

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 48

In the Matter of

PORTLAND GENERAL ELECTRIC

2009 Integrated Resource Plan

Group Comments on Staff's Proposed
Order

The Citizens' Utility Board, Renewable Northwest Project, Oregon Environmental Council, NW Energy Coalition and Angus Duncan (the "Group") appreciate the opportunity to comment on Staff's Final Comments and Recommendations and Draft Proposed Order.

In Response Comments filed on September 1, 2010, this Group along with several other members of the public interest community (the "Joint Parties") urged the Public Utilities Commission (PUC) not to acknowledge Portland General Electric Company's (PGE's) BART I plan for operation of the Boardman coal plant through 2040. The Group strongly supports Staff's recommendation that the PUC decline to acknowledge BART I.

The Joint Parties also asked the PUC to give stakeholders and PGE time to fashion a broadly supported closure plan that addressed important values and could satisfy the Department of Environmental Quality (DEQ), Environmental Quality Commission (EQC) and Environmental Protection Agency (EPA). During the last two months, the Group and PGE have made progress toward achieving a broadly supported plan. The letters attached to these comments, and further described below, describe a framework for a path forward on which the Group and PGE have agreed. However, a more inclusive dialogue—one that includes PGE and all of the organizations that comprised the Joint Parties—remains necessary to achieve a Boardman plan that has broad support within the public interest community. In short, the comments here reflect only the views of the Group defined above, and not of the public interest community as a whole.

The Group agrees with Staff that all of the BART I portfolios "impose too great of a risk on ratepayers from future federal and state regulation of carbon emissions."¹ The Group strongly supports Staff's recommendation that the PUC *not* acknowledge BART I—the 2040 option.

Consistent with the attached letters, the Group supports a plan similar to BART III, so long as it is part of a comprehensive package that satisfies the Clean Air Act and makes significant emissions reductions, meets the least-cost/least-risk standard, and is accompanied by commitments to a good faith process, within PGE's next IRP process, to

¹ Staff Final Comments and Recommendations, at page 3.

develop a limited number of carbon reduction candidate resource portfolio options for replacing Boardman and meeting the utility's resource needs.

However, the Group does *not* support Staff's recommendation that the PUC acknowledge "BART III" and require PGE to come back with an IRP update if EQC does not adopt "BART III" precisely. DEQ currently is evaluating alternative rules that may improve upon both PGE's BART III and DEQ's 2018 option. The PUC's acknowledgment order should be flexible enough to accommodate the refinements that PGE and stakeholders have worked to make possible.

To accommodate a reasonable range of potential refinements that DEQ and EQC could make, the Group urges the PUC to acknowledge any Boardman plan that includes the following elements:

- ends coal-fired operations *no later than* December 31, 2020;
- uses the technology proposed in both BART III and DEQ's 2018 option to reduce emissions significantly and satisfy flexible emissions limits that DEQ, EQC and EPA approve as compliant with the Clean Air Act;
- requires PGE, in its next IRP process, to develop with stakeholders a limited number of viable, low-carbon IRP candidate resource portfolio options that meet the utility's resource needs while achieving specific CO₂ reduction targets, as described in the attached letters.

A robust evaluation of low-carbon replacement resources must occur to maximize the environmental benefits of ending Boardman's coal-fired operations. This type of evaluation is critical to the Group's support for ending coal-fired operations no later than the end of 2020, as part of the comprehensive plan described in the attached letters. Low-carbon planning is also required by the PUC's IRP Guideline 8, which needs to be addressed in a much more comprehensive fashion. The Group strongly believes that greenhouse gas and criteria pollutant reductions consistent with Oregon's climate goals and Clean Air Act standards are compatible with safe, reliable and affordable utility electricity service, and that PGE, in its disposition of Boardman and in its next IRP, can serve as a leader in achieving these outcomes, and providing a clean energy future for Oregon.

We urge the PUC to adopt as part of its acknowledgment order the commitments PGE has made to the Group to engage all stakeholders in developing low-carbon portfolios to be evaluated as part of its next IRP. Specifically, the Group requests that the PUC incorporate in its acknowledgment order a requirement similar to the following, which mirrors the Group's agreement with PGE: *"If EQC approves BART III or a plan that is substantially similar to BART III and acceptable to PGE, PGE must lead a collaborative effort in its next IRP process to develop CO₂ reduction portfolios in consultation with stakeholders to replace Boardman's generation and meet the utility's resource needs."* Adopting such a requirement will require PGE to satisfy IRP Guideline 8 and support the efforts of PGE and stakeholders to reach a durable, economically sound, and environmentally responsible path forward for Boardman.

October 22, 2010

Mr. Jim Lobdell
Vice President, Power Operations and Resource Strategy
Portland General Electric Company
121 SW Salmon Street
Portland, OR 97204

Dear Mr. Lobdell:

Certain members of the public interest community, including to date, the Citizens' Utility Board ("CUB"), the Renewable Northwest Project, Angus Duncan, Oregon Environmental Council, and the NW Energy Coalition (the "Group"), have been in discussions with Portland General Electric Company ("PGE") about PGE's method of constructing Boardman candidate replacement resource portfolio options to be considered in the Oregon Public Utility Commission's ("OPUC") Integrated Resource Planning process related to the cessation of Boardman coal-fired operations. The Group and PGE have also been discussing the Group's support for cessation of Boardman coal-fired operations at the Oregon Department of Environmental Quality ("DEQ"), the Environmental Quality Commission ("EQC") and the OPUC. This letter represents the Group's understanding of its role with respect to these discussions, and should be read in the context of the corresponding letter of the same date from Jim Lobdell, PGE, to Bob Jenks, CUB dated October 22, 2010 (the "PGE Letter").

The Group supports a plan that is similar to PGE's BART III proposal that would cease coal-fired operations at Boardman no later than December 31, 2020 as a part of a comprehensive plan (the "Plan") that satisfies the Clean Air Act ("CAA") and makes significant emissions reductions, meets the least-cost/least-risk standard, and is accompanied by commitments to a good faith process, within PGE's next IRP process and sanctioned by the OPUC, to develop a limited number of carbon reduction candidate resource portfolio options for replacing Boardman upon cessation of its coal-fired operations, and meeting the anticipated resource requirements of the utility's customers. The portfolios will be designed to achieve the best combination of expected costs and associated risks and uncertainties for PGE and its customers, and also reduce the carbon footprint of the company's resource portfolio over time. The Group agrees that it will, in consultation with PGE, define specific CO₂ reduction targets on which these portfolios can be based. Such portfolios will be evaluated against other constructed resource portfolios developed during the IRP process.

The Group strongly believes that greenhouse gas and criteria pollutant reductions consistent with Oregon's climate goals and Clean Air Act standards are compatible with safe, reliable and affordable utility electricity service, and that PGE, in its disposition of Boardman and in its next IRP, can serve as a leader in achieving these outcomes, and providing a clean energy future for Oregon. We invite PGE to embrace this leadership position and would assist the company in realizing this vision.

The DEQ 2018 and PGE BART III proposals now under consideration have many similarities, but differ in their treatment of operating flexibility. We encourage DEQ to develop appropriately flexible emission limits—similar to the mercury rule—to accommodate the proposed control technology recommendations, while achieving significant emissions reductions under the CAA.

All members of the Group, including individuals speaking on behalf of the Group, will immediately:

- Work in good faith with PGE for adoption and implementation of the Plan. Members of the Group remain free to advocate at any time and in any process (including at the OPUC) for elimination of a 2040 date, or any date later than 2020, for terminating coal-fired operations at Boardman.
- Advocate strongly for the Plan in comparison to other Boardman emission control options being considered in public and private forums and communications, including the following:
 - Department of Environmental Quality: Speak strongly in favor and/or file written comments at any additional hearings or comment periods prior to an EQC decision;
 - Environmental Quality Commission: Speak strongly in favor at hearings and public meetings where public comments on the Plan are taken and/or file written comments supportive of the Plan at the appropriate times;
 - Environmental Protection Agency: Speak strongly in favor at hearings and public meetings where public comments on the Plan (*i.e.*, Boardman BART State Implementation Plan approval) are taken and/or file written comments supportive of the Plan at the appropriate times;
 - Oregon Public Utility Commission: Speak strongly in favor and/or file written comments supportive of the Plan, including the Boardman replacement power process described in the PGE Letter at appropriate scheduled times. The Group's advocacy will include seeking OPUC acknowledgment of the Boardman replacement power process.

Members of the Group will comment in other public venues, including print and broadcast media, strongly in favor of the Plan and consistent with the content of this letter and the PGE Letter, including co-authorship with PGE of a joint opinion editorial by the Group that will generally reflect the content of these letters, including speaking to the importance of the Plan to cease coal-fired operations at Boardman and the replacement resource process that will enable PGE's transition to a cleaner, low-carbon resource portfolio, to be filed with the Oregonian and other relevant news outlets prior to the EQC decision on this matter.

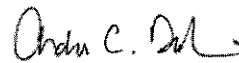
The Group commits to using its best efforts and to work in good faith and adhere to the OPUC's prevailing IRP guidelines and process.

Thank you for taking the time to engage in these discussions.

Sincerely,



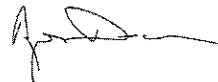
Bob Jenks, Citizens' Utility Board



Andrea Durbin, Oregon Environmental Council



Rachel Shimshak, Renewable Northwest Project



Angus Duncan



Sara Patton, NW Energy Coalition



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James F. Lobdell
Vice President
Power Operations and Resource Strategy

October 22, 2010

Mr. Bob Jenks
Executive Director
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205

RE: PGE Boardman replacement resource planning process.

Dear Mr. Jenks:

Portland General Electric Company ("PGE") has been working with certain members of the public interest community (including to date, the Citizens' Utility Board ("CUB"), the Renewable Northwest Project, Angus Duncan, Oregon Environmental Council, and the NW Energy Coalition (the "Group")) to discuss PGE's public commitment to construct Boardman candidate replacement resource portfolio options to be considered in the Oregon Public Utility Commission's ("OPUC") Integrated Resource Planning process related to the cessation of Boardman coal-fired operations. The Group and PGE have also been discussing the Group's support for ceasing coal-fired operations at Boardman no later than December 31, 2020 as part of a comprehensive plan, as further described in the Group's letter from Bob Jenks of CUB to Jim Lobdell of PGE dated October 22, 2010 (the "Group Letter"). This letter represents PGE's understanding of its role with respect to these discussions.

Within the context of the Integrated Resource Planning Process ("IRP") and the guidelines adopted for that process by the OPUC, and in consideration of the Group's support as described in the Group Letter, and contingent upon EQC approval of BART III or a plan that is substantially similar to BART III and acceptable to PGE, PGE will:

- Lead an effort in its next IRP to develop a limited number of carbon reduction candidate resource portfolio options to meet anticipated utility resource requirements including the replacement of Boardman coal generation and designed to achieve the best combination of expected costs and associated risks and uncertainties for PGE and its customers and also reduce the carbon footprint of the company's resource portfolio over time ("CO₂ reduction portfolios"). Such portfolios will be evaluated against other constructed resource portfolios developed during the IRP process.
- Define CO₂ reduction portfolios as prospective supply and demand side resource options that are technically feasible and commercially available during the IRP planning period that could potentially be candidates for reducing portfolio carbon emissions and meet forecasted energy and capacity deficits related to the cessation of Boardman coal-fired operations and other resource requirements.
- Design in consultation with the Group the CO₂ reduction portfolios to meet specific CO₂ reduction targets to be defined by the Group.

Portland General Electric

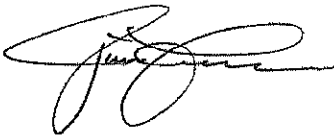
- Allocate sufficient funding, not to exceed \$50,000 without PGE's prior approval, to be made available on a one-time basis for the sole purpose of securing technical consulting assistance services (to be selected jointly by PGE and the Group) to assist with development and evaluation of the potential candidate resource portfolios for Boardman.
- Initiate a limited number of workshops, designed to develop the CO₂ reduction portfolios during the next IRP process.
- Invite all IRP stakeholders, including OPUC and ODOE staff to the workshops.
- Affirm publicly that the process described above represents a commitment by PGE to use its best efforts to develop and evaluate carbon emission reduction portfolios that support Oregon's efforts to reduce greenhouse gas emissions while operating within the OPUC's least-cost/least-risk paradigm.
- Support the elimination of the DEQ BART Rule that now allows for continued coal-fired operations at Boardman through 2040, or the end of its economic life, upon occurrence of all of the following: (1) a revised Boardman BART/Reasonable Progress rule acceptable to PGE has been adopted by EQC; (2) such Boardman BART/Reasonable Progress rule has been included in Oregon's State Implementation Plan (SIP); and (3) the Boardman BART/Reasonable Progress portion of the Oregon SIP has been finally approved by the Environmental Protection Agency and becomes binding on Boardman. Until such final approval by EPA of the Boardman BART/Reasonable Progress portion of the Oregon SIP, PGE is free to advocate for a 2040 backstop option should EQC and EPA not approve a BART rule that is acceptable to the company.

PGE will comment, consistent with the content of this letter and the Group Letter, in other public venues, including print and broadcast media strongly in favor of this process, including co-authorship with the Group of a joint opinion editorial speaking to the importance of these efforts to cease coal-fired operations at Boardman, and the replacement resource process that all parties hope will enable PGE's transition to a lower carbon least-cost resource portfolio, to be filed with the Oregonian and other relevant news outlets prior to the EQC decision on this matter.

PGE understands that nothing in this document will require the company to take any action that is in conflict with the OPUC's IRP Guidelines and process.

Thank you for taking the time to engage in these discussions.

Sincerely,

A handwritten signature in black ink, appearing to be "John Jones", written over a horizontal line.