

THEODORE R. KULONGOSKI
GOVERNOR



November 19, 2004

Judi Danielson, Chair
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, OR 97204

Re: State of Oregon Comments on Fifth Plan

Dear Chair Danielson:

Thank you for the opportunity to comment on the Draft Fifth Northwest Electric Power and Conservation Plan. The State of Oregon appreciates the time and effort that went into this important document.

We reviewed the Council's draft Plan in light of the recently-issued Draft Oregon Strategy for Greenhouse Gas Reductions and the Oregon Renewable Energy Action Plan. What follows is an overview of our comments, with more detailed comments, including specific language changes, in the enclosed Appendix. The comments are those of the Oregon Departments of Fish and Wildlife, Environmental Quality, and Energy and the Oregon Public Utility Commission.

Comments on Priority Areas of the Council Plan

Our detailed comments emphasize five main areas: conservation, wind and other renewable resources, transmission, new coal-fired plants, and fish and wildlife.

Conservation

We strongly support your conservation goal of 700 aMW from 2005-2009 and long-term goal of nearly 3000 aMW in 20 years. The region, the Bonneville Power Administration, and state and local agencies need to do all they can to acquire all cost-effective conservation.

Conservation is the cornerstone of Oregon's energy policy because it is the most environmentally clean resource and, over the long run, it is the most cost-effective.

Oregon appreciates the emphasis on cost-effective conservation for meeting load growth. However, for the plan to be truly "aggressive," it must both shorten timeframes where listed and establish timelines where not specified.

Conservation should also include aggressive pursuit of that available in the industrial sector and in commercial building retrofits.

Wind and Other Renewables

The Council plan should set a goal for the region comparable to the goal set in Oregon's Renewable Energy Action Plan. It calls for "new" (post-1999) renewable generation to meet 10 percent of Oregon's load by 2015.

We disagree that the level of near-term development is consistent with the wind development identified in the resource plans of regional utilities. The region needs to do more, including improving transmission infrastructure and increasing incentives.

The cap of wind development at 90-180 aMW by 2010 is too low and is a fraction of the potential. The development of more wind resources would eliminate the need for new coal plants. Wind energy is the least polluting generation option offered by the Plan

The Oregon Renewable Energy Action Plan says 300 MW of new wind energy can be developed by 2006 just in Oregon, of which 10 percent should be from community- or locally-owned wind energy projects.

The Council's Plan should also direct BPA to do more for renewable resources including acquisition, building new transmission lines and giving renewable resources preferential access to the transmission currently available.

Transmission

BPA, other transmission providers and project developers should not just plan for, but must also build the long-distance transmission system needed to support resource development. Transmission adequacy and reliability are critical to renewable resource development, other resource acquisition, and system reliability in the Northwest. Specifically, the Council should support the early construction of the proposed transmission line between the McNary and John Day dams on the lower Columbia River.

New Coal Plants

Oregon opposes new coal plants and recommends deletion of Action GEN-7. New coal generation is not justified by the analysis in the plan. We already have a number of sites approved for natural gas-fired power plants that provide an inventory of "ready-to-develop" projects for possible future needs.

The plan should factor in long-term effects of the choices, such as the effects of coal generation on human health, aquatic life, and the environment. Risk of operations should be considered beyond carbon dioxide, including other air pollutants such as mercury.

The plan also should factor in the recently released Draft Oregon Strategy for Greenhouse Gas Reductions, which cautions of risks to Oregon's utilities and ratepayers from likely future carbon regulation affecting new coal plants. To reduce greenhouse gas emissions within the next two decades may require shutting down some existing coal plants. In light of that, we should not be encouraging new coal plants.

Fish and Wildlife

Unfortunately, Appendix O (Fish and Power) was not available in time for review. The Council should extend the comment period for Appendix O.

The Plan should ensure implementation of the hydropower system operations defined in NOAA Fisheries' and U.S. Fish and Wildlife Service's biological opinions intended to avoid jeopardy to fish species listed under the Endangered Species Act. It should also ensure implementation of the hydropower operations embraced and endorsed by the four Pacific Northwest Governors in their "aggressive non-breach" approach to protecting and recovering fish and wildlife, as well as those in habitat conservation plans for mid-Columbia hydropower projects. Taken together, these measures are the foundation of the "mainstem amendments" to the Columbia Basin Fish and Wildlife Program.

The Plan should include an approach to evaluating all risks and benefits of alternative hydropower system operations. The purpose of these evaluations should be to identify those operations alternatives that balance the risks to all river uses including power, fish and wildlife, irrigation, and other uses. Risk assessments should be conducted in a transparent manner that enables independent review and maximizes accountability. They should include a formal decision analysis that explicitly describes the outcomes we seek and describes and weighs the importance of uncertainties in determining risks to achieving those outcomes. Integration of hydropower operations to meet multiple needs should employ a strategy that equitably balances the probability of achieving each objective. This approach requires the use of credible and reliable risk assessments.

Hydro operations must be managed to protect all beneficial uses in the Columbia River. Oregon administrative rules require that water quality in the Columbia River must be managed to protect beneficial uses including fish and aquatic life, and wildlife use. It is likely that dams and reservoirs will be required to make operational and structural modifications to meet water quality standards. The Columbia River is listed as temperature- and toxics-limited.

Judi Danielson, Chair
November 19, 2004
Page Four

In examining cost-effectiveness, the Council should account for the cost of short- and long-term health of fish species and water quality conditions (including temperature) and their mitigation.

Other Comments

On some action items, we found it difficult to comment due to a lack of specifics. As an example, conservation targets were described on a regional level, but need to be broken out on an individual state basis. Recommended strategic plans and forums did not designate a lead entity, leading to the possibility that these may never occur. The more specific the Plan's action items, the easier they will be to implement.

Overall, the Oregon would like to see timelines shortened throughout the plan. For instance, the region should be capturing 85 percent of the lost-opportunity conservation within five years, not twelve. The longer the timeframe, the greater the loss will be.

Again, we thank you for your work on this important document and for the opportunity to provide comments.

Sincerely,



Michael Carrier
Natural Resources Policy Director

MC/sm