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October 12, 2012

Commissioner Susan Ackerman  
Commissioner John Savage  
Commissioner Stephen Bloom  
Public Utility Commission of Oregon  
550 Capitol St. NE  
Salem, Oregon 97301-2551

**Re: UM 1535 -- Northwest and Intermountain Power Producers Coalition's Response In Support of the Troutdale Energy Center's Request for Hearing**

Dear Commissioners Ackerman, Savage, and Bloom:

Pursuant to O.A.R. 860-001-420(5), the Northwest and Intermountain Power Producers Coalition ("NIPPC") respectfully submits this Response in Support of the Troutdale Energy Center's Request for a Hearing. The Troutdale Energy Center's ("TEC") Request raises pressing and important questions regarding whether Portland General Electric Company's ("PGE") Request for Proposals ("RFP") will be scored in a manner that is consistent with the intent of the Public Utility Commission of Oregon's ("Commission") RFP Guidelines and in the best interest of PGE's retail customers. Although the Request addresses issues that the Commission previously addressed in Order No. 12-215, new information identified in the Request warrants the Commission's consideration prior to the scoring of bids for PGE's RFP.

PGE's customers will bear the costs of two long-term resources that prevail in this RFP – a 300 to 500 megawatt ("MW") combined cycle plant and 200 MW dynamic peaking plant, as well as the costs of transmission to support those resources. In light the new information identified, the Commission's consideration of the gas storage and transmission issues is imperative to ensure a fair evaluation and to ensure the least cost, least risk option is secured for PGE's customers.

**"No Notice" Gas Delivery**

The TEC Request reveals troubling new information regarding the gas storage and intraday delivery requirement of PGE's RFP. Although NIPPC and others expressed concern regarding PGE's refusal to share its gas storage rights with bidders who planned to offer a tolling arrangement, the prior comments and the Commission's order were deprived of the information now available. Namely, PGE has utilized its other rate-payer funded gas storage assets to secure a preferential gas storage contract for its benchmark. As the TEC Request and its attachments

demonstrate, an independent bidder cannot secure a gas storage contract at the Northwest Natural storage facility without agreeing to purchase far more storage than would be necessary to operate a 200 MW peaking plant. The new information provided by TEC confirms the fears raised in NIPPC's Confidential Comments filed on May 10, 2012. That is, PGE has essentially created a storage and gas delivery requirement that only PGE can meet. Moreover, PGE can only meet the requirement by utilizing other rate-payer funded assets to gain an advantage.

NIPPC strongly believes that many options exist for meeting a "No Notice" gas delivery requirement, for facilities located near existing gas infrastructure. Specifically, interstate pipelines provide their customers storage capacity in the pipeline that would meet this requirement.<sup>1</sup> This requirement is even more easily met if PGE were willing (or required) to make its storage right at Northwest Natural's storage facility available for use at a short-listed bidder's tolling plant where PGE will ultimately be responsible for gas delivery in any event. For that reason and in light of the newly discovered limitations on bidders' ability to secure storage rights at the Mist facility, the RFP will obtain the best result for PGE's customers by *not* excluding bidders from the short list for the Flexible Capacity Resource for failure to possess gas storage rights. As TEC suggests, the best solution is to instead assess each shortlisted facility's fuel plan for the ability to meet PGE's Flexible Capacity Resource needs, potential opportunities to optimize the resulting PGE portfolio of storage and transportation agreements, and reflect those savings in the evaluation of each short-listed facility.

### **Transmission Scoring**

NIPPC also agrees with TEC that the RFP should include a scoring benefit for bidders directly interconnecting to PGE's system or otherwise imposing no incremental third-party transmission costs on PGE or its customers. PGE in fact revised the Renewable RFP (UM 1613) document itself to make clear that no costs for transmission services to PGE's system will be applied to a bidder's score if the bidder will relieve PGE and its customers of the responsibility of securing and paying for point-to-point transmission services for delivery from the generation facility to the point of delivery on PGE's system.

Meanwhile, NIPPC also understood that bidders with a direct interconnection to PGE would receive non-price scoring benefits for avoided costs and risks that might otherwise arise with third-party transmission. NIPPC also understood that PGE would release the BPA transmission cost assumptions for stakeholder review and comment. There is no basis for different treatment in the different RFPs. NIPPC is therefore disappointed to hear that PGE's final scoring weights have left bidders with the impression that PGE is not planning to properly credit the transmission element of the scores in the Capacity and Energy RFP (UM 1535). NIPPC believes PGE should clarify this issue in light of the information identified in TEC's Request.

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<sup>1</sup> Rick Harper recently prepared a Report for NIPPC, which addresses this matter and concludes that several different gas supply options exist for a dynamic peaking plant such as that proposed by PGE. See <http://www.nippc.org/upload/Harper%20Report%2008.27.12.pdf>.

**Conclusion**

NIPPC appreciates the Commission's vigilance in ensuring that PGE's RFP will be fair to all participants. NIPPC respectfully requests that the Commission consider the issues raised by TEC's Request in order to ensure that PGE is implementing this RFP in a fair manner, so as to preserve the integrity of the RFP process, and obtain the least cost, least risk options for Oregon utility customers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Adams". The signature is fluid and cursive, with the first name "Greg" and the last name "Adams" clearly distinguishable.

Gregory Adams  
RICHARDSON AND O'LEARY, PLLC  
Attorney for the  
Northwest and Intermountain Power Producers Coalition

cc: UM 1535 Service List

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on the 12<sup>th</sup> day of October, 2012, a true and correct copy of the within and foregoing **NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION'S RESPONSE IN SUPPORT OF TEC'S REQUEST FOR HEARING** was served as shown, with only those individuals qualified to receive confidential material (C) receiving the confidential paper copy of the filing:

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