BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

LC 48

In the Matter of	)	REPLY COMMENTS
	)	OF THE RENEWABLE
PORTLAND GENERAL ELECTRIC	)	NORTHWEST PROJECT
	)	
2009 Integrated Resource Plan	)	
	)	

The Renewable Northwest Project ("RNP") appreciates the opportunity to submit reply comments on PGE's 2009 IRP. RNP represents a broad coalition of public interest groups and renewable energy companies who actively promote development of the region's untapped renewable resources.

RNP has joined in separately filed joint comments with respect to the Boardman coal plant. In addition to those joint comments, RNP wishes to acknowledge PGE for the work that it has done to bring forward early closure proposals and to work with stakeholders toward a broadly supported outcome that benefits Oregon's environment and economy. RNP supports closure and transition to a clean, diverse portfolio of replacement resources no later than 2020.

RNP submits these separate comments in order to (1) further explain the basis for its dissatisfaction with PGE's wind integration study; and (2) express support for PGE's Cascade Crossing project, subject to responsible siting and ongoing consistency with a rigorous needs and cost-benefit analysis.

I. Wind integration

New resources to meet PGE's loads, replacement resources for Boardman, and the emissions profile of PGE's portfolio following Boardman's closure, are all of critical importance to many stakeholders in this docket. Wind energy is presently the most cost-competitive renewable resource available to displace fossil generation to diversify and reduce emissions and costs in PGE's portfolio. To ensure that PGE accurately estimates the most cost-effective amount of wind to incorporate in its portfolio, the Commission ordered PGE to undertake a "wind integration study that has been vetted by regional stakeholders." (Order No. 08-246, Page 10.)

PGE has not produced a study whose detailed methodology and results have been made available for review, much less "vetting," by regional stakeholders. We cannot have confidence in PGE's assessment of how much wind energy is appropriate for its portfolio until we have some level of confidence in the wind integration costs that it attributes to new wind resources in its modeling.

We wish to be very clear about why we believe that PGE's wind integration study was not "vetted by regional stakeholders," as required by Order No. 08-246. Below, we describe in detail RNP's experience of stakeholder involvement with PGE's study:

- During development of the Phase I study methodology in spring 2008, PGE used a Technical Review Committee (including RNP's Ken Dragoon) to provide ideas and feedback to the company. Mr. Dragoon visited PGE to learn more about the plans for the study, and became comfortable that he understood what the company was trying to do. RNP appreciated this opportunity for involvement, but it did not go beyond a preliminary stage.

- On September 19, 2008, PGE presented its study results to the Commission and stakeholders in a powerpoint presentation. Mr. Dragoon observed that the reserve cost results appeared anomalous, based on his experience with other regional utility studies. He asked several questions, including how the methodology produced the reserve cost and which inputs the reserve cost was sensitive to. No detailed response was given, and no further opportunity for comment on the completed study was offered.[1]

- On October 5, 2009, before PGE submitted its IRP to the Commission, RNP advised the company of its dissatisfaction with the wind integration cost analysis, which it had understood as preliminary given the absence of any detailed report.

- The only further documentation of PGE's completed study came in pages 125 to 130 of the IRP. This is a general, non-technical discussion that gives insufficient detail for stakeholders to comprehend and meaningfully comment on how PGE produced the wind integration cost that it states it has added to its generic wind generation revenue requirement in this IRP (IRP, page 129).

It is not reasonable to base conclusions about the economics of wind generation on an analysis whose detailed methodology and conclusions have never been reported to stakeholders or the Commission for review and comment. The results of PGE's study reflect an imputed cost of reserves—$16.96/kW-month—that is more than the cost of a new combustion turbine and is higher than the imputed cost of reserves in the Puget Sound Energy wind integration rate proposal recently rejected by the Federal Energy Regulatory Commission ($14.91/kW-month).[2] Without a detailed report of PGE's methodology and

[1] Moreover, the company appeared to suggest at the presentation that the integration cost would primarily affect its RFP process, in which it would have limited impact on ranking short list projects. (See Slide 20, PGE Wind Self-Integration Presentation to OPUC Staff and Stakeholder Parties, September 19, 2008.) Now, the wind integration cost is being added to new wind resources modeled in the IRP.

[2] Our illustration of PGE's cost of reserves is calculated by taking the incremental reserve requirements determined by the study (178 MW, per Slide 16 of PGE's presentation to the OPUC, September 19, 2008), and dividing by the study's estimated reserve costs ($11.75/MWh, per Slide 18 of PGE's presentation to the OPUC, September 19, 2008), resulting in an imputed reserve cost of more than $15/kW-month.

conclusions, we do not have a way to evaluate the basis for this unusually high cost of reserves and resulting integration cost.

We understand that PGE is working on Phase II of its study with a new technical review committee. To date, the Phase II study has not been opened to a broader group of stakeholders. We hope that a more robust stakeholder process, more documentation of the Phase II study, and an opportunity for comment on its results will produce an outcome in which we can have confidence. But, at this point, there is no basis for the Commission to acknowledge the results of the Phase I study for use in this IRP or in any other forum.

We ask the Commission not to acknowledge the PGE wind integration study. PGE should continue to use the BPA wind integration rate to model new wind resources until such time as it is prepared to engage fully with stakeholders in review of its methodology and results. (BPA's rate, which PGE pays for all of its wind generation, is approximately $5.70/MWh—less than half the $13.50/MWh rate (in 2014 dollars) that PGE has applied to new wind generation in this IRP.) This is critically important going forward as stakeholders in the Boardman debate seek to understand the extent to which PGE can replace Boardman with a clean, diverse portfolio of cost-competitive resources.

II. Cascade Crossing

Relieving constraints in the Northwest's increasingly congested transmission system is critical to developing the diverse, clean set of generating resources necessary to reduce the energy sector's contribution to global climate change. Renewable resources are location-constrained and cannot always take advantage of existing transmission. Therefore, responsible siting of new transmission is important for development of renewable resources to combat climate change.

PGE's proposed Cascade Crossing transmission line will directly facilitate wind interconnections and, more generally, can provide links between eastern wind, solar, and geothermal resources and western load centers. We support its acknowledgment so long as it can be responsibly sited and developed within the parameters of a sensible and timely cost-benefit analysis.

We are generally supportive of the needs and cost-benefit analysis that PGE has employed in its planning to date. In particular, we support efforts to right-size the transmission line for future use. Towers that can accommodate a second circuit can create significant option value with minimal cost and fewer environmental impacts.

We also understand that much can change during the development of a project of this magnitude. Given PGE's understandable reluctance to tie project acknowledgment to single, specific milestones (PGE Reply Comments at page 22), we recommend that the company be required to return to the Commission to update the inputs to its needs and cost-benefit analysis in a future IRP or IRP update. After PGE completes its permitting (expected by end of 2012, per Slide 8 in June 7, 2010 OPUC technical workshop) could be a good time to update the Commission. Alternatively, we recommend that Commission acknowledgment be subject to the milestones that PGE set forth on page 22 of its Reply Comments, with any significant deviations from those milestones requiring additional review in a future IRP.

DATED this 1st day of September, 2010.

Respectfully submitted,

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