

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UM 1209

In the Matter of )  
 )  
MIDAMERICAN ENERGY HOLDINGS )  
COMPANY ) OPENING COMMENTS  
 )  
Application for Authorization to Acquire )  
Pacific Power and Light, dba PacifiCorp. )

OPENING COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL

The Natural Resources Defense Council (NRDC) is an intervenor in this proceeding and submits these initial comments on behalf of its 18,500 Oregon members. NRDC has worked with PacifiCorp for more than a quarter century and has appeared frequently before this Commission on issues involving the company. We look forward to further discussion of the matters addressed in these comments at the Commission's October 25 public hearing, and we renew our request to address the Commission at that time.

We noted in our intervention petition that PacifiCorp "is among the Northwest's largest investors in energy efficiency and renewable energy as well as the region's largest single emitter of global warming pollution," and we pledged to "address the effect of this transaction on the company's commitment to and capacity to promote energy efficiency, renewable energy, grid enhancement and environmental remediation."<sup>1</sup> We believe that

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<sup>1</sup> Petition to Intervene of Natural Resources Defense Council, UM 1209 (July 26, 2005).

three issues are critical to the Commission's determination of whether this Application is in the public interest:

**1. Sustained commitment to energy efficiency and renewable energy investment:** In its treatment of energy-efficiency and renewable energy issues, the application is promising and we have been generally impressed by initial exchanges with the company's leadership. "PacifiCorp is rightly proud of its status as the first utility in the nation to invest in energy-efficiency as a resource and its tradition of energy-efficiency progress and innovation."<sup>2</sup> Included among the company's commitments are a third-party assessment of additional energy efficiency opportunities throughout its service territory and an endorsement of the Northwest Power and Conservation Council's energy-efficiency targets.<sup>3</sup> The DSM review is a good idea and should extend not just to untapped opportunities across the service territory, but also to internal resources and capabilities. Specifically, what does the Company need to do in terms of structure, staffing and contracting to improve its performance in acquiring cost-effective savings? We agree with our NWECA colleagues that an important objective here is to capture the full benefits of the distribution and transmission system through implementation of smart grid and non-wires applications that improve reliability. Finally, we appreciate the application's acknowledgements of the Company's strong relationships with the Oregon Energy Trust and the Northwest Energy Efficiency Alliance.<sup>4</sup>

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<sup>2</sup>Joint Application, Abel Testimony, p. 22.

<sup>3</sup> Id., pp. 17-18; the commitment is to meet the Power Council targets as long as the targets can be achieved in a manner deemed cost-effective by the affected states."

<sup>4</sup> Id., p. 22.

The Application reaffirms PacifiCorp's renewable energy acquisition commitment and adds welcome assurances about capital investment and policy advocacy needed to ensure economical grid access for new wind resources.<sup>5</sup> RNP rightly asks why current renewable energy acquisition plans cannot be adjusted upward in light of extraordinary shifts in market conditions, and proposes to boost those targets to at least one percent of system load per year.

**2. Leadership on global warming issues:** The industry is at a critical point and Opinion in Congress and a growing number of states is shifting to favor mandatory limits on carbon dioxide emissions.<sup>6</sup> The West Coast Governors' Global Warming Initiative has united California, Oregon and Washington in acting "individually and regionally to reduce greenhouse gas emissions."<sup>7</sup> Governor Kulongoski has recently stated his determination to "put Oregon on the map as a national leader in the efforts to combat global warming and reduce greenhouse gas emissions," and his Advisory Group on Global Warming is bringing extensive and diverse expertise to bear on these issues.<sup>8</sup> And just days ago, California's PUC and Energy Commission proposed strong greenhouse gas performance standards governing any new long-term utility investments in baseload power generation regardless of location. In the PUC's words:

The [California] PUC directs Staff and its General Counsel to investigate adoption by the PUC of a greenhouse gas emissions performance standard for IOU procurement that is no higher than the GHG emissions levels of a state-of-the-art, combined-cycle natural gas turbine for all procurement contracts

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<sup>5</sup> Id., pp. 14-16.

<sup>6</sup> For example, 53 Senators voted in June 2005 in favor of a resolution supporting "a comprehensive and effective national program of mandatory, market-based limits" on global warming pollution. S. Res. 866.

<sup>7</sup> See, for example, West Coast Governors Global Warming Initiative: Staff Recommendations to the Governors (November 2004).

<sup>8</sup> See, for example, Office of the Governor, Press Release, Governor Announces New Steps to Curb Global Warming in Oregon (April 13, 2005).

that exceed three years in length and for all new IOU owned generation. In the case of coal-fired generation, the capacity to capture and store carbon dioxide safely and inexpensively is necessary to meeting the standard.<sup>9</sup>

On all such issues, PacifiCorp's position is crucial both regionally and nationally. The Company has been an industry leader in identifying financial risks associated with carbon dioxide emissions. But will the largest Northwest emitter continue to invest in generation premised on decades of free or cheap venting of huge global warming wastes to the atmosphere? Is the company ready to insist on technology that is capable of disposing of these wastes safely and inexpensively, to the extent that its capacity expansion plans continue to rely on coal? On these issues the Application is not sufficiently detailed to form a judgment, and we hope that the Commission will seek additional clarification of the Company's views.

**3. Retaining Oregon's central role in Company management and policy direction:**

PacifiCorp has always been a multi-state entity with wide-ranging obligations and interests, but its center of gravity for purposes of management and policy has always been in Oregon. Any plans to shift that center would be a matter of grave concern for this Commission and for other stakeholders. NRDC joins a host of those who believe that the applicants need to rebut, forcefully, any lingering impressions that they may be planning to shift management responsibilities and resources from Oregon to other states.

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<sup>9</sup> California Public Utilities Commission, Policy Statement on Greenhouse Gas Performance Standards (adopted October 6, 2005).

Respectfully submitted this 14<sup>th</sup> day of October, 2005



A handwritten signature in black ink that reads "Ralph Cavanagh". The signature is written in a cursive style with a large initial "R".

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