

Travis Ritchie (CA Bar No. 258084)
Sierra Club Environmental Law Program
2101 Webster Street, Suite 1300
Oakland, CA 94612
(415) 977-5727
travis.ritchie@sierraclub.org

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF ROCKY MOUNTAIN POWER TO
EXTEND THE 2017 PROTOCOL
THROUGH DECEMBER 31, 2019

Docket No. 17-035-06

SIERRA CLUB COMMENTS

In accordance with the Scheduling Order issued February 8, 2017 in the above-captioned docket, Sierra Club provides these comments in response to Rocky Mountain Power's Application to extend the 2017 protocol through December 31, 2019.¹ Sierra Club opposes the extension at this time. Sierra Club further recommends that the Commission direct Rocky Mountain Power to provide a more transparent process by allowing interested parties an opportunity to participate in or monitor the ongoing workshops discussing the revised protocol.

I. STATEMENT OF POSITION

The policies affecting Rocky Mountain Power's allocation of system-wide costs between coastal and intermountain states are becoming increasingly conflicted. In particular, the treatment of Rocky Mountain Power's existing coal plants and future spending related to those

¹ Sierra Club filed a petition to intervene in this docket concurrent with this filing.

coal plants is in flux. On one hand, with the passage of SB 1547 by Oregon, PacifiCorp² must remove coal resources from Oregon rates by 2030. On the other hand, Rocky Mountain Power indicated during the January 25, 2017 Commissioner Forum that it anticipates that the 2016 federal election may result in a “coal resurgence” in the intermountain states. These two trends are incompatible and may result in decision making that could impose substantial costs on Utah ratepayers.

Coal plants across the United States continue to decline in economic performance. Just last month, the non-federal co-owners of the 2,400 MW Navajo Generating Station in Northern Arizona voted to close the plant by the end of 2019 because the coal-fired plant’s electricity is currently more expensive than electricity purchased on the wholesale spot market.³ This decision was not made in response to any regulatory requirement to install capital-intensive pollution controls, but rather due to the uneconomic position of the plant compared to alternative generation available on the market. Though not a co-owner of Navajo Generating Station, Rocky Mountain Power faces similar economic trends across its own expansive coal fleet.

In addition to the day-to-day operational costs of coal plants, Rocky Mountain Power also faces a series of costly Selective Catalytic Reduction (“SCR”) installations to control nitrogen oxide emissions at the Jim Bridger, Wyodak, Dave Johnston, Hunter, and Huntington plants, each of which will need to be retrofitted by 2021. This timing means that decisions about whether to pursue those expensive capital projects or forego operation of those facilities will need to be made very soon, yet it is entirely unclear at this point how the costs of those future expenses will be allocated among the states.

² Rocky Mountain Power is a division of PacifiCorp.

³ <https://www.srpnet.com/newsroom/releases/021317.aspx>; see also Market Forces Are Killing Navajo Generating Station at <http://azcapitoltimes.com/news/2017/02/17/market-forces-are-killing-navajo-generating-station-president-trump-should-not-intercede/>

Oregon has for some time moved to insulate Oregon ratepayers from the costs and risks associated with PacifiCorp's coal plants. Utah has not, and therefore is far more exposed to costs associated with undepreciated plant balances at coal units as well as future environmental compliance costs. This divergence could lead to very different management choices about whether and how much to continue to expend money on coal plants to serve ratepayers in the different states. Oregon's SB 1547 will prohibit any further spending on Rocky Mountain Power's coal plants by 2030, which in turn makes it very unlikely that the Oregon Commission would acquiesce to large expenditures that have depreciation schedules far beyond that date. At the same time, the intermountain states, including this Commission, have resisted efforts to reduce spending on coal plants, and instead have continued to approve hundreds of millions of dollars in capital additions at those plants.⁴

This dichotomy between state policies is creating an increasingly irreconcilable difference in interests as to how coal plant costs should be allocated between Utah and other states. Delaying resolution of those questions, as Rocky Mountain Power requests, would only exacerbate the problem. Delaying also risks encouraging or condoning further spending by Rocky Mountain Power in the near term. As noted above, Rocky Mountain Power is facing at least eight SCR installations by 2021. The typical three to four year lead time on that type of project and the accompanying need to stagger outages means that Rocky Mountain Power will be making decisions within the next year as to whether or not to proceed with those projects. Utah must therefore resolve sooner rather than later the question of who will pay for those expenditures.

⁴ See, e.g., Utah Public Service Commission Docket 12-035-92; Wyoming Public Service Commission Docket 20000-418-EA-12.

