



JUICE

News from NIPPC

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Welcome to Juice

"Juice" as in electricity - after all, Northwest independent power producers generate a lot of it. NIPPC's modest e-letter will go out whenever NIPPC staff come across something worth sharing with you.

The Wrong Tool for the Job **PGE's 2016 IRP Gets Panned**

An Integrated Resource Plan (IRP) matters. The Oregon Public Utility Commission expects fulsome and transparent information from IOUs. And utility management needs Commission "acknowledgement" if they're going to proceed with confidence.

Renewable power advocates, industrial and residential customers, OPUC staff and NIPPC panned PGE's latest IRP. "They're cooking their proprietary [computer] model," NIPPC's Robert Kahn told the [Oregonian](#). "It's the ultimate black box."



NIPPC's pointed comments can be found [here](#). Among NIPPC's concerns:

- "The IRP fails to accurately evaluate or even distinguish between different flexible capacity resources... and relies upon inaccurate data inputs and assumptions to justify its determination that there is no meaningful difference between flexible capacity resources."
- "These analytical infirmities are particularly troubling because they lead PGE to determine that a major long-term investment in a wind plant in 2018 along with a gas plant in 2021 is PGE's least cost and risk option... With so much

environmental policy uncertainty, PGE should consider 'renting' resources instead of 'buying' them.

- "PGE's portrayal of its transmission in this IRP also fails to acknowledge its transmission planning strategy... Switching to [BPA] network service could also lower the cost of renewable acquisitions and reduce PGE's ability to use transmission issues to bias RFPs in favor of utility owned generation."
- "PGE highlights any and every conceivable theoretical risk to the utility associated

with Power Purchase Agreements, while completely ignoring the tangible risks to ratepayers due to utility ownership... demonstrated in the Carty episode as well as the early closures of Trojan and Boardman, these risks are unique to utility owned projects, as opposed to PPAs."

The OPUC [LC 66 docket](#) is loaded with scathing criticism including staff's questioning whether the company needs to acquire new generation at all. The Citizens' Utility Board prefers a "wait and see" attitude and short to medium term PPAs while opposing PGE building another gas-fired power plant beside the company's Carty Power Station, which still risks saddling ratepayers with \$150+ million in cost overruns.

This pile on has only just begun. The OPUC has scheduled a workshop for February 16th followed by another round of comment and company response. A decision is schedule for June.

This Feels Like the Same Old Movie...

BPA Proposes to Jettison FERC "Safe Harbor" Status

Late last year BPA announced that full safe harbor status with FERC was "no longer tenable." Bonneville described its difficulties complying with FERC, specifically Orders 888 and 2000.

The agency is [soliciting guidance](#) from "The Region," which is better characterized as competing regional interests given the disparities between BPA's power and transmission customers.



NIPPC is concerned to see BPA walking back from its already limited accountability to FERC. "If Bonneville is allowed to make tariff changes unilaterally, even after engaging in a regional process," NIPPC argues in its [comment letter](#), "the burden would shift to customers to file a complaint at FERC alleging violations of the Federal Power Act."

There's more. The Coalition sees risks in pursuing this policy shift as the Trump Administration takes the reigns at DOE. It's an "awkward moment" back there, to put it mildly.

Bonneville's Tariff Design Engagement process can be found [here](#). The first of two workshops is scheduled for February 6th.

What if a four year old dined at the French Laundry, one of America's finest restaurants? See the young lady's colorful review in this hilarious news account [HERE](#).

Building Markets One Step at a Time

Oregon Legislature Cap & Trade Redux



Salem shelved cap & trade last year after SB 1547, the so-called "coal to clean" bill, sucked all the air out of the capitol. Instead the legislature directed Oregon's Department of Environmental Quality (ODEQ) to analyze the merits of cap & trade. The agency's [draft study](#), "Considerations for Designing a Cap-and-Trade Program in Oregon," released in

late November, was favorably received. NIPPC and the International Emissions Trading Association (IETA) commented favorably and suggested refinements [here](#).

Senator Lee Beyer is carrying cap & trade legislation in the upcoming session, which opens February 1st. [SB 557](#) would meld a cap & trade program with established markets such as California's, which is reportedly receptive.

The legislation calls for Oregon to adopt new, interim emission reduction targets based on 1990 levels, including cuts of 25% by 2025 and 45% by 2035.

It's too early to predict prospects for SB 557 in a session that will be dominated by budgetary struggles.

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