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BPA joins forces with new environmental trust to market power

Bonneville Power Administration

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FOR MORE INFORMATION, CONTACT: Perry Gruber, BPA (503) 230-5359, plgruber@bpa.gov or Zach Willey, Environmental Resources Trust/Environmental Defense Fund (541) 317-8424

PORTLAND, Ore. – A new brand of power broker will soon be calling on utilities and power consumers across the West – the Environmental Resources Trust (ERT), an independent, non-profit organization founded with the help of the Environmental Defense Fund.

In a recently signed agreement with BPA, ERT will broker BPA power products that have environmental benefits, including power generated from federal hydro facilities as a result of fish recovery operations, power generated from renewable projects, and power from instream flow improvements enabled by water purchases by ERT. In some cases, one or more of these power sources may displace thermal resources such as coal, gas, oil or nuclear plants. Acting as a broker for its clients and BPA, ERT will offer this power to buyers whose alternative sources are more expensive or who are willing to pay more for environmentally beneficial energy.

“ERT is in a position to offer to energy buyers several unique environmental benefits from the power sources to be delivered under this agreement,” said Dr. Zach Willey, ERT Pacific Region director and Environmental Defense Fund Senior Economist. “We want to demonstrate that market-based incentives can be used to provide environmental improvements in conjunction with economic benefits.”

“We also recognize that there is considerable discussion about setting standards for what constitutes ‘green power.’ Such standard-setting is not an intent or goal of this agreement,” He said.

According to the terms of the marketing agreement, ERT will function as a power broker, arranging environmentally-beneficial power transactions between power purchasers and BPA. In return, ERT will receive a fee based on the amount of power sold. In addition, any environmental premiums received in above-market power prices will be retained by ERT. All of these funds will then be invested in fish and wildlife and other on-the-ground environmental projects, of which at least 75% will be in the Pacific Northwest. In this way, ERT will provide a way to directly fund projects that otherwise might not be provided by public agencies and other entities.

“This is the kind of creative idea that can help both the environment and the economy,” adds BPA Deputy Administrator Jack Robertson. “ERT can help us find new markets to expand the use of environmentally sound energy resources. And, even better, ERT’s success will provide additional funds

for fish and wildlife programs, over and above current spending. This is good news for everyone.”

This effort should help fish this spring by finding buyers for surplus power generated to reduce excess spill that might cause gas bubble disease in fish. It should help reduce air pollution by displacing thermal plants with hydro power and it should help support renewable resource projects by finding buyers for power from those projects.

The agreement with ERT continues through the end of 1998.

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