

Jonathan Schechter – “Corpus Callosum” Column
Jackson Hole News&Guide – November 18, 2009

A month ago, the community hosted an “Energy Sustainability Summit.” By the end, attendees had a vision of Jackson Hole becoming a national – if not world – leader in energy conservation and self-sufficiency.

It’s a bold vision, albeit one which leaves a lot of economic and logistic questions unanswered. More importantly, it also raises two fundamental, almost existential, questions about us as a community: “Put up or shut up?” and “Invest or spend?” In other words, are we capable of thinking long-term and acting accordingly? Or will we simply continue to react to the short term?

These questions are grounded in two inescapable realities; one economic, the other cultural.

The economic reality is that, starting in 2011, regardless of what we choose to do, electricity will cost us more.

The cultural reality is that, for the last 30 years or so, it’s been political suicide for leaders to ask their constituents to make sacrifices. Tax increases, rate hikes, privation of any type: suggest anything like this and kiss your career goodbye.

Combine these two realities, and we have our two fundamental questions: “Put up or shut up?” and “Invest or spend?” Simplify things even further and there’s just one basic question: How will we use the additional money more expensive electricity will cost us? Spend or invest? Rent or buy? Send it to out-of-state electricity-generating companies or put it back into the community? Brag about how green we pretend to be, or match our words with actions?

My optimistic, idealistic self hopes we will put up, hopes we will act on our words and invest in our future. Do this, and we can become a model for the nation, if not the world.

My skeptical, real-world self fears we’ll find it easier not to act, ultimately opting to spend rather than invest. An even worse fear? Not only will we refuse to put up, we’ll also refuse to shut up.

In my last column, I pointed out that, perhaps more than any other community in the world, we have the ability to shape our energy-related future. We have the means: we are incredibly wealthy. We have the knowledge: we have an incredibly high level of education. We have the motivation: we live in an extraordinarily health environment. Combined, we not only have the ability to shape our energy-related future, we have a moral imperative to do so.

The question – and it’s clearly an open question – is whether we are willing to walk this particular walk.

The rest of this column discusses two voluntary actions we can take to show our commitment to becoming leaders in how we use energy. The first is to aim to buy only as much out-of-area-generated electricity as we use today. The second is to make the Jackson Hole Airport carbon-neutral, phase one in ultimately making the entire community carbon-neutral.

These are bold goals, but doable. I say this because they’re in the spirit of what we’re already doing: Lower Valley Energy (LVE) has committed to meeting 30 percent of its future load growth through conservation; the airport is working to reduce the carbon footprint of its on-the-ground operations. But if we really want to assume the mantel of leadership – if we really want to walk the walk talked about at the Energy

Sustainability Conference – we can't just take halfway measures, particularly when complete measures are within our grasp.

I realize these things have a price. I also realize we're in a recession. But there's always a reason not to do something, and collectively, what I'm proposing wouldn't cost all that much. As I figure it, raising the money needed to make Jackson Hole more energy-efficient and self-reliant will run each Teton County household perhaps \$15/month; our visitors will need to pitch in a similar amount. Making the airport carbon-neutral will raise ticket prices one percent. None of these sums will cripple our economy.

What these sums will do, however, is allow us to match our words with our deeds. If we can't or won't, then we need to shut up.

Here's how these deeds can unfold, starting with aiming to buy no more out-of-area-generated electricity than we use today.

LVE is an electricity wholesaler. It buys electricity from out-of-area-generators, then distributes it to its customers. In 2010, LVE will buy roughly 725 million kilowatt hours (KwH), most of it from the Bonneville Power Administration (BPA).

BPA electricity has two great attributes: it's very cheap (LVE buys it for roughly 3 cents/KwH), and it's reasonably green (as hydropower, it doesn't emit greenhouse gasses). However, because there's a limited amount of this power, after 2010, any additional electricity LVE buys beyond 725 million KwHs will certainly be more expensive, and probably be dirtier.

What does this mean financially? Let's make four assumptions:

1. LVE's electricity demand will grow 2 percent annually;
2. LVE will continue to buy 725 million inexpensive KwHs per year from BPA;
3. Any additional electricity LVE buys will cost an average of 3 cents/KwH more than BPA electricity; and
4. LVE's retail rate to customers will continue to be 2.5 cents more per KwH than its wholesale cost.

Right now LVE customers pay around \$40 million per year for the 725 million KwHs they consume. Using the assumptions above, by 2030 LVE customers will use a total of around 1.1 billion KwHs, for which they'll be pay a total of \$70 million. Do the math, and over the course of the next 20 years, LVE's customers will pay a total of around \$1 billion for all the electricity they use. This is \$300 million more than they'd pay if electricity consumption and rates remained where they are today.

Given this reality, how will we put that \$300 million to use? We have two choices: Spend it or invest it.

Under the "spend" scenario, we'll buy an additional \$300 million of electricity from out-of-area providers. Under this scenario, not much will change except our utility bills: We'll maintain our lifestyle, but spend \$300 million more for the privilege. Plus we'll generate more pollution and more greenhouse gasses.

The alternative is the "invest" scenario, which ostensibly is the scenario proposed at the "Energy Sustainability Summit." I say "ostensibly" because, while no clear plan came out of the summit, consensus developed around two basic investment-related steps: conserving energy (e.g. retrofitting buildings so they use far less energy) and becoming more energy self-sufficient (e.g. generating electricity locally through means such as photovoltaic panels).

Pursuing the "invest" scenario will require a lot of money – an estimated \$200 million over 20 years. What would we get for it? The need to buy less electricity from out-of-area providers, ideally no more than

we do today. If that were the case, our per kWh cost for that out-of-area electricity would stay at or near its current very low price.

Would the “invest” scenario work? At first blush, the economics seem possible: a \$200 million investment v. a \$300 million expenditure. The question is how much electricity we could conserve and/or locally-generate for that \$200 million investment. Right now, the answer isn’t clear.

Three things are clear, however. First, the “invest” scenario will not only mean buying less out-of-area electricity, but also produce a variety of non-economic benefits, including a healthier environment.

Second, right now we are energy “victims” – our energy future is determined by forces beyond our control. In contrast, investing in our energy future will reduce our “victimhood.”

Third, any variation of the “invest” scenario will require lots and lots of money. We don’t need the entire \$200 million all at once, but to get things going, we’ll need to raise \$10 million or so a year for five years, for a total of \$50 million.

Where to get it? One source is the financial markets. As I note above, over the next 20 years we’ll have to pay a total of \$300 million more for our extra electricity. Because the net present value of this cash flow is around \$150 million, we should be able to raise \$50 million from outside sources.

However, in its own way, looking to outside sources will keep us in victim mode, for it asks nothing of us except to “shut up” and let LVE and local government solve the problem. Alternatively, we can “put up” by funding the effort ourselves. In particular, if we’re serious about controlling our own energy future, we can raise \$10 million a year in three simple steps.

First, LVE can raise electricity rates one-half cent per kilowatt hour. Annual total raised: \$3.5 million. Cost for a typical household: \$90/year.

Second, Teton County can raise property taxes one mil per year. Annual total raised: \$1.3 million. Cost for a typical household: \$90/year.

Third, re-institute a two percent lodging tax. Annual total raised: \$5 million. Cost for a typical tourist: Unclear, but perhaps \$20/visit.

Total raised annually (using the most current figures): \$9.8 million. Cost for a typical Jackson Hole household: Around \$180/year, or \$15/month.

So, the money’s there. The question is whether we’re willing to make even a little bit of a sacrifice to raise it. That, in turn, comes down to two things: leadership, and our willingness to be led. Taking these steps will require political courage by Lower Valley’s board and local elected officials, which will be much easier to come by if the community clearly supports these steps.

Critically, it will also require all of us to change our philosophy toward government and the future. Today’s leaders generally embrace the quintessential late 20th century perspective of “ask as little as possible of our constituents.” Due to the world’s soaring population, though, the quintessential 21st century philosophy will eventually become “ask something of our constituents today to make things better for everyone tomorrow.” Forward-looking leaders will be those who recognize and embrace this reality; sadly, the majority of leaders will to fight it, although ultimately in vain.

Which leads us to the airport, the second of my two “put up or shut up” litmus tests. One problem with the energy conservation and self-sufficiency effort is that it will cost millions; another is that we won’t see

major results for a while. In contrast, offsetting the greenhouse gas emissions of every flight into and out of the Jackson Hole Airport can be done quickly and inexpensively – just one percent more for every commercial plane ticket or private plane operating hour. To grossly understate things, this is a cost people using the airport can afford.

I've made this argument before, so I won't belabor the details. I will add one thing though. The Jackson Hole Airport services the wealthiest county in the wealthiest country in the history of the world. It's also the only commercial airport in a national park, a park whose shrinking glaciers offer stark testament to the reality of climate change. And it's also clear that everyone who uses the airport not only contributes to climate change, but does so without taking any responsibility for the consequences of their actions.

Given all this, the question becomes whether the Airport Board can find the political courage to require its constituents to offset their greenhouse gas emissions. If they can, we'll have something the entire community – if not the entire world – can build on. If they cannot, then even the most optimistic person has to wonder about the gap between our words and deeds. More critically, if we – with all our privileges – can't find the courage to be stewards of our own back yard, who else can the world look to?

In my next column, I'll conclude this series by looking at how these actions can and should be nested in a more comprehensive "certified green resort community" effort.