

SOUTHWEST WINDPOWER, INC.
1801 W. Hwy 66
Flagstaff, Arizona 86001

FAX

DATE: July 6, 2007

TO: Doug Dean, Director, Public Utilities Commission of Colorado

FROM: Andrew Kruse

SUBJECT: Comments adopting policies as required by House Bill 07-1228 (five pages including cover)

Doug Dean, Director
Colorado Public Utilities Commission
1560 Broadway, Ste 250
Denver, CO 80202

Sent Via Facsimilie to 303-894-2532
Sent Via E-mail to doug.dean@state.co.us

Dear Mr. Dean:

Please accept this submittal of our comments regarding House Bill 07-1228

Best Regards,

Andy Kruse

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

DOCKET NO. 07M-230E

IN THE MATTER OF THE COMMISSION ADOPTING POLICIES AS REQUIRED BY
HOUSE BILL 07-1228.

INITIAL COMMENTS OF SOUTHWEST WINDPOWER, INC.

Southwest Windpower, Inc (Southwest) is thankful for the opportunity to submit the following comments on the need for policies and incentives to promote Distributed Generation (DG) in the State of Colorado. We also look forward to participating in any scheduled workshops to provide additional comments on this matter.

Southwest requests that copies of comments, other filings, decisions and orders be provided to the following individuals:

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Southwest Windpower, Inc. is a Flagstaff, Arizona based producer of small residential scale wind turbines. There are approximately 12 producers and importers of residential scale wind generators around the United States many of which, like solar photovoltaics, are designed to reduce or eliminate a consumer or small business owner's monthly electric bill.

In 2004 the voters within the State of Colorado passed a Renewable Portfolio Standard. Within this mandate, portions of the electricity would come from distributed renewable energy systems. There are two primary electrical producing technologies currently available to consumers. These are solar photovoltaic and residential wind. The Colorado RPS included a provision for distributed solar but overlooked residential wind. Like solar, wind is an emerging technology that has tremendous potential to allow citizens to reduce their electric bill, contribute to reduction of global warming and reduce our reliance on imported fuels. Residential wind has made great strides towards cost of energy reductions, but without incentives, system payback still exceeds 15 years in most areas of the state.

With the passage of HB 07-1228, it is the clear intent of the legislature that distributed generation technologies are incentivized in Colorado and that the General Assembly is seeking the expertise for the Public Utilities Commission to research and draft policies, including, but not

limited to, the use of renewable energy credits (RECs) for DG. Although the language of HB 07-1228 does not specify the location of the DG, the interest Southwest is in residential wind systems that are located on-site at customers' facilities.

Incentives

1. *Create a standard rebate offer program for DG in 40-2-124 C.R.S., the Renewable Energy Standard.* Current law requires “[e]ach qualifying retail utility shall make available to its retail electricity customers a standard rebate offer of a minimum of two dollars per watt for the installation of eligible solar electric generation on customers' premises up to a maximum of one-hundred kilowatts per installation.” This, and all of 40-2-124 (e) C.R.S. should be expanded to include all DG with appropriate size limitations and should be applied uniformly across all utilities.

Specifically, the inclusion of residential wind systems with a rating of 50KW or less will level the playing field with solar and offer the citizens a choice based on their most cost-effective or available renewable energy resource. Southwest Windpower recommends the commission adopt a policy that creates a system of incentives (including but not limited to the standard rebate offer) for small wind systems to \$2.65 per watt not to exceed 50% of the installed cost of a system.

2. *Create a set-aside for all DG in 40-2-124 C.R.S., the Renewable Energy Standard.* The Commission should consider adopting a policy that sets aside a percentage of the Renewable Energy Standard for DG. This will encourage residential and small-business consumers to investment in renewable energy resources on their properties and will ensure the development of a market for both small and large scale projects.
3. *Allow extra credit multipliers in 40-2-124 C.R.S. for all qualified, customer-owned DG.*
4. Recommend to the legislature the adoption of the Commission’s net metering policy (Rule 4-CCR 723-3-3664), uniformly across all utilities, state-wide.

We recognize that offering financial incentives, specifically rebates, will require increased funding levels for the expansion of existing programs or creation of new programs where none currently exist. Southwest Windpower, Inc. looks forward to working with the Commission and interested parties to help identify funding instruments that need to be defined in conjunction with creating incentives for DG in the Renewable Energy Standard.

In a July 5, tour of a 1.8KW wind turbine, U.S. Senator Salazar watched firsthand how a small wind generator installed in front of the Sangre De Cristo Electric Association’s headquarters could help the citizens of Colorado. Southwest Windpower has numerous dealers around the state, such as in Buena Vista, CO that are creating jobs and evolving into an entirely new industry. Small-scale residential wind is good for the economy, good for the citizens and good for Colorado.

Southwest Windpower, Inc. thanks the Commission for this opportunity of comment on adopting policies that encourage the use of distributed generation for electricity in Colorado. We welcome any comments or thoughts you may have in our request.

Respectfully submitted this 6th day of July, 2007.

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Attachment: Photo U.S. Senator Ken Salazar with Andy Kruse of Southwest Windpower, Inc. taken on July 5, 2007 in Buena Vista, Colorado. Skystream 3.7 1.8 kW wind turbine in the background.