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Ore. bills would bar IOUs from owning new plants; open choice for renewables

March 6, 2017—Unlike other parts of the country, where there is both wholesale and retail competition, the Pacific Northwest has neither. After years of struggling, largely unsuccessfully, to crack at least the wholesale market, independent power producers (IPPs)—merchant generators unaffiliated with a utility—have "had it up to here," as the saying goes. Under proposed legislation introduced in the Oregon legislature on Thursday at the request of the **Northwest & Intermountain Power Producers Coalition**, Oregon's investor-owned utilities would be barred from owning new power supply resources. Rather, under Senate Bill 978, the **Oregon Public Utility Commission** would hold competitive solicitations limited to IPPs for future resources to serve **Pacific Power** and **Portland General Electric**. The legislation was introduced as a "committee bill" by Democratic state Senator **Lee Beyer**, a committee chairman and a former PUC commissioner. It would allow utilities to buy resources, but only if an unexpected, below-market offer is made that requires quick action to complete the deal or there was an urgent reliability need. NIPPC's second bill, SB 979, would allow retail customers to buy renewable energy directly from the generator. The bills would represent huge changes in state energy policy but are unlikely to pass this year, with a budget deficit and transportation infrastructure big items, Clearing Up opined here.

Presently, the PUC requires utilities to issue solicitations for power supply. But of nine such requests for proposals (RFPs) since 2008, seven ended with 2,225 MW of utility-owned generation and one solicitation wasn't completed. Known as the "Market First Bill," SB 978 is meant to eliminate what the PUC has acknowledged is a "utility bias" in resource acquisition. Nevertheless, the commission's current RFP guidelines have resulted in 95 percent of utility-owned generation "winning" the competitive-bidding process, NIPPC says. PGE's 2013 requests for RFPs led to many complaints by IPP generators that they had offered better deals than the utility.

But as part of the package that emerged, PGE entered into a build-transfer deal with a subsidiary of Spain's **Abengoa**, for the 440-MW natural gas-fired Carty power plant. NIPPC executive director **Robert Kahn** calls Carty "the poster child for a flawed system." Abengoa filed for bankruptcy before the plant was finished, leaving PGE to finish building it. That led to about a $140 million cost overrun. Had PGE contracted with an IPP to build and own the plant, Kahn said, the IPP would have absorbed the overrun.