



Renewables Impacting Conventional Generation, Prices, Says Report

Wind energy and state renewable electricity standards will do their job to slow the installation of new capacity from polluting conventional generation sources while also keeping energy prices down, according to a new analysis from Sanford C. Bernstein & Co.

The report finds that growth in renewable energy generation to meet state renewable electricity standards (RESs) already on the books will slow growth in conventional generation to only 0.2% (based on the North American Electric Reliability Corporation's estimated 1.7% annual load-growth forecast). According to the study, state RESs require non-hydropower renewable generation to rise to 10% of total supply.

"If a federal renewable electricity standard were to be adopted, the growth in renewable energy generation would accelerate to 17-18% per annum, causing conventional generation to decline at a 0.1-0.2% annual rate," the report states.

The study also finds that the RES targets are well within the reach of utilities and the renewables industry. Developers and utilities have already identified projects that will get them to their benchmarks, according to the report.

The report also echoes findings from previous studies, including the U.S. Department of Energy's examination of the feasibility of 20% wind penetration concerning renewables' effect on the price of natural gas. Report authors estimate that state RESs will result in costs to be within 1-7% of current average retail rates by 2020.

Even now, the report notes, wind energy has brought down electricity prices in some areas. The Electric Reliability Council of Texas's West Hub has experienced power prices at zero or below 11% of the time during the last 12 months, according to the study. Power prices that fall into the negative range are viewed by the wind industry as a phenomenon caused by a lack of adequate transmission.

Source: Wind Energy Weekly, 5 June 2009