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## PGE plan suggests shorter time frame to close Boardman coal-fired power plant

By Ted Sickinger, The Oregonian

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Portland General Electric Co. would shut down the state's only coal-fired power plant 20 years earlier than planned under a proposal it hopes to finalize with state and federal regulators in the coming months.

In a letter Thursday to the Oregon Public Utility Commission, the state's largest utility said it is pursuing an alternative to its existing operating plan for its Boardman coal plant, located about 150 miles east of Portland. That plan calls for PGE to invest more than a half billion dollars in pollution controls at the plant by 2017 to comply with federal and state clean air regulations, then keep it running until 2040.

Instead, the company hopes regulators will allow it to make a \$45 million investment next year to partially clean up its emissions of mercury and oxides of nitrogen, then operate the plant only until 2020.

Boardman's closure under the new plan still wouldn't come soon enough for environmental groups that maintain it is violating clean air laws.

Early closure presents other costs. PGE still has an unamortized investment in the Boardman coal plant of \$125 million. Writing that sum off over the next 10 years, rather than 30, would increase customer rates by one to two percent, the utility estimates. Replacing Boardman's stable output of more than 500 megawatts of electricity would also be costly.

Based on its analysis of carbon and natural gas prices, however, PGE maintains that a 2020 shutdown would be the low-cost, least-risk plan for utility ratepayers and shareholders. Under the existing plan, both face the risk of making the huge investment to control haze causing pollution – which does nothing to control the plant's carbon emissions -- then seeing the plant close anyway if global warming legislation or a carbon tax makes its output prohibitively expensive.

The earlier shutdown needs approval from the Oregon Environmental Quality Commission and the federal Environmental Protection Agency. The PUC, which is currently considering the company's long-term resource plan, will also need to acknowledge that the new plan is in the best interest of ratepayers.

PGE executives said they will spend the next 60 days seeking input from all stakeholders, then seek formal approval of the plan.

"We went and met with the DEQ in November and they indicated some willingness to consider it," said PGE chief executive Jim Piro. "They couldn't guarantee how the EQC would decide, but we're making progress."

While a 2020 shutdown is supported by a variety of advocacy groups, some environmentalists are looking to convince regulators and a federal judge that PGE should close it even earlier.

"The best deal for ratepayers and the environment is to close by 2014," said Michael Lang, conservation director at the Friends of the Columbia Gorge. "We'll demonstrate that even PGE's own data supports that conclusion. ... It seems to me that they're clinging to dirty, outdated technology, but clinging a little less tightly."

Friends of the Columbia Gorge is part of a coalition of environmental groups that has sued PGE for violating the Clean Air Act. They contend the coal plant was illegally built, illegally grandfathered into pollution regulations when it should have been subjected to much stricter laws, and has undergone major modifications that should have already triggered the installation of the best available pollution control technology.

Boardman has long been an environmental black eye for the state's largest utility, but it also provides a stable source of low-cost electricity. The plant burns strip-mined coal shipped in by train from Wyoming's Powder River Basin, and accounts for about 25 percent of the power generation owned by PGE, and 15 percent of the energy consumed by its customers.

PGE is already the region's high-cost utility, and in the next few years faces the expiration of long-term contracts for very cheap hydropower that it purchases from municipally owned dams on the mid Columbia River.



The company has been loathe to exacerbate its resource shortfall by shutting a backbone plant any sooner than required. And while the utility believes its new plan is low-cost, it still warns that ratepayers will have to deal with far more fuel-cost volatility as the company builds up its reliance on natural gas fired generation.

That's the plan. PGE has already proposed building two new gas plants, one a base-load unit adjacent to the existing Boardman coal plant, and a smaller unit next to its existing gas plant in Clatskanie to fill in when customer demand peaks during summer and winter. If the coal-fired plant in Boardman is shuttered in 2020, PGE would consider a second gas-fired power plant in Boardman, Piro said.

While ratepayer groups are leery of the cost of replacing Boardman, Bob Jenks, executive director of the Citizen's Utility Board of Oregon, said PGE's plan was a big step forward for both the company and customers. The plan allows customers to avoid most of the pollution control investment and the associated risk of a stranded investment if Boardman was shut after the fact because of carbon costs, he said.

"It's unlikely PGE can build a new resource to replace Boardman by 2014," Jenks said. "There's lots of different reasons that could be a costly proposition for customers. Give them some time to do a reasonable phase out, and get some new supply in place before you shut this thing down."

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