

Generation Subcommittee, Day Two

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Presented to:

Subcommittee on Generation Resources

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Goals for Today

- Morning Session: Draft consensus high-level policy statements
- Afternoon Session: See where there is common ground on action items to implement policy statements

Ground Rules

- Goal of today's discussion is to send a consensus set of policy statements and action items to the full Committee
- Not every member has to be in favor of every item, but every member should be comfortable with the package as a whole
- If consensus is not obtainable, recommendations will be passed on majority vote of the legislative members of the Committee
- Will also record views of the minority

Proposed Structure of Plan Findings

Policy Objectives

1. Reliability, Stability
2. Low-Cost, Affordability
3. Environment, Conservation
4. Jobs, Economy
5. Flexibility

**Policy
Statement**

**Policy
Statement**

**Policy
Statement**

**Policy
Statement**

**Action
Item**

**Action
Item**

**Action
Item**

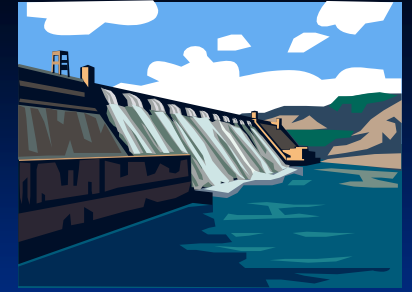
**Action
Item**

Draft Policy Objectives

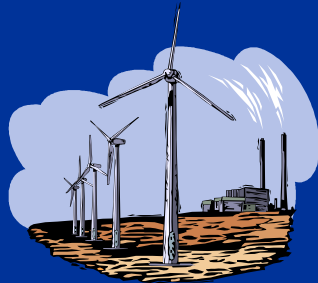
1. Ensure a secure, reliable and stable energy system for the citizens and businesses of Idaho
2. Maintain Idaho's low-cost energy supply and ensure access to affordable energy for all Idahoans
3. Protect Idaho's public health, safety and natural environment and conserve Idaho's natural resources
4. Promote sustainable economic growth, job creation and rural economic development through investments in Idaho's energy infrastructure
5. Provide the means for Idaho's energy policy to adapt to changing circumstances

Characteristics of Different Resource Types

Resource Type	Gas Combined Cycle	Pulverized Coal Steam	Coal Gasification	Nuclear	Wind	Geothermal	Run-of-River Hydro	Solar/Ocean Wave/Tidal	Energy Efficiency
Cost	Depends on Gas Prices	Low	Medium	High	Medium	Site-specific	Site-specific	High	Measure-specific
Operations	Flexible	Baseload	Baseload	Baseload	Intermittent	Baseload	Intermittent	Intermittent	Measure-specific
Fuel Price Variability	High	Medium	Medium	Low	Low	Low	Low	Low	Low
Environmental Impact	Medium	High	Medium	High	Low	Medium	Low	Low	Low or Net Positive
Economic Development	Small	Large	Large	Large	Medium	Medium	Small	Large	Large
"Need" for Incentives	Small	Small	Large	Large	Medium	Medium	Large	Large	Large



Resource Priority or “Loading Order”



Northwest Power Act: Resource Priorities

- Priority shall be given: first, to conservation; second, to renewable resources; third, to generating resources utilizing waste heat or generating resources of high fuel conversion efficiency; and fourth, to all other resources.

[Northwest Power Act, §4(e)(1), 94 Stat. 2705.]

1982 Idaho Energy Plan

- It is the policy of the State of Idaho that the private and public utility companies place a high priority on conservation, renewable resources, generating resources of high fuel conversion efficiency and then on all other resources in meeting the future electrical needs of the state.
- ...the state should give a high priority to hydroelectric projects, in particular, the upgrading of current facilities within the state.

California Energy Action Plan II: Implementation Roadmap (2005)

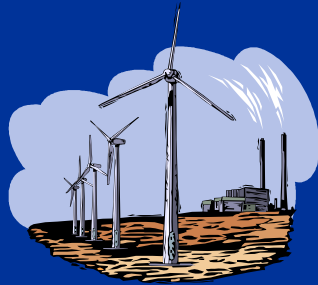
- Endorses “Loading Order”:
 - Energy efficiency and demand response are preferred means of meeting growing energy needs.
 - Next, rely on renewable sources of power and distributed generation, such as combined heat and power applications
 - To the extent that efficiency, demand response, renewable resources, and distributed generation are unable to satisfy needs, support clean and efficient fossil-fired generation.

Washington Energy Strategy Update

- Guiding Principle #1: Encourage all load-serving entities to adopt and implement integrated resource plans.
- Guiding Principle #2: Encourage the development of a balanced, cost-effective and environmentally sound resource portfolio that includes conservation, renewables, and least-cost conventional resources.



“Strawman” Policy Statements



Loading Order

- When acquiring resources, Idaho shall should give priority to: (1) Conservation, energy efficiency and demand response; (2) In-state renewable resources; (3) Out-of-state renewable resources, clean coal, and high-efficiency thermal generation; and (4) All other resources.
- The Idaho PUC shall ensure that its regulatory policies provide utility and ratepayer incentives that are consistent with this priority order.

Resource Diversity

- Idaho utilities shall acquire reliable, diverse, cost-effective and environmentally sound resource portfolios sufficient to meet their customers' long-term electricity needs.
- Idaho utilities should have access to a broad variety of resource options consistent with Idaho's policy objectives, including both renewable and conventional resources.
- Idaho utilities shall conduct Integrated Resource Plans that assess the relevant attributes of a diverse set of supply-side and demand-side resource options and provide an opportunity for public input into utility resource decisions.

Transmission

- Idaho utilities should have the ability and the appropriate incentives to construct transmission facilities that are needed to provide low-cost energy service to their customers.
- The IPUC, Idaho's investor-owned utilities and the Bonneville Power Administration should work together to ensure that Idaho's Consumer-Owned Utilities have access to reliable transmission service for cost-effectively integrating new resources.

Affordability

- Idaho and Idaho utilities should ensure that a baseline level of affordable energy service is available to all Idaho households.

Environment

- The Idaho PUC and Idaho utilities should place a high priority on technologies that reduce emissions of harmful pollutants and minimize water consumption.
- Idaho and Idaho utilities should prepare for the possibility of federal regulation of greenhouse gas emissions.