

Schrepel, Eric

From: Jenkins, Kris
Sent: Tuesday, November 23, 2004 9:34 AM
To: Lapworth, Heather
Subject: FW: Draft Fifth Northwest Power Plan comments

[Late Comment.](#)

-----Original Message-----

From: Terry Ross [mailto:████████████████████]
Sent: Monday, November 22, 2004 8:09 PM
To: Jenkins, Kris
Subject: Draft Fifth Northwest Power Plan comments

November 22, 2004

Mark Walker
Director of Public Affairs
Northwest Power & Conservation Council
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Portland, Oregon 97204-1348

Sir:

The Center for Energy and Economic Development (CEED) thanks you for the opportunity to comment on the draft Fifth Northwest Power Plan. CEED is a non-profit organization formed by the nation's coal-producing companies, railroads, electric utilities, equipment manufacturers, and related organizations to educate the public, including public-sector decision-makers, about the benefits of affordable, reliable and environmentally compatible coal-fueled electricity. CEED has members who conduct business in Washington, Oregon, Idaho and Montana.

We believe the Draft Fifth Northwest Power Plan (DFNPP) is:

- Overestimating the ability of conservation measures to replace base load power. While base load power is effective in replacing peaking power, depending on the load shape, few conservation measures are effective all day, every day, at the same levels, to replace base load generation effectively.
- Overestimating the attractiveness of the price and desirability of acquiring market purchases of power from the existing merchant generation entities. Purchasing from merchant generators without long-term contracts can lead to serious market dislocations as shown by the California experience. Long-term contracts with existing merchant plants may be difficult to negotiate, and, as the state of California found out, subject to severe markups for accepting natural gas price risk.
- Understating that individual utilities are likely to find ownership of a coal plant is preferable to being at the mercy of these markets, as well as providing cost and financing benefits for the utility. Utilities that did not lose significant load from the crash of the aluminum industry may find this particularly appealing. The plan should not be so restrictive as to prevent a utility from constructing a coal plant needed to meet its individual needs.

- Underestimating the short-term benefits of coal-powered base load generation. If planning for these plants started today, the region could be enjoying the benefits of new generation by 2013.
- Overestimating the possibility and cost of carbon penalties. Several states have already indicated the price for a carbon offset. Under Oregon law, utilities constructing a new base load gas electric generation plant must pay \$0.57/ton to the Climate Trust, a non-profit group that purchases offsets for a portion of the new plants greenhouse gas emissions. As another example, a proposed Washington state rule will require power plants smaller than 350MW to offset a portion of their CO2 emissions. The generator would have three options, including making payments of \$1.60/ton to third parties to provide the mitigation, purchasing permanent CO2 credits, or investing directly in CO2 mitigation projects.
- Underestimating the potential of carbon sequestration from pulverized coal plants. The West Coast Regional Carbon Sequestration Partnership, funded by the Department of Energy, is inventorying the sinks in its partnership area, including Oregon and Washington. The Big Sky Carbon Sequestration Partnership (Northern Rockies and Great Plains Carbon Sequestration Partnership) is doing the same for Montana and Idaho. Terrestrial sequestration techniques will not even require CO2 capture from a fossil fuel plant. There are widespread and extensive methods of carbon sequestration being developed that would increase storage in forests, of which the western portion of the planning area is well endowed. And, the more arid eastern sections of the planning area have crop and rangeland that could store millions of tons of carbon with proper management. The Sequestration Partnerships are studying the implementation and verification of this storage. In the future, within the planning area, utilities will be able to offset carbon emissions by funding and purchasing rights to these terrestrial sinks, without resorting to actual capture from their coal-based power plants.

We agree with your analysis of the potential for IGCC in the plan. Going forward, Integrated Gasification Combined Cycle (IGCC) technology has the potential to enable capture of CO2 from fossil plants for geologic sequestration.

In summary, terrestrial sequestration for plants burning pulverized coal, geologic sequestration for IGCC plants, and the general resistance of the political system to impose large penalties, will together reduce the climate change burden on coal plants in the long run. Because of this, we believe that the (DFNPP) risk analysis overstates the risk of the use of coal in the outer years of the plan. Further, we believe the plan should retain flexibility to allow coal-based generation if, as we suspect, coal retains its attractiveness in the future.

Thank you again for the opportunity to comment on the plan.
Yours truly,

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