

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 43

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION)	REPLY COMMENTS ON
OF OREGON,)	PORTLAND GENERAL
)	ELECTRIC 2007 INTEGRATED
In the Matter of PORTLAND)	RESOURCE PLAN BY
GENERAL ELECTRIC Application)	RENEWABLE NORTHWEST
for Acknowledgement of its 2007)	PROJECT
Integrated Resource Plan.)	January 22, 2008

Introduction

Renewable Northwest Project (RNP) has previously filed Opening Comments on Portland General Electric's 2007 Integrated Resource Plan (PGE's 2007 IRP) and actively participated in several public workshops. We have reviewed Oregon Public Utility Commission Staff's Initial Comments and Recommendations (Staff's Comments) and we provide these reply comments.

Recommendations

RNP supports all of Staff's recommendations concerning PGE's 2007 IRP. We also propose one additional action item for PGE's 2007 IRP Action Plan. Highlighted below are the key issues for RNP, ordered by the relevant section from the Commission's guidelines for resource planning.

Guideline 1: Substantive Requirements

a. All resources must be evaluated on a consistent and comparable basis.

We support Staff's recommendation that "the company should more thoroughly evaluate both generation and direct use applications for solar energy resources."¹ We recommend the following addition to PGE's 2007 IRP Action Plan:

¹ Staff's Comments, page 3.

In the next planning cycle, include a thorough evaluation of both generation and direct use applications for solar energy resources. Evaluation of DSM resources should include an assessment of solar thermal water heating potential.

On Renewable Resources.

We strongly support Staff's recommended additional action item directing PGE to include "a timely wind integration study that has been vetted by key regional stakeholders" in the next IRP.² As we noted in our Opening Comments, the wind integration costs included in PGE's 2007 IRP appear to be overestimated.³ Without a thoroughly vetted wind integration study, we can see no justification for why these costs depart from other integration costs experienced in the region. For example, the \$10 per megawatt-hour "Tier 2" integration cost included in PGE's 2007 IRP is higher than the high end of the Northwest Power and Planning Council's reported range of wind integration costs and is inconsistent with other analyses done around the region.⁴ In addition, BPA's Initial Wind Integration Rate Proposal⁵ of \$0.73/kW-mon is only about a third as high as PGE's Tier 2 wind integration cost assumption for a 30% capacity factor resource. RNP strongly supports a new, thorough wind integration study to inform PGE's next IRP and, as "a key regional stakeholder," we plan to participate in the vetting of this study.

We also find no particular justification for the fact that PGE's 2007 IRP Energy Action Plan including precisely enough renewables to meet the company's obligations under Senate Bill 838 and no more. The renewable energy requirements under SB 838 are meant to serve as a floor, not a ceiling, and the next IRP analysis should not include an artificial cap on the amount of renewables in the Energy Action Plan. Renewable resources can play a cost-effective role in the company's portfolio, help reduce risk (e.g. exposure to gas and electricity market volatility) and consistently stand on their own merits in utility integrated resources plans throughout the region. PGE should fully consider the cost/risk merits of renewable resources in excess of their SB 838 obligations in the next IRP cycle.

Guideline 4. Plan Components:

1. Selection of a portfolio that includes the best combination of cost and risk for the utility and its customers.

We share Staff's concerns that the Company does not include a thorough enough analysis of future CO₂ costs and risks. In particular, as we noted in our Opening Comments, the Company's base case CO₂ adder value of \$7.72 (2010\$) is based on an

² Staff's Comments, page 4.

³ See our Opening Comments, page 3.

⁴ See for example, Table 1 of the Northwest Wind Integration Action Plan. Only Idaho Power reported wind integration costs higher than \$10/MWh, and they have since revised their estimates lower in a filing with the Idaho Power Commission.

⁵ See http://www.transmission.bpa.gov/Business/Rates_and_Tariff/2009wrc/12_7_07_Rate_Design.pdf

out-of-date cap-and-trade policy proposal and now falls below the range of cost estimates for credible proposals.⁶ In addition, as Staff notes, it is easily conceivable that future CO₂ costs will exceed the high end of PGE's range of added costs. We recognize that these issues will be addressed by a new Guideline 8 being developed by OPUC Docket UM 1302 and we support Staff's recommended additions to the Action Plan that address CO₂ risk analysis and planning.

We also share Staff's concerns about the risk metric used by PGE and support the proposed Action Item to address this in the next IRP cycle.

Also, see discussion above under Guideline 1 about our concerns that Company did not adequately consider renewable resources in excess of renewable energy standard obligations.

m. Identification and explanation of any inconsistencies of the selected portfolio with any state and federal energy policies that may affect a utility's plan and any barriers to implementation.

We support Staff's proposed addition to the Action Plan that directs the Company to “develop and fully evaluate a portfolio that reduces the company's CO₂ emissions consistent with the goals expressed in Oregon HB 3543.”⁷

Guideline 8: Environmental Costs

See our discussion under Guideline 4 above on CO₂ costs and risk analysis.

Summary

In summary, we support Staff's analysis and all of the proposed additions to the 2007 IRP Action Plan. In particular, we support additions 2, 4 and 5. We also propose the following additional Action Item concerning solar energy resources.

⁶ See our Opening Comments, pages 3-4.

⁷ Staff's Comments, page 15.

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **REPLY COMMENTS ON PORTLAND GENERAL ELECTRIC 2007 INTEGRATED RESOURCE PLAN BY RENEWABLE NORTHWEST PROJECT** on the following persons on January 22, 2008, by hand-delivering, faxing, e-mailing, or mailing (as indicated below) to each a copy thereof, and if mailed, contained in a sealed envelope, with postage paid, addressed to said attorneys at the last known address of each shown below and deposited in the post office on said day at Portland, Oregon:

Lowrey R. Brown
lowrey@oregoncub.org
Jason Eisdorfer
jason@oregoncub.org
Robert Jenks
bob@oregoncub.org
Citizens' Utility Board of Oregon
610 S.W. Broadway, Suite 308
Portland, Oregon 97205

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

S. Bradley Van Cleve
mail@dvclaw.com
Davison Van Cleve, PC
333 S.W. Taylor, Suite 400
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Janet L. Prewitt
janet.prewitt@doj.state.or.us
Department of Energy
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Michael T. Weirich
michael.weirich@state.or.us
Department of Justice
Regulated Utility & Business Section
1162 Court Street N.E.
Salem, Oregon 97301-4096

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Steven Weiss
steve@nwenergy.org
Northwest Energy Coalition
4422 Oregon Trail Court N.E.
Salem, Oregon 97305

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Phil Carver
philip.h.carver@state.or.us
Oregon Office of Energy
625 Marion Street N.E., Suite 1
Salem, Oregon 97301-3742

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Lisa C. Schwartz
lisa.c.schwartz@state.or.us
Public Utility Commission of Oregon
P.O. Box 2148
Salem, Oregon 97308-2148

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Michelle R. Mishoe, Esq.
michelle.mishoe@pacificorp.com
Pacific Power & Light
825 N.E. Multnomah, Suite 1800
Portland, Oregon 97232

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Greg N. Duvall
greg.duvall@pacificorp.com
Director—IRP & Regulatory Strategy
PacifiCorp
825 N.E. Multnomah, Suite 600
Portland, Oregon 97232

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

PacifiCorp Oregon Dockets
oregondockets@pacificorp.com
825 N.E. Multnomah, Suite 2000
Portland, Oregon 97232

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

Patrick Hager
pge.opuc.filings@pgn.com
Rates & Regulatory Affairs
Portland General Electric Company
121 S.W. Salmon Street, 1WTC0702
Portland, Oregon 97204

- by hand-delivery
- by facsimile
- by first class mail
- by certified mail, return receipt requested
- by registered mail, return receipt requested
- by express mail
- by e-mail

