

Stimulus may help Western electric grid

By The Associated Press

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CHEYENNE: Some Western governors say the plan for \$825 billion in economic stimulus spending should spur development of energy infrastructure in their states.

The Western Governors Association recently sent a letter to then President-elect Barack Obama asking him to emphasize renewable sources and expanded infrastructure in his energy policy.

"An enormous national commitment is necessary to transform our energy infrastructure and our economy as we shift to low-carbon-emission energy sources that include wind, solar, geothermal, biomass, hydro and other renewables, as well as fossil fuels with carbon capture and storage," the governors said.

The Obama administration looks to be on the same page. In his weekly address Saturday, the new president vowed to double the nation's capacity to generate alternative energy sources in the next three years and to begin building a new electricity grid with more than 3,000 miles of new transmission lines "to convey this new energy from coast to coast."

In response to Obama's call for states to propose stimulus projects, governors in Wyoming and Colorado joined others in suggesting the federal government use some of the billions of dollars to conduct infrastructure projects beyond traditional roads and bridges.

Wyoming Gov. Dave Freudenthal said that the construction of new and expanded power lines is critical to unlocking the wind power potential in his state, one of the nation's windiest.

Developers have proposed at least six multibillion dollar power line projects that would link energy resources in Wyoming" which is also a major coal and natural gas producer" with markets in Colorado, California, Utah, Nevada, Arizona, Oregon, New Mexico and Idaho.

Freudenthal said he's concerned that the credit crunch could discourage developers from moving aggressively to build new lines. He cited the high cost for developers to borrow money and the recession's effect on consumer demand.

The government could use stimulus funds to leverage private funds by providing low-interest loans to infrastructure developers, or by giving them tax-exempt bonding authority, Freudenthal said. As it is, private investors are "sitting on the sidelines," he said.

"As soon as you get the power lines built, they'll put in the turbines, because the current production tax credit for wind energy makes the production of wind energy a very attractive proposition," Freudenthal said. "But there's not a similar incentive for building the power lines."

In his stimulus request, Colorado Gov. Bill Ritter urged Obama to launch a major energy infrastructure project. He suggested the government could offer price guarantees for renewable energy distributed through the new lines if the developer got the power to the line.

Ritter also said the government could help to build regional power lines to reach areas where wind, solar and other renewable projects could be built.

In Montana, where wind and coal also are major commodities, Gov. Brian Schweitzer said he supports partnerships between the government and private industry to build a new "smart" energy grid, one that saves energy using updated digital technologies. But he said it should be done separately from the stimulus package, which aims to spend money quickly on "shovel ready" projects.

Schweitzer said the smart grid, which could cost as much as \$100 billion, would require extensive permitting and manufacturing, and wouldn't be done quickly enough for the stimulus package.

"It's going to take a fair amount of gearing up," he said.

Along with Obama's plans for new transmission lines, Rep. Henry Waxman, D-Calif., chairman of the House Energy and Commerce Committee, proposed this week that the stimulus package include temporary loan guarantees for transmission projects, including upgrades, that begin construction by October 2011.

Freudenthal said he met with congressional officials while in Washington for the presidential inauguration and emphasized to them his opinion that stimulus funds should be involved in spurring infrastructure development.

"Somebody's got to move to take the uncertainty out so that the private capital will move," Freudenthal said, adding later, "As to whether it happens or not, I don't know."

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Associated Press Writer Matt Gouras in Helena, Mont., contributed to this report.