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February 4, 2020

### **MEMORANDUM**

**TO: Council Members**

**FROM: Gillian Charles**


**SUBJECT: Pacific Northwest Zero-Emitting Resources Study**

### **BACKGROUND:**

**Presenter:** Greg Cullen, Energy Services and Development General Manager at Energy Northwest

**Summary:** Energy Northwest recently commissioned an E3 study evaluating the role of zero-emitting resources in a deeply decarbonized Northwest regional power system. The results of the study compare the relative system costs in 2045 between traditional renewable/storage/gas portfolios vs. portfolios with a more robust zero-emitting resource fleet (*i.e.* a relicensed Columbia Generating Station along with potential new nuclear generation). Mr. Cullen will share these results along with additional information regarding small modular reactor (SMR) technology.

**More Info:** Energy Northwest shared the results of this study with the Generating Resources Advisory Committee in December 2019. NuScale Power also presented information about their Small Modular Reactor technology at that meeting. Both presentations can be seen at:  
<https://www.nwcouncil.org/meeting/generating-resources-advisory-committee-december-6-2019>.




# Pacific Northwest Zero-Emitting Resources Study

Greg Cullen, Energy Services and Development General Manager

NWPCC  
February 11, 2020

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# Energy Northwest

A not-for-profit  
Municipal Corporation



Asotin County PUD	Clark Public Utilities	Klickitat County PUD	Seattle City Light
Benton County PUD	Ferry County PUD	Lewis County PUD	Skamania County PUD
Chelan County PUD	Franklin County PUD	Mason County PUD 1	Snohomish County PUD
City of Port Angeles	Grant County PUD	Mason County PUD 3	Tacoma Public Utilities
City of Richland	Grays Harbor County PUD	Okanogan County PUD	Wahkiakum County PUD
City of Centralia	Jefferson County PUD	Pacific County PUD	Whatcom County PUD
Clallam County PUD 1	Kittitas County PUD	Pend Oreille County PUD	



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## Energy Northwest Generation Projects

- **Columbia Generating Station**
- **Nine Canyon Wind Project**
- **Packwood Lake Hydroelectric Project**
- **White Bluffs Solar Station**



Columbia  
Generating Station  
(1,207 MWe)



Nine Canyon  
Wind Project  
(96 MWe)



Packwood Lake  
Hydroelectric Project  
(27 MWe)



White Bluffs  
Solar Station  
(38 KWe)

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## Energy Northwest Generation Projects (cont'd)

- **Tieton Hydroelectric Project**
- **Portland Hydroelectric Project**
- **Horn Rapids Solar, Storage & Training Project** (new development)



Tieton  
Hydroelectric  
Project  
(15 MWe)



Portland  
Hydroelectric  
Project  
(37.5 MWe)



Horn Rapids Solar,  
Storage & Training  
Center  
(4 MWe)

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## Transition in the Northwest Power Industry

- **Increasing capacity challenges**
- **Focus on carbon reduction**
- **Bonneville Power Administration contracts - 2028**

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## Energy Northwest Energy Initiatives

- **Demand Side Management**
  - Demand Response
  - Demand Voltage Reduction
- **Electrification of Transportation**
- **Renewable Energy**
- **Energy Storage**
  - Short term (solar)
  - Longer term (wind, nuclear)
- **New Nuclear**

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# Resource Adequacy in the Pacific Northwest


## Serving Load Reliably under a Changing Resource Mix (Energy & Environmental Economics Study)

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## Study Sponsors

- This study was sponsored by Puget Sound Energy, Avista, NorthWestern Energy and the Public Generating Pool (PGP)
  - PGP is a trade association representing 10 consumer-owned utilities in Oregon and Washington.
 

*E3 thanks the staff of the Northwest Power and Conservation Council for providing data and technical review*

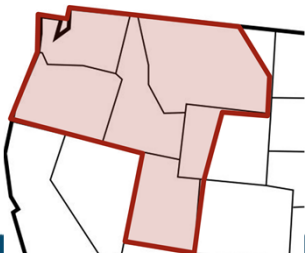
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**ENERGY NORTHWEST**

## Study Region – The Greater NW

- + The study region consists of the U.S. portion of the Northwest Power Pool (excluding Nevada)
- + It is assumed that any resource in any area can serve any need throughout the Greater NW region
  - Study assumes no transmission constraints or transactional friction
  - Study assumes full benefits from regional load and resource diversity
  - The system as modeled is more efficient and seamless than the actual Greater NW system



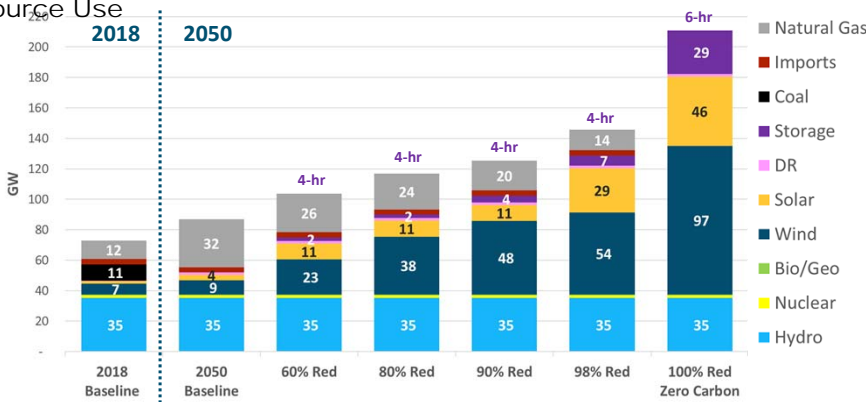
**Energy+Environmental Economics**

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**ENERGY NORTHWEST**

## Scenario Summary

### 2050 Resource Use

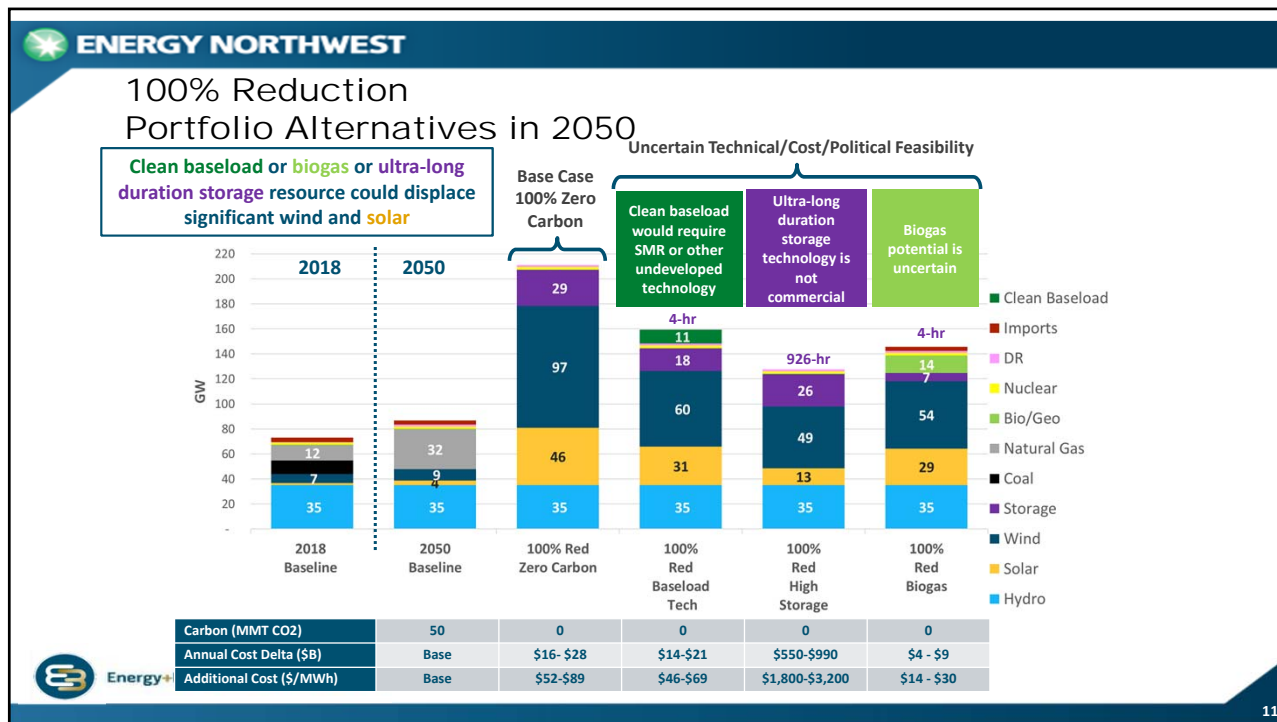


	2018 Baseline	2050 Baseline	60% Red	80% Red	90% Red	98% Red	100% Red Zero Carbon
Renewable Capacity (GW)	7	35	35	35	35	35	35
Annual Renewable Curtailment (%)		Low	Low	4%	10%	21%	47%
Gas Capacity (GW)	11	32	26	24	20	14	0
Gas Capacity Factor (%)		46%	27%	16%	9%	3%	0%

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<sup>1</sup>CPS+ % = renewable/hydro/nuclear generation divided by retail electricity sales  
<sup>2</sup>GHG-Free Generation % = renewable/hydro/nuclear generation, minus exports, divided by total wholesale load

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## Pacific Northwest Zero-Emitting Resources Study

Dan Aas, Managing Consultant  
 Oluwatomi Sawyers, Consultant  
 Clea Keiser, Consultant  
 Patrick O'Neill, Consultant  
 Arne Olson, Senior Partner

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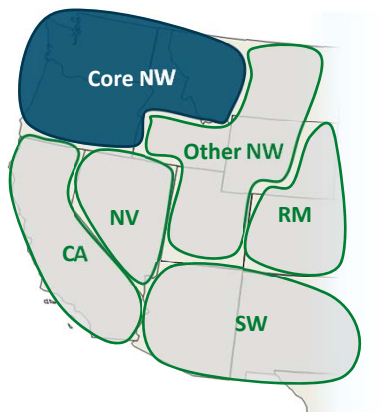
## About This Study

- + Energy Northwest retained E3 to investigate the role of zero-emitting resources in meeting future energy needs under new state-based carbon policies
- + The research focused on two key questions:
  1. What are optimal electricity resource portfolios to achieve deep carbon emissions reductions in the Pacific Northwest?
  2. How does the availability of firm, zero-emitting generation affect the cost of achieving carbon goals while maintaining a reliable electric system?

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## Study Approach











- + CETA is a key motivation for this study, but Washington operates in a regional electricity system
- + This study takes a regional view of electricity supplies, building on two key prior studies
  - *Pacific Northwest Low Carbon Scenario Analysis*
  - *Resource Adequacy in the Pacific Northwest*
- + The study uses E3's RESOLVE model to optimize the portfolio of resources serving loads in the "Core NW" region

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## Zero-GHG resources considered in this study

Energy Limited or Variable Zero-Emitting Resources	“Firm” Zero-Emitting Resources
 <p><b>Hydro</b> Flexible resource that can help balance wind and solar</p>	 <p><b>Columbia Generating Station (CGS)</b> Existing zero-GHG firm capacity</p>
 <p><b>Wind</b> Inexpensive energy, high quality resource, but variable</p>	 <p><b>Small Modular Reactors (SMRs)</b> Firm, dispatchable zero-GHG generation</p>
 <p><b>Solar</b> Inexpensive energy, high quality resource in the West, but variable</p>	 <p><b>Biomethane</b> Zero-GHG fuel for existing infrastructure, not yet widely commercial, competing uses</p>
 <p><b>Storage</b> Rapidly decreasing costs, but energy limited</p>	 <p><b>Carbon Capture and Sequestration</b> Low- to zero-GHG, not commercialized</p>

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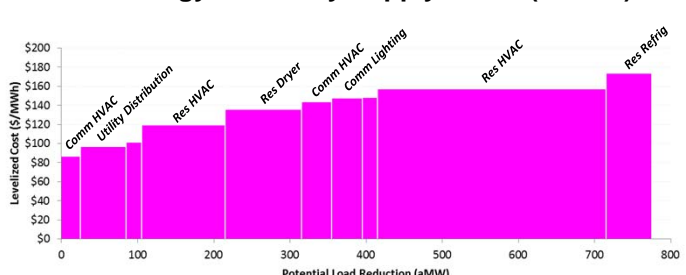
## New Resource Options: Incremental Energy Efficiency and Demand Response

### Energy Efficiency

**+ Supply curve of incremental EE developed from measures not selected in the NWPCC Seventh Power Plan**

- Resources bundled by cost and end use for selection in RESOLVE

**Energy Efficiency Supply Curve (\$/MWh)**



Note: chart shows only EE measures that are treated as options in RESOLVE; all EE identified by NWPCC as cost-effective is included in the load forecast

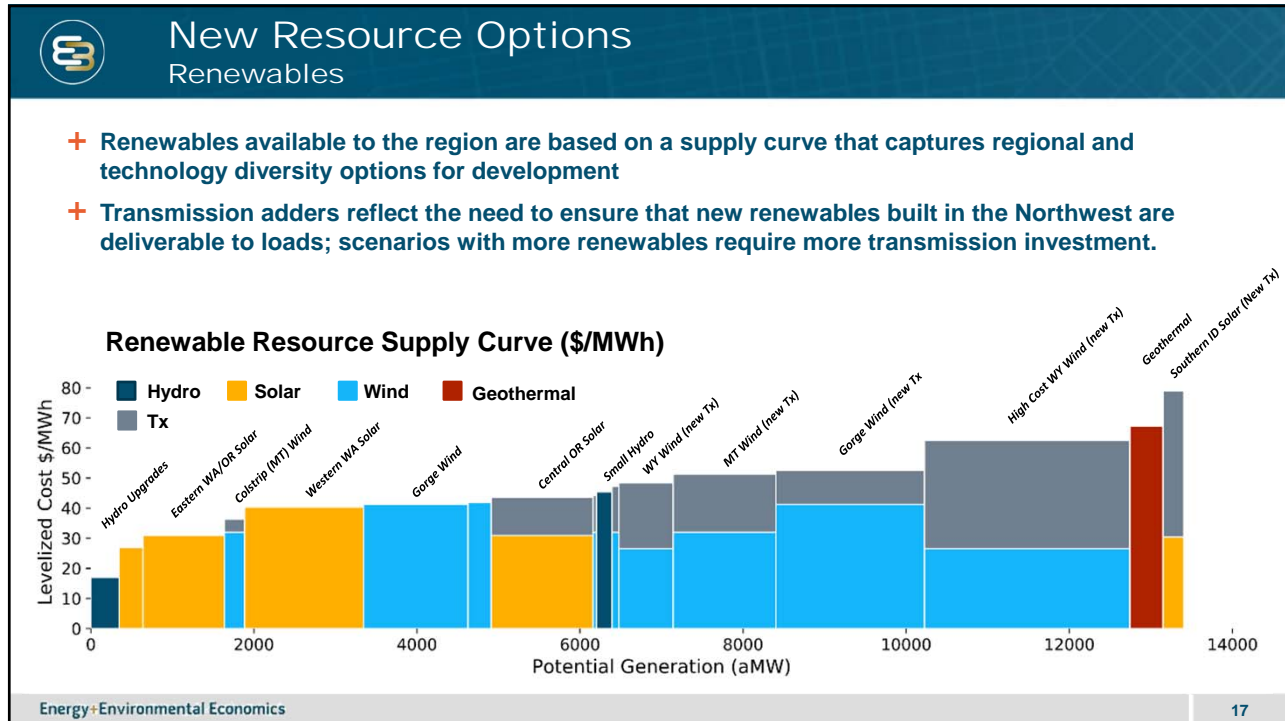
### Demand Response

**+ Cost & potential incorporated from Navigant’s Assessing Demand Response Program Potential for the Seventh Power Plan**

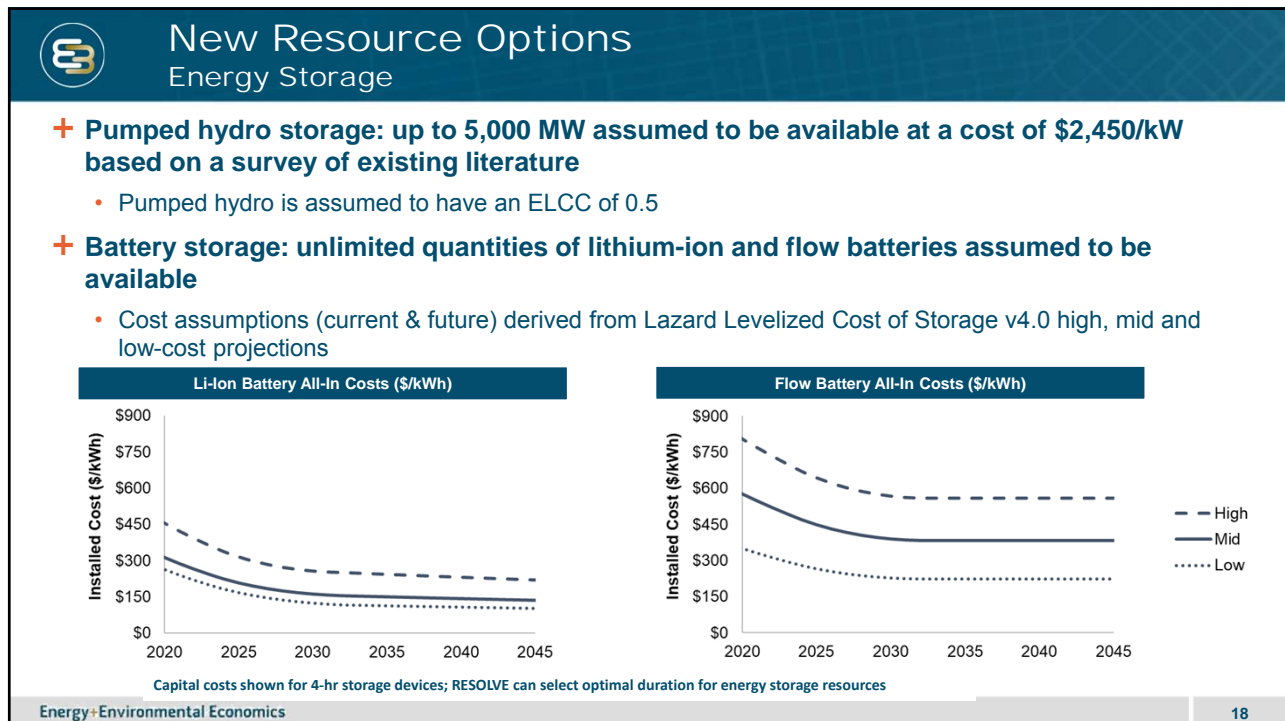
- Agricultural interruptible tariff:** 657 MW available by 2050 at a cost of \$19/kW-yr.
- Residential space & water heating direct load control (DLC):** 902 MW available by 2050 at a cost of \$59/kW-yr.

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## Load Forecast and Transport Electrification

**+ All scenarios capture recent policies and trends:**

- **Achievement of cost-effective energy efficiency** as identified in NWPCC 7<sup>th</sup> Power Plan
- **Regional coal retirement plans:** WA retirements by 2025 and OR retirements by 2030 including announced Boardman (2020), Colstrip 1 & 2 (2022), Centralia (2020/24); WA CETA and OR Coal to Clean retirements
- **Large-scale electrification of light-duty transportation:** Passenger vehicles and truck electrification levels based on adoption scenarios in *Pacific Northwest Pathways to 2050*

**+ The pre-electrification CAGR is 0.7%, the post electrification CAGR is 0.95%**

**Retail Sales Forecast (aMW)**

**High EV Case Retail Sales Forecast (aMW)**

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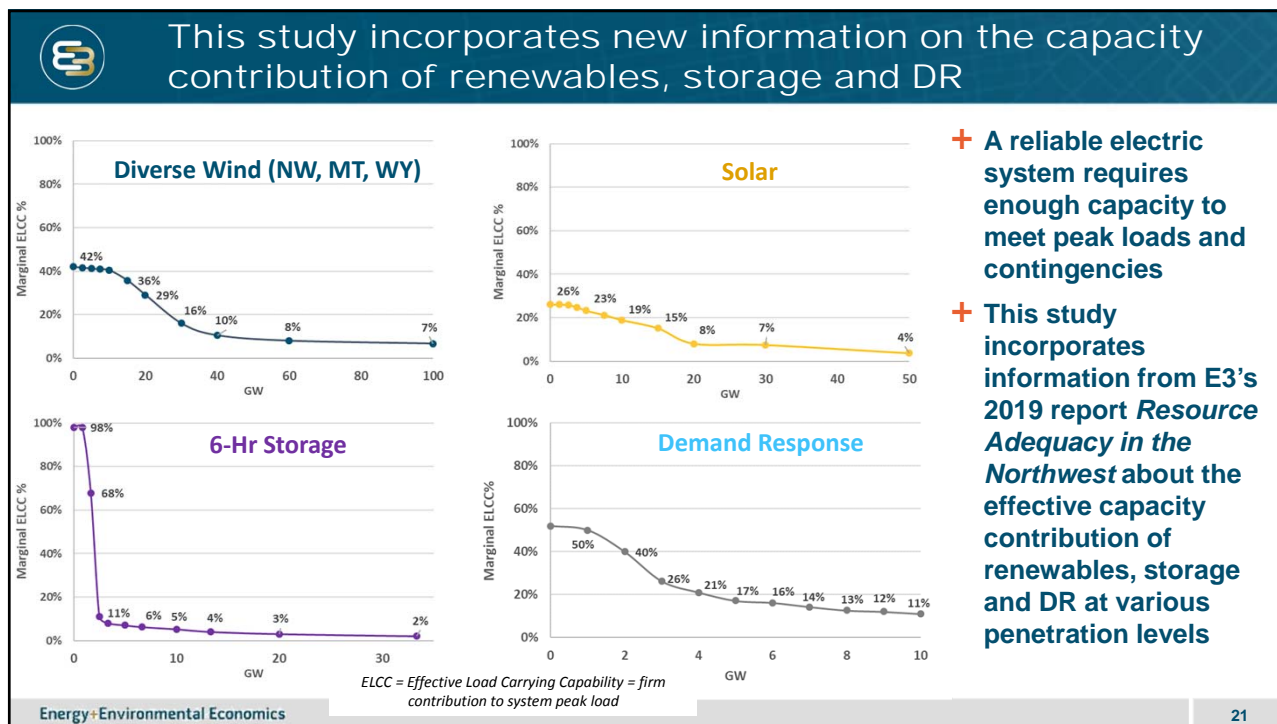
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## Resource Options Cost and Operations

Resource Type	2045 Capital Cost (2018 \$/kW)	2045 Fixed O&M Cost (2018 \$/kW-yr)	Operations
Utility-Scale Solar PV (Single-axis tracking)	\$ 980	\$ 12	No fuel cost
Onshore Wind (TRG6 - ~36% CF)	\$ 1,080	\$ 35	No fuel cost
CGS Relicensing	\$ 406	\$ 162	“Must run” with scheduled maintenance outages
NREL ATB Nuclear Small Modular Reactors (SMR)	\$ 5,650	\$ 99	Uranium fuel; Heat rate of 10,000 Btu/kWh
NuScale “Nth of a Kind” SMR	\$ 4,900	Similar to NREL	Uranium fuel; Heat rate of 9,000 Btu/kWh
Gas Combustion Turbine (Frame)	\$ 850	\$ 12	NG fuel; Heat rate 12,000 Btu/kWh
CCGT with Carbon Capture and Storage (Post-Combustion 90-100% Capture)	\$ 1,700	\$ 33	NG fuel; Heat rate 8,000 Btu/kWh
4-hour Li-Ion Battery	\$ 590	\$2	Round trip efficiency of 92%
Biogas (a drop-in fuel to gas units)	N/A	Equivalent to Gas CT	Very high fuel cost ~32\$/MMBTU

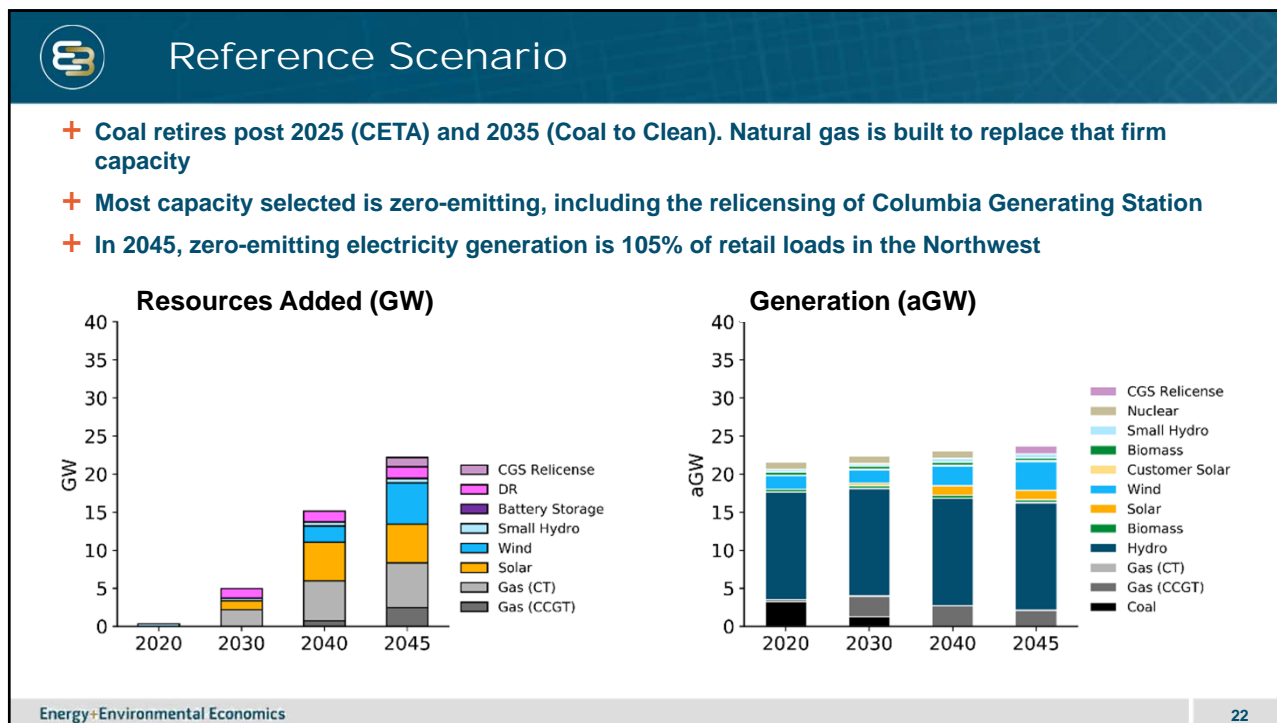
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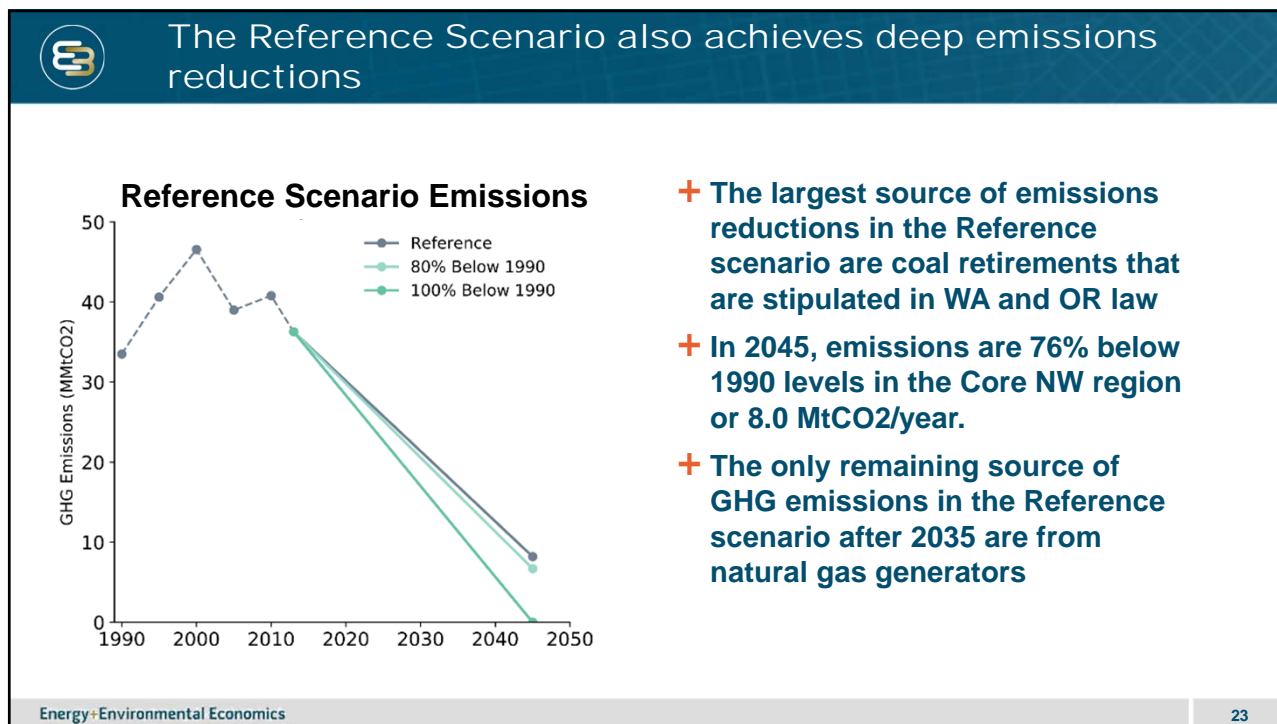


- + A reliable electric system requires enough capacity to meet peak loads and contingencies
- + This study incorporates information from E3's 2019 report *Resource Adequacy in the Northwest* about the effective capacity contribution of renewables, storage and DR at various penetration levels

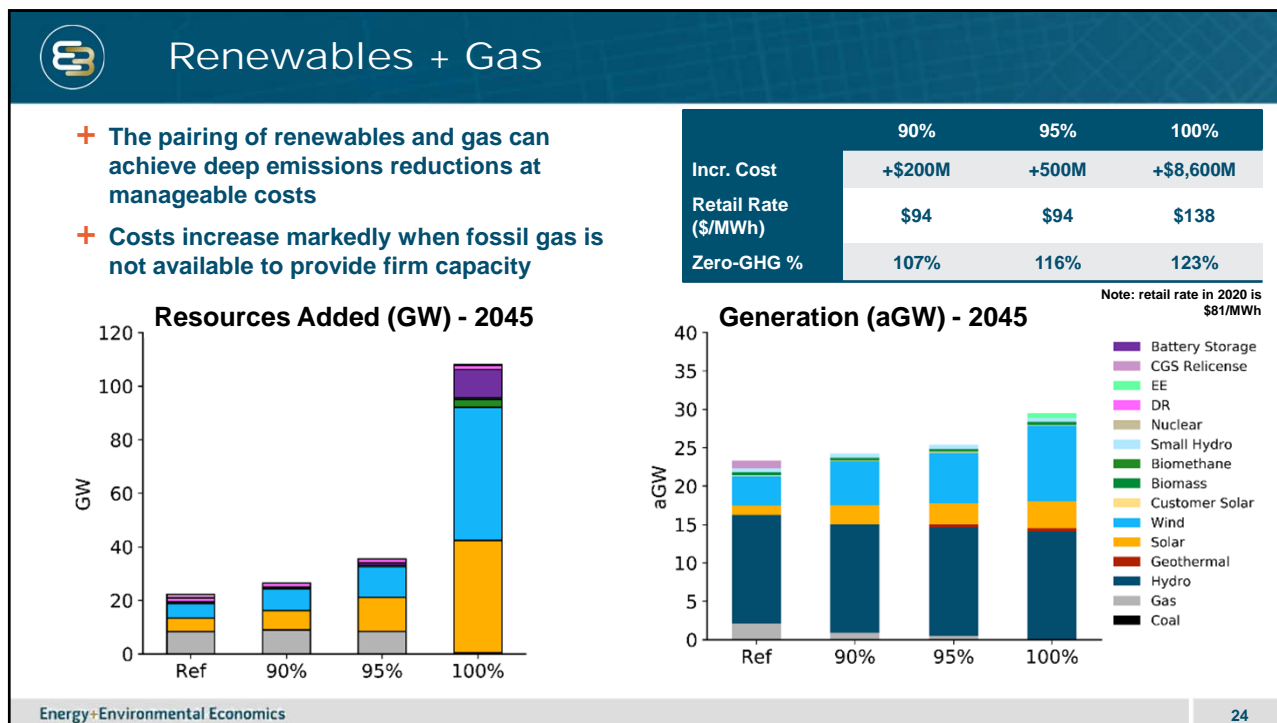
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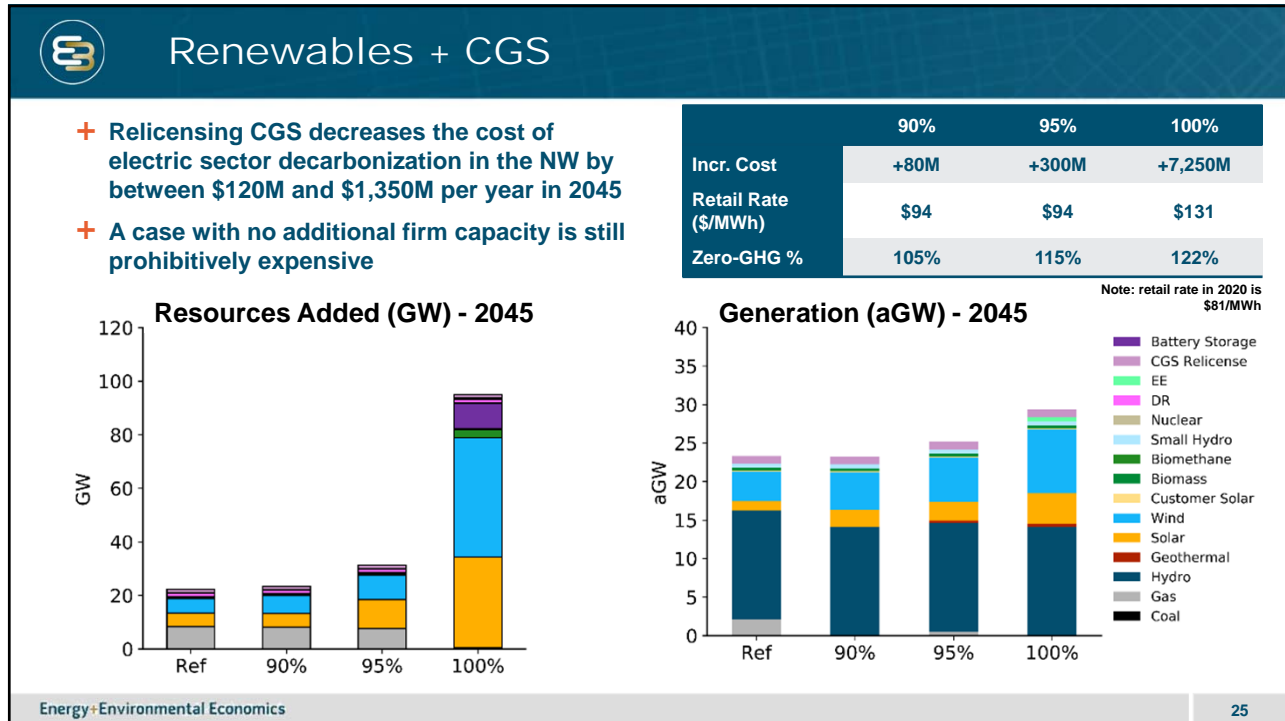
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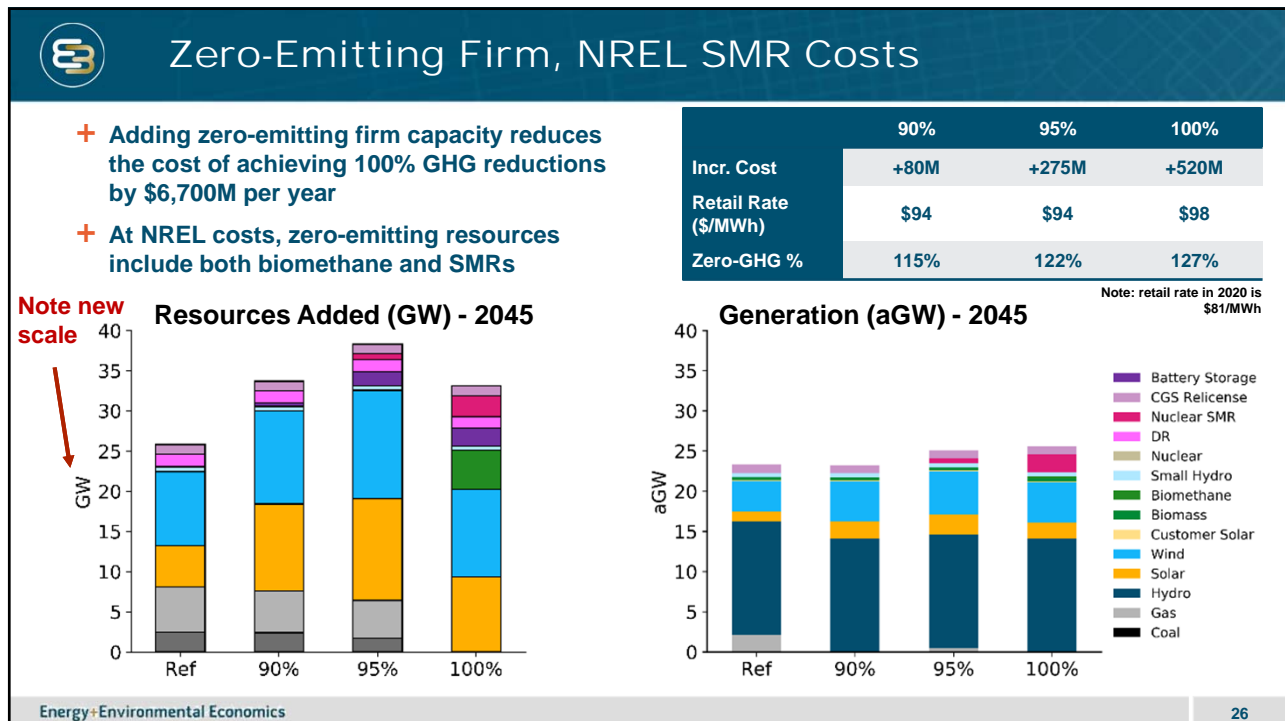
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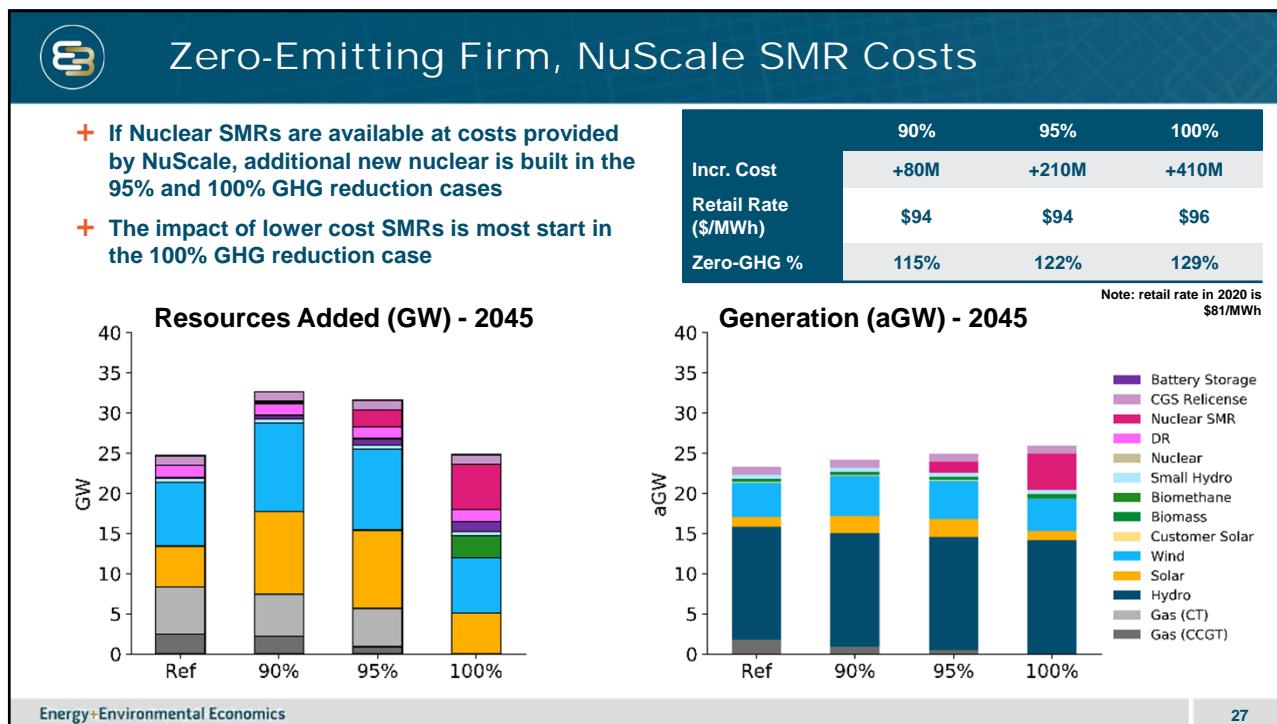
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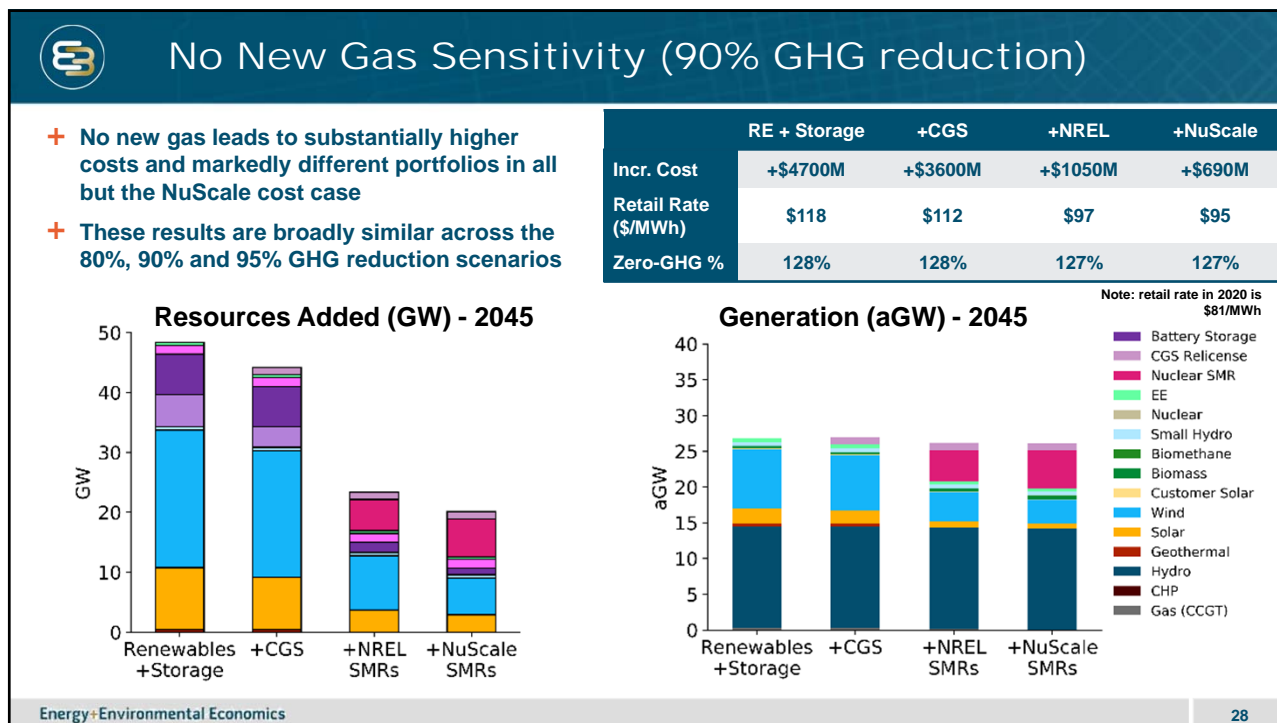
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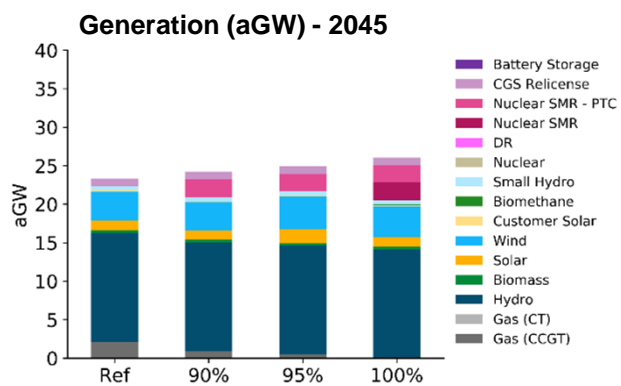
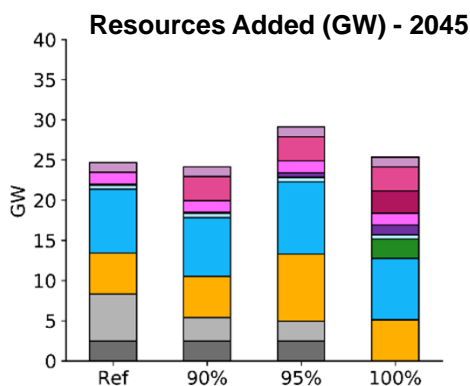




## 5. Nuclear Production Tax Credit, NuScale Costs

- + A nuclear production tax credit leads to Nuclear SMR generation being built in less emissions constrained scenarios
- + In the 90% reduction case, scenario costs are slightly negative relative to Reference

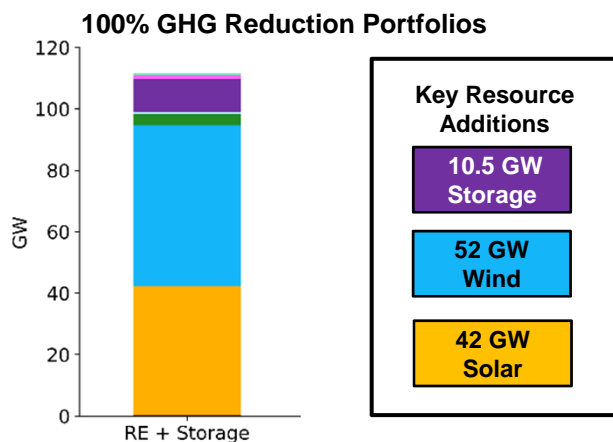
	90%	95%	100%
Incr. Cost	-47M	+11M	+247M
Retail Rate (\$/MWh)	\$93	\$93	\$95
Zero-GHG %	116%	121%	129%



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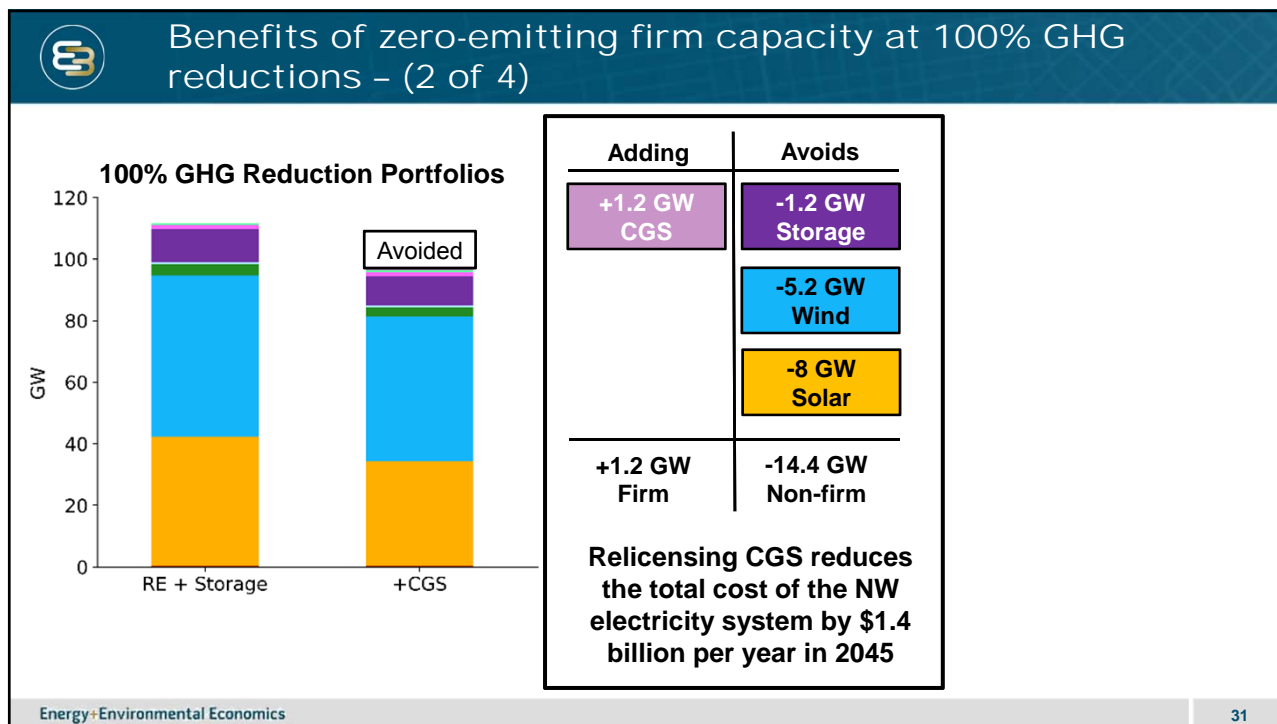
## Benefits of zero-emitting firm capacity at 100% GHG reductions - (1 of 4)



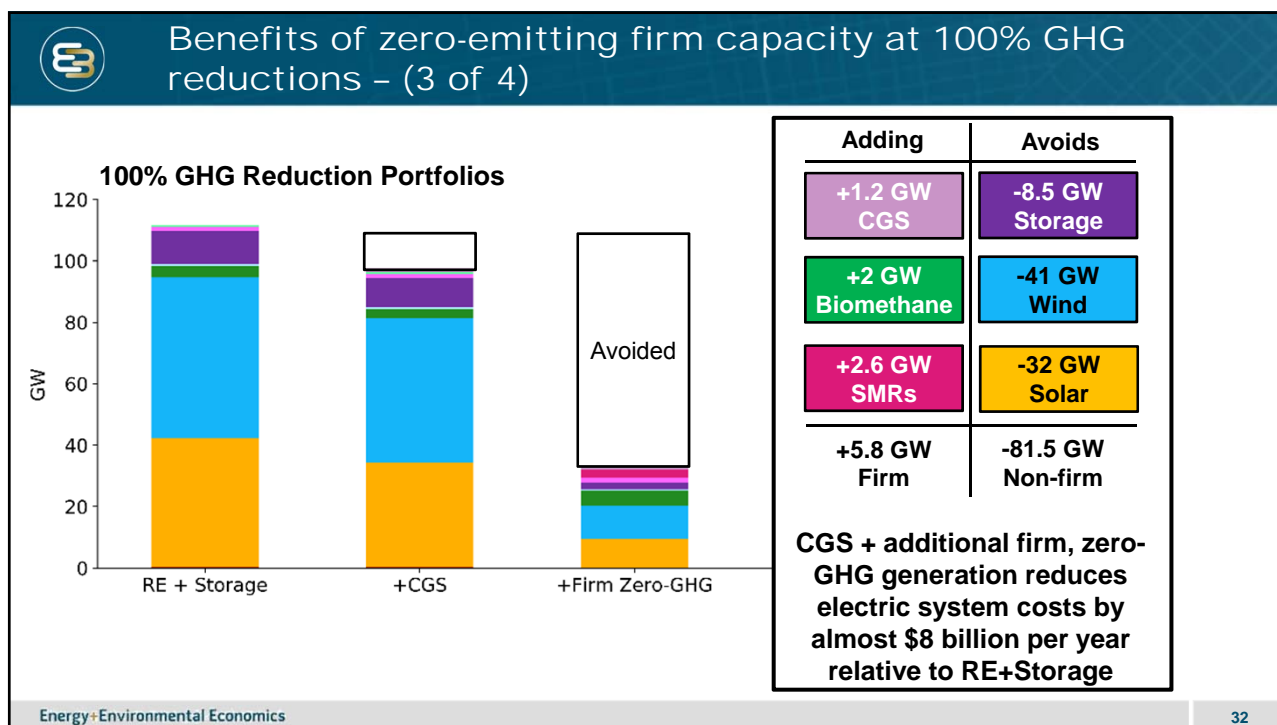
A system that largely relies on wind, water, solar and battery storage (RE + Storage) requires over 100 GW of new capacity additions in 2045 to maintain reliability

This system costs more than \$8B per year over the Reference Scenario

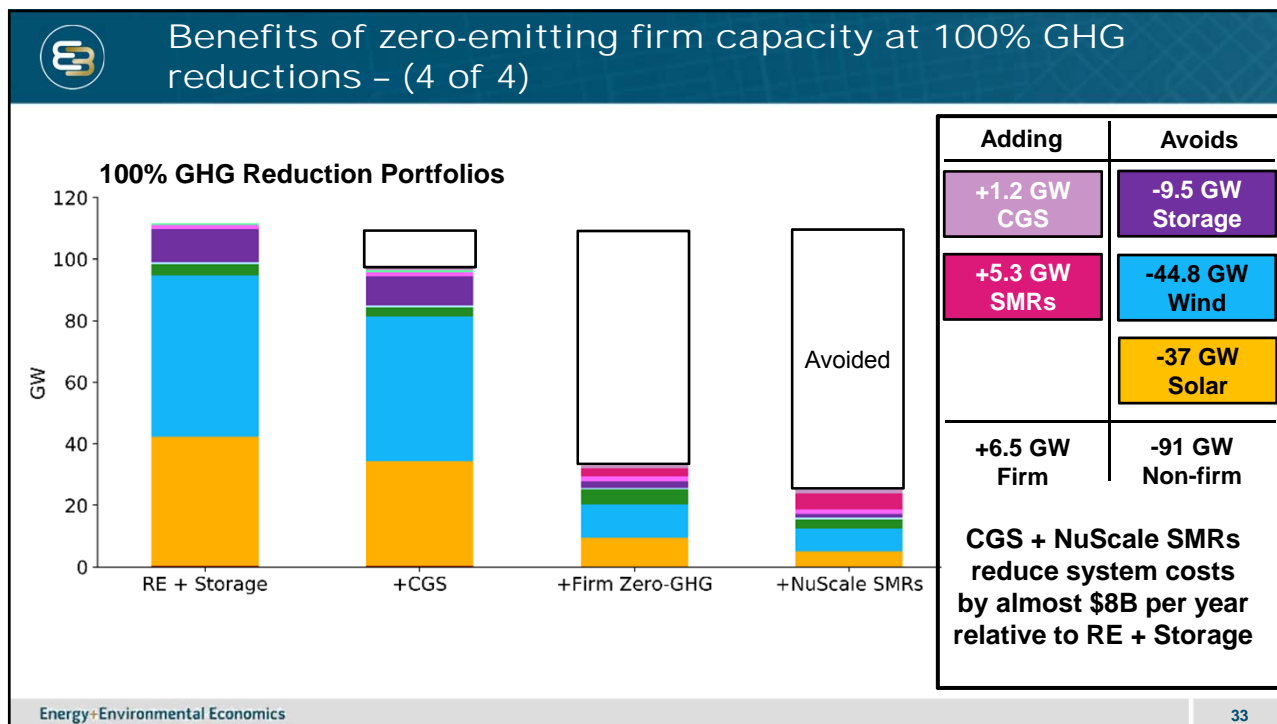
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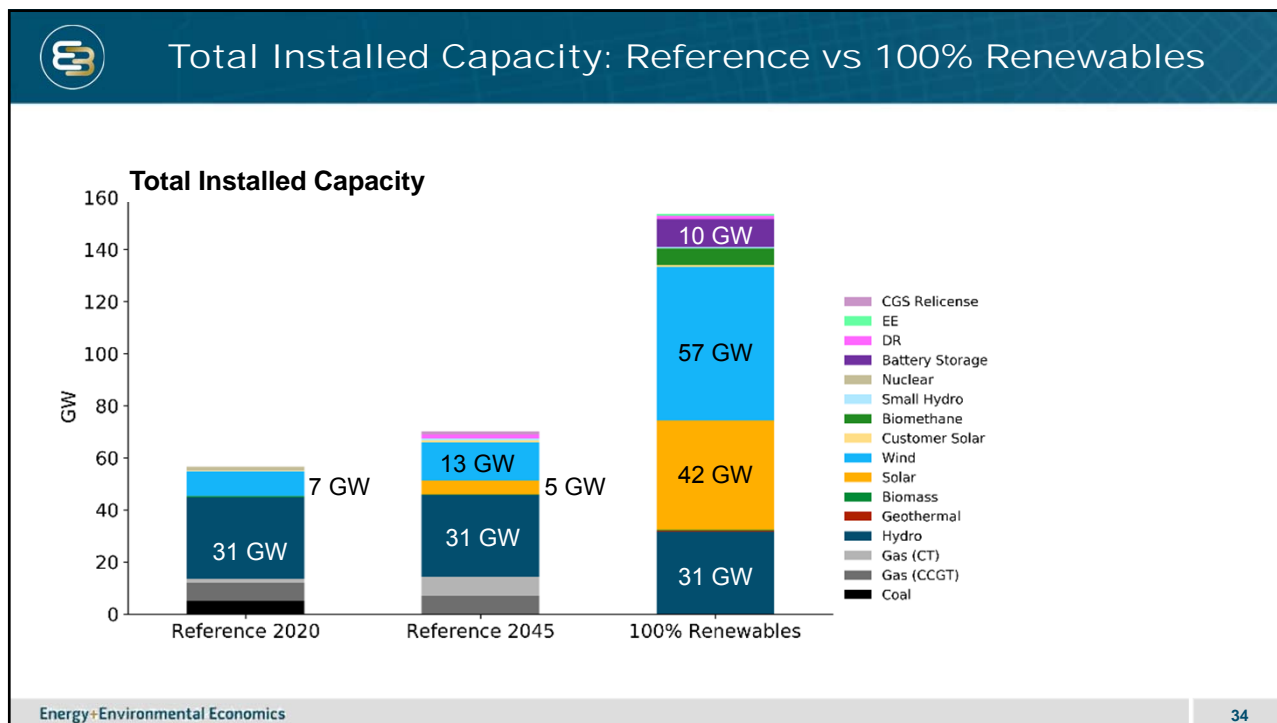
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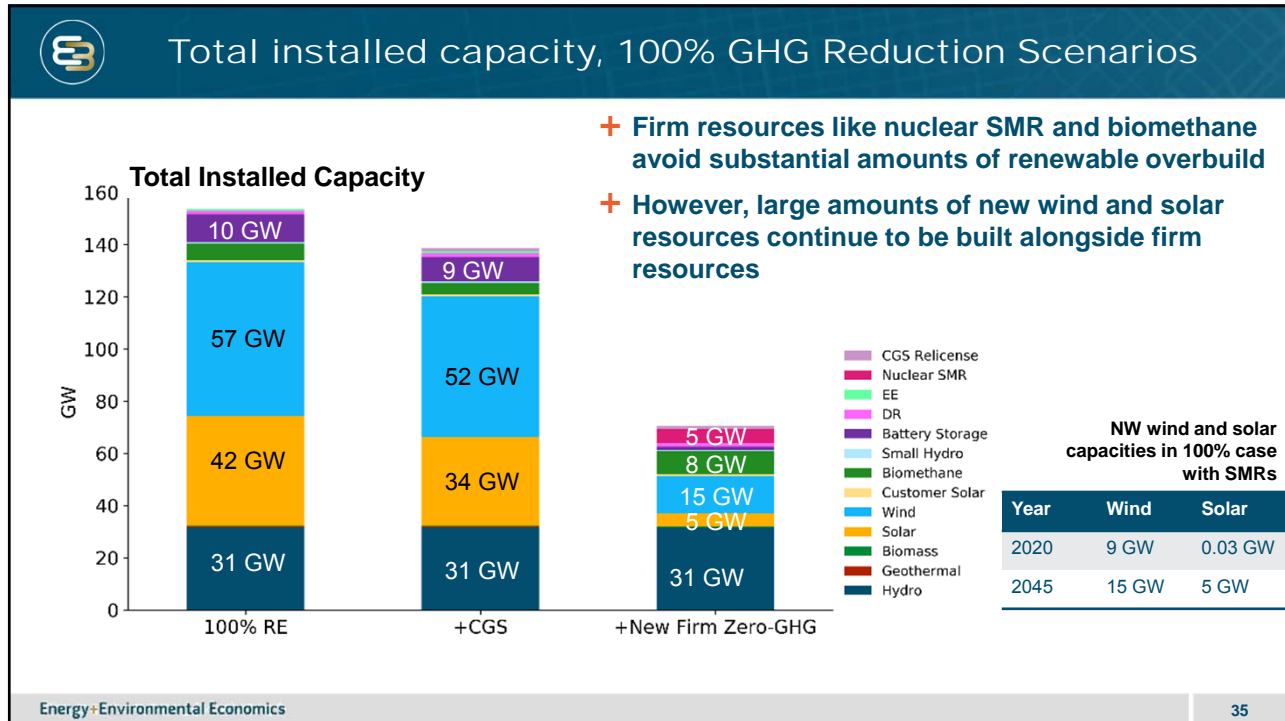
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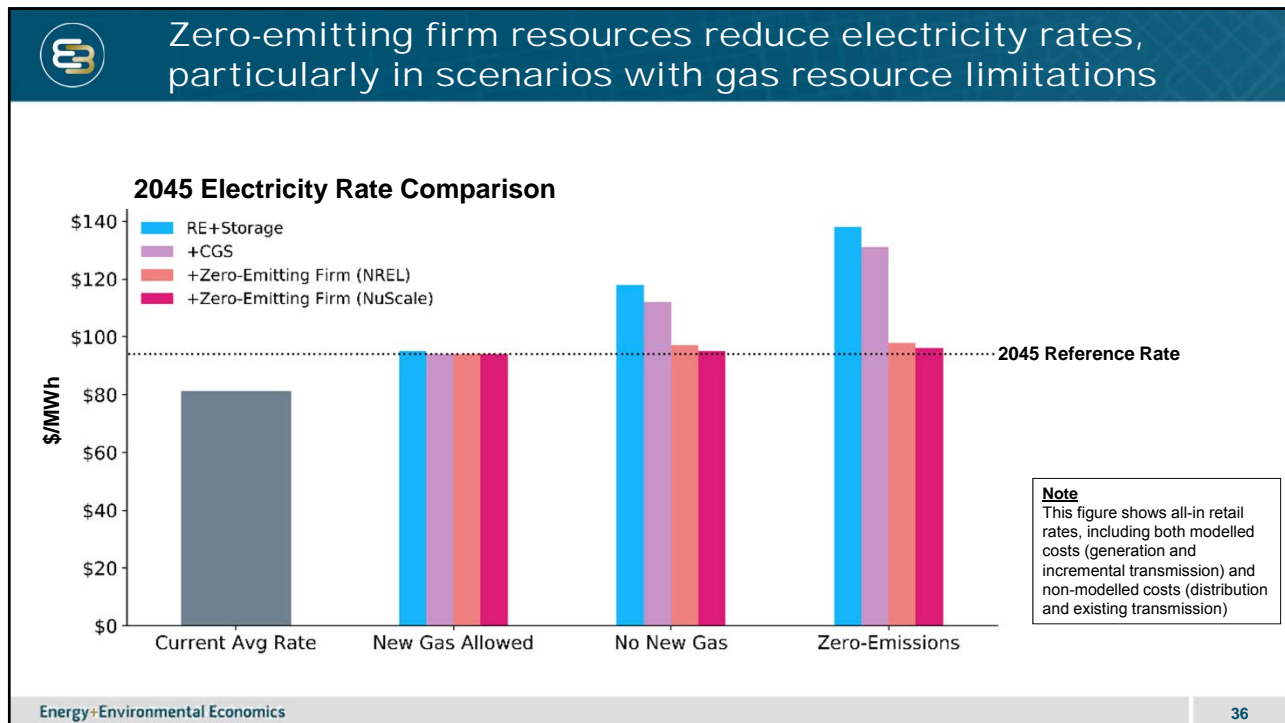
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## Achieving zero-GHG emissions with renewables alone requires a large amount of land

**Estimate of land use from renewables**  
Note: figure is to scale, but does not denote specific locations where renewables are built

**Direct land-use**

**Indirect land-use (High-End)**

**+ Land-use impacts are split into two categories:**

- Direct:** land that cannot be used for other purposes
  - 8000 acres/GW solar, 2000 acres/GW wind
- Indirect:** land that can be used for activities like ranching or agriculture
  - Up to 140,000 acres/GW wind

**Direct land-use of wind and solar built to serve the Northwest are up to **2.5 times** the area of Portland and Seattle**

**Indirect land-use of wind and solar are as high as **10 to 50 times** the area of Portland and Seattle**

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## Transmission implications

**+ New renewable generation tends to be located in regions of the Northwest and West that are distant from loads**

**+ While, some renewable resources can potentially repurpose transmission paths used by retiring thermal generators, the capacities of those existing paths are finite. Scenarios with large build outs of renewables will therefore require new transmission.**

**Renewable Resource Supply Curve (\$/MWh)**

The chart shows the cumulative levelized cost of renewable energy as potential generation increases from 0 to 14,000 aMW. Resources are stacked from lowest to highest cost: Hydro, Solar, Wind, and Geothermal. Transmission (Tx) costs are shown as grey segments on top of the resource bars. Key resources include Hydro Upgrades, Eastern WA/OR Solar, Colstrip (MT) Wind, Western WA Solar, Gorge Wind, Central OR Solar, Small Hydro, WY Wind (new Tx), MT Wind (new Tx), Gorge Wind (new Tx), High Cost WY Wind (new Tx), Geothermal, and Southern ID Solar (New Tx).

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## Transmission Requirements by Scenario

**New Transmission Requirements at 100% GHG Reductions**

Scenario	Case	Capacity Requiring New Transmission
New Gas Allowed	NREL ATB	12 GW
	NuScale	8 GW
No New Gas	NREL ATB	15 GW
	NuScale	5 GW
Zero-GHG	RE + Storage	93 GW
	NREL ATB	18 GW
	NuScale	5 GW

- + The transmission requirements of each scenario depend on the amount renewables built
- + In the highest case, the RE + Storage scenario, 93 GW of capacity requires new transmission to be deliverable to loads
- + The lowest transmission build requirements are in the NuScale cases
- + This study does not include a complete accounting of incremental transmission requirements of connecting zero-emitting firm resources. The transmission needs of these resources will depend on the degree to which they can be built at existing sites or near to existing paths.

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## Qualitative Non-Modelled Impacts of Resource Groups

	Variable Renewables and Batteries	Nuclear Technology Resources	Fossil-Based, Low-Carbon Resources
<b>Land Use Requirement</b>	<b>High</b> Low energy density of solar and wind require large surface coverage.	<b>Low</b> SMRs can be sited at existing nuclear generation sites or on limited land area as a result of high energy density of SMR units.	<b>Mid</b> Fossil fuel extraction, carbon sequestration and biomethane growth (assumed from waste crops and residues).
<b>Waste Impact</b>	<b>Mid</b> Variety of materials required for PV, wind turbine build, and Li-ion batteries; significant waste challenges for failed PV and end-of-life Li-ion batteries and wind turbines.	<b>Mid</b> Used nuclear fuel storage technology well-developed and highly regulated and can be safely stored on site in cast iron tanks for 100+ years; heavy materials required for new units.	<b>High</b> GHGs and non-GHG pollutants resulting from combustion.
<b>Resiliency</b>	<b>Good</b> Renewables diffuse the impact of a single outage due to modular units.	<b>Good</b> Low volatility of uranium price, fuel on-site, SMRs further limit the impact of a single unit outage; nuclear plants designed to withstand severe weather events.	<b>Average</b> Subject to volatility of natural gas price and availability of resource via Northern pipeline.
<b>Equipment lifetime</b>	Wind turbines - 25-30 yrs; Solar PV panels - 25-30 yrs w/ inverter replacement every 15 years; Li-ion batteries - 10-15 yrs, function of number of total cycles.	SMRs are licensed for 40 years and likely renewable to 60 years and perhaps beyond.	Gas generating plants are typically designed to last 35-40 yrs but can be recommissioned to last 60 + years.
<b>State &amp; Federal Incentives</b>	ITC (end 2021) & PTC (end 2022)	Federal PTC and incentives for nuclear technology development	45Q tax credit for carbon sequestration

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## Nuclear – A Carbon Free Energy Source

- **Columbia Generating Station**
  - **Extended Power Uprate (EPU)**
    - Increase output by ~150MW
  - **Subsequent License Renewal (SLR)**
    - Extend operation from 2043 to 2063
- **Small Modular Reactors at WNP-1 Site**
  - **Continue stakeholder engagement**

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## A bold, new energy source

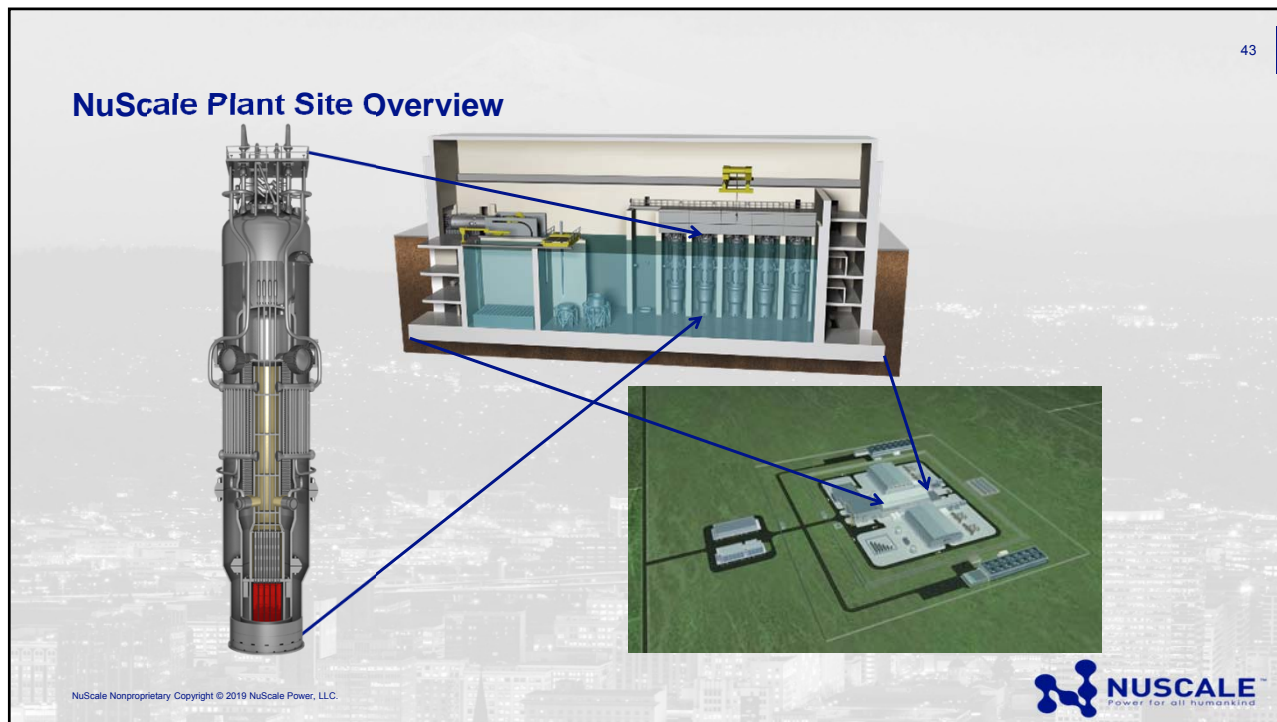
- **Smarter energy** – flexible design can support multiple applications, integrate with renewable resources, provide highly reliable power to mission critical facilities, and serve as clean baseload power.
- **Cleaner Energy** – 100% carbon-free energy – as clean as wind or solar – with a small land footprint.
- **Safer Energy** – should it become necessary, NuScale's SMR shuts itself down and self-cools for an indefinite period of time, with no operator action required, no additional water, and no AC or DC power needed.
- **Cost Competitive** – the NuScale SMR is far less complex than other designs. Off-site fabrication and assembly reduce cost. Components are delivered to the site in ready-to-install form. All of this results in construction occurring in a shorter, more predictable period of time.

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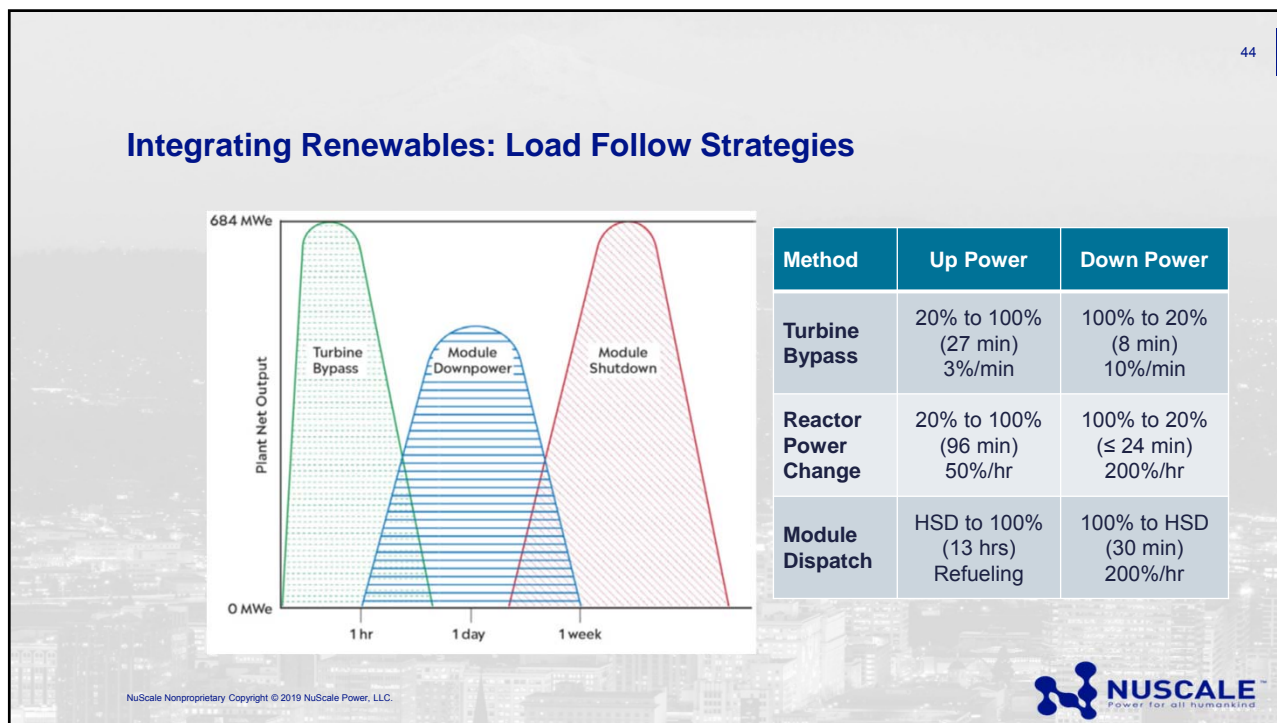


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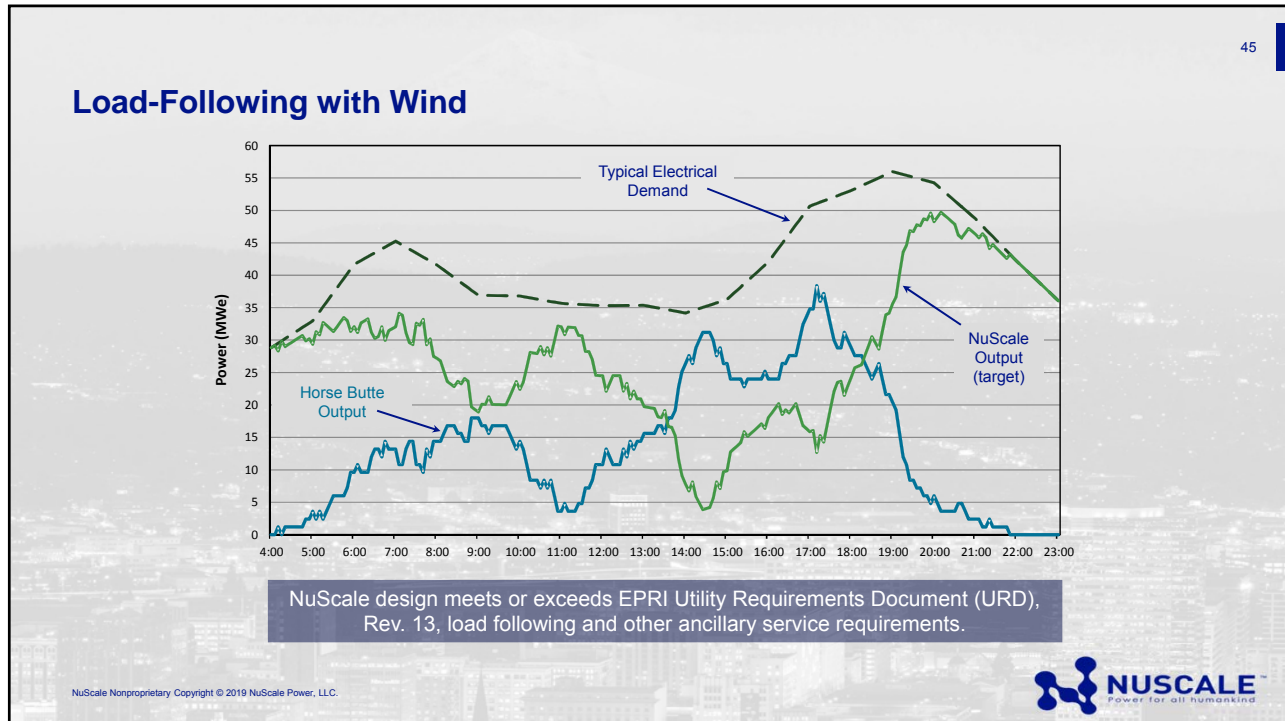




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## Technology Validation

- **NuScale Integral System Test (NIST-1)** facility located at Oregon State University in Corvallis, Oregon
- **Critical Heat Flux** testing at Stern Laboratories in Hamilton, Ontario Canada
- **Helical Coil Steam Generator** testing at SIET SpA in Piacenza, Italy
- **Fuels testing** at AREVA's Richland Test Facility (RTF) in Richland, Washington
- **Critical Heat Flux** testing at AREVA's KATHY loop in Karlstein, Germany
- **Control Rod Assembly (CRA)** drop / shaft alignment testing at AREVA's KOPRA facility in Erlangen, Germany
- **Steam Generator** Flow Induced Vibration (FIV) testing at AREVA's PETER Loop in Erlangen, Germany
- **Control Rod Assembly Guide Tube (CRAGT)** FIV at AREVA's MAGALY facility in Le Creusot, France

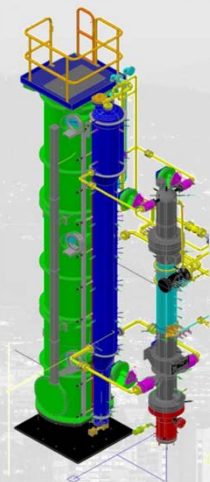
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## NIST-1 Integral Systems Test



- Integral Systems Test to obtain large-scale real-time integral effects data for code validation
- One-third scale, full pressure and temperature
- Includes integral reactor vessel and internals, containment vessel, reactor pool and safety systems
- Major \$2M facility upgrade in 2015
- DCA testing completed:
  - Loss of coolant accident (LOCA)
  - Flow stability
  - Non-LOCA
  - Long-term cooling
- DCA supplementary testing ongoing
- Test inspected & audited by NRC



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## Upper Module Mock-up



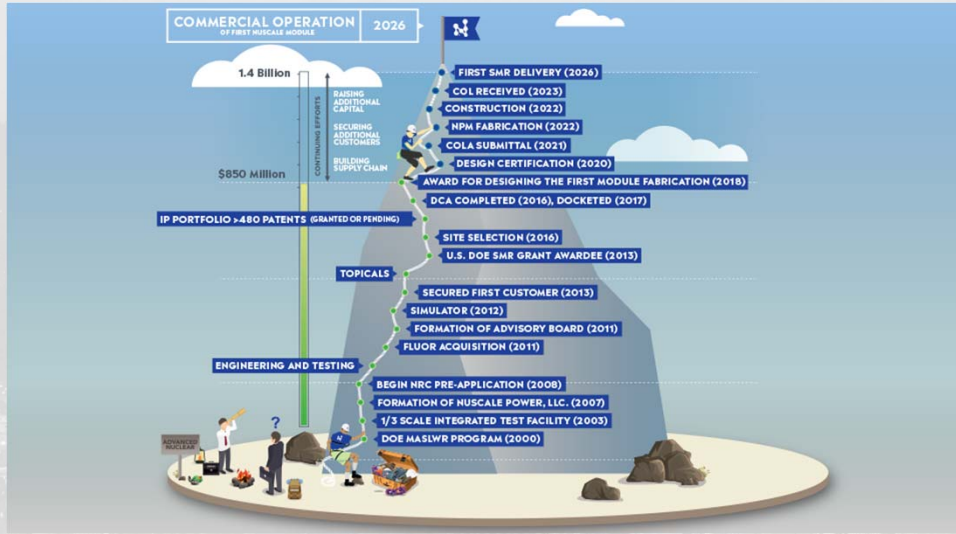
- Full-scale mockup of upper portion of module to validate maintenance and inspection capabilities
- Helps guide design finalization in upper head region
- Fabricated at Oregon Iron Works (now Vigor) in Vancouver, WA and currently located in Corvallis, OR.

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## Blazing the Trail to Commercialization



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Image courtesy of Third Way Nuclear Reimagined

## Right-sizing the Emergency Planning Zone (EPZ)

- NuScale's small core size and exceptional safety, defense-in-depth make the case for a **reduced EPZ to the site boundary**.
  - NuScale plants could be sited closer to population and industrial centers – where energy is needed most
- **Tennessee Valley Authority (TVA) demonstrating that site boundary EPZ possible for SMRs**
  - TVA analysis included information on Clinch River early site permit application using NuScale Plant design
  - Shows any accident radiological impact would be limited to within site boundary
  - Analysis provides basis for exemption from 10-mile EPZ
  - NRC preliminary findings agree with TVA analysis that reduced-size EPZs for SMRs are feasible

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## 2021 Power Plan Recommendations

- **Modeling needs to acknowledge and incorporate established and projected carbon constraints**
- **Carbon constrained modeling needs to include an accurate reference plant for small modular reactors**
- **Modeling should incorporate potentials for additional/extended generation from Columbia Generating Station**
  - Extended Power Uprate (EPU) increases output by ~150MW
  - Subsequent License Renewal (SLR) extends operation to 2063

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Questions?

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