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**Comments of the Snake River Alliance
On Rocky Mountain Power's 2013 Integrated Resource Plan (IRP)**

**Submitted by
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INTRODUCTION

The Snake River Alliance appreciates the opportunity to submit these comments to the Idaho Public Utilities Commission in docket PAC-E-13-05, PacifiCorp dba Rocky Mountain Power's 2013 Integrated Resource Plan, on behalf of its members, including many customers of Rocky Mountain Power in Idaho and elsewhere.

The Snake River Alliance is an Idaho-based non-profit organization, established in 1979 to address Idahoans' concerns about nuclear waste and safety issues. In early 2007, the Alliance expanded the scope of its mission by launching its Clean Energy Program. The Alliance's energy work includes advocacy for renewable energy resources in Idaho; expanded energy efficiency, demand response and other demand-side management programs offered by Idaho's regulated utilities and the Bonneville Power Administration; and development of local, state, regional, and national initiatives to advance sustainable energy policies.

For purposes of these comments, we will address the following issues that are priorities for the Alliance and its membership:

- PacifiCorp's analysis of the future costs of operating certain plants in its coal-fired generation fleet, and how that analysis was translated into the utility's ongoing commitment to continue operating certain power plants directly serving Idaho electricity load;
- Rocky Mountain Power's commitment to demand side management resources;
- Rocky Mountain Power's commitment to expanded use of renewable energy resources.

In our view and with certain exceptions, PacifiCorp and Rocky Mountain Power provided stakeholders reasonable opportunities to provide input into this IRP process. With the exception, in our view, of the Company's handling of concerns raised by stakeholders regarding coal plant issues in Wyoming, we believe the Company was as transparent in this IRP as in previous plans.

However, we question whether this IRP adequately reflects the realistic probability that some of the Company's resource decisions, in particular its ongoing coal plant retrofits, upgrades and other investments, will withstand the kind of analysis that the Company should have conducted during its preparation of this IRP. We comment on that more thoroughly below. We also believe that, with the exception noted immediately above and some others, this IRP satisfies this Commission's requirements with regard to preparation and submittal of an Integrated Resource Plan. Unfortunately, we believe this IRP relies excessively on uncertain market energy transactions in place of a timely renewable energy acquisition plan, and also on some of the most aggressive coal plant re-investments in PacifiCorp's history at a time when those investments carry enormous risk to the Company and its Idaho customers.

For those reasons and for reasons stated below, we question whether this IRP is ready for Commission review for purposes of acceptance of filing. We believe the Commission should consider withholding its acceptance of the IRP until its flaws can be addressed, or failing that we believe the Commission should withhold acceptance of all portions of the IRP that rely on outdated or incomplete analyses or regulatory and policy forecasts and expectations that will affect the continued operations of the Company's coal plants for indefinite periods of time.

PACIFICORP/ ROCKY MOUNTAIN POWER'S COAL GENERATION

This utility has struggled mightily over the years to develop coal plant analyses that must pass muster with regulators in one or more of its jurisdictions. Unfortunately, it continues to do so.

The Alliance was among five signees of a June 21, 2013, memorandum to this Commission and to commissions in Utah, Oregon, Wyoming, Washington, and California. As the Commission is aware from our participation in unrelated dockets, and is the case again in this one, we believe the nature of state and federal regulatory oversight of greenhouse gas and other emissions from *existing* coal plants is very much in flux, and that issue is central to this IRP. Yet PacifiCorp appears to have adopted the most conservative set of expectations of future regulations as possible – so much so that its coal plant analysis for some of its coal units [not at the Bridger units co-owned with Idaho Power but at the Naughton and Dave Johnston units, which presumably also contribute to meeting Idaho demand] has produced the expected result that it is in the Company's best interest to continue operating most of the plants rather than implement other options that we believe are lower cost and lower risk.

Not only has PacifiCorp fallen short in its coal analysis and its estimates of the cost and nature of projected pollution control requirements for its coal plants, it has taken the unusual step of participating in a multi-utility campaign in Wyoming, attacking the U.S. Environmental Protection Agency for following its Congressional mandate to implement important provisions of the Clean Air Act, particularly with regard to Regional Haze provisions

[www.stopepawy.com]. This campaign, waged in conjunction with other utilities that have coal interests in Wyoming, is designed to attempt to discredit EPA while at the same time arguing that its Regional Haze requirements should be replaced by less rigorous requirements proposed by the state of Wyoming. We don't raise this unusual tactic on the part of PacifiCorp as a way to draw the attention of the Idaho Commission to matters before the Wyoming Commission. Rather, it is noteworthy that 1) It is very clear that PacifiCorp is attempting to get out from under existing federal Clean Air Act regulations simultaneously with the filing of its IRP; but also that it is now also evident that Company plans for certain plants in its coal fleet are more uncertain than ever given that there continue to be unresolved regulatory issues affecting those plants.

As pointed out in the June 21 memorandum by the environmental advocates to this Commission, PacifiCorp repeatedly declined to perform an analysis of a more stringent Regional Haze scenario analysis as requested by the Powder River Basin Resource Council. Failure to do so undermines the integrity of the Company's analysis with regard to portions of its coal fleet, and therefore similarly compromises the IRP that is based on that analysis. We are troubled that PacifiCorp, and in the case of the Jim Bridger coal units Idaho Power, intend to move forward with emissions upgrades of huge economic and environmental consequence without first knowing the status of the regulations that would require them. The disparities between the Wyoming Regional Haze State Implementation Plan Technology requirements embraced by PacifiCorp and the requirements in the EPA 2013 Re-Proposal [which PacifiCorp labels as "an extreme and unlawful interpretation of the Regional Haze Rules"] are so great that it would be unwise to assume PacifiCorp's projected and estimated costs and requirements for its coal plants going forward. PacifiCorp has said as much, reporting in a July 8, 2013, Public Session Technical Workshop that "If the EPA's re-proposed rule is let to stand, many of the company's coal-fueled generating plants in Wyoming could face early shut-down." Add to that the probability of litigation between the state of Wyoming and EPA, and it cannot be determined when the issue may be resolved and how it might impact the plans contained in this IRP. But should EPA's re-proposal stand, we agree with Rocky Mountain and its parent PacifiCorp that there would be profound if unknown impacts for Rocky Mountain's Idaho service area. That is doubly true in light of the key elements in President Obama's June 2013 Climate Action Plan, which sets a timetable for EPA to regulate carbon dioxide emissions from power plants and to propose a rule regulating carbon dioxide emissions from existing power plants by June 2014, finalizing the rule by 2015. We believe that the risk of that happening is too great for the Idaho Commission to ignore, and we believe that these developments occurring outside of Idaho are too important to ignore in a case involving one of Idaho's most important regulated electric utilities.

Furthermore, without having adequate modeling of all realistic scenarios for certain PacifiCorp coal plants, this Commission cannot judge the validity of an IRP that proposes the continued operation of the plants rather than implementing true least-cost and least-risk alternatives. This is all the more disconcerting in light of PacifiCorp's very visible campaign against federal environmental regulators that have been directed to implement the Clean Air Act and its amendments.

Until PacifiCorp conducts a coal plant analysis, including total costs of all anticipated emission-control upgrades for all impacted plants, for as long as these plants remain such a large portion of the Company's supply side resource portfolio, we recommend this Commission, at a minimum, withhold acceptance of those portions of the IRP that rely on the Company's most recent coal plant analysis. We do not believe the analysis fully considers all possible regulatory impacts to the plants' continued operation, and we don't believe the analysis fully explored all possible alternatives to continued plant operation and weighed them against the added costs of keeping the plants in place.

The Company's arguments regarding the role an IRP plays in resource planning appears to conflict with its arguments regarding the role an IRP plays in resource investment decisions. On one hand, PacifiCorp claims that regulatory authority to allow the utility to commit to make environmental investments rests with the CPCN process, and that there is no link between this IRP and the costs associated with coal plant modifications [*PacifiCorp Response to Wyoming Party Comments on PacifiCorp's 2013 Integrated Resource Plan, Docket 200000-424-EA-13*], apparently with the exception of seeking such authority from Idaho regulators, as PacifiCorp has not filed a coal plant CPCN in Idaho. The Company repeats the argument on P. 2: "Therefore, the Company sees no relevant association between the 2013 IRP and PRBRC's concern with coal costs."

Yet the Company's coal analyses are central to this IRP, and the IRP cannot and should not be evaluated by this Commission until the Commission is satisfied with the integrity of the coal plant analyses put before it by Rocky Mountain Power. We believe the costs of the coal plant improvements, the known probability of future Clean Air Act and other environmental regulations, and the high likelihood of future carbon dioxide emissions are inextricably related and that one cannot be considered here separate from the others.

The Company tries further to distance itself from the possibility of future environmental regulations [that it acknowledges could lead to the early retirement of some of its coal units] on P. 4 of the same response in Wyoming, which we believe bears directly on the issues of this case and which we bring to the Commission's attention because it represents the most complete response of PacifiCorp to challenges to its 2013 IRP: "As noted throughout the 2013 IRP, the Company has incorporated significant proxy compliance costs for emerging

environmental compliance obligations. The Company has not reflected only known environmental rulemaking actions related to coal. PacifiCorp's analyses specifically incorporate proxy compliance costs attributed to emerging coal combustion residuals rulemaking and cooling water intake rulemaking, where a reasonable amount of information exists regarding the potential outcomes of these yet-to-be-finalized rulemaking efforts. Where no proposed action existed at the time scenario input assumptions were developed, reasonably anticipated proxy compliance costs were not developed as such efforts would have been speculative, at best."

Integrated Resource Plans are by definition "speculative, at best" in terms of everything from gas price forecasts to load forecasts, which as this IRP demonstrates can be far off the mark from one year to the next. Yet they are nonetheless relied upon for making resource decisions. It should be remembered, therefore, that PacifiCorp in fact uses speculative proxy compliance costs in the form of carbon adders employed during its analyses. Saying that possible mercury or CO2 costs cannot be reasonably included in these analyses out of uncertainty to whether they will be imposed this year or next is unconvincing.

RENEWABLE ENERGY RESOURCES

While we appreciate PacifiCorp's efforts to accelerate DSM additions, we are very concerned about the lack of new renewable energy resources between now and the anticipated wind additions in 2024-2025 that the company believes may be needed to satisfy "assumed RPS obligations." The IRP envisions 400MW of wind in 2024 (along with a CCCT gas plant the same year) and 200MW in 2025 – but that is the extent of new wind that would be added to the PacifiCorp system through the planning period under the preferred portfolio. The portfolio proposes only 1MW a year of new combined heat and power, for a total of 21MW.

We question why the 2013 IRP's preferred portfolio identifies "near-term renewable resources" as "small scale utility solar resources needed to meet Oregon requirements and distributed solar resources associated with the Utah Solar Incentive Program." [Action Items 1d and 2a] The absence of so much as a solar pilot project in Idaho seems to indicate that PacifiCorp's motivation to explore new solar technologies is state mandate-driven, not the result of a decision by the Company to explore promising, carbon-free solar technologies.

We are disappointed that the IRP anticipates using "flexible compliance mechanisms" such as banking or trading renewable energy certificates "where allowed" to meet existing and future RPS requirements [Action Items 1b and 1c]. With so little planned new renewable energy, it is not surprising that the Company would turn to acquiring unbundled RECs from elsewhere, although we believe it is more important to actually develop and use the renewable resource. For a portfolio that contains no new renewables development for 11 years and continues the

Company's commitment to coal, it is difficult to envision RECs as being the IRP's least-cost method to meet unknown RPS obligations. On the contrary, it has been shown that a renewable energy portfolio diverse in geography as well as generation method is also a least-risk strategy. Amassing unbundled RECs may in fact *increase* risk as states limit the percentage of such credits that can be used to satisfy an RPS.

The Company's enthusiasm for renewable energy – other than buying unbundled RECs – is summarized on P. 2 of the IRP Executive Summary: "Policy and market developments have contributed to higher renewable energy resource costs and reduced benefits." It does not appear to be a philosophy shared by most utilities in states also served by PacifiCorp. Such an outlook on the future of electric energy, that it is currently not cost effective as if of dubious worth, must have influenced PacifiCorp's modeling assumptions as it reviewed portfolios for purposes of resource selection.

DEMAND-SIDE MANAGEMENT RESOURCES AND MARKET TRANSACTIONS

Given the balance of the preferred portfolio, we believe an accelerated deployment of significant quantities of cost-effective energy efficiency and demand response resources is appropriate. We understand that the timeline proposed in this IRP is ambitious, and it will require careful attention by the utility and its regulators to ensure that all DSM programs are properly scrutinized, adequately funded, and implemented in a timely fashion. We would hope that PacifiCorp's proposal results in a coherent, stable source of DSM funding that will not continue to be interrupted by program changes in future years.

We are also concerned that the high proportion of market purchases envisioned in this IRP has the effect of removing customer and stakeholder participation from important resource decisions, as market purchase decisions may contain power from resources that are unknown to utility customers. We are also unconvinced by PacifiCorp's argument that market purchases are *not* shielded from pricing and other public policy considerations. Such purchases may include costs associated with emissions, for instance, but customers cannot reliably know where such a large portion of their energy is coming from, or what its environmental impacts might be.

ANTICIPATED LOAD GROWTH

Rocky Mountain Power's 2013 IRP contemplates significantly lower forecasted annual system load growth (approximately 12,000 GWh) relative to its 2011 IRP and even its 2011 IRP Update. This Company is not alone: Electric utilities nationwide report recovery in projected load growth subsequent to the recession is not materializing nearly as quickly as expected. As a result of the obvious problems in forecasting the Company's load growth from year to year, let alone for the coming decade, we recommend that this Commission take into account the uncertainties

surrounding Rocky Mountain's energy needs at the same time it is seeking to invest such large sums in its existing thermal fleet – an investment that seems disproportionate to the anticipated need moving forward, as additional resources are brought online.

CONCLUSION

The Alliance appreciates the efforts put forth by Rocky Mountain Power and the stakeholders who participated in the preparation of this IRP. We are troubled that much of this proposed IRP is predicated on shifting energy policy dynamics, such as new federal greenhouse gas reduction policies, that have changed dramatically since the IRP was submitted to this Commission. Those changes are great enough that we recommend against accepting this plan and suggest waiting instead for more complete update before the next IRP is prepared. Failing that and as mentioned above, we recommend the Commission withhold acceptance of those portions of this IRP that rely in whole or in part on the results of coal plant studies and coal policy forecasts and analyses that are incomplete or outdated.

While we believe there are commendable and forward-thinking components of this plan, not the least of which is the commitment to a greater reliance on demand-side management resources, and the Company's intent to further its involvement with the developing Energy Imbalance Market and in particular the California Independent System Operator and the Northwest Power Pool [*Action Item 4a*], we are concerned enough about some of its most important elements that we recommend the Commission withhold acceptance until such time as these concerns can be addressed.

Respectfully submitted,



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