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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF PACIFCORP DBA)
ROCKY MOUNTAIN POWER'S 2011)
INTEGRATED RESOURCE PLAN) CASE NO. PAC-E-11-10

COMMENTS OF THE IDAHO CONSERVATION LEAGUE

The Idaho Conservation League submits to following comments on Rocky Mountain Power's (RMP) 2011 Integrated Resource Plan. As described in further detail below, ICL applauds RMP's treatment of demand side resources, but has serious questions about both the substance and process of this IRP. Because of these failures of both substance and process, ICL believes the Commission should defer accepting this IRP until further details are available.

RMP's treatment of demand side management (DSM) options provides a model this Commission should require of all Idaho utilities. RMP divides DSM into four classes based on resource characteristics.¹ By focusing on resource characteristics, instead of specific programs, this analytical model moves DSM closer to equal footing with traditional supply side resources. For example, when considering supply side resources a utility considers factors such as the need for energy or capacity, the relative reliability, the range of costs within each resource type, and the time needed to acquire the resource. Based on these factors a utility may choose a peaking gas turbine or a baseload geothermal resource. Further, the utility makes a preliminary choice on the size and specific technology, e.g. an aeroderivative SCCT or a frame SCCT. This analytical process allows the utility to consider a wide range of potential resources without relying on a specific project. If the IRP determines a specific resource type is the preferred option then RMP issues a request for proposals to choose the specific project.

¹ See IRP at 90 (class 1, direct load control, class 2, energy efficiency, class 3, rates and pricing, class four consumer education).

By clearly delineating DSM options into four classes based on resource characteristics, RMP can apply this same analytical process to DSM resources. For example, RMP fed various resources into their system optimizer model, including different classes of DSM. The model output revealed that acquiring up to 1200 MW of cost-effective energy efficiency programs (class 2 DSM) is the least cost, least risk option. RMP plans to acquire these new resources through current and future RFP processes.² As a result, RMP has identified a clear goal for future DSM acquisition and can use the RFP process to find the most innovative and cost effective manner to achieve this goal.

In addition to this analytical model, RMP also directly considers, as class 3 DSM resources, the impact that rate design and other pricing options can have on their electrical system. While ICL acknowledges that projecting energy savings attributable to rate designs can be difficult, RMP should be rewarded for making this effort. By considering the entire range of resources from traditional generation to energy efficiency and on through to rate designs that drive behavior changes RMP is undertaking true integrated resource planning.

Despite RMP's laudable treatment of DSM, the 2011 IRP fails to adequately analyze several other resource types. Most critically, RMP assumes unabated coal plant use despite requiring billions of dollars in pollution control upgrades. True integrated resource planning should at least consider whether committing to these expenditures is the least cost, least risk option for meeting energy demand. Moreover, RMP has this information since RMP witness Chad Teply briefly discussing considering plant retirement instead of pollution controls in the company's recently filed rate case, PAC-E-11-12. The rate case is the appropriate forum to determine whether specific investments are recoverable. But the IRP process is the appropriate forum to consider all options to meeting RMP's resource needs, including changes to existing resources.

Further, as explained in the attached letter from public interest energy advocates from across the utility's service territory, the public did not have a meaningful chance to participate in developing this IRP. While RMP did convene public meetings, the attached letter highlights RMP's failure to incorporate public comments and factual information. This failure of meaningful public participation is highlighted by RMP's filing on June 28th of a 50 page addendum consisting of detailed technical analysis. Detailed examples, and the resulting impacts

² See Action Item 6, IRP at 16.

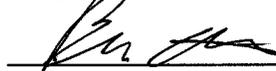
on the IRP analytical results, will be further illuminated through the more robust regulatory review processes undertaken in Utah and Oregon. This Commission should wait for the benefit of these review proceedings before issuing any final order on this IRP.

Because these failures of substance and process this Commission should defer issuing any final decision on this 2011 IRP until the results of the regulatory review processes in these states concludes. Deferring any final order on this IRP will not negatively affect RMP because the Idaho review process does not result in any specific endorsement or approval of any of the action items. In accepting RMP's 2009 IRP this Commission stated "it is the ongoing planning process that we acknowledge, not the conclusions or results."³ RMP failed to use complete information and provide for meaningful public participation, thus this Commission should not accept the 2011 IRP as the result of an adequate ongoing planning process.

WHEREFORE, ICL respectfully requests the Commission consider the foregoing comments.

DATED this 11th day of July 2011 .

Respectfully submitted,



Benjamin J. Otto
Idaho Conservation League

³ PacifiCorp 2007 IRP Acceptance of Filing, PAC-E-09-06, at 10 (September 15, 2009).

CERTIFICATE OF SERVICE

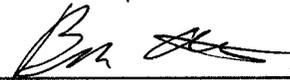
I hereby certify that on this 11th day of July, 2011 true and correct copies of the foregoing COMMENTS OF IDAHO CONSERVATION LEAGUE were delivered to the following persons via the method of service noted:

Hand delivery:

Jean Jewell
Commission Secretary (Original and seven copies provided)
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Benjamin J. Otto
Idaho Conservation League

July 11, 2011

Utah Public Service Commission
Wyoming Public Service Commission
Idaho Public Utilities Commission

Dear Commissioner:

We acknowledge the challenges inherent in producing a document like PacifiCorp's 2011 Integrated Resource Plan. The company's multi-state obligation coupled with the nation's uncertain and changing energy future make the IRP an arduous—though never more essential—exercise. As groups who work in each state in PacifiCorp's Rocky Mountain Service territory, we are deeply invested in being constructive partners, encouraging the company to provide energy that is reliable, clean, and affordable. It is in the spirit of this partnership that we are writing to express grave and uniform concerns regarding PacifiCorp's recent 2011 Integrated Resource Plan (IRP).

We believe the defects in this IRP—both with the document itself as well as the process that produced it—are so fundamental as to threaten the integrity of the entire process. We, the undersigned groups, have therefore decided to take the unprecedented step of writing to each state Commission in PacifiCorp's Rocky Mountain service territory to express our concerns.

PacifiCorp's 2011 IRP has four profound weaknesses. First, the company's analysis artificially disadvantages clean, renewable energy by assuming restrictively high prices for solar and storage resources, and by assuming equally unrealistic capacity values for wind resources. Company officials proved unwilling to provide justification for these assumptions.

Second, the company ignored a great deal of factual input that would have led to less objectionable approaches. Dozens of comments were filed – and disregarded – which urged the company to incorporate up-to-date cost estimates that show rapidly decreasing costs for renewable energy.

Third, PacifiCorp plans to charge ratepayers \$4.2 billion for pollution control retrofits to its aging coal fleet, with no evidence that this is a wise course. Some of these plants pre-date the EPA and most are older than the Clean Air Act Amendments, with which they struggle to comply. The IRP neglects to analyze which plants can be economically retrofitted to protect human health and comply with regulation, and which can ultimately be phased out and replaced with renewable energy.

Finally, PacifiCorp ignores the wide-ranging health damages caused by coal plant pollution. These damages are significant, valued at \$1.6 billion from Utah plants alone.

These damages represent the impact of fine particles, oxides of nitrogen and sulfur, and other pollutants on the health and lives of ratepayers and citizens across PacifiCorp's service area.

While the IRP is designed to provide a forum for making intelligent, transparent, and balanced energy decisions to provide reliable power while also protecting ratepayers, the present IRP does not do that: The IRP commits ratepayers to fund increasingly expensive retrofits for an outdated and dirty coal fleet, without considering other cost-effective, non-polluting alternatives, such as wind power. While such a plan might protect PacifiCorp executives and shareholders, it is unfair to ratepayers, who by 2023 are projected to be paying \$360 million a year for retrofits. The IRP fails to analyze the prudence of those costs.

We, the undersigned member organizations, are committed to working in our individual states to ensure that future electricity planning processes are more balanced, transparent, and informed. The current IRP process – both ineffective and inaccessible – must change, incorporating reforms such as: better mechanisms to consider public comment in a timely and meaningful way, before key and irreversible decisions are made; responding to data requests in a timely and transparent manner; accounting for the substantial and well-understood health damages from sources such as coal plant pollution; and a comprehensive evaluation of the risks to ratepayers of investing in coal plant pollution abatement systems rather than non-polluting renewable energy alternatives.

Ratepayers in our respective states stand at the threshold of a decade of being forced to pay unprecedented rate increases – mostly to fund slight pollution reductions at aging coal plants. We deserve to know whether our collective investments could be better used to build non-polluting power generation like wind, solar, and geothermal. To this end, we ask the agencies responsible for reviewing the IRP to not acknowledge PacifiCorp's 2011 IRP.

Thank you for your consideration of this important matter.

Sincerely,

Christopher Thomas
Executive Director
HEAL Utah
Salt Lake City, Utah

Kevin Lind
Director
Powder River Basin Resource Council
Sheridan, WY

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