



OFIC

Oregon Forest Industries Council

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May 14, 2010

Public Utility Commission of Oregon
550 Capitol St NE #215
PO Box 2148
Salem OR 97308-2148

Dear Commissioners:

As an intervenor in LC 48, Portland General Electric's ("PGE") Integrated Resource Plan filing, the Oregon Forest Industries Council ("OFIC") wishes to comment on PGE's proposed actions for the Boardman Coal Plant as described in their 2009 IRP addendum.

OFIC is a trade association representing more than 50 Oregon forestland owners and forest products manufacturing-related firms. Our members own more than 90% of Oregon's private large-owner forestland base. As a representative of the forest industry in Oregon, OFIC attempts to maintain a positive, stable business operating environment for Oregon's forest products community. We are an important part of this state's economic engine and are concerned about how regulatory changes affect the business climate, especially when those changes affect the cost and reliability of electricity.

OFIC has reviewed PGE's proposal in the IRP addendum and we agree with their 2020 plan for closing the Boardman Coal Plant or, in the alternative, to install more extensive emission controls to keep the plant operating until 2040. OFIC believes this plan meets the OPUC's principle objectives for least cost planning and reliability. It is not news that the forest products industry has seen economic difficulties in recent years. Electricity costs are a major concern for our members.

We are very concerned that, if PGE is forced to close the Boardman facility prior to what is suggested in PGE's proposed plan, the increased cost pressure on PGE's rates for replacement power would be harmful to our members who are served by PGE. Further, we believe that the 2020 proposal allows time to bring on replacement resources; we would object to any plan that calls for the removal of an important base resource like Boardman before a similarly-reliable resource can be built to replace it.

Further, refinement of a promising wood-based "bio-coal" technology – torrefaction – is currently being actively researched and tested in Oregon. If this technology proves feasible and economical on a commercial scale, bio-coal could be utilized in the Boardman plant as a carbon-neutral coal replacement. Replacing coal with bio-coal, in whole or in part, would reduce GHG and other emissions from the Boardman plant, with

the potential to reposition the plant as a renewable energy producer to 2020 and beyond.

If successful, this would benefit PGE, its customers, the economy, and the environment, while helping to meet Oregon's climate change and renewable energy goals, by providing an alternative base-load energy resource that is:

- low cost (utilizing existing infrastructure requiring limited new capital investment),
- locally produced (sustaining local jobs and fostering state energy independence), and
- carbon neutral (while eliminating emissions of other coal-specific toxics, such as mercury)

Premature closure of the Boardman plant would jeopardize the potential realization of this win-win-win-win solution.

At this point, however, we strongly believe that PGE's 2020 Plan represents the best path forward, providing the right balance of environmental and economic concerns. PGE notes that this plan will be difficult to achieve and that the support of the Oregon Public Utility Commission for this strategy will send a positive signal and be key to obtaining the additional regulatory or legislative fixes necessary to make it happen.

We urge you to support PGE's proposed actions for the Boardman Plant as described in the 2009 IRP Addendum.

Sincerely,

/s/ Ray Wilkeson
President
Oregon Forest Industries Council