

Large-Scale Use of Renewables Still Far from a Reality

Scanner Magazine – May 2010

Despite increased efforts over the past several years, finding economical ways to make use of renewable resources to produce bulk power in Mississippi remains an elusive goal. While Congress continues to debate legislative options and federal officials continue to look for answers, the reality is that renewables are typically more expensive and less available and reliable than conventional generating resources the industry has in place to meet customer demand, especially in the Southeast.

The search for cleaner, self-sustaining energy sources has been pursued in the U.S. since the late 1970s. Most efforts to help develop viable renewable sources have required significant subsidies, but the relative cost of most projects involving wind, solar and other “green” sources remains high. After more than thirty years of trying to find alternative resources, more than 90% of America’s large-scale electric generation is still provided by coal, natural gas and nuclear facilities.

The most recent push for renewables has come within the past few years, as many states have passed requirements calling for fixed percentages of electric generation to be “green” and the Obama administration has pressed for national renewable portfolio standards. To date, a few states have reached their short-term goals, but many are reassessing the cost of expanding such measures. This year regulators in California, Rhode Island, Florida and Kentucky have rejected renewable-related projects because of associated rate impacts.

“South Mississippi Electric and its Members support the idea of finding ways to generate and deliver green power, but the issue needs be considered within the proper economic realities,” said Nathan Brown, chief operating officer. “We have had conversations with numerous individuals and companies that would like to provide energy or fuel based on some kind of renewable technology; but when the details of the proposals are fully analyzed, the costs wind up being prohibitive.”

South Mississippi Electric is in the process of developing a Renewables Study. A request for proposals (RFP) for renewable projects was issued last August, which resulted in seven responses. While the responses are still being analyzed and compared to potential conversion at existing resources and new self-build projects, the preliminary results confirm that costs typically range from two to three times that of current baseload and intermediate generation sources.

Another possible, although relatively small, opportunity arose earlier this year through the National Renewables Cooperative Organization (NRCO), a program established by SME and other G&Ts around the country to investigate renewable projects. NRCO identified several wind projects, including one in Illinois, that appeared promising; and the SME Board of Directors voted to approve additional discussion. However, indications now suggest that any output sold from the project would result in substantial losses for the Association.

“We intend to keep pursuing and evaluating renewable resource options, but we strongly believe that we must consider the reliability and economic factors that affect the system and, ultimately, our Members,” said Brown. “We will assess the final results of the Renewables Study and see if there are any promising possibilities.”