

Final Report
July 2000-June 2003

A Community-Based Approach to Marketing Wind Energy
Western Resource Advocates (formerly Land and Water Fund of the Rockies)

The purpose of the Department of Energy's grant was to transfer to New Mexico and Utah a national award-winning market-based strategy to aggregate demand for wind energy. With this grant, Western Resource Advocates (formerly called the Land and Water Fund of the Rockies) has successfully developed a Utah Wind Power Campaign and has been instrumental in getting utilities in New Mexico to develop wind-based green power programs. This final report gives an overview of our progress in each state over the past three years.

The Utah Wind Power Campaign

Western Resource Advocates (WRA) began advocating for a green power program in Utah in 1998 in an Energy Efficiency and Renewable Energy Task Force commissioned by the Utah Public Service Commission. In response to recommendations published by the Task Force in December 1999, PacifiCorp (parent company of Utah Power) developed a green pricing program called Blue Sky. In April 2000, PacifiCorp launched the Blue Sky wind power program in Utah. Unfortunately the program embodied almost none of the features recommended by the Task Force. The main problem was the cost: \$4.75 per 100 kWh block of wind energy, about two-thirds of which was designated to cover marketing costs. Since we believed the product was overpriced and suffered a major design flaw by allowing a two-year true-up period between the customer's payment of the premium and the actual delivery of wind power, we refused to endorse the product and refrained from entering into a marketing partnership with PacifiCorp. However, we remained in contact with the Blue Sky marketing staff to provide advice on best marketing practices and to encourage them to change the program to meet the Task Force recommendations. We also started to identify local businesses and organizations that would be appropriate to target once PacifiCorp improved their program and we could begin a working partnership.

In April 2001, PacifiCorp filed a request with the Utah Public Service Commission for a new tariff with a lower premium of \$2.95 per 100 kWh block. PacifiCorp's rationale for lowering the price was based on (1) record high prices for fossil fuels and declining renewable energy costs that caused the premium to shrink, (2) the lower premium was expected to increase participation rates, and (3) the lower price would allow the support and involvement of WRA which would have an impact on sales. We believe our offer of cost-effective community-based marketing played a strong role in PacifiCorp's decision to lower the premium. The Utah Public Service Commission approved the revised tariff.

After the tariff revision was approved, we agreed to work with PacifiCorp and developed a detailed marketing strategy to develop community-wide support for wind power. One of our first priorities was to engage local environmental and community groups to endorse and purchase wind energy through the Blue Sky program. We also relied on assistance from the Utah Energy Office to help develop our marketing plan and hire a local campaign coordinator, Sarah Wright, who began work in June 2001. Sarah Wright's background in industrial hygiene made her an ideal candidate – she had excellent contacts throughout the business community in Utah and

understood how to talk to businesses about environmental issues. In the summer of 2001 Sarah worked with Rudd Mayer, Susan Innis and a graphic designer to develop marketing materials, including brochures, fact sheets, a website (www.utahgreenpower.org), an information packet for business outreach and display materials.

Another early priority was to tie wind power to the 2002 Olympic Winter Games in Salt Lake City to leverage media attention on the popular international event. With input from WRA and the Salt Lake Olympic Committee (SLOC), PacifiCorp agreed to allow residential and business customer to allocate their wind purchase to an Olympic venue to help offset emissions and reduce the environmental impact of the events. While SLOC ultimately chose to use an organization called the Leonardo Academy to certify their emissions reductions for the Olympics, we were able to partner with international environmental groups, specifically Greenpeace, to provide information on wind power at a Global Warming exhibit during various events.

From June 2001 through June 2003, Sarah and two part-time contractors, conducted outreach to hundreds of businesses and organizations and thousands of residential customers throughout Utah. This section highlights some of our successful strategies in various target sectors.

Government Agencies

A key component of our success in Colorado was strong partnerships with local, state and federal agencies. An endorsement of an environmental initiative by a government agency or a community leader carries a lot of weight with the general public and the business community. As agencies signed up to support wind power, we were able to use their public endorsement to convince others in the community to purchase wind power. In Utah, we concentrated on working with several municipal governments, the Utah Energy Office, and the National Park Service.

Salt Lake City announced their wind power purchase in July 2002 as a means to implement their Local Climate Action Plan to reduce greenhouse gas emissions. The funding to cover the wind power premium came from energy efficiency savings the city realized after upgrading to energy efficient lighting. We worked closely with the Mayor's environmental team and local Utah Power representatives to hold a press conference that was covered by local TV stations, radio stations and newspapers. The event also included the hoisting of a Wind Power Flag that flew for several months from the Salt Lake City and County Building in downtown Salt Lake City. The press event served as the launching point for a broader outreach campaign that included a direct mail campaign (mailed to 30,000 Salt Lake City area residents), direct outreach to businesses and print advertisements touting Mayor Rocky Anderson's support of wind power. This coordinated marketing strategy (media coverage, followed up with direct mail and outreach) was instrumental in signing up several hundred residential customers for the Blue Sky program.

After the success of the Salt Lake City initiative we looked for other progressive towns. Moab, the popular tourist destination in southern Utah, was the next obvious choice and we launched our efforts there in October 2002. The Moab campaign built on our experiences from Salt Lake and we knew that getting Mayor Dave Sakrison's support for wind power would be key. We worked with the Mayor, the City Council, Utah Power and EPA's Green Power Partnership program to develop the *Moab Community Challenge*. The Community Challenge was launched on Earth Day 2003 with the goal of getting 5% of the area's residents and businesses signed up for the Blue Sky wind program. That goal was quickly reached and now

nearly 9% of the Utah Power customers in the area participate in Blue Sky, purchasing over 1.5% of the city's total energy use from wind. Our new goal is for Moab to meet the EPA Green Power Partner target by getting 3% of the city's energy use from wind. As in Salt Lake City, the Moab City Council's purchase of wind power for 50% of the energy usage of City Hall and the Mayor's public support were important factors in convincing other businesses and residents that wind power was the right thing to do. Part of our outreach in Moab included making presentations to nearby National Parks: Canyonlands and Arches both signed up for wind power, as well as dozens of businesses in Moab.

Following up on Salt Lake City and Moab, we started working with two additional cities: Park City and Sundance. We will continue to work on those for the rest of 2003 and hopefully use their purchases to recruit the neighboring ski areas to purchase wind power.

In terms of state agencies, we developed a close working relationship with staff in the Utah Energy Office (UEO). In addition to signing up for wind power, the UEO held a Wind Power Workshop in October 2001 and will hold a 2nd Wind and Solar Workshop in October 2003. We also worked with UEO staff to promote wind development in rural communities via community wind education meetings and meetings with rural electric cooperatives and municipal power suppliers.

Business Community

Our approach to the business community in Utah was based very closely on our previous work in Colorado. Our main strategy was to use door-to-door sales to small and medium businesses. In Salt Lake City we hired a part-time outreach assistant, Bonnie Christiansen, who went door-to-door in high traffic areas in downtown Salt Lake City and also contacted businesses that we felt were likely candidates to purchase wind power. All told our direct outreach efforts in Salt Lake, combined with the Moab Community Challenge, have led to 128 businesses purchasing a total of 378,000 kWh of wind energy per month or more than 4,500 MWh per year.

In addition to direct marketing efforts, we also worked to build partnerships with business organizations, including Chambers of Commerce, Rotary clubs, a small business group called the Vest Pocket Business Coalition in Salt Lake City, the Utah Medical Association and others. By making presentations to business associations, we were able to answer questions business owners had about the Blue Sky wind power program. It is our belief that a one-on-one question and answer exchange can be vital to getting a potential wind power purchaser all the information they need to make an informed decision.

As with government leaders, businesses also play an important leadership role in communities. When a business purchases wind power they gain public relations value for their benefit, and also promote the wind power program to their business colleagues, customers, suppliers and others in the community. In Salt Lake City we worked with several businesses on special promotions to tout their wind power purchases. The Uinta Brewing Company purchased wind power when they moved into a new, more energy-efficient building. While many Utahns don't drink alcohol, there is some healthy competition among the local microbreweries and Uinta capitalized on their wind power purchase to differentiate themselves from the competition. Uinta promoted their wind purchase on their website, in print and radio advertisements, on t-shirts and in a special six-pack insert that described their environmental philosophy and the environmental benefits of their wind power purchase. In addition, they teamed up with Oasis Cafe and Gold Braid bookstore to help promote their challenge described below.

The Utah Wind Power Campaign also found a champion in the owner of the Oasis Cafe and Golden Braid Bookstore. The Cafe features healthy natural foods and the bookstore caters to progressive individuals, so it was the perfect candidate for a co-marketing campaign. The Cafe/Bookstore was able to tout their commitment to the environment and the community, and also target individuals who were very likely to purchase wind power for their own homes. We partnered with Utah Power and the Cafe/Bookstore to develop in-store signage and a signup drive launched on Earth Day 2003. The Cafe/Bookstore, now joined by Uinta Brewind, created a challenge calling for their customers to purchase a total of 2,003 blocks of wind power. They are rewarding customers that sign up with a 10% discount. In addition to in-store promotion materials, the challenge has been promoted on local radio stations and in newspaper ads. Although the marketing materials for this challenge have been widely distributed to the target audience, the number of wind power signups attributable to the challenge remains low. Further discussion is included in the *Lessons Learned* section below.

Public radio stations have also been powerful outreach partners. KRCL community radio, in Salt Lake City, purchased wind power for 50% of their energy use and co-produced with us several public service announcements (PSAs) about the wind campaign that encouraged listeners to purchase wind power for their homes. In addition, we had outreach tables at their annual Day In The Park event. KZMU (Moab), powered by 100% wind power, worked with us on similar activities in that region. Finally, KPCW (Park City) ran a week-long series on wind power, including information on the Utah Wind Power Campaign's outreach.

Nonprofit Community

Another key community sector for our campaign was the nonprofit community – especially environmental and community organizations. In Salt Lake City we worked with a number of religious organizations who were interested in purchasing wind power as a way to lessen their organization's environmental impact.

Environmental groups that endorsed the Utah Wind Power Campaign included the Sierra Club, Wasatch Clean Air Coalition, Southern Utah Wilderness Alliance and Ecology Project International. In addition, WRA was able to purchase wind energy for our office in Salt Lake City.

Universities

Replicating the success of our wind power campaign on the University of Colorado campus was also a high priority in Utah. In the fall of 2002 we hired Kevin Emerson to work as part-time coordinator of the University of Utah Wind Campaign. The campus-based effort was launched with a large press conference in November. Salt Lake City Mayor Rocky Anderson spoke about the city's commitment to wind power and encouraged the students to pursue a wind purchase for the university as a way to reduce greenhouse gas emissions implicated in global warming. Kevin worked with student organizations and the student government to circulate a petition for student signatures that convinced the student government to vote in favor of adopting a \$1 per semester fee increase to purchase wind energy. The fee will go into effect in the 2004-2005 school year and will raise approximately \$62,000 per year for wind power – which would account for over 1% of the university's energy coming from wind and reduce CO₂ emissions by up to 7,500 tons per year.

In addition to the successful initiative at the University of Utah, we've conducted outreach to students at Weber State and Utah State University. These outreach efforts will

continue through the next academic year and will expand to Brigham Young University thanks to funding from the Utah Energy Office and DOE's state energy program.

Municipal Utilities and Rural Electric Cooperatives

One of the successes of the Colorado Wind Power Campaign was encouraging over 20 utilities in the state to offer wind power programs. After two years of working with Utah's largest power company, we began discussions with municipal utilities and rural electric cooperatives to get them interested in wind power – either for green pricing programs, or for their general rate base.

The Utah Association of Municipal Power Systems (UAMPS) is in the process of finalizing a wind power purchase for their municipal utility members. UAMPS has expressed an interest in developing a green pricing program to market a portion of this wind purchase. To this end, the Utah Wind Power Campaign gave a presentation on green pricing programs at their annual meeting in August 2003. This work will continue with funding from non-federal sources.

We have also met with the Utah Rural Electric Association and individual coops to discuss renewable energy options and the potential for green pricing programs.

Results

As a result of our efforts, enrollments in the Blue Sky wind program have increased dramatically. In June 2001, when we launched the Utah Wind Power Campaign there were 2,252 residential customers and just 3 businesses participating in Blue Sky. As of August 2003 those numbers have climbed to 5,975 residential customers and 128 businesses. All told the Utah-based subscriptions to the program have supported the development of approximately 7 MW of new wind power. PacifiCorp is purchasing wind energy and/or green tags for Blue Sky customers in Utah, Oregon, Wyoming, Idaho and Washington from these facilities: the 17 MW Foote Creek IV project in Wyoming, the 50 MW Condon facility in Oregon, the 24 MW Klondike wind farm in Oregon and the 300 MW Stateline project on the Oregon/Washington border.

The Utah Wind Power Campaign received two awards in recognition of our success. The Interstate Renewable Energy Council awarded the campaign a 2003 Innovation Award for demonstrating a measurable positive impact that is both innovative and replicable. Sarah Wright was recognized by the Utah Medical Association with an Environmental Stewardship Award.

Lessons Learned

One on one direct marketing to businesses and leveraging their resources to expand the reach of our grassroots marketing and outreach activities continues to be a cornerstone of our successful green power marketing strategy.

The development and refinement of successful community-based green power challenges, like the *Moab Community Challenge*, are arguably one of the biggest successes of our Utah Wind Power Campaign. In our limited experience, it appears that not all community challenges are created equal. The utility marketing budget for the Golden Braid/Uinta Brewing Company challenge and the Moab Community Challenge were on a similar order of magnitude – however, to date, the Moab challenge has been far more successful. We attribute the difference to several factors. The town of Moab is a defined community with local pride in their accomplishments and have a history of working together on a variety of issues. The “alternative” community we intended to tap into through the Golden Braid/Uinta effort is rather

undefined. This could be one factor that affected the success rates. However, one on one outreach also seems to explain the success in Moab. Sarah Wright and Susan Innis conducted face to face outreach in October 2002 and Sarah made several follow-up trips to speak personally with several business owners and key city officials. Mayor Dave Sakrison also make a personal appeal to numerous community members, clearly asking them for their support for wind power purchases. Marketing and outreach for the Golden Braid/Uinta effort consisted primarily of print and radio advertisements and in-store displays. Neither business is personally talking to their customers about the challenge, they aren't explaining the benefits of wind power and personally recruiting them to participate in Blue Sky. Perhaps the Golden Braid/Uinta effort would have been more successful if we had trained the waitstaff and cashiers to pitch wind power directly to customers. One thing we learned from the Moab experience was the importance of generating a buzz, because as more and more individuals buy into the concept they in turn share the information in their circle of acquaintances and participation and interest grows.

Finally, we cannot underestimate the importance of developing a strong partnership and coordinating marketing efforts with the utility staff. Our most successful efforts (Salt Lake City and Moab) included a well thought out campaign strategy. The Utah Wind Power Campaign often made the initial contacts with key government officials, then we worked with PacifiCorp on a Blue Sky purchase, press release, follow up media coverage (PSAs on radio), outreach to businesses and direct mail advertisements to select residential customers. In this way potential customers heard about the Blue Sky program several times in a short time period and were able to draw a clear connection between a city's purchase and their own choice to use wind power.

Next Steps

The original goal for our work in Utah was to secure support for 20 MW of new wind power in the state, we have made significant progress towards that goal, but there are still no utility-scale wind projects online in the state. We have been pleased with the evolution of the Blue Sky program and believe that working with PacifiCorp to design and market the program has been very beneficial. In the fall of 2002 PacifiCorp held several stakeholders meetings to discuss the change to a tag-based program and a reduction in the premium charged. In response to our input, PacifiCorp has agreed to work to meet our concerns about building wind facilities within the state of Utah and has begun to investigate the feasibility of offering a stable rate program.

Going forward, the Utah Wind Power Campaign will continue to operate, but it has become a joint project of WRA and the newly formed Utah Clean Energy Alliance. Sarah Wright will continue to coordinate the program and will seek funding to continue outreach efforts started under this grant.

NEW MEXICO

In New Mexico, WRA's original goal was to take advantage of restructuring legislation that would have provided for a system benefits fund, a renewable portfolio standard, and the introduction of competitive marketers who would likely offer green power options. However, events in California caused New Mexico legislators to delay (in 2000) and later repeal deregulation of the state's electric industry (in 2003). The uncertainty about the regulatory structure in New Mexico significantly delayed our plans for working with utilities to develop

green pricing programs. The following sections detail our work over the past three years to develop green pricing programs and our efforts at the Public Regulation Commission to develop a sound regulatory structure for utility investments in renewables.

First Steps On Utility Green Pricing Programs

PNM

In 2000, despite of the regulatory uncertainty related to deregulation, WRA met with Public Service Company of New Mexico (PNM) numerous times to encourage them to develop a green pricing program that could be offered in either a regulated or deregulated market. PNM is the largest utility in the state and serves the population centers of Albuquerque and Santa Fe. In late 2000 and early 2001 PNM began to express support for developing a green pricing program and informally committed to investing \$1 million in a single wind turbine to supply such a program. Based on our experiences with wind power development in Colorado and the declining price in wind power, we encouraged PNM to think about a larger commitment. Behind the scenes, we encouraged several wind developers to submit proposals for wind projects so that PNM could get a better feel for the costs and develop an understanding of the economies of scale associated with larger projects. At the same time we met with federal and state agency officials to strategize about using their status as large customers to push PNM to offer a green power option. Unfortunately Sandia National Lab and Kirtland Air Force Base were in litigation with PNM and while supportive of green power, they were unable to approach PNM about a wind power purchase.

After these promising initial meetings and progress with PNM, the company underwent some internal restructuring in 2001 in response to financial hardships. Many of our key contacts were laid off and progress stalled. We didn't resume discussions until late 2002, when PNM announced plans for a large wind farm. In October 2002, at the New Mexico Wind Power Conference, PNM and FPL Energy announced plans for a 204 MW wind farm to be constructed near the town of House, NM. PNM agreed to purchase 100% of the output of the project from FPL Energy, with a portion going to a proposed green power program. That wind farm is now complete and PNM begins purchasing the energy in October.

In March 2003, PNM filed their proposed green power tariff with the PRC. Their initial offering was a 100 kWh block product at \$2.50 per month. WRA worked closely with PNM and PRC Staff to develop a revised tariff price of \$1.80 per 100 kWh block, based on the actual costs of the wind project. The stipulated agreement we filed with the PRC contained two other important provisions – PNM agreed not to count sales of wind power through the green power program towards any renewable energy portfolio requirements and they agreed to re-evaluate the premium in their next rate case. After the PRC approved the tariff, WRA met with PNM to discuss marketing ideas for the program. As of August 2003, two local environmental groups have agreed to endorse the program (NM Solar Energy Association and the Green Alliance) and PNM may work with others on a community campaign in the future. If such a campaign is launched, WRA will work to provide advice and assistance to the organizations involved.

Xcel Energy/Southwestern Public Service

In 2000 and 2001, we also met with Xcel Energy's subsidiary Southwestern Public Service (SPS) to discuss improving the marketing techniques for their Windsource green pricing program offered to New Mexico customers. SPS initially offered Windsource in 1999 in

response to a regulatory requirement, but has done minimal marketing and has only about 350 customers enrolled in the program. However, SPS was unwilling to commit to expanding their investments in wind in response to customer signups and we decided it wasn't sensible to support a program that might not result in new wind power development. However our work with federal agencies to comply with the renewable energy goals outlined in Executive Order 13123 paid off. In December 2000, Sandia National Labs purchased wind energy through Xcel's Windsource program for a facility in Carlsbad. That purchase triggered the installation of an additional turbine, as required by the New Mexico Public Regulation Commission.

Other utilities

In December 2001, Kit Carson Electric Cooperative in Taos began offering a green pricing program. In response to requests from local clean energy advocates, we worked with Kit Carson staff to develop marketing materials and messaging about the program. In April 2002 we worked with Kit Carson, KTAOS public radio and local advocates to organize a Community Fair. KTAOS aired interviews with Kit Carson staff, Susan Innis and several Kit Carson customers. The event was successful in signing up several new residential customers for the program. Kit Carson's enrollment is at about 250 customers, and they purchase 527 100kWh blocks from their supplier, Tri-State Generation and Transmission.

Regulatory Environment

In addition to starting discussions with several of the state's utilities to offer green pricing programs, we also worked to promote a more stable regulatory environment in proceedings before the New Mexico Public Regulation Commission (PRC). In May 2001, the PRC opened a docket to investigate ways they could encourage renewable energy before restructuring was slated to begin in 2007. That docket evolved into a rulemaking proceeding on a renewable portfolio standard.

WRA helped form a local coalition of environmental and consumer advocacy groups called the Coalition for Clean Affordable Energy (CCAE) in 1997. Over the past several years WRA has provided technical and legal assistance to CCAE and has been their key voice before the PRC. From May 2001 through December 2002, WRA worked with CCAE to provide important technical comments in the PRC's rulemaking on renewable energy. In the end, the PRC adopted a rule requiring the state's three major utilities to procure 10% of their energy from renewables by 2011 and requiring all of the state's utilities (including rural electric cooperatives) to offer green pricing programs to their customers.

The PRC's renewable energy rule went into effect on July 1, 2003, but El Paso Electric has filed a legal challenge with the New Mexico Supreme Court. WRA and several CCAE member organizations have intervened in that case and will be supporting the PRC's decision to adopt the renewable portfolio standard and green pricing requirement. If the rule is upheld, we predict there will be as much as 300 MW of wind developed in New Mexico in the next few years.

Broadening Public Support for Renewable Energy

While we were unable to launch a grassroots marketing effort to support green power programs, we were able to work with CCAE to conduct general outreach on the benefits of renewables and broaden public support for the PRC's policies. CCAE's outreach coordinator and several board members conducted extensive outreach to individuals, diverse organizations,

and key decision makers. In addition to regular outreach at meetings and events in the Albuquerque/Santa Fe area, CCAE also conducted extensive educational efforts on renewables with media outlets, rural constituents, county commissions, economic development boards, chambers of commerce, and individual farmers and ranchers. We believe that these efforts have resulted in broad statewide support for renewable energy, which should translate into good participation levels in green pricing programs.

The public's broad support was evidenced in a February 2003 poll. The poll, conducted by Greenberg Quinlan Rosner Research (on behalf of the Natural Resources Defense Council), of 509 registered voters in New Mexico focused on water and electricity issues. The results of the poll showed "broad and diverse support for a law that requires utility companies in New Mexico to generate 10 percent of their electricity from renewable sources such as wind and solar power by 2011." Poll respondents were informed "Eighty-eight percent of New Mexico's electricity currently comes from coal. Less than one percent comes from renewable sources such as wind and solar power. The New Mexico Public Regulation Commission has approved a proposal that would require utility companies in New Mexico to generate ten percent of their electricity from renewable sources such as wind and solar power by 2011." Respondents were then asked, "Do you favor or oppose this proposal?" Eighty five percent of respondents stated they favored the proposal, while only twelve percent were opposed.

Next Steps

In New Mexico, WRA will continue to work on regulatory issues to ensure that there is a stable environment for utilities to make investments in renewable energy. Provided we can find additional funding sources we will also try to work with each of the state's utilities to develop broad participation in green pricing programs.

CONCLUSION

Our experiences over the past few years in New Mexico and Utah have been quite different. In both states we have developed stronger relationships with utilities and policymakers which will increase the effectiveness of our future advocacy efforts.

In Utah, we've seen the development of one of the most successful green pricing programs in the country. However, utilities in the state have been slow to make investments in wind farms in Utah. We will continue to work with our partners at PacifiCorp and the Utah Energy Office to encourage wind development in the state.

In New Mexico, we are just beginning the era of green power, but already the state has over 200 MW of wind power online. And Xcel recently announced plans to develop an additional 80 MW for their rate-base in 2004. We hope to see these levels of investments coming from the state's other utilities in the near future, either in response to the renewable portfolio standard or in response to rising gas costs.