



Snake River Alliance

IDAHO'S NUCLEAR WATCHDOG & CLEAN ENERGY ADVOCATE

October 31, 2014

To: Northwest Power and Conservation Council

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments on High Level Indicators for the Power Plan and Methodology for Determining Quantifiable Environmental Costs and Benefits

Dear Power Council:

On behalf of our members throughout Idaho and beyond, the Snake River Alliance appreciates this opportunity to provide comments to the Northwest Power and Conservation Council on two Council documents: Methodology for Determining Quantifiable Environmental Costs and Benefits; and High Level Indicators for the Power Plan. Each of these important papers is vital to the ongoing development of the Seventh Power Plan and also to furthering the intent of the Northwest Power Act.

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 2007, the Alliance expanded the scope of its mission by becoming Idaho's first nonprofit clean energy advocacy organization. The Alliance's energy program includes advocacy for renewable energy resources in Idaho; expanded conservation and demand-side management programs offered by Idaho's regulated electric utilities and the Bonneville Power Administration; and development of local, state, regional, and national initiatives to advance sustainable energy policies, including electric utility rate structures and designs that promote energy conservation.

Our brief comments will address in general terms both papers for which the Council is seeking public input, the Method for Quantification of Environmental Costs and Benefits (released by the Council at its Sept. 9 meeting), and High Level Indicators for the Power Plan (also released by the Council on Sept. 9).

Methodology for Determining Quantifiable Environmental Costs and Benefits

A strength in previous Power Plans has been the Council's diligence in attempting to quantify to the extent possible the environmental costs and benefits of both supply side and demand side resources.

Box 1731 | Boise, ID 83701 | 208.344.9161

Box 425 | Pocatello, ID 83204 |

208.233.7212

WWW.SNAKERIVERALLIANCE.ORG

With each Plan, the Council's ability to quantify such costs and benefits, which remains something of an inexact science, becomes more precise. An example of the importance to quantify the environmental benefits of new and developing renewable energy resources is both rooftop solar photovoltaic but also utility scale PV and utility scale solar thermal generation. Many utilities in our region face the same challenge as they attempt to establish reasonable and defensible costs for new solar in a way that also captures the environmental and other benefits of solar and other distributed generation resources.

Another challenge that did not exist when the last Plan was developed is how to quantify the possible impacts of greenhouse gas emissions requirements as the Environmental Protection Agency continues to develop Clean Air Act Rule 111(d) greenhouse gas emissions reduction requirements for existing coal-fired power plants. As with utilities' development of their respective IRPs across the region, the Council's development of the Seventh Plan will by necessity take place prior to completion of the Rule 111(d) revision. Whether the revised rule will bring (unknown) environmental costs and benefits is not in question; our challenge is to project as best as possible what they will be. While the rule will be far from settled as this plan is developed, the Council will nonetheless have the benefit of being able to consult the four states to glean information on how each state (individually or collectively) plans to comply with its emissions reduction obligations. In addition, the EPA will certainly assist the Council in attempting to quantify the environmental benefits of Rule 111(d) compliance, particularly if each state's reduction targets remain at or close to those established by EPA. We agree with EPA that the costs of implementing a rule such as 111(d) are far surpassed by the health and environmental benefits of doing so.

Similarly, it is expected that the Council will have the benefit of a far greater understanding of how to quantify the Social Cost of Carbon, which will assist in establishing *quantifiable* costs and benefits of coal and gas generation in the region. The presentations to and the results of the June 2013 Greenhouse Gas Symposium (Greenhouse Gas and the Regional Power System) will be invaluable in determining the cost and benefits of continued operation of regional coal plants but also of their accelerated retirements. While we agree with the Issue Paper that Council determinations of which costs are "environmental" or "quantifiable," or "directly attributable in nature" have been largely uncontroversial, we envision that in today's climate, with Rule 111(d) still in its formative stages and the concept of the Social Cost of Carbon drawing increased scrutiny, the Council will be increasingly challenged in making such determinations. That may bring Section 4(e)(2) of the Act more to the forefront, as the Council may consider non-quantifiable environmental attributes of DSM and supply side resources.

Combined, these two representative changes from the Sixth Plan (a greater appreciation of the benefits of solar power and of the true costs of coal-fired generation) just as an example will assist the Council in fulfilling Northwest Power Act requirements to identify the most cost-effective conservation and generating resources for the region's power system.

We agree with the Council's concerns about the awkward sequence of events in which the Council would develop the methodology to determine the costs and benefits, after which Bonneville uses that methodology "to determine what are the quantifiable environmental costs and resources to assign to particular resources, and then the Council is somehow to fold those environmental cost estimates into the total resource cost estimates necessary for the cost-effectiveness comparison of resource choices." (Issue Paper P. 2-3)

We agree with the Issue Paper (P. 3) that: “The primary element in the Council’s methodology for including quantifiable environmental costs in power planning has been to incorporate the estimated costs of compliance with existing environmental regulations in the capital and operating costs of conservation and generating resources. This has been central to the development and application of the methodology through the first six power plans, and without issue will be central in the Seventh Power Plan.” It goes without saying, however, that while the costs of compliance with existing environmental regulations is largely knowable, the costs of compliance with environmental regulations currently being crafted (Rule 111(d)) are not, yet they will likely have significant impacts on resource planning decisions during the life of the Seventh Plan and will no doubt be revisited during the life of the Seventh Plan.

Regarding the question of residual environmental effects beyond regulatory controls, we believe residual effects such as those outlined in the Issue Paper are in fact a “cost” that should be quantified to the extent possible, but considered in some fashion nonetheless. The impacts of emissions, contamination and land disturbances from mining or hydraulic fracturing, to cite the Issue Paper’s examples, must be a consideration just as avian mortalities from wind turbines must be. We also believe that, unlike in the Sixth Plan, the Council should be better equipped in preparing the Seventh Plan to better identify residual environmental effects and do the best it can within the confines of the Power Act to “assign reasonable environmental cost estimates to those effects.” (Issue Paper, P. 4)

The crux of our comments is in response to Question 2c, which asks how the Council should address the complicated issues presented by Rule 111(d). We understand the Council “does not propose to use the 111(d) draft regulations for estimating the environmental costs of new carbon-emitting resources.” But we also propose that the Council *does* assume in some of its planning scenarios regional compliance regimes for the draft CAA rule. We agree that in all likelihood that doing so will, as the Issue Paper acknowledges, “affect the amount and economic dispatch of existing carbon-emitting resources, require additional resources to make up the difference, and give the region insight into the effects and costs of compliance with Section 111(d) at a regional scale.” That is an important goal of creating the Power Plan, which cannot be developed without due consideration of possible impacts of the rule. We believe determining which scenarios for 111(d) compliance should be run will be informed, as mentioned above, by close consultation with the states that will be crafting compliance plans for eventual EPA approval. It will be difficult if not impossible to meaningfully project possible 111(d) impacts region-wide without such consultations.

High Level Indicators for the Power Plan

Regarding the 13 potential high level indicators (metrics) identified in the Issue Paper, we believe each metric has value for consideration in developing the Seventh Plan. We are less enthusiastic with the two metrics for economical power supply (average PNW residential electric bills vs. US average and electric revenues as a share of gross regional product vs. US average). While interesting as context perhaps, these metrics do not appear as vital to the power planning process. As with some other metrics that compare regional statistics to those on a national level, the Northwest’s regional power picture is so different from that of any other region that the differences are more anecdotal than practical.

On the other hand, we strongly believe other metrics are important to the plan’s development, including: regional generating resource availability; adequacy and loss of load probability; annual renewable

resource contribution to total load service; annual trends in renewable resource cost; levelized cost of utility/SBC savings; and annual utility/SBC savings as a share of regional loads/retail sales.

Inasmuch as conservation and energy is at the heart of the Power Plan, we believe these metrics are as important in the Seventh Plan as they have been in previous ones. Adequate power supply is also a metric that must be included as a Seventh Plan high level indicator. And given the ongoing discussions about the role of independent power producers in meeting our region's needs, it will be important to address regional generating resource availability as is customary in developing power plans.

We do support inclusion of the tried-and-true cumulative electricity savings since the Act's passage (1980) in part because it demonstrates in dramatic fashion not just past efficiency savings but also the potential for future savings. This metric as much as any points to the successes of the regional power planning process.

Of the additional metrics considered but not proposed for adoption by the Council: As stated above, a metric showing total PNW energy use per capita vs. the U.S. average might be interesting and might help provide context, but does not truly inform development of the Power Plan in part because of the big differences in inter-regional power consumption and generation metrics. We would use the same reasoning to support not including total energy use per unit of economic output vs. U.S. average. We concur that a state ranking of PNW states electric bills is of dubious value for myriad reasons, not the least of which are differences among states within our region in terms of public/private utility service and differences in generation resources such as coal, hydropower, and renewables, as well as differences in renewable portfolio standards (or as in Idaho the lack of them). It is possible that information relating to regional system outages within NW balancing authorities could well be useful in the overall plan, for reasons stated in the Issue Paper we agree the information is of questionable use in power planning because of the myriad causes of such outages.

We believe the Council's Issue Paper more than adequately addresses the proper metrics for consideration in determining the region's progress in meeting the goals of the Power Act. We suggest that the Council, particularly as it considers its approach to Rule 111(d) and its regional impacts for purposes of the Seventh Plan, consider a new metric or refinement of an existing one to track our GHG emissions in a harmonious fashion – using the same measurement as opposed to total emissions or emissions per unit of generation. Per megawatt-hour of electricity production is certainly one method, providing we have a reliable baseline against which to measure progress, or the lack of it. As we are in Idaho, we also have an abiding interest in expected stream flow and hydropower production as compared to historic average conditions but also as one tool in assessing regional hydrological shifts, whether triggered by climate disruption or not, that will impact future resource planning.

Conclusion

The Alliance appreciates this opportunity to provide its views as the Council continues the important work of preparing to develop its Seventh Plan, and we are eager to continue our involvement both with the Council and staff in general, and also in particular with our Idaho representatives to the Council and their staff.

Respectfully submitted,

Ken Miller

Clean Energy Program Director

Snake River Alliance

P.O. Bo 1731

Boise, ID 83701

(208) 344-9161

kmiller@snakeriveralliance.org