

OREGON WAVE ENERGY TRUST UTILITY MARKET INITIATIVE

TASK 1.2: DRAFT NWPCC 6TH POWER PLAN LANGUAGE



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The Utility Market Initiative was prepared by *Pacific Energy Ventures* on behalf of the Oregon Wave Energy Trust.

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For information about this project, please contact Justin Klure at Pacific Energy Ventures:

Phone: (503) 475-2999

Email: jklure@peventuresllc.com

About Oregon Wave Energy Trust

The Oregon Wave Energy Trust – (OWET) - with members from fishing and environmental groups, industry and government - is a nonprofit public-private partnership funded by the Oregon Innovation Council in 2007. Its mission is to serve as a connector for all stakeholders involved in wave energy project development - from research and development to early stage community engagement and final deployment and energy generation - positioning Oregon as the North America leader in this nascent industry and delivering its full economic and environmental potential for the state. OWET's goal is to have ocean wave energy producing 2 megawatts of power - enough to power about 800 homes - by 2010 and 500 megawatts of power by 2025.

NWPPC 6th Power Plan

Language Included for Wave Energy

GEN-7. Commercialize and confirm promising low-carbon resources. Wave energy, deep-water wind power and enhanced geothermal have promise for future development in the Northwest as potentially abundant, low-carbon resources. Yet, these resources, together with tidal current generation are technically immature and the benefits, costs and consequences of commercial-scale development insufficiently understood. Bonneville, regional utilities, industry groups and the states, working with the federal government should initiate and support efforts to develop and demonstrate the relevant technologies and to establish the body of knowledge and legal framework to support commercial development of the resources when available and needed. These efforts would include: 1) energy resource measurements of sufficient geographic scope, frequency and duration to support assessment of resource economics, identification of promising resource areas and assessment of resource integration needs; 2) technology assessment; 3) identification and resolution of potential environmental, economic and other development conflicts; 4) demonstration projects to test and evaluate technology; 5) assessment of system integration needs; and, 6) pilot projects to serve as the basis for commercial development. The initiatives of the Oregon Wave Energy Trust provides a model of a comprehensive resource confirmation agenda.

GEN-8. Resource development mandates and incentives. A diverse collection of federal and state resource development mandates and incentives has developed over time. The underlying public interest goals of mandates and incentives include commercialization of immature but promising technologies, developing the power system and social “infrastructure” for accommodating commercial-scale development of promising resources and promoting the development of low-carbon resources. While these mandates and incentives are effectively promoting development of specific resources, their focus on resource types rather than ends (e.g., GHG reduction, cost and risk minimization) may constrain development of equally attractive resources and impact efficient system operation. The Council will undertake a review of the impacts and effectiveness of mandates and incentives including consideration of the following:

a. Impact of production tax credits on optimal dispatch. The federal production tax credit lowers the effective variable cost of generation, in some cases to negative levels. Concerns have been voiced that this can result in inefficient resource dispatch and in some cases increased environmental impact.