanies reduced power generation relative to what it would have been either at peak times or over time, depending on success of customer conservation program. Over time fewer power generating facilities would need to be built (or older inefficient units could be retired sooner)

Economic: Programs will cost money, but they are cost-effective (see data below). Implementation could be contracted out

Political: Probably minimal challenge in getting this requirement passed, this is pretty innocuous; and the public relations campaign around conservation would educate consumers as to their role and potential impact on reducing greenhouse gases, reducing air pollution and improving air quality

IV. Background data and assumptions

(1) Southwest Energy Efficiency Project (SWEEP): Highlights taken from SWEEP's website, <http://www.swenergy.org/factsheets/index.html>:

The New Mother Lode: The Potential for More Efficient Electricity Use in the Southwest examines the potential for and benefits from increasing the efficiency of electricity use in the southwest states of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming. [Unfortunately, California is not included.] The study models two scenarios, a "business as usual" Base Scenario and a High Efficiency Scenario that gradually increases the efficiency of electricity use in homes and workplaces during 2003-2020.

Major regional benefits of pursuing the High Efficiency Scenario include:

- Reducing average electricity demand growth from 2.6 percent per year in the Base Scenario to 0.7 percent per year in the High Efficiency Scenario;
- Reducing total electricity consumption 18 percent (41,400 GWh/yr) by 2010 and 33 percent (99,000 GWh/yr) by 2020;
- Eliminating the need to construct thirty-four 500 megawatt power plants or their equivalent by 2020;
- Saving consumers and businesses \$28 billion net between 2003-2020, or about \$4,800 per current household in the region;
- Increasing regional employment by 58,400 jobs (about 0.45 percent) and regional personal income by \$1.34 billion per year by 2020;
- Saving 25 billion gallons of water per year by 2010 and nearly 62 billion gallons per year by 2020; and
- Reducing carbon dioxide emissions, the main gas contributing to human-induced global warming, by 13 percent in 2010 and 26 percent in 2020, relative to the emissions of the Base Scenario.

These significant benefits can be achieved with a total investment of nearly \$9 billion in efficiency measures during 2003-2020 (2000 \$). The total economic benefit during this period is estimated to be about \$37 billion, meaning the benefit-cost ratio is about 4.2. The efficiency measures on average would have a cost of \$0.02 per kWh saved.

The High Efficiency Scenario is based on the accelerated adoption of cost-effective energy efficiency measures, including more efficient appliances and air conditioning systems, more efficient lamps and other lighting devices, more efficient design and construction of new homes and commercial buildings, efficiency improvements in motor systems, and greater efficiency in other devices and processes used by industry. These measures are all commercially available but underutilized today. Accelerated adoption of these measures cannot eliminate all the electricity demand growth anticipated by 2020 in the Base Scenario, but it can eliminate most of it.

(2) US Department of Energy – Energy Efficiency and Renewable Energy, a consumer’s guide:
<http://www.eere.energy.gov/consumer/> List of suggestions for consumers includes many of the items mentioned in SWEEP’s High Efficiency Scenario and focuses on proper operation of the items.

V. Uncertainty

No uncertainty about benefits of conservation; moderate uncertainty about how much consumers will cooperate and actually conserve.

VI. Level of agreement TBD.

VII. Cross-over issues

Need discussion as to how it would fit into Oil and Gas Group’s sources

Mitigation Option: Outreach Campaign for Conservation and Wise Use of Energy Use of Energy

I. Description of the mitigation option

Conservation is an important strategy for mitigation air pollution in 4 Corners area. An outreach campaign centered on this strategy would help to educate public and industry and lead to more conservation actions. This would lead to a sustainable future, reduce dependence on fossil fuels, and help to mitigate air pollution in the Four Corners area.

Conservation is defined as the sustainable use and protection of natural resources including plants, animals, minerals, soils, clean water, clean air, and fossil fuels such as coal, petroleum, and natural gas. Conservation makes economic and ecological sense. There is a global need to increase energy conservation and increase the use of renewable energy resources.

Coal fired power plants are the nation's largest industrial source of the pollutants that cause acid rain, mercury poisoning in lakes and rivers and global warming. Utilizing renewable energy sources such as wind and solar and improving energy efficiency in appliances, business equipment, homes, buildings, etc. will theoretically reduce pollution from coal fired power plants. Of course, installation of best management pollution control equipment on existing coal fired power plants will be most beneficial.

Renewable energy alternatives such as solar, water, and wind power and geothermal energy are efficient and practical but are underutilized because of the availability of relatively inexpensive nonrenewable fossil fuels in developed countries. Conservation conflicts arise due to the growing human population and the desire to maintain or raise the standards of living.

Up until now, consumer behavior has been motivated by cheap and plentiful energy and not much thought has been given to the degradation of the environment. Production and use of fossil fuels damage the environment. The supply of nonrenewable fossil fuels is limited and is rapidly being used up. Fossil fuel is becoming more expensive. Reality is beginning to set in. There is a need for safe, clean energy production, renewable energy alternatives, and conservation. Energy supplies and costs will restructure consumer usage.

Federal and State agencies and the utility companies need to focus on more public awareness and provide information on available tax credits for solar, photovoltaic, and solar thermal systems. There are also tax credits available to homeowners for replacement of older air conditioners, heat pumps, water heaters, windows, and installation of insulation. There are tax incentives for the purchase of hybrid automobiles.

All of this information is available on web sites, tax forms, agency handouts, etc. but, more than likely, the average citizen is unaware. Since alternative energy and conservation have moved to the forefront, the public needs information. Public service announcements on TV, radio and newspapers and informational mailings in consumer energy billings would be most helpful.

School children should be included in the energy information process. There is a program for grades K - 4 titled "Energy for Children - All about the Conservation of Energy" with a teacher's guide that is available on www.libraryvideo.com.

The educational programs need to start in elementary school (or earlier) and continue through high school. There are some really great opportunities for curriculum development in energy conservation that would integrate several disciplines including biology, math, and social studies. I think NM has done the best job of this among the four corner states and hope that it will be expanded to the other states. It would

be good just to have a group review K-12 materials, see what gaps exist and how information, including successes can be promulgated. Perhaps this has been done - a web site is a good start.

A Google search of "conservation of energy resources" has a very large website database.

Volunteer groups are working to improve the energy efficiency of homes occupied by the elderly and by people who are unable and/or cannot afford to make home improvements.

Communities could work toward increasing the volunteer workforces and the resources for this much needed humanitarian service.

The future belongs to our children and grandchildren. What we have done in the past and what we do in the here and now, has a direct impact on the environment that future generations will inherit.

II. Description of how to implement

A. Mandatory or voluntary

Voluntary at grassroots and governmental levels

Some mandatory curriculum could be developed for schools as part of educational component

B. Indicate the most appropriate agency(ies) to implement

Local Governmental Energy and Air Quality Agencies. Schools

III. Feasibility of the option

A. Technical: We must clearly demonstrate the problems and potential solutions

B. Environmental: Conservation has been shown to reduce energy use

C. Economic: Outreach program must demonstrate the short term economic benefits. Also design program to benefit low-income citizens. Government needs to provide some economic incentives to help kick start conservation programs

IV. Background data and assumptions used N/A.

V. Any uncertainty associated with the option Low.

VI. Level of agreement within the work group for this mitigation option TBD.

VII. Cross-over issues to the other Task Force work groups All Work Groups.

CROSSOVER OPTIONS

Mitigation Option: Bioenergy Center

(Reference as is from Power Plants: see Future Power Plants section)

Mitigation Option: Biomass Power Generation

(Reference as is from Power Plants: see Future Power Plants section)

Mitigation Option: Utility-Scale Photovoltaic Plants

(Reference as is from Power Plants: see Future Power Plants section)

**ENERGY EFFICIENCY, RENEWABLE ENERGY AND CONSERVATION:
PUBLIC COMMENTS**

Energy Efficiency / Renewable Energy / Energy Conservation Public Comments

Comment	Mitigation Option
Advanced metering for home owners will not work. It will only enrich the electric companies who will use the data to set rates higher when people need the energy. An alternative is rolling blackouts on house AC's like that used in the Houston, TX area.	Advanced Metering
Using combined heat and power could be an effective method to increase efficiency and reduce emissions.	Cogeneration/Combined Heat and Power
The Four Corners region has a huge potential to develop renewable energy resources. Moreover, our resources are not limited to good sun and the region's many windy plateaus. Our citizenry possesses a large body of technical expertise, many of whom already work in energy and electrical power generation. We also have mechanical expertise and a pre-existing industrial infrastructure at our hands. Last, we are extremely well-suited to implement educational programs for renewable energies. Dineh College, San Juan College, and Fort Lewis College are obvious examples. This option can also sustain us beyond the inevitable decline in oil and gas production, as well as providing a means for younger generations to stay and work in their home areas (which is especially problematic in La Plata County.) Last, this possibility fits neatly with the previous recommendation for a regional planning board or authority. In short, we have every reason in the world implement renewable energy as a regional industry.	Renewable Energy
Pure protectionism, not good energy policy. The NIMBY attitude will never solve problems. If you want clean energy, do it the right way, build nuclear. I notice that this option never came up why?	Four Corners States Adopt California Standards for Purchase of Clean Imported Energy
Not only do we need net metering with our local utility (Farmington Electric Utility System), it needs to be encouraged and not expensive to sign up. These are small steps toward diversifying our energy sources, and we are in a prime solar area for generating home-based electricity.	Net Metering for Four Corners Area
A net metering program would be positive if implemented with the proper subsidies to encourage citizens to get involved. Many people in the Four Corners area are not in the financial position to invest in the start up program; this would have to come from state government programs for those who qualify.	Net Metering for Four Corners Area