

Grays Harbor PUD Hoping to Sell Interest in Radar Ridge Wind Project

Local News

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Posted on : May 19, 2010 at 5:38 am

Aberdeen- Citing concerns about increasing permitting costs, anticipated extended time lines for permitting, an approaching lease deadline, and the value of the project based on future markets, the Grays Harbor PUD Commissioners have opted to not authorize a budget increase or any additional expenditures for pre-construction work for the Radar Ridge Wind Project. The inaction on the budget proposal means the District will not move the project forward, but will remain a participant while Energy Northwest determines its options or if there is interest by another entity in assuming the District's share of the project, which provides an opportunity for the District to recoup some of its investment.

"The Board does not have a high level of confidence that investing additional funds would ensure that the project would be permitted in time to take advantage of low-cost financing and meet the Department of Natural Resources lease extension requirements," said Rick Lovely, General Manager of Grays Harbor PUD. "The project is time sensitive because the participants have been awarded \$122 million in Clean Renewable Energy Bonds to finance the project. The bonds must be sold by January of 2013, and permitting must be completed by December of 2011 to move forward with the financing," Lovely added.

In addition, analysis of the value of the project based on forward energy markets has shown a decrease in its value making it an expensive project for Grays Harbor PUD to invest in. "Even with successful permitting, the value proposition for this project is currently not there for our PUD," said Lovely. "That value could change in the future, but our Board is unwilling to assume any additional financial risk without full confidence in the ability to successfully get permits and have a financially viable project after construction."

The Commissioners did not take action on a revised budget proposal, which failed for lack of a motion. The proposal was based upon a minimum expenditure to reach certain milestone decision points. The inaction came after review of an economic analysis of the value of the project based on current information on future markets and a review of costs to move forward with the permitting process.

Grays Harbor PUD is one of four Public Utility Districts participating in the project along with Project Developer, Energy Northwest. The project site is located in Pacific County near Naselle. The project is in the permitting process and the participants and Energy Northwest have been working closely with state and federal agencies to ensure the wind project does not adversely impact the regional

population of marbled murrelets, a species of bird listed as threatened under the Endangered Species Act. The Participants conducted three years of unprecedented studies which show the project will not have a significant impact on the marbled murrelet and submitted a draft habitat conservation plan and Environmental Information Document to US Fish and Wildlife for review. The budget increase anticipates additional investment for permitting work including completion of a lengthy Environmental Impact Statement.

“Grays Harbor PUD appreciates the efforts of all concerned in getting to this point and in trying to provide a path to make the Radar Ridge site a success,” said Rick Lovely. “It is a good site in the right place, with an excellent wind profile, and the District hopes that one day turbines will be spinning upon the crest of that ridge.”