

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 56

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY)
)
2013 Integrated Resource Plan)
_____)

**COMMENTS OF THE
CITIZENS' UTILITY BOARD OF OREGON**

June 12, 2014



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1 **I. Introduction**

2 CUB writes its Comments in response to PGE’s (the Company’s) Integrated Resource
3 Plan (IRP) submitted on March 27, 2014. CUB is generally pleased with the Company’s work
4 and is very appreciative of PGE’s willingness to cooperate with stakeholders throughout this IRP
5 process. CUB believes that the majority of the Action Items in the Action Plan should be
6 acknowledged but recommends that the Commission not acknowledge the Energy Efficiency
7 (EE) portion of the Action Plan. CUB also has concerns for the future and how the Company
8 should address the recently proposed EPA 111(d) regulations issued June 2, 2014. CUB will
9 offer some suggestions for review and analysis moving forward.

10 **II. Compliance With IRP Guidelines**

11 CUB believes that the Action Items in this IRP are mostly consistent with the IRP
12 guidelines set in Order No. 07-047. In the Action Plan, PGE does not recommend any major
13 supply-side resources, but it does list a number of studies proposed for acknowledgment. These
14 studies include analysis on load forecast methodology, distributed generation studies, and

1 evaluation of new tools for analyzing variable resources and integrating load. CUB commends
2 the Company on its work with stakeholders and its studies on these issues, and CUB believes
3 they are consistent with the IRP Guidelines. Though CUB recommends that the Commission
4 acknowledge the proposals in the Action Plan, CUB does not recommend acknowledgement of
5 the section on EE. The Company states its goal of 124 MWa by 2017,¹ and it is CUB's view that
6 this may not be achievable due to caps on industrial energy efficiency. This is explained in
7 greater detail in Section IV. With this exception, CUB does not have concerns with
8 acknowledgement of the rest of the Action Plan.

9 CUB also recognizes that the 111(d) proposed regulations, if finalized, contain several
10 implications for IRPs moving forward. Specifically, these would pertain to Guidelines 4 and 6,
11 which deal with risk and conservation, respectively.

12 **III. The Arrival of 111(d)**

13 With the Renewable Portfolio Standard (RPS), energy efficiency (EE) programs in
14 collaboration with the Energy Trust of Oregon (ETO), and the upcoming Boardman closure in
15 2020, Oregon is likely well-positioned for EPA's 111(d) proposed rules. However, as discussed
16 below, PGE will also need to consider how 111(d) will be applied in Montana because of its
17 ownership interest in the Colstrip plant which is located in that state.

18 In this IRP, PGE has examined various portfolio possibilities through the Energy +
19 Environmental Economics (E3) report on less carbon-intensive options for future resource plans.
20 E3 listed the closure of the Colstrip plant in Montana as one of the possibilities in a low-carbon
21 portfolio. PGE states that it has limited discretion and influence in the operation of Colstrip since

¹ PGE 2013 IRP, pg. 243.

1 it holds 20% ownership of the plant,² but the proposed 111(d) rules will likely provide the
2 Company with an opportunity to explore this possibility in greater depth.

3 CUB commends PGE for its past cooperation with stakeholders, and PGE’s past work on
4 early coal plant closure should place the Company in a good position under the coming 111(d)
5 final rules. PGE’s early closure analysis is now a model that may be adopted by other utilities to
6 analyze plant closure and cost-effective compliance.

7 *i. Energy Efficiency as a “Building Block”*

8 The EPA draft rules discuss four “building blocks” of possible methods to mitigate
9 carbon emissions. One of the four blocks includes an annual electricity savings of 1.5%,³ and the
10 EPA states that this can be accomplished through demand side energy efficiency. PGE may need
11 to work more closely with ETO to consider forecasts for energy efficiency in the future and its
12 level of compliance with the coming EPA 111(d) regulations.

13 Because demand side energy efficiency is specifically listed by the EPA as one of the
14 blocks for proposing the best system of emission reduction (BSER), CUB recommends that
15 energy efficiency be given a higher priority in future IRPs. In CUB’s view, IRP Guideline 6
16 already appears to be consistent with the EPA draft rules since it deals with administering
17 conservation programs. Requirements related to analysis of risk listed throughout Guideline 4
18 can also be utilized in the context of 111(d)^{4,5} The Commission and stakeholders may need to be
19 ready to update the Guidelines where necessary in order to afford compliance with the coming
20 EPA 111(d) final rules. Because PGE has been collaborating with ETO, the Company is in a

² PGE 2013 IRP, pg. 16.

³ Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units . (2014, June 2). pp. 113-114. Retrieved June 9, 2014, from <http://www2.epa.gov/sites/production/files/2014-05/documents/20140602proposal-cleanpowerplan.pdf>.

⁴ See IRP Guideline 4, e.-g., i.-n.

⁵ Adopted IRP Guidelines, Order No. 07-002. (2007, February 9). Retrieved June 6, 2014, from <http://apps.puc.state.or.us/orders/2007ords/07-047.pdf>.

1 good position to move forward in complying with the future EPA 111(d) rules for energy
2 efficiency.

3 *ii. The Other Three “Blocks” and Their Potential Effects on Future IRPs*

4 The EPA also mentioned three other blocks:

- 5 1. Reducing the carbon intensity of generation at individual affected EGUs through heat
6 rate improvements.
- 7 2. Reducing emissions of the most carbon-intensive affected EGUs in the amount that
8 results from substituting generation at those EGUs with generation from less carbon-
9 intensive affected EGUs (including natural gas combined cycle (NGCC) units that are
10 under construction).
- 11 3. Reducing emissions of affected EGUs in the amount that results from substituting
12 generation at those EGUs with expanded low- or zero-carbon generation.

13 CUB encourages PGE to discuss 111(d) and the building blocks in its July 3 Reply Comments.

14 **IV. Industrial Efficiency**

15 CUB is concerned that there is a disconnect between the IRP energy efficiency forecast
16 and what is achievable because of the cap on industrial efficiency:

17 Passed in 2007, Oregon’s Renewable Energy Act, SB 838, authorized the OPUC
18 to approve the collection of additional electric efficiency funds from PGE and
19 Pacific Power customers using less than one aMW per year. Customers using
20 more than 1 aMW do not pay these supplemental charges and may not benefit
21 from this funding. SB 838 does not address voluntary payment of supplemental
22 efficiency charges.

23 Energy Trust efficiency programs are not funded on a strict funds-in, funds-out
24 basis, yet the SB 838 limitation implies such a logic. To ensure compliance with
25 the limitation, after 2007, Energy Trust, the OPUC, PGE, Pacific Power and
26 stakeholder organizations including the Citizens’ Utility Board of Oregon, CUB,
27 and the Industrial Customers of Northwest Utilities, ICNU, informally agreed that
28 Energy Trust will keep funding for large customer incentives to the historic
29 proportion of SB 1149. If large customer incentives exceed the pre-2007

1 percentage of SB 1149 funding, Energy Trust would have two years to align these
2 incentives with the historic allocation.

3 Due to success of the programs in delivering high volume and low-cost savings to
4 large customers, incentives to these customers have grown. Given current trends
5 in program investment, spending for large customers in PGE's service territory
6 will need to be curtailed in approximately 2015 or sooner. This funding limitation
7 means that Energy Trust may not be able to secure all cost-effective efficiency
8 from these customers.⁶

9 It is important to understand to what degree the IRP forecast for energy efficiency is overstated
10 because it includes industrial efficiency that cannot be pursued under the current funding model.
11 CUB is unable to recommend acknowledgement of the energy efficiency action item, because it
12 is not clear whether it is attainable. CUB recommends that PGE discuss the impact of the
13 industrial cap on the energy efficiency forecast in its July comments.

14 **V. Conclusion**

15 CUB acknowledges that PGE has been very responsive to stakeholders in the 2013 IRP
16 process and commends the Company for its collaboration. The Company also collaborated with
17 stakeholders in presenting workshops and studies on low-carbon portfolios through its work with
18 E3. CUB is pleased with the results of this IRP process and recommends acknowledgement by
19 the Commission of all items in the Action Plan with the exception of the energy efficiency
20 portion. CUB hopes that future IRPs will be conducted with the same level of collaboration with
21 stakeholders to plan for a low carbon future under the coming final EPA 111(d) rules.

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⁶ Briefing Paper: Energy Trust of Oregon Energy Efficiency Programs, June 7, 2013, p 25-26.

Respectfully Submitted,
June 12, 2014



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LC 56 – CERTIFICATE OF SERVICE

I hereby certify that, on this 12th day of June, 2014, I served the foregoing **COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON** in docket LC 56 upon each party listed in the LC 56 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one original and five copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

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Respectfully submitted,

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