

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE COMMISSION)	
ADOPTING POLICIES AS REQUIRED BY)	DOCKET NO. 07M-230E
HOUSE BILL 07-1228)	

COMMENTS OF ROCKY MOUNTAIN FARMERS UNION AND
COLORADO WORKING LANDSCAPES

Rocky Mountain Farmers Union (RMFU) and Colorado Working Landscapes (CWL), through the undersigned counsel, submit the following comments on the need for policies and incentives to promote Distributed Generation (DG):

1. RMFU and CWL recently filed comments, and explained our interest in renewable energy policies, in rulemaking docket 07R-166E. RMFU and CWL work with other rural and environmental organizations and leaders in an effort to promote renewable energy businesses in Colorado. RMFU and CWL hope to foster additional rural economic development, and to promote environmental goals, through the sponsorship of locally-owned renewable energy projects. RMFU is attempting to organize an affiliated business that will, among other things, market, sell and service distributed energy systems.

2. RMFU and CWL ask that copies of all comments and other filings be served to the following addresses:

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3. COMMENTS. The bare language of section 7 of House Bill 07-1228 is helpful in defining the legislature's goals. The Commission is to "develop a policy to establish incentives for consumers who produce distributed generation." One specific suggestion is use of the renewable energy credits under §40-2-124. At some undefined time, the Commission is to present its policy and findings, at least on RECs, to the relevant legislative committees.

4. The Commission's House Bill 1228 assignment of course came at the tail end of a legislative session that was rife with discussion of the new state energy economy and priorities. Other laws expand the renewable portfolio standard, give incentives and direction for additional transmission to serve renewable projects, and allow accelerated utility recovery of new investments. One notable piece of legislation that did not pass, however, was an increase in the net metering obligation of rural electric utilities. House Bill 1169 was stripped of the new net metering requirements before passing with additional interconnection requirements.

5. From RMFU's and CWL's perspective, the legislature's suggested need for additional incentives is a plea to the Commission and affected parties to develop additional net metering policies that will work with rural electric systems and their constraints. Rural consumers, farmers and businesses must have some additional

impetus for installing small renewable projects behind the meter. There is a great deal of positive news lately about the increasing use of small solar and wind generation, but primarily in Xcel's service territory. Amendment 37 did mandate forceful net metering obligations on the state's investor-owned utilities. While we understand the cooperatives' different transmission and cost limitations on adding large net metered generation, it makes no sense to severely limit Distributed Generation in the countryside, where the winds blow free and there are thousands of acres of unshaded sunshine.

6. RMFU and other rural organizations strongly supported the net metering provisions in the original House Bill 1169, and compromised with CREA on many of the requirements. RMFU and CWL continue to believe there are basic policies that would be fair and workable incentives for rural DG. We will continue to work with others in this docket in an effort to develop new net metering rules and possible legislation.

7. While we emphasize the need for expanded net metering policies, CWL and RMFU also hope the Commission can adopt or recommend other incentives for DG in rural parts of our state, certainly including use of House Bill 07-1281's (Amendment 37's) renewable energy credit program. It is our understanding that distributed systems are already permitted to sell their RECs. As defined by proposed rule 3652(n), owners of DG could sell their non-energy

attributes to QRUs by entering into a "renewable energy credit contract." Again, echoing what we said in Docket 07R-166E, we believe the possibility of distributed system owners selling RECs is another reason to foster segmented bidding by utilities. Contracts for DG's RECs may look very different than those for larger generators. For instance, it may be beneficial to turn these RECs into an up-front cash payment, as happens with solar incentives, in order to help pay for initial installation and equipment costs. The RECs for small distributed generation may also need to be combined before they can be sold to utilities in a workable fashion.

8. Next, while we are hardly experts when it comes to load management, CWL and RMFU also believe there are technologies available or possible that would make DG an important tool to advance smart grid systems. These systems could more efficiently move energy to special demand areas. We should explore using incentives for the use of such technologies, equipment and facilities, particularly for DG systems in cooperatives' service territory. It would obviously make DG a more valuable resource if the responsible utility could cycle the excess generation on and off-system. Again, we look to others for their expertise and advice.

9. Lastly, and in tandem with net metering, RMFU and CWL wish to raise again the possibility of Community-Based Energy Development (C-BED) tariffs as a powerful tool for encouraging community-based and Distributed Generation projects. Minnesota has led the way with

this concept, and we attach a summary sheet on that state's recent legislation. These types of "feed-in" tariffs are also common in Europe, and have led to dispersed renewable projects. We believe that any effort to promote DG must include consideration of special wholesale purchase rates for community generation, in recognition of its enhanced value from diversity, environmental attributes and, of course, rural development.

WHEREFORE, Rocky Mountain Farmers Union and Colorado Working Landscapes respectfully request that the Commission consider our comments and suggestions in this docket.

Dated: July 5, 2007

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of July, 2007, I delivered the original, seven copies and an electronic version of the foregoing to the Public Utilities Commission, 1560 Broadway, Suite 250, Denver CO 80202.

_____/Charles Holum/_____