Wind Generation in Klickitat County

I hear questions on a relatively regular basis regarding wind projects in our county, so I thought I would answer them for others who may have the same thoughts.

The first question is, "Given all the wind projects in our county, why are we selling it rather than using it. After all, wind is free, right?"

We own 27.7 megawatts of wind generation. That is the equivalent of 14 wind turbines out of more than 1,000 in the county. The rest are owned by other utilities and wind developers. They sell the power and renewable energy credits produced by their projects wherever they can get the highest price or they use it themselves. We carry much of that wind generation on our transmission lines and deliver it to the Bonneville Power Administration, but own very little. That was by choice, as the cost to generate wind is not free. While wind itself may be free—just like flowing water with hydropower—the cost of building, owning and operating a generation facility is not.

The next question is, "Why doesn't the PUD use the output of our project and buy the output from other wind projects as they are right here in our county?"

We have used some of the output of our wind project to serve our customer load. Most, however, is sold outside the county. Wind generation varies greatly hour to hour, so it is very difficult—which is to say expensive—to integrate wind generation into our portfolio on an hourly basis. Also, by contract we cannot offset BPA generation. We can only use it when we are short of power supply from BPA.

We don't buy output of other projects because we already have ample sources of clean, carbon-free power. The cost of wind generation varies and is made up of two parts: the cost to build the generation facilities and the ongoing operation and maintenance to run the facility. Operational and maintenance costs run about $30 per megawatt-hour. Most wind projects also have a debt repayment component. In our case, we have no debt on our portion of the White Creek wind project. When the facility was built, we owned 26 percent of the project. Once we got to commercial operation, we sold half.

At that time, power and renewable energy credit prices were high, so we sold at a considerable gain. But for most developers, if the installed cost of a wind facility is $1.7 million per installed MW, excluding any tax credits, the debt costs would be about $40 per MWh. That means the cost of production of many wind projects is upwards of $70 per MWh. Our current estimate of the cost of power from BPA is about $30-$35 per MWh, depending on the water levels in any given year.

If you have questions for your PUD management team, feel free to attend our customer meetings throughout the year, starting with the dates below:

- **3/17—**Noon, Goldendale Chamber Forum at Gee's Restaurant
- **3/23—**6:30 p.m., Klickitat Council Meeting at Klickitat High School library
- **4/14—**7 p.m., Dallesport/Murdock Council Meeting at Dallesport Community Center

Watch for additional dates in next month's Ruralite. We look forward to our visits.

Jim Smith
General Manager