BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

LC 48

In the Matter of

PORTLAND GENERAL ELECTRIC

2009 Integrated Resource Plan

Renewable Northwest Project's Comments on Staff's Proposed Order

Renewable Northwest Project (RNP) appreciates the opportunity to comment on Staff's Final Comments and Recommendations and Draft Proposed Order. RNP's comments on Staff's recommendations regarding Boardman are contained within separately filed joint comments. These individual comments are filed to generally support, with some additional suggestions, Staff's recommendations on two other issues: (1) wind integration; and (2) Cascade Crossing.

1. <u>Wind Integration</u>

In general, RNP supports Staff's recommendation that PGE again be directed to produce a detailed wind integration study report that is capable of being, and required to be, vetted by regional stakeholders. This time, however, RNP recommends that the Commission impose more specific additional requirements for the wind integration study process. By introducing more specific expectations and parameters, the Commission may be able to avoid repeated non-compliance and promote constructive dialogue between the utility and stakeholders, leading to more effective Commission oversight.

RNP's perspective on best practices for successful wind integration studies comes from its extensive experience as a stakeholder in wind integration studies across the region. In our view, a "successful" study is not necessarily one in which all participants and stakeholders agree on the precise outcome, but rather is one in which (1) stakeholders are given adequate opportunity to review and comment on study methodology and results at appropriate points in the study process; and (2) the utility objectively considers stakeholders' technical comments and demonstrates a willingness to modify its approach or respond substantively to significant areas of concern. Only with true engagement

LC 48 - RNP's Comments on Staff's Proposed Order

between utilities and stakeholders can the Commission rely on the stakeholder process to hold utilities accountable. Employing one or more of the strategies listed below may contribute to a successful wind integration study process and assist the Commission with its oversight role as these studies grow ever more numerous and complex:

- Require use of a technical review committee (TRC) of national or regional wind integration experts, and ensure that committee members have the opportunity to sign off or not sign off on the final study. A technical review committee is an effective tool for overseeing detailed work, but is not a substitute for review by other stakeholders.¹
- Require use of an independent facilitator who is charged with managing timelines for comments, discussion, and utility decisions and encouraging utilities to engage substantively with stakeholder concerns.
- Commit sufficient resources for Commission staff to participate in the study process as a neutral arbiter at various decision points, recognizing that the complexity and number of wind integration studies would require a significant commitment of resources.

Although wind integration studies are complex, successful experiences are possible. Integration costs are an important component of determining the cost-competitiveness of clean, variable energy generation from wind and solar resources in long-term planning; integration costs also have a direct effect on customer rates. We encourage the Commission to consider incorporating in its acknowledgment order these or other suggestions for promoting accountability.

A final note: Staff did not adopt RNP's recommendation that PGE use Bonneville's wind integration rate until it has produced an adequate wind integration study. RNP's suggestion was reasonable: PGE currently uses Bonneville balancing services and there is no indication of why PGE would choose to self-balance new resources when the rate PGE

¹ The Utility Wind Integration Group and National Renewable Energy Laboratory have collaborated on a set of principles for TRC involvement in utility wind integration studies. The document, available at <u>http://www.uwig.org/TRCguidelines.htm</u>, addresses several important issues such as stakeholder involvement beyond the TRC and assurance that the utility will refer to TRC involvement only if the TRC has clearly accepted and agreed with the results of the study.

arrived at is nearly double Bonneville's rate. Staff does not evaluate the merits of RNP's suggestion. Instead, Staff's view is that RNP must evaluate the effect that using a higher rate had on PGE portfolio development and analysis, and advocate for a different portfolio that better reflects the resource mix that would result from a lower integration cost. RNP does not have the modeling capability to accomplish the analysis that Staff suggests. In future IRP processes, RNP can request that PGE model lower integration rates, if necessary; we hope that Staff will support any such request and that PGE will agree to the requested modeling. However, RNP's preference would be for PGE to complete an acceptable wind integration study *before* it begins its IRP development, in order to avoid producing an IRP whose results and analysis are difficult to disentangle from its integration study.

2. <u>Cascade Crossing</u>

RNP supports Staff's recommendation that the Commission acknowledge PGE's proposal to move forward with permitting for its Cascade Crossing transmission project, subject to the requirement that PGE provide additional economic analysis in its next IRP Update and future IRPs. To enable the state to make timely and informed decisions about responsible development of new transmission, it is sensible to allow the relatively inexpensive, multi-year permitting process to move forward while preserving the ability of regulators and stakeholders to evaluate updated economic analysis of large transmission projects in future IRPs. RNP encourages the Commission to coordinate with other state agencies, to the extent possible, to ensure that its acknowledgment order is sufficiently

/// /// /// /// /// /// ///

LC 48 - RNP's Comments on Staff's Proposed Order

definite to allow forward progress in the Cascade Crossing project while preserving the opportunity for timely review of project economics.

DATED this 29th day of October, 2010.

Respectfully submitted,

Megan Walseth Decker

Senior Staff Counsel Renewable Northwest Project

ESLER, STEPHENS & BUCKLEY

By: <u>/s/ John W. Stephens</u>

John W. Stephens Of Attorneys for Renewable Northwest Project

k:\maureen\rnp\lc 48\rnp comments 10-29-10.docx