



THE TAOS NEWS

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Kit Carson Co-op solar plans flirt with renewable limit

By J.R. Logan

The Taos News, 12/4/2013

Kit Carson Electric Cooperative is looking to build solar arrays to add to its already expansive renewable energy system, but there are concerns that generating more solar power could end up getting the co-op sued.

Under the co-op's contract with Tri-State Generation and Transmission, only 5 percent of the co-op's total electricity needs can come from renewable energy sources it owns or controls.

The co-op says 4 percent of its total electricity currently comes from its solar arrays, and it's looking to add more to brush up against the 5 percent ceiling.

But the co-op's energy sales are dropping each year. If sales continue to decline, renewables generated by the existing arrays would make up a bigger piece of the co-op's electricity pie, and the co-op could cross the line even if solar production stays level.

"We have an obligation to our members to push it to that 5 percent and we want to build right up to the edge of that envelope," Reyes said in an interview Monday (Dec. 2). "But we're not sure what happens if we violate [the limit] on accident."

In the short term, Reyes is hoping Tri-State will tighten the language in its rules so the coop knows exactly how far it can go. In the long run, he says he'd like to see Tri-State allow "reasonable" expansion of locally owned renewable generation —up to 10 or 20 percent of total use.

The co-op, however, has been at odds with Tri-State for more than a year over a proposed rate increase and rate design change. The dispute has morphed into a massive regulatory and legal battle, and it's unlikely that Tri-State will be interested in cutting the co-op much slack on any issue.

Under the state's Renewable Energy Portfolio Standard Requirements, co-ops must get at least 5 percent of their power from renewable sources by 2015. That requirement goes up 1 percent each year until it hits 10 percent in 2020.

When the mandatory percentages start going up, Reyes said he expects Tri-State to deliver its own renewable energy to the co-ops it serves rather than lifting the cap to allow each co-op to generate that power on their own.

Tri-State spokesman Lee Boughey said in an email that the renewables cap ensures Tri-State can pay its debts to construct infrastructure to serve its 44 member cooperatives.

Boughey said the cap is not related to state renewable energy mandates, and he said Tri-State generates enough of its own renewable energy to make sure the co-ops it serves meet state requirements.

Starting in late 2009, the co-op began aggressively adding solar to its grid, building arrays of various sizes across Taos County. By 2012, the coop reported that eight arrays produced more than 6 million kilowatt hours of electricity, and solar energy production is expected to be even higher in 2013.

Kit Carson's enthusiastic development of solar has earned it national recognition, including being named the 2013 Utility of the Year by the Solar Electric Power Association. But the 5 percent cap from Tri-State could stall that momentum.

For Reyes, now is the wrong time to put the brakes on solar expansion. "We've got a willing membership and the price of solar is coming down," Reyes said. "Now is the time to build."

The co-op's solar blitz a few years ago was funded in part with \$5 million in low-interest federal loans and the promise of multiplied renewable energy credits. Reyes says such loans used to be few and far between, and the bonus credits were necessary to help defray up front costs.

Today, Reyes said renewable energy loans are much easier to get and the price of solar panels has been plummeting. Also, Reyes says a federal tax credit for solar development expires in 2016, meaning contractors are eager to get projects done soon.

Plus, given the unpredictability of energy prices for coal or natural gas, Reyes thinks local solar generation provides co-op members better stability.

Reyes said he's been exploring solar options, including the possibility of leasing federal lands to build a new array. The Bureau of Land Management has identified small areas of public lands in the Ojo Caliente/Carson area that could be potential project sites. Reyes said the location could be ideal because it's near a substation and would help spread solar generation across the co-op's service area.

Sam DesGeorges, Field Manager for the Bureau of Land Management Office in Taos, says any lease of that public land for solar would need to go through an open bid process, and the winner would be required to pay for required environmental impact studies.