

Wind



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Scandia signs leases for massive Texas wind project

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Plans call for completion of the first 200MW in 2013, with 500MW each in the following two years. This will partly hinge on Texas regulators approving Scandia's request for 1.2GW of capacity on high-voltage transmission lines under construction that will bring wind power to major load centers in the state.

Texas is the leading US wind state with 9.7GW of installed capacity. It has approved a \$4.9bn plan to add transmission capacity through 2014 that will enable an additional 18.5GW of wind power to be delivered from the Panhandle and West Texas.

Havgul Project Director Harald Dirdal tells Recharge that Scandia is aiming for the much larger US power market. The plan is to tie Mariah into the proposed Tres Amigas SuperStation, a power switching hub that would be privately owned and operated in nearby Clovis, New Mexico. Tres Amigas would for the first time join the three primary US electric transmission grids: Eastern and Western Interconnections, and **Electric Reliability Council of Texas (ERCOT)**.

Tres Amigas would incorporate a network of underground high voltage direct current superconductor cables and AC/DC converters capable of transmitting energy and balancing power loads between the three grids. It would be located on a 22-square-mile (56.9sq km) site with initial capacity to transmit up to 5GW of power. The possibility of linking a wind farm to those grid systems makes the Texas Panhandle a unique location for large scale wind development, says Dirdal.

The **Federal Energy Regulatory Commission (FERC)**, which oversees interstate transmission of electricity, has not given Tres Amigas investors approval to proceed. Agency spokeswoman Barbara Connors says the group sought two rulings which it asserts is critical for the project's success. FERC went along with the first: their ability to negotiate and charge transmission rates for access to the hub, where industry players could buy cheap power in one grid and sell it at higher prices in another.

The other petition was for FERC to disclaim any jurisdiction over future Texas transmission line owners that tie into Tres Amigas. At present, the Electric Reliability Council of Texas, or ERCOT, administers most of the state's grid, which is independent of FERC oversight. Before ruling on this request, FERC sought more information from Tres Amigas, but has not yet obtained it. "There is nothing pending for a new hearing," Connors says.

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Nevertheless, the project remains in good standing with FERC, raising hopes for eventual approval. Chairman Jon Wellinghoff has praised **Tres Amigas** for its "creativity and pioneering thinking" that the US needs to expand grid ability to accommodate all electricity generation sources.

Jim Bob Swafford, chief executive of **Premium Wind Coalition**, a joint venture partner with Havgul and **Alpha Wind Energy** of Denmark in Scandia, says Tres Amigas would be a "great asset for wind energy and the country."

The Scandia partners believe that Mariah could produce power at prices competitive with those from coal and natural gas. While gas is cheap now due to oversupply in a weak national economy, prices have fluctuated wildly in the past decade. Coal generation costs are certain to rise in response to new federal emission regulations, and will likely force utilities to retire older plants.

Swafford says the project turbine locations have some of the best US onshore wind resource at a height of 450 feet (137.1 meters). Plans call for using 3MW turbines although Scandia has not ruled out larger ones.

Meanwhile, Scandia is progressing on all fronts at the local level, according to Swafford, who has been aggressively signing leases with landowners in rural Dallam, Parmer and Sherman counties. In Parmer, where Premium Wind is based and across the border from Clovis, 255,000 acres (1,032sq km) are under project lease. In Dallam and Sherman, atop the Panhandle bordering Oklahoma but not adjacent to Parmer, another 210,000 acres (849.8sq km) is in the books.

"Landowners need this project to happen for their future," says Swafford, noting that diminishing water tables and other factors have made farming more difficult in the past 15 years. "They really have bought into the project."

Swafford believes Mariah will succeed where other proposed large wind projects have not gotten off the ground in the Panhandle. For starters, he lives in the region and puts a local face to the project. "This is a key ingredient, and makes a huge difference for landowners and local officials," he says.

Second, he says Scandia is using a "bottom-up approach" that gets all local stakeholders on board, and does homework and takes action on environmental and regulatory issues, before it fully pursues project financing.

For example, Swafford has approached environmentalists at Texas Tech University in Lubbock with an offer to have them study how the project could impact the native prairie chicken. "We want them involved because it makes good business sense to do the study," he says. Scandia's effort to be seen as good stewards of the region's natural resources is winning it support from country officials and Swafford says, in the state capital of Austin. "We're very transparent on what we are trying to do," he says.

Scandia has not made a cost estimate for the project's initial stages, according to Swafford, but he does not see financing "as a huge obstacle" once all preparatory issues are resolved. Havgul's business model is to develop projects to a stage where construction can start, and then sell them to a utility or another company with the financial muscle needed to construct a large-scale project. Havgul has developed and sold the Havsul offshore project in Norway, which was the first offshore project there to win regulatory approvals.

Havgul recently got a capital injection of Nkr 50mn (\$8.15m), of which half was provided by Investinor, a Norwegian government funded investor firm. Havgul has wind projects under development in Norway and Sweden besides the US.

Anders Bjartnes and Richard A. Kessler

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