



**SIERRA
CLUB**
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Utah Chapter

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October 13, 2006

Utah Division of Public Utilities
Box 146751
Salt Lake City, UT 84114-6751

RE: Docket No. 05-035-47, Application of PacifiCorp for Approval of a 2009 Request
for Proposals for Flexible Resource

**COMMENTS OF THE UTAH CHAPTER OF THE SIERRA CLUB
REGARDING PACIFICORP'S DRAFT 2012 REQUEST FOR PROPOSALS**

The Utah Chapter of the Sierra Club requests that the Utah Public Service Commission (Commission) accept these comments on PacifiCorp's draft 2012 Request for Proposals for Baseload Resources (2012 RFP).

The Energy Resource Procurement Act establishes a public interest standard for Commission review of the RFP document, taking into account a series of factors, including lowest reasonable cost, reliability, short-term and long-term impacts, financial impacts on the affected utility, and risk. The legislation grants the PCS more oversight responsibility and authority when it comes to reviewing and approving an electric utility's resource plans and RFP's. In exchange, the electric utility gets greater assurances up-front that it will be able to charge the costs of its new power generation acquisitions to ratepayers and not be second-guessed by regulators afterwards. Prior to the Act, the PSC's primary oversight responsibility was to review the prudence of the electric utility's decisions in rate cases, often after the projects were already in service, to see if the costs should be charged to ratepayers. This case will be the PSC's first major decision under the new Act.

Concerns

The Utah Chapter of the Sierra Club has serious concerns regarding the identified direction that Utah's largest utility is taking in this 2012 RFP, particularly in regards to human-induced climate change. The science regarding global warming and its causes are no longer seriously debatable. As the Salt Lake Tribune's recent series on global climate change noted, the impacts on snowmelt and weather patterns in Utah could be severe. It is largely established throughout the science community that this issue requires committed and immediate actions with regards to all of our energy sources, which is why we are so troubled that PacifiCorp would propose three major CO2 emitting power plants, with limited flexibility for controlling those CO2 emissions in the future, as their benchmark resources for this 2012 RFP.

In 2004, Public Citizen's Environmental Integrity Project released a report entitled America's Dirtiest Power Plants. Of the country's top 50 emitters of CO2, the Jim Bridger facility near Rock Springs, WY placed 17th with annual emissions of 16,353,693 tons. Intermountain Power Plant near Delta, UT placed 24th with annual emissions of 14,921,354 tons of CO2. PacifiCorp's three new power plant expansions (IPP#3, Jim Bridger #5, and Hunter #4) would collectively emit an additional 18 million tons of CO2 per year. PacifiCorp's portion of that CO2 footprint, if these facilities are constructed, would amount to approximately 13 million tons of CO2 per year. Further, pulverized coal technology has extremely limited flexibility for controlling the CO2 emissions should that become necessary in the future.

We believe that the draft RFP focuses too narrowly on the financial risks and costs to the utility without giving adequate attention to the long term risks to consumers and the impacts of pulverized coal development, particularly as they relate to climate changes issues, and therefore does not meet the public interest standard under the Energy Resource Procurement Act. Many in the energy industry and energy policy sectors are in agreement over future regulatory constraints associated with CO2 emissions, most likely in the form of mandated caps on CO2 emissions and/or a CO2 tax. Recognizing the likelihood of such, while simultaneously



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planning to invest literally billions of ratepayers' money into inflexible and heavily polluting traditional coal technology, equates into a long-term financial risk for those same ratepayers and the Utah economy.

This proposed direction seems to conflict with the leadership role shown by PacifiCorp in the last year regarding climate change issues and public involvement. The company has established an IGCC working group that meets regularly to look at issues surrounding this technology, has established a Climate Change Advisory Panel, and it has also identified other steps to address clean energy development as part of PSC's approval of the MidAmerican Energy Holding Company's acquisition of PacifiCorp in March 2006. These steps include studies for increasing levels of energy efficiency and renewable energy investment, among others. Notably, PacifiCorp has agreed that, for all new power plants beginning service in 2014 and later, it will propose IGCC as one of its utility benchmark options. This obligation will take effect a mere one to two years after these three pulverized coal plants are projected to begin service. Remarkably, PacifiCorp, without yet knowing the results of these studies or waiting for the recommendations of these working groups, bypassed its own IRP public input process and made the decision to increase by over 1,000 MW the amount of pulverized coal it would be prepared to develop during the 2012-2013 timeframe as part of this RFP.

The draft RFP also appears to ignore the moral responsibility of PacifiCorp, as one of the major utility and energy providers in six western states, to step forward as a responsible voice on addressing global warming. Surely it can be expected that if or when these proposed benchmark sources come on line in 2012 and 2013, the greater societal need to address global warming by reducing our overall greenhouse gas footprint will be even more urgent than it is today. Yet, once built, pulverized coal plants typically operate for 50 to 60 years or more (assuming they are not required to shut down beforehand), and the CO₂ emissions from these facilities will remain in the atmosphere for another 100 years after that, as an enduring legacy for future generations. When it comes to addressing climate change issues, the lack of proper planning today will undoubtedly result in lost ground tomorrow, that which can't be made up.

We believe that in lieu of proposing a massive build out of pulverized coal plants, it would be best for PacifiCorp, its customers and the state of Utah to put a more determined focus on demand-side management and energy efficiency, full-scale renewable energy development, and cogeneration, and to rely on shorter term purchases from existing power plants to bridge any electricity supply deficits until IGCC can be deployed. If additional coal development is necessary, we believe that it should be made after the other options are fully exhausted. And when and if that time arrives, that IGCC, with its more efficient design, reduced water use and ability to capture and store its CO₂ emissions, becomes that choice. IGCC is poised to displace pulverized coal as the preferred technology for electricity generation from coal in the very near future. Further, the physical and chemical characteristics of Utah coals are such that they are better suited for IGCC applications than other Western coals, potentially giving Utah coal an edge. The deployment of this technology can help transition the state's coal industry in a more stable and sustainable direction.

We believe that PacifiCorp has a real opportunity to prove itself as a national leader on these issues, for the benefit of Utah and its electricity customers. If PacifiCorp is reluctant to take that step, the PSC, with its increased oversight responsibility and authority under the Energy Resource Procurement Act to safeguard the public interest, should step forward to take a hard look at whether PacifiCorp's risky plans are in the best interest of Utah.

Respectfully,

Tim Wagner, Director
Utah Smart Energy Campaign
Utah Chapter Sierra Club