Jeep & Blazer, L.L.C.
environmental law

Jeffery D. Jeep*
Michael S. Blazer (Of Counsel)**

* Also admitted in Massachusetts
** Also Admitted in New York, Pennsylvania and Washington

3023 N. Clark Street
No. 214
Chicago, Illinois 60657

(708) 505-3801 (Direct)
(708) 404-9090 (Cell)

Jeffery D. Jeep
email: jdjeep@enviroatty.com

Web Site:
www.jeepandblazer.com

Via Electronic Mail (puc.hearings@state.or.us)

January 24, 2017

Oregon Public Utility Commission
Attention: Filing Center
201 High Street SE
Salem, Oregon 97301

Re: In the matter of Portland General Electric Co., Oregon PUC Docket No. LC 66, Integrated Resource Plan

Please find enclosed the Comments of Invenergy LLC on Portland General Electric's 2016 Integrated Resource Plan in Docket No. LC 66, along with a Certificate of Filing List. Please do not hesitate to contact the undersigned with any questions you may have.

Very truly yours,

Jeffery D. Jeep

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 66

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	**INVENERGY LLC'S COMMENTS**
	)	
2016 Integrated Resource Plan.	)	
	)	

1. Introduction

Invenergy appreciates this opportunity to submit comments on the PGE 2016 Integrated Resource Plan that Portland General Electric filed with the Commission on November 15, 2016. In addition to these comments, Invenergy supports the comments being submitted by the Northwest & Intermountain Power Producers Coalition (NIPPC), of which Invenergy is a member. The NIPPC comments further substantiate and expand on key points that Invenergy makes in our comments below.

2. Background on Invenergy

Invenergy is North America's largest independent, privately held renewable energy provider. The Company develops, owns and operates large-scale renewable and other clean energy generation and storage facilities in North America, Latin America, Japan and Europe.

To date, Invenergy has developed 7,803 MW of wind, consisting of over 6,364 MW of projects in operation and more than 1,439 MW in construction and in advanced development. To date, Invenergy has also developed over 159 MW of solar projects. The Company's thermal portfolio includes over 5,519 MW of natural gas capacity. Operating projects total 3,159 MW, with an additional 2,360 MW in construction and advanced development. The Company has developed more than 88 MW of energy storage projects to date and has over 68 MW of operating energy storage projects.

Invenergy has developed or operates wind farms and/or thermal assets in Washington, Oregon, Idaho, Montana, and California. These include the Willow Creek, Vantage, Wolverine Creek, and Judith Gap wind farms; the Desert Green solar installation; and the Grays Harbor Energy Center.

3. Invenergy's Interest in the PGE 2016 IRP

As a proven, highly capable and financially strong independent power producer with significant and growing energy assets in the Pacific Northwest, Invenergy is well-positioned to provide reliable, cost-effective and environmentally responsible power supplies to PGE. Invenergy is also able to offer resources that can meet PGE's needs in more flexible, more

diverse and lower-risk ways than if PGE limits itself to a build-and-own, life-of-facilities resource acquisition strategy.

Accordingly, Invenergy's primary interest in Docket LC 66 is to ensure that PGE's 2016 IRP, including the IRP analysis, resource strategy and action plan, establishes a level playing field for Invenergy and other power suppliers to participate in PGE's upcoming resource acquisition process. This should include the ability to offer more diverse and effective resources that receive full and fair consideration than are included in the 2016 IRP.

To provide a level playing field, Invenergy agrees with and supports the use of a robust, open and collaborative integrated resource planning process that provides clear goals and actionable guidance for fair, competitive resource acquisition by the utility.

Toward this end, the IRP should avoid using either broad generalizations or restrictive assumptions to prematurely limit opportunities for the competitive resource acquisition process to reveal attractive and beneficial resource solutions. In particular, the IRP assumptions and analyses should not unnecessarily exclude viable resource opportunities, or prematurely reach narrow conclusions about acceptable forms of resource commitments including alternatives to utility ownership and resources with varying durations.

Neither should the IRP assumptions and analysis be inconsistent with the Commission's competitive bidding requirements for new supply-side resource acquisitions applicable to PGE[1], and specifically the Commission's orders[2] acknowledging bias "in the utility resource procurement process that favors utility ownership of generation assets over power purchase agreements (PPAs) with third parties."

Instead, the IRP should clearly define parameters and criteria that the utility will use when evaluating and selecting new resources via a request for proposals (RFP). Both IRP and resource acquisition should, in accordance with the RFP Guidelines, evaluate candidate resources in terms of their impacts on core objectives for the utility's resource portfolio, including reliability, minimizing costs to consumers, environmental responsibility and risk management. This means that candidate resources should not be evaluated purely on a stand-alone basis or evaluated in fundamentally different ways in the IRP and RFP processes. The IRP must also make clear that new resources shall be scored in accordance with the RFP Guidelines (CounterParty Risk[3] being a good example).

4. Invenergy's Comments on PGE's 2016 IRP Analysis

One of the primary conclusions reached by the PGE 2016 IRP analysis is that the utility will have a significant need for new generating resources, beginning in 2021. The need for

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1 See Regarding PUC's Investigation of Competitive Bidding, Docket No. UM 1182, Order No. 06-446, 253 P.U.R.4th 84, 2006 WL 3206166 (Or PUC Aug. 10, 2006) (hereafter "PUC Order establishing RFP Guidelines" or simply "RFP Guidelines").

2 See Regarding PUC's Investigation of Competitive Bidding, Docket No. UM 1182, Order No. 13-204, 2013 WL 2639128, at *1 (Or PUC Jun. 10, 2013) and Order No. 14-149, 2014 WL 1826055, at *1 (Or PUC Apr. 30, 2014).

3 See Order No. 13-204, supra, at *1.

generation will occur even after PGE acquires all cost-effective energy efficiency, as well as demand response. Further, the IRP analysis concludes that even if the utility acquires physical renewable resources to meet its obligations under Oregon's renewable portfolio standard, PGE will need 850 megawatts of additional firm generating capacity by 2021. Invenergy agrees with and supports the IRP's conclusions about PGE's need for additional firm generating capacity beginning in 2021.

Invenergy also agrees with and supports the IRP conclusion that natural gas-fired generation is well-suited to help meet its future needs for generating capacity. Natural gas-fired generation is a reliable, flexible, dispatchable resource that can help integrate renewable generation, meet capacity needs and supply energy needs. High-efficiency combined-cycle natural gas-fired generation is also a relatively low-carbon resource.

However, Invenergy has significant concerns about other aspects of the PGE 2016 IRP analysis and conclusions.

First, some of the assumptions made for PGE's IRP analysis unnecessarily exclude or fail to recognize the value of a range of options that can be available to PGE when its acquires generating resources, and confirming a bias towards PGE owned resources inconsistent with the RFP Guidelines. Some other resource assumptions, including those used to formulate candidate resource portfolios are excessively broad and generic.

Meanwhile, the IRP analysis and conclusions also leave excessive vagueness about how resources will be evaluated in the acquisition process. As a result, these shortcomings have biased the IRP analysis towards PGE owned resources and provide PGE excessive discretion to make choices in the RFP process that would not provide optimal reliability, cost minimization, environmental protection and risk management.

Following are examples that illustrate the overall concerns noted above:

- The generating capacity resources included in candidate resource portfolios that PGE evaluated, i.e., "Generic Capacity" and "Efficient Capacity", are overly vague and thus do not represent a sufficiently broad range of resources that could be used to meet PGE's significant need for generating capacity beginning in 2021. Instead, generating capacity resources included in the candidate resource portfolios appear to reflect an underlying presumption of, and bias towards, utility construction and ownership of new generating capacity on a life-of-facilities basis.
- Specifically, each addition of a "Generic Capacity" and "Efficient Capacity" resource is unnecessarily assumed to remain in PGE's portfolio throughout the entire remaining planning period. This is consistent with an assumption of utility ownership-like commitment for the entire life of the resource. As a result, power purchase agreements with terms shorter than life of facilities (e.g., contracts with durations of 5, 10, 15 or 20 years) or short or medium term acquisitions, were excluded from all of the candidate resource portfolios, and thus were not evaluated.

- PGE's 2016 IRP analysis prematurely and inaccurately discredits power purchases in favor of utility construction and ownership of new capacity resources. PGE's arguments about the imputed debt and potential impacts on costs for power purchases are unfounded and misplaced. Imputed debt concerns should not be used in the IRP process to prejudice consideration of power purchase agreements and is not consistent with Commission guidance for RFP analysis. See RFP Guidelines and specifically PUC Order No. 13-204, supra, at *9 (rejecting proposal by utilities to address CounterParty risk in the non-pricing section of their respective scoring matrix and directing that such risk be assessed on a case-by-case basis in accordance with RFP Guideline 10(d)). Moreover, PGE has not proven that each credit rating agency would treat imputed debt in the way PGE has claimed, nor has PGE proven adverse ratepayer impacts resulting from such treatment.
- The candidate resource portfolios and analysis thereof for the PGE 2016 IRP do not recognize lower development risks or potentially lower costs to acquire new generating capacity resources at costs that may be potentially lower than replacement cost. Recent history has shown that utility-sponsored development of new generating projects can produce negative outcomes, including cost overruns, project delays and associated litigation risks.
- Analysis in the PGE 2016 IRP does not adequately support the conclusion that long-term commitments to new wind resources in excess of its RPS obligations should be made in 2018. While such an approach would allow federal production credits to be obtained, adequate consideration was not given to an alternative approach that would involve using renewable energy credits to defer the need to make long-term commitments.
- Transmission analysis for the PGE 2016 IRP does not consider viable alternatives and is biased toward self-build of generating capacity. Invenergy agrees with and supports NIPPC's comments on this topic, including encouraging considering making PGE's transmission contracts with the Bonneville Power Administration more flexible by moving from point-to-point to network service. In addition, PGE should identify ways that it could use its transmission rights to make capacity available for non-utility power supplies on a non-discriminatory basis with new construction of utility-owned generating capacity.

5. Invenergy Recommendations for 2016 IRP Analysis

Before acknowledging PGE's 2016 IRP, Invenergy recommends that the Commission require PGE to perform additional analyses to include and evaluate available generating capacity resource alternatives that were excluded from the candidate resource portfolios. Examples of generating capacity resource alternatives that PGE should include in the additional IRP analysis include:

- Power purchase agreements with shorter durations than life-of-facilities (e.g., 5-year, 10-year, 20-year) and power purchase agreements with earlier implementation than 2021. The analysis should not be limited to consideration of construction of new generating facilities.

- Purchase and ownership of existing generating capacity facilities that may be available at lower cost than new construction. These could include existing generating facilities whose remaining lives (and therefore commitment duration) may be less than for new builds.
- The analysis of candidate resource portfolios that include additional forms of generating capacity resources should explicitly identify impacts on portfolio risk resulting from reduced project development risk and increased option value of using short-term contracts as an alternative to life-of-facilities ownership, including reduced risk of exposure to changes to the regulatory environment over the planning horizon of the IRP (e.g. the regulation of greenhouse gas emissions, the expansion of bulk transmission markets, and increased competition in wholesale energy markets).
- For the analysis of candidate resource portfolios that include power purchase agreements for generating capacity, the Commission should direct PGE to refrain from including imputed debt costs that are in any way speculative, generalized or biased and direct PGE to evaluate CounterParty risk in accordance with the evaluation process required by the RFP Guidelines, Guideline 10(d) in particular. If PGE is allowed to impute debt due to PPA obligations, debt should also be imputed for any contractual services supporting utility-owned resources (e.g. natural gas storage field expansion).
- More robust analysis of transmission should be performed, including opportunities to increase PGE's flexibility in use of the BPA main grid transmission system by switching from point-to-point service to network service.

6. Invenergy Recommendations for 2016 IRP Action Plan

Before acknowledging PGE's 2016 IRP, Invenergy recommends that the Commission require PGE to revise the action plan to reflect results of the additional analysis of candidate resource portfolios described above, and provide more specific guidance for the RFP process, including:

- Identify the preferred mix of commitments to new generating capacity resources, consistent with the results of additional analysis of candidate resource portfolios.
- Describe how resource portfolio impacts of generating capacity resource proposals will be evaluated in the RFP process, including how resource bids will be scored for their impacts on reliability, cost, risk and environmental impacts.
- Identify more specific criteria that will be used to evaluate new generating capacity resources on an unbiased basis in accordance with the RFP Guidelines, including a) utility construction and ownership of new generating capacity on a life-of-facilities basis, b) purchase and ownership of existing generating capacity, and c) power purchase agreements with various durations (e.g., 5-year, 10-year, 20-year).
- Describe how development risks for new generating capacity builds will be incorporated in the RFP evaluation process, versus absence of development risks when acquiring power from existing generation projects.

RESPECTFULLY SUBMITTED this 24th day of January, 2017.

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Jeffery D. Jeep
Jeep & Blazer, LLC
3023 N. Clark, #214
Chicago, IL 60657
Telephone: 708-404-9090
jdjeep@enviroatty.com

Attorneys for Invenergy LLC

CERTIFICATE OF FILING SERVICE

I hereby certify that on January 24, 2017, I filed the Invenergy, LLC LLC comments in In the matter of Portland General Electric Co., Oregon PUC Docket No. LC 66, Integrated Resource Plan upon the persons named in the Service list by electronic mail only as all parties have waived service.

SIERRA CLUB

GLORIA D SMITH
Sierra Club Law Program
gloria.smith@sierraclub.org

ALEXA ZIMBALIST (C)
alexa.zimbalist@sierraclub.org

85 Second Street
San Francisco CA 94105

CITIZENS UTILITY BOARD OF OREGON

dockets@oregoncub.org

MICHAEL GOETZ (C)
mike@oregoncub.org

ROBERT JENKS (C)
bob@oregoncub.org

610 SW Broadway STE 400
Portland OR 97205

INDUSTRIAL CUSTOMERS OF NORTHWEST UTILITIES

BRADLEY MULLINS (C)
Mountain West Analytics
Brmullins@Mwanalytics.Com

TYLER C PEPPLE (C)
Davison Van Cleve, PC
Tcp@Dvclaw.Com

333 SW TAYLOR SUITE 400

Portland OR 97204

NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION

STEVE KNUDSEN (C)
NIPPC
2015 SE SALMON ST
Portland OR 97214
Sknudsen@Nippc.Org

SIDNEY VILLANUEVA (C)
Sanger Law, PC
1117 SE 53RD AVE
Portland OR 97215
sidney@sanger-law.com

NW ENERGY COALITION

WENDY GERLITZ (C)
1205 SE Flavel
PORTLAND OR 97202
wendy@nwenergy.org

FRED HEUTTE (C)
PO Box 40308
Portland OR 97240-0308
fred@nwenergy.org

OREGON DEPARTMENT OF ENERGY

JESSE D. RATCLIFFE
1162 Court St. NE
Salem OR 97301-4096
jesse.d.ratcliffe@doj.state.or.us

ADAM SCHULTZ
adam.schultz@state.or.us
625 Marion ST NE
Salem OR 97301

WENDY SIMONS
wendy.simons@oregon.gov
625 Marion ST NE
Salem OR 97301

PORTLAND GENERAL ELECTRIC COMPANY

PGE Rates & Regulatory Affairs
121 SW SALMON STREET, 1WTC0306
Portland OR 97204
pge.opuc.filings@pgn.com

V. DENISE SAUNDERS (C)
PGE
121 SW SALMON ST 1WTC1301
Portland OR 97204
denise.saunders@pgn.com

OREGON PUBLIC UTILITY COMMISSION STAFF

JP BATMALE (C)
jp.batmale@state.or.us
201 High Street SE
Salem OR 97301

MICHAEL T WEIRICH (C)
michael.weirich@state.or.us
BUSINESS ACTIVITIES SECTION
1162 Court Street NE
Salem OR 97301-4096

RENEWABLE NORTHWEST

dockets@renewablenw.org

MICHAEL O'BRIEN (C)
michael@renewablenw.org

SILVIA TANNER (C)
silvia@renewablenw.org

421 SW 6TH AVE, STE 1125
Portland OR 97204

Dated this 24th day of January, 2017 at Chicago, IL

/s/ Jeffery D. Jeep

Jeffery D. Jeep
Counsel for Invenergy, LLC
3023 N. Clark Street, # 214
Chicago, IL 60657
jdjeep@enviroatty.com