

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 58

In the Matter of)
)
IDAHO POWER COMPANY)
)
2013 Integrated Resource Plan)

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

January 15, 2014



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OF OREGON**

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<u>2013 Integrated Resource Plan</u>)	OF OREGON

I. Introduction

CUB appreciates the opportunity to submit its Final Comments regarding Idaho Power Company's (the Company or Idaho Power) 2013 Integrated Resource Plan (IRP). CUB will address the following issues in its comments: First, we restate our concerns regarding Jim Bridger pollution control investments; second, a brief note about overforecasting; third, we restate our concerns about the effects of NV Energy's plan to close North Valmy; fourth, we reiterate our criticisms of Gateway West; and finally, we voice CUB's concerns about the Company's decision to stop contributing to the Northwest Energy Efficiency Alliance (NEEA).

II. Pollution Control Investments

CUB remains concerned with the Company's pollution control modeling. The Company states in its Reply Comments that installing SCRs at Jim Bridger 3 and 4 was

least cost/least risk.¹ CUB reiterates its concerns from its Opening Comments regarding the useful lives of the controls and the modeling of the early closure.

The Company states that it assumed the same useful lives for the pollution control investments as the plants,² and in this IRP the Company assumes that the plant will operate throughout the 20-year life of plan.³ But the problem CUB identifies is that the useful life of the plant does not necessarily correspond to the useful life of the pollution controls as modeled by the EPA. Simply committing to shut the plant down at the end of its useful life is a strategy that has the potential to reduce pollution control costs.

The EPA always applies a 20-year timeline for cost-effectiveness analysis of emissions control equipment *unless* a resource has been firmly committed to close before that 20-year life.⁴ However, because the pollution control requirements become final five years after a Federal Implementation Plan is adopted, this actually provides 25 years of operation for the pollution control⁵. Because the EPA issued its final FIP this month (which could be subject to additional appeals), the 25-year useful life of the pollution controls begins this year. This provides a useful life for the pollution control that extends to 2039, which is beyond the planning horizon and beyond the expected useful life of the plant⁶. While reducing the life of the pollution control by a couple of years may not affect the cost-effectiveness of the pollution control measures, a two-year reduction represents 10% of the expected pollution removal and could impact pollution control investment that is barely cost-effective under the EPA's 20-year analysis. This means that an

¹ LC 58 - Idaho Power Company's Reply Comments, p. 7, lines 9 & 10.

² LC 58 - Idaho Power Company's Reply Comments, p. 9, lines 1 & 2.

³ LC 58 - Idaho Power Company IRP, 9. Modeling Analysis and Results, p. 107.

⁴ LC 57 - PacifiCorp's Reply Comments, p. 57.

⁵ LC 57 - Opening Comments of the Citizens' Utility Board of Oregon, p. 10

⁶ *Ibid.*

acceptable analysis from the Company should include a scenario which contemplates a commitment of closure at the end of the expected life of the coal plant if that is less than the assumed 20-year life used in the EPA analysis (It is important to note that there is a five-year compliance window, so a 20-year life becomes 20 years plus the 5 year compliance period—25 years). The purpose is to see if this would reduce the expected cost of pollution control.

CUB is not aware of such a firm committal from Idaho Power. Though CUB is not trying to say that the Company must commit to closing a plant, CUB believes that Idaho Power must consider this option and that the IRP should contain a scenario examining whether this will lead to lower pollution control costs. The scenario could be structured to examine whether closing a plant at the end of its useful life would reduce pollution control costs.

In addition to these concerns, the Company does not sufficiently address CUB's statements about a Boardman-style phase-out. CUB's main points in its Opening Comments involve the assumption of a closure date of 10 years after the analysis. As CUB previously states in its Opening Comments, the EPA's Regional Haze Rules take effect 5 years after EPA adoptions. This means that a 10-year phase-out would only include pollution control that was cost-effective over 5 years. The early closure decision for the Boardman plant was made because PGE found that costly pollution control investments could be avoided by phasing out its coal plant early. PGE's IRP analysis of the Boardman phase-out was produced in January 2010 and assumed closure at the end of 2020⁷. Idaho Power's phase-out study for Bridger assumed that the plant would close in 5

⁷ UE 246 / CUB / 200/Jenks-Feighner / 4.

years rather than in 10 years.⁸ Because the economic benefits of the phase-out are derived from operating the plant with more limited pollution controls, shortening that period from 10 years to 5 years reduces the economic benefits of a phase-out by approximately 50%.

For purposes of clarity, CUB will outline its expectations as to how the Company should move forward with coal analysis. CUB presented a blue print in its Final Comments in docket LC 57, the PacifiCorp IRP. CUB restates its comments below.

The following analytical framework should be considered in an IRP process, or in an alternative process, so that stakeholders can investigate a full spectrum of options:

- 1) Analyze the cost of the potential pollution controls under different scenarios. The analysis should be robust enough to consider the strictest of possibilities. Rather than limiting it to what is known, it should include what is likely, and it should include the upper range for what might happen. To take an example from PacifiCorp and the case of Wyoming, PacifiCorp only did analysis that was contained within the State Implementation Plan (SIP) and one scenario with stronger controls. The EPA's draft proposal exceeded those stronger controls, meaning that PacifiCorp's IRP may not have provided much direction related to the cost-effectiveness of the controls and the alternatives to those controls. In considering this, CUB would like to see more rigor in the Company's consideration of a range of possible pollution control scenarios in the future.
- 2) This broader range of pollution control scenarios should be compared to alternative investments, such as repowering with natural gas, building a CCCT, or relying on front office transactions.

⁸ LC 53, Integrated Resource Plan Update, Supplemental Application, 2/14/2013, page 24.

- 3) The Company should also investigate whether there is a plausible scenario for a phase-out that is at a lower cost than either of the two options listed above. The Company should begin by looking to the low end of the range of what the EPA will consider cost-effective and should then look at the high end range of years before closure that the EPA will likely accept. If the Company finds that there is a plausible scenario that is cost-effective, it should further examine additional plausible scenarios to determine the upper and lower ranges for a cost-effective phase-out. This will allow the Company to approach the EPA to determine whether a proposal to phase out with a firm commitment within this range would be acceptable.
- 4) In the case of a plant whose depreciable life is less than the 20-year assumed useful life of the pollution control investments, the Company should analyze whether committing to close a plant at the end of its depreciable life would reduce pollution control costs. Committing to closure at the end of the depreciable life may mean that less (or different) pollution control investments need to be made.

III. Overforecasting

CUB is pleased that the Company has taken our concerns into consideration. The Company states on page 24 of its Reply Comments that it is not requesting acknowledgement of its entire Action Plan, but is limiting its request for acknowledgement to the next two to four years. CUB agrees that this is consistent with the Commission's IRP guidelines.

IV. Early Retirement of North Valmy

CUB remains concerned about the possibility of an early retirement of North Valmy. Though the Company explains that the discrepancy in closure dates for the North Valmy plant is a result of “establishing depreciable lives for accounting and ratemaking purposes and do[es] not represent agreed upon decommissioning dates between NV Energy and Idaho Power,” CUB believes that the preferred portfolio the Company has selected should at least account for the risk of a closure date earlier than the Company has expected. The NV Energy closure dates that Idaho Power lists in its Reply Comments are 2021 and 2025.⁹ Though the Company continues to assure stakeholders that this is not the true decommissioning date, CUB’s research reveals otherwise. For example, an NREL study cites North Valmy’s Units 1 as being retired in 2022.¹⁰ Attachments A¹¹ and B¹² are articles that demonstrate further evidence of NV Energy’s plan to close their coal plants by 2025, and these closure dates do not appear to be for accounting purposes. The Company has not provided an explanation as to why a number of sources have listed an early closure date. The Company holds to its decision to adopt portfolio 2 as its selected portfolio in the IRP, which does not consider early closure dates for North Valmy, so CUB continues to be concerned about the discrepancies in the dates. In no way does CUB want to suggest that the Company should commit to early closure first and proceed to select a portfolio. However, it is CUB’s understanding that the preferred portfolio

⁹ LC 58 - Idaho Power Company’s Reply Comments, p. 9, lines 15 - 2.

¹⁰Hurlbut, D. J., Haase, S., Gregory, B., Funk, K., Gelman, R., Lantz, E., Larney, C., & David, P. (2012). Navajo generating station and air visibility regulations: Alternatives and impacts. *Ed Liebsch HDR*. Retrieved from <http://www.nrel.gov/docs/fy12osti/53024.pdf>.

¹¹ Clarke, C. (2013, June 12). Nevada to phase out energy produced by coal, enviros and tribes applaud move. *KCET*. Retrieved from <http://www.kcet.org/news/rewire/coal/enviros-tribe-applaud-nevada-move-off-coal.html>.

¹² Wagman, D. (2013, April 04). NV Energy proposes to exit coal power generation early. *Power*. Retrieved from <http://www.powermag.com/nv-energy-proposes-to-exit-coal-power-generation-early/?pagenum=2>.

assumes that the plant will run past 2025, and the portfolio should take into account the risk of an early shutdown.

V. Gateway West

In its Reply Comments, the Company stated,

CUB offers no substantive criticism of the Company's analysis of Gateway West, but recommends against acknowledgement because it believes that the Company should have analyzed each segment of the project individually...Idaho Power views the Gateway West project as one distinct project with one purpose and need, and has not divided it into separate segments for purpose of the IRP.¹³

CUB's position has not changed. CUB continues to believe that the Company should analyze each segment individually. That said, since the Company has stated that it is only asking for acknowledgment for the next two to four years, CUB appreciates this attempt by the Company to reduce the breadth of what it is seeking acknowledgment for and to alleviate at least some of CUB's concerns.

VI. Reduced Support of NEEA

CUB has taken note of the Company's response to Staff about reducing its participation in and support of NEEA. CUB is disappointed with the Company's intention to curtail its contribution in the next funding cycle of 2015-2019.¹⁴ CUB does not believe that the Company's actions are consistent with goals to pursue cost-efficiency, and would strongly advise the Company to reconsider. The Idaho Public Utility Commission expressed similar concerns, calling the Company's decision "abrupt"

¹³ LC 58 - Idaho Power Company's Reply Comments, p. 14, lines 2 - 8.

¹⁴ LC 58 - Idaho Power Company's Reply Comments, pp. 26 & 27.

and inadequate in notifying ratepayers.¹⁵ The Company has failed to explain how doing this is least cost and consistent with all cost-effective energy efficiency.¹⁶

VII. Conclusion

CUB restates our concerns regarding the Jim Bridger pollution control investments and continues to request that the Commission not acknowledge the Jim Bridger 3 and 4 pollution control investments. However, CUB notes the Company's decision to ask for acknowledgement within a time bracket of only two to four years. CUB also feels that the Company has not provided an adequate explanation regarding NV Energy's decision to close North Valmy ten years earlier than Idaho Power. CUB continues to believe that Gateway West should be analyzed segment by segment, and CUB strongly encourages the Company to reconsider its move to stop contributing to the Northwest Energy Efficiency Alliance. CUB appreciates the opportunity to be able to comment on Idaho Power's 2013 IRP.

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¹⁵ (2014). IPUC OKs most of Idaho Power's 2012 EE expenses, warns against DSM retreat. *Clearing Up*, (1628).

¹⁶ CUB wishes to acknowledge here that Bob Jenks became a member of the Board of Directors of NEEA on December 3, 2013. But as anyone familiar with CUB's prior positions knows, the positions taken by CUB in this docket in regard to NEEA are not new.

Respectfully submitted,



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COAL

Nevada to Phase Out Energy Produced by Coal, Enviros and Tribes Applaud Move



by [Chris Clarke](#)
on June 12, 2013 4:21 PM



North Valmy Power Plant | Photo: [PDTillman/Wikimedia Commons/Creative Commons License](#)

Nevada Governor Brian Sandoval signed a law Tuesday that accelerates the closing of the state's two coal plants, and environmental and Native activists are applauding his decision -- but they're also pointing out there's a lot more work left to do.

The new law, which was approved by the Nevada legislature on May 31, directs the state's largest utility NV Energy to shut down its 557-megawatt Reid Gardner plant by 2017, with most of the plant closing in 2014.

The law was supported and in fact partly written by NV Energy, which serves most of the state. The utility's other coal plant, a 522-megawatt facility near Valmy, is set to close in 2025.

The Reid Gardner plant has long been a thorn in the side, and in the lungs, of the Moapa Band of Paiutes, whose reservation lies adjacent to the plant and its coal ash landfill.

"The Moapa Band of Paiutes thanks Governor Sandoval, Senator Harry Reid, the Nevada legislature, and all the people that supported our fight to close the Reid Gardner coal plant that for decades poisoned our reservation" said Vickie Simmons, leading member of the Moapa Band of Paiutes Health and Environmental Committees. "It's now time to move forward. The area around the Reid Gardner plant needs to be fully cleaned up and full remediation must take place so that the coal ash waste does not continue to contaminate the land, air, and water near where our families live."

"The real work begins now," added the Sierra Club's Jane Feldman. "NV Energy needs to move as expeditiously as possible to close its coal plants -- including the North Valmy power plant. It is equally important that the coal pollution cleanup and remediation gets under way at the Reid Gardner site. The Moapa Paiutes have waited long enough."

NV Energy Proposes to Exit Coal Power Generation Early

04/04/2013 | David Wagman

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The EPA's Jan. 18 proposal, which cites requirements by Congress under the Clean Air Act, claims the power plant is "one of the largest sources of harmful nitrogen oxide emissions in the country." It calls for the installment of selective catalytic reduction technology, which, along with existing low-NO_x burners voluntarily installed at the plant over the past three years, would reduce emissions by 84%, or a total of 28,500 tons per year, by 2018. The proposal gives owners of the plant an extra five years, until 2023, to install the new controls—an unexpected flexibility that recognizes the "importance of [the Navajo plant] to numerous tribes, and the environmental benefits provided by the early installation of low-NO_x burners in 2009."

NV Energy said the NVision plan does not affect its current plans to retire the two units at the 522-MW Valmy coal plant in northern Nevada in 2021 and 2025, according to Reuters. Valmy is a 50-50 partnership between NV Energy and Idaho Power, a unit of Idacorp Inc. NV Energy operates the Valmy plant.

To replace the coal-fired generation, NV Energy proposed the development of 600 MW of new in-state renewable capacity by 2018 and the construction or acquisition of about 2,000 MW of natural gas-fired generation by 2025.

LC 58 – CERTIFICATE OF SERVICE

I hereby certify that, on this 15th day of January, 2014, I served the foregoing **FINAL COMMENTS OF THE CITIZENS' UTILITY BOARD OF OREGON** in docket LC 58 upon each party listed in the LC 58 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.

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