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**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON**

In the Matter of)
PORTLAND GENERAL ELECTRIC) LC 48
COMPANY 2009 Integrated Resource Plan) Supplemental Opening Comments of the
) Northwest and Intermountain Power
) Producers Coalition
)
)

Introduction

Pursuant to the procedural order issued in this docket on April 15, 2010, and the amendment to the schedule approved by procedural order on May 13, 2010, the Northwest and Intermountain Power Producers Coalition (NIPPC, the Coalition) hereby submits these Supplemental Opening Comments to the Oregon Public Utility Commission (Commission) regarding Portland General Electric’s (PGE’s) 2009 Integrated Resource Plan (IRP).¹

NIPPC submits these Supplemental Opening Comments in hope that the Commission will encourage PGE to add substantially greater detail to its response to Guideline 13 of the Commission’s Integrated Resource Planning Guidelines.² As we observed in our initial Opening

¹ NIPPC filed its initial Opening Comments on the original due date for Intervener opening comments – February 2, 2010. NIPPC files these Supplemental Opening Comments in light of developments in this docket since that time. NIPPC hereby incorporates its Opening Comments filed on February 2 into these Supplemental Opening Comments, and respectfully requests that the Commission consider both filings as NIPPC’s opening comments.

² *In the Matter of Public Utility Commission of Oregon: Investigation into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002, pp. 22-24 (January 8, 2007).

Comments, PGE's analysis of the "build vs. buy" tension was, to be kind, underwhelming. *See NIPPC Opening Comments*, at pp. 3-16. The extension of this docket and its implications for the utility's upcoming resource acquisition efforts provides the opportunity for meaningful and explicit response to Guideline 13 consistent with the Commission's intent in adopting it.

Comments

In adopting its IRP Guidelines in Order No. 07-002 and its Request for Proposal (RFP) Guidelines in Order No. 06-446, the Commission intended the product of the former to inform the outcome of the later. The Commission arrived at its policy to manage investor-owned utilities' bias toward building and owning generation resources and to assure that utilities acquired the least cost, lowest risk resources for ratepayers.

The current docket offers the Commission an opportunity to deploy the "IRP Guidelines" and in particular, Guideline 13, in such a way to prompt the utility to provide substantial and meaningful notice to the Commission, PGE ratepayers and to those independent power producers considering participating in PGE's forthcoming RFPs.

IRP Guideline 13 in Order No. 07-002 directs electric utilities to:

- Identify its proposed acquisition strategy for each resource in its action plan.
- Assess the advantages and disadvantages of owning a resource instead of purchasing power from another party.
- Identify any Benchmark Resources it plans to consider in competitive bidding.

NIPPC suggests that several factors call for the utility to meaningfully respond to Guideline 13 rather than to philosophize, as PGE has to date. These factors include: the looming influence that the proposed retirement of the Boardman coal plant has in this docket; the advanced planning and permitting that PGE is currently undertaking to ready gas-fired "Benchmark Resources" at Boardman and Port Westward (IRP, at pp. 203-206); and, the probable request the utility will make to the Commission to expedite or otherwise modify conduct of the utility's upcoming RFPs.

In our view, insisting on significantly more detail from PGE in preparing the current IRP as it "identi[fies] its proposed acquisition strategy for each resource in its action plan," is a reasonable and productive application of existing Commission policy.

Consistent with the Commission guidance to the electric utilities to "assess the advantages and disadvantages of owning a resource instead of purchasing power from another party," NIPPC respectively suggests that the Commission ask the utility to clearly identify the *actual amount of nameplate megawatts* of new thermal and renewable capacity it believes it requires to meet its resource requirements. PGE should do so based on its best, informed judgment of its needs for unit contingent generation to reliably serve its customers. In addition, the utility should frankly characterize the number of those megawatts of new capacity that PGE has concluded it needs to build, own, and operate.

The concluding guidance language in Guideline 13 directs an electric utility under Commission jurisdiction to “identify any Benchmark Resources it plans to consider in competitive bidding.” NIPPC respectfully suggests that in this docket, PGE respond by identifying the *actual amount of nameplate megawatts* that it plans to secure through purchases of power generated by unit contingent resources *that it does not intend to build or subsequently acquire*.

PGE’s development of its own power projects and its prior expenditure of financial resources on those projects makes it self-evidently clear that it fully intends to select its own “Benchmark Resources” in its own RFPs. For example, the IRP states that for the Port Westward Unit 2 project the “Large Generator Interconnection Agreement is in the process of being executed with PGE Transmission” (IRP, at p. 204). In light of what appears to be a considerable investment by PGE in its own benchmark resources, NIPPC believes that it is vitally important to know how many – if any – megawatts PGE will open for bidding in the RFP process without “Benchmark Resources.”

PGE has indicated in Section 13 of its original IRP, titled “Regulatory Policy and Support”(IRP, at pp. 329-330), that it wishes the Commission will facilitate its plans to proceed with developing and building new generation assets. PGE has reiterated its wish list for regulatory and policy support in its IRP Addendum filed on April 9, 2010 (IRP Addendum, at pp. 131-132). Given the utility’s unenviable fiscal standing this is, from PGE’s perspective, understandable, although the utility’s “wish list” is presumably unacceptable to this Commission based on the Commission’s prior orders on these issues. *See NIPPC Opening Comments*, at pp. 16-17.

NIPPC sincerely appreciates the Commission’s steadfast commitment to its RFP Guidelines as repeatedly tested by PacifiCorp and soon to be challenged by PGE. With this history and immediate future in mind, NIPPC can imagine, given the unique factors described above, supporting a waiver request by PGE to proceed outside the Commission’s RFP Guidelines with a specific amount of new gas-fired thermal capacity provided that amount did not exceed 40 percent of its total thermal resource acquisition requirements as identified in the current IRP. Were the utility to come forward with such a proposal, NIPPC’s support would be contingent on PGE’s agreement to reserve the remaining 60 percent of its required “replacement power” to be exclusively filled from among competitive bids submitted by Independent Power Producers (IPPs) under the Commission’s RFP Guidelines.³

It is NIPPC’s fundamental objective to secure genuine commercial opportunity for the IPP industry to fairly compete in order to serve Oregon consumers. Extracting clarity from PGE about its resource acquisition intentions is vital to meeting that objective. After all, IPP

³ The RFP Guidelines do not require inclusion of a self-build or utility benchmark resource. *See* Order No. 06-446, at pp. 5-6 (setting forth Guideline 4, which allows but does not require a utility self-build option for use as a potential cost comparison). Thus, an agreement to conduct RFPs without a benchmark resource would not compromise PGE’s ability to obtain Commission acknowledgement of the RFP process pursuant to RFP Guideline 7, or acknowledgement of the final shortlist pursuant to RFP Guideline 13.

developers are justifiably skeptical about the utility's willingness to execute long-term power purchase agreements (PPAs) and its commitment to the Commission's RFP Guidelines.

The current context within which the Commission must act, whether in response to anticipated climate and RPS policy, unstable financial markets, load destruction and numerous other notable uncertainties beg for clarity wherever clarity can be found. The Commission is in the position to secure such clarity from PGE by insisting on a clear articulation of its actual resource acquisition plans rather than a philosophical discussion intended to justify its self-evident bias toward self-built and owned generation assets.

NIPPC sees PGE's actions in pursuing its self-build options even as this docket proceeds and long before the next RFP process begins, as speaking much louder than the argumentation that fills multiple pages of its IRP.

The resource acquisition choices that will be made by this utility will have long-lasting implications. Accordingly, the time seems right for PGE to unmistakably identify how and where it intends to secure its next round of generation resources. Such a declaration could set the stage for a selective application of Commission competitive procurement policy perhaps with a carefully prescribed set aside program.

Conclusion

The independent power producer community remains hopeful that Oregon utilities will be willing to contract long-term with existing and/or planned IPP power projects but prior experience tempers the expectations of even the most optimistic developers. Speaking on behalf of the independent power industry, NIPPC looks to the Commission to encourage PGE to shine light into the dark corners and locked cabinets at 121 SW Salmon Street so that all participants, beginning with the Commission itself, can fully understand PGE's actual plans for its self-built power plants.

Respectfully submitted this 19th Day of May, 2010,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 19th day of May, 2010, a true and correct copy of the within and foregoing **SUPPLEMENTAL COMMENTS OF THE NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION** was served as shown to:

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