

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

LC 48

**In the Matter of** )  
 ) **RNP COMMENTS ON PGE 2009**  
**PORTLAND GENERAL ELECTRIC** ) **INTEGRATED RESOURCE PLAN**  
**COMPANY** )  
 )  
**2009 Integrated Resource Plan** )

Renewable Northwest Project (“RNP”) represents a broad coalition of public-interest organizations and energy companies actively promoting development of the region's untapped renewable resources. We support the comments provided by the [Citizens’ Utility Board] and the Northwest Energy Coalition (“NVEC”) in this docket. Specifically, we support the closure of the Boardman coal plant no later than 2020, and we urge PGE to set a firm timetable and transparent process for arriving at a reasonable wind integration rate. In addition, RNP reiterates the changes in IRP methodology recommended in our October 5, 2009, IRP comments.

RNP supports PGE’s plan to close the Boardman coal plant by 2020, and we agree with NVEC’s assessment that any fall-back plan relate to closing the plant earlier than 2020. We disagree with PGE’s assessment that failing to get necessary agreements on emissions mitigation plans from state and federal agencies, it would be in the ratepayer’s interest to make the required emissions investments and plan on running the plant through 2040. Closure of the plant earlier than 2020 should be considered a viable and economic option. The relatively positive performance of PGE’s market portfolio, and the potential for low wholesale market prices due to considerable renewable energy in the Northwest, make reliance on market purchases an attractive early Boardman fallback position.

We continue to have substantial concerns about the IRP methodology that were relayed to PGE in our comment letter of October 5, 2009 (attached). That letter raised a variety of concerns, and we are disappointed that the company has not acted on any of the recommended suggestions. The concerns raised related to PGE's use of inaccurate and preliminary wind integration costs, the failure to develop test portfolios from information gleaned from the proposed "pure-play" portfolios, and the methodology used for determining the preferred portfolio.

PGE's wind integration analysis is particularly concerning and is not consistent with findings of most other studies. PGE contends on page 128 of the IRP that "On September 19, 2008, PGE presented the results of this initial WIS to OPUC staff and other IRP Stakeholders in a public meeting." In fact, that presentation consisted of a set of slides containing few details of the analysis, and staff were unable to answer important and basic questions about the analysis and its methodology. No detailed report of the analysis was ever made available. It is unreasonable to base important conclusions regarding the economics of wind generation on that analysis.

The defects in the IRP as described in NWECA's filing and RNP's October 5 letter are substantial enough to cast substantial doubt on the reliability of the analysis PGE provided with respect to determining the best portfolio. For example, it is likely that portfolios with renewable resources were burdened with unrealistic integration costs, that too little effort was expended in constructing an optimum portfolio, and that the resulting methodology used for ranking portfolios was fatally flawed.

We specifically agree with NWECA in its evaluation that cost differences among portfolios are statistically insignificant. This may be an artifact of the way PGE developed scenarios, effectively assigning equal weights to scenarios that may in fact have very different probabilities

of unfolding. Nevertheless, as presented by PGE, there is no basis on which to conclude that the portfolios given serious consideration have meaningfully different expected costs. One might reasonably conclude that differentiating among the portfolios would therefore be an exercise in determining which portfolio has the least risk. The risk analysis, however, contains significant issues: metrics such as “Worst 4 Versus Base Case,” “Tail Var Less Mean,” and “Year-to-Year Variation” are not reflective of relevant risks, and “Portfolio Reliability” should be handled as a minimum standard rather than a risk metric.

The relevance of several of the risk factors is unclear. In addition, we strongly recommended a carbon emission risk factor. The only carbon emission-related risk factor in PGE’s analysis is attached to the size of any potential carbon tax. There are undoubtedly risks associated with carbon emissions irrespective of whether government action is taken to assess a tax, or charge for carbon emission permits. At base, there are risks to the environment and human lives and livelihoods. There may also be financial risks relating to liability. For example, recent studies suggesting a direct relationship between atmospheric carbon dioxide concentrations and ocean acidification may indicate potential liability for decline of fisheries dependent on coral reefs being destroyed by the newly acidic oceans. At least one metric should be included that is proportional to the level of pollutant emissions, including carbon dioxide.

RNP urges the Commission to acknowledge closure of the Boardman coal plant no later than 2020 and require PGE to revise its methodology in future IRPs to appropriately reflect:

- Relevant risk factors, dropping duplicative or irrelevant metrics and adding a risk metric proportional to emissions of pollutants, including carbon dioxide.
- Develop a more robust methodology for determining test portfolios.
- Actual wind integration costs using generally accepted methods developed through a robust stakeholder process.

We very much appreciate this opportunity to provide comments to the Commission.

DATED this 19<sup>th</sup> day of May, 2010.

Respectfully submitted,

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