



Shortage of Renewable Energy Grows

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Demand for renewable energy is outstripping supply, pushing up prices and raising the specter that some states may not meet clean-energy mandates.

Behind the shortage are the growing number of states requiring utilities to include clean energy in their power mix, as well as surging demand from big businesses.

By 2010, clean-energy demand will outpace generation by at least 37% unless a rush of projects is built, says a report due out next week from the National Renewable Energy Lab.

Under laws in 25 states, clean energy — such as wind, solar and biomass — must constitute up to 30% of a utility's energy portfolio in five to 15 years. In 2003, just 10 states had such requirements. Also, growing concerns about power plants' global-warming emissions have led consumers and businesses to boost clean-energy purchases by 46% a year since 2003. Much of that is fueled by corporations, which have increased their green power

purchases twenty-fivefold since 2001, the Environmental Protection Agency says. "Demand is growing faster than people expected," says NREL senior analyst Lori Bird.

Utilities and customers typically don't buy renewable energy itself. Rather, they buy renewable-energy credits — premiums above standard electric prices that subsidize a generator for each kilowatt hour of power it produces. Consumers, for instance, can pay up to \$10 extra on their monthly utility bill or buy credits online.

Meanwhile, green energy, mostly from wind farms, has expanded 30% a year, NREL says. But new wind capacity has been slowed by a worldwide turbine shortage and local opposition to wind projects.

Partly as a result, renewable-energy prices have doubled the past couple of years in Northeast, Mid-Atlantic and Plains states and have risen up to 50% in the West, say green-energy marketers Green Mountain Energy and 3Degrees and broker Evolution

Markets. In the Mid-Atlantic, wind-price increases bumped the average monthly premium on utility bills for green-energy consumers to \$10.50 from \$6.30, says Green Mountain's John Holtz.

By 2015, New England will face a gap of 1,500 megawatts — enough to power 1.1 million homes — between green-energy resources and what's needed to meet standards, Northeast Utilities says. It will have to import clean energy from Canada, though there are now inadequate transmission lines to do so.

Shortages could keep utilities from meeting state mandates, leading to hefty penalties, Bird says. Renewable certificates for customers in some areas may be unavailable or too costly. Bird says high prices should spark more clean-energy projects, though construction could lag behind demand by up to two years.

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