

10/28/14

Northwest Power and Conservation Council

851 S.W. Sixth Avenue, Suite 1100

Portland, Oregon 97204-1348

Dear Mr. Crow:

Thank you for providing Inland Power and Light the opportunity to comment on the metrics or high-level indicators (HLIs) the Power Council is considering as part of its planning processes regarding cost-effective energy resources. The work the Council performs in preparing its power plans is of much interest and importance to electric utilities and other stakeholders in the region. Inland Power is a cooperative electric utility serving approximately 39,000 consumers in portions of 13 counties in eastern Washington and northern Idaho. Inland Power continually strives to provide its member-owners with affordable, reliable and environmentally sound electricity.

The stated purpose of the proposed HLIs is to provide “objective and meaningful measures of progress” toward the goals of the Northwest Electric Power Planning and Conservation Act (Act). While Inland Power appreciates the challenges involved in preparing HLIs, we have some significant concerns regarding the proposed HLIs, and are offering comments regarding the Renewable Resource Development and Economical Power Supply HLIs. Our comments are offered with the understanding that the HLIs are not only intended to be used in determining progress towards achieving the Power Plan goals but will also likely be used by various elected officials and other policy makers. Therefore, it is important that any HLIs be properly structured and sufficiently robust so public policy efforts can be reasonably well informed. Unfortunately, the proposed HLIs miss the mark.

Proposed HLIs for Renewable Resource Development: Cumulative Renewable Resource Development Since Act’s passage; Annual Renewable Resource Contribution to Total Load Service; Annual Trends in Renewable Resource Costs

Proposed HLIs for Economical Power Supply: Average PNW Residential Electric Bills vs. US Average, Electric Revenues as a Share of Gross Regional Product vs. US Average

As noted in the HLI issue paper, the Act indicates that the Power Plan is “to encourage the development of renewable resources within the Pacific Northwest” and “to assure the Pacific Northwest of an adequate, efficient, economical and reliable power supply.” The issue paper further references provisions of the Act regarding cost-effectiveness with the first priority afforded to conservation and energy efficiency and the second priority afforded to renewable resources. Importantly, cost-effective is generally defined in the Act to be a measure or resource that is reliable and available within the time it is needed, and to meet or reduce the electric power demand of consumers at an estimated incremental system cost no greater than that of the least-cost similarly reliable and available alternative measure or resource. Also, it is important to note that the Power Council has consistently seen conservation as the principle means to meet regional load growth, including the Sixth Plans finding that conservation is available and is the most cost-effective means to meet 85% of the region’s load growth for the next 20 years.

The tenants of the Act regarding encouraging renewable resource and cost-effectiveness are paramount. The Renewable Resource Development HLIs that do not address the matter of cost-effectiveness and closely related matter of the need for resources to meet the power demand of consumers. In addition, the HLIs regarding Economical Power Supply are overly simplistic and can potentially lead to an insufficient understanding of the need to continually strive for cost discipline in providing electric service and the importance of the efficient use of electric energy in the PNW.

Renewable Resource Development HLIs

We suggest that the proposed three HLIs for renewable resource development do not provide sufficient information regarding encouraging the need for and cost-effectiveness of new renewable resources. In fact it is acknowledged in the Power Councils HLI proposal that these HLIs do not assess whether all renewable resource development was cost-effective per the Act’s definition or Council Plan findings. Clearly this is a major shortcoming. To simply list the amounts of new renewable resource development or the contribution to total load service by new renewable fails to assess renewable resource development in the context of need for such new renewable resources. Nor does it provide information for new renewable resources relative to conservation and energy efficiency which are the highest priority resource.

As appropriately noted in the Sixth Power Plan in GEN-10d, the Power Council seems to indicate that renewable resource development is often viewed in state renewable portfolio standards as a means to reduce greenhouse gases but should be seen in light of actual need for new generating resources to meet load (net of conservation), not to meet regulatory requirements alone. The Sixth Plan indicates that “states should attempt to establish a reasonable parity in the treatment of resources, including energy efficiency, in the design of renewable portfolio standards and other low-carbon resource incentives.” HLIs that do not assist the public and others in better understanding the appropriate role of new renewable resources in meeting actual load growth, net of conservation and energy efficiency, are at best inadequate.

Economical Power Supply

The matter of economical power supply is not a topic that can be viewed in isolation from the many other factors impacting the economy of the PNW. As often reported, the PNW faces many challenges in terms of economic competitiveness. An economical power supply is an advantage for the region. To use an HLI which simply compares average PNW residential electric bills to a national average is quite concerning. Electric consumers of all types assess economical power supply in terms of their own overall situation, not in comparison to the prices or electric bills in California, New York or the national average. Instead the residential, commercial and irrigation consumers Inland Power serves are continually concerned about the level and frequency of electric rate increases and the level of their bills. It would be inappropriate to imply that any spread between PNW electric bills and the national average is a meaningful indicator when considering policy options and program expenditure levels impacting electric service and electric rates and bills.

The Power Council is an entity with considerable responsibility and influence on regional electric matters, including assisting elected officials, the general public and others to more fully understand key public policy drivers and issues. If the Power Council elects to proceed with the development and use of HLIs, any HLIs should be seen in this light.

Thank you for the opportunity to comment on the HLIs to Council is considering.

Sincerely,

CEO

Inland Power and Light