2-12-07

SENATE NATURAL RESOURCES
EXHIBIT NO. 2
DATE 2-12-07
BILL NO. SB195

Testimony of Ken Toole in support of SB 195

439-4593

The following are some of my concerns about the bills currently in the legislature to allow Northwestern Energy to own power generating plants. Clearly it would be beneficial to "re-regulate" Northwestern Energy but it should be done in a way that is in the public interest.

All but one of the bills currently being considered to re-regulate Northwestern Energy contains provisions which would allow "pre-approval" of power plants. My testimony focuses on that issue.

Pre-approval shifts risk from investors to consumers- Pre-approval asks the Public Service Commission to allow the utility to recover costs regardless of whether the plant is actually needed when it is put into service. There is also risk that the market price drops and the pre-approved plant price is much higher. This happened all over the country in the mid-1980s. With pre-approval rate payers will be on the hook regardless of the market price and regardless of whether the plant is needed.

Pre-approval is opposed by consumer advocates- The Montana Consumer Council and other consumer advocates in Montana have always opposed pre-approval because it shifts market risk to consumers. Call the Montana Consumer Counsel, Bob Nelson at 444-2771.

Pre-approval is not common in other states' regulatory regimes- While there are some states with differing forms of pre-approval, it is not the norm. Based on a few phone calls to western states I can tell you that Wyoming does not allow pre-approval, Arizona does not allow pre-approval, Oregon does not allow pre-approval and Nevada does not allow pre-approval.

Granting pre-approval is an over-reaction to temporary market conditions- Pre-approval advocates argue that nothing will get built without pre-approval. The deregulated merchant power market has collapsed. There is currently a lot of uncertainty in power markets. This condition is temporary (as we have seen before). Markets will likely get more stable and financing for new plants will be more available in private markets.

Granting pre-approval will lead to poor decision making- Risk leads to conservative decision making. Shifting risk away from investors to rate payers makes the utility less vested in good decision making.

If pre-approval is granted the rate of return should be decreased- Risk and profit should be proportional. At a minimum pre-approval legislation should explicitly direct that rate of return be adjusted to reflect the reduced risk to investors.

Just like Chicken Little, utilities have always predicted dire consequences if they were not granted pre-approval- Following the bond defaults and overbuilding of the early 80's utilities made the exact same arguments we hear today. The sky did not fall then and it won't now.

Welcome to the California Energy Commission

WWW.ENERGY.CA.GOV / ELECTRICITY / WSCC PROPOSED GENERATION

Database of Proposed Generation Within the Western Electricity Coordinating Council

Updated: 11/15/2006

This database provides a list of publicly announced electric generation projects and proposals within the Western Electricity Coordinating Council (WECC), formerly known as the Western Systems Coordinating Council. The entire database is available for download in Microsoft Excel and Access formats. (Please note that your computer's Web Browser "mime" type may need to be adjusted to allow downloads of MS Access files. If you have problems downloading, try right-clicking the link to the Access or Excel file below.)

The database was developed to assist Energy Commission staff with its biennial Market Clearing Price (MCP) outlook. Because the MCP outlook employs a regional marketing model that simulates loads and resources of the entire region encompassed by the WECC, it is necessary for the staff to monitor the status of new power projects both within and outside of California's borders. This database is only used for tracking the status of new generation projects and is not intended to suggest or predict the probability of projects being approved by licensing authorities or becoming operational.

To develop the database, staff first gathered information from various sources on proposed generation and retirements within the WECC. These sources include discussions with staff at state regulatory agencies, information from regulatory agency Web sites, reading energy industry newsletters (*Power Week West, California Energy Markets, Clearing Up, Wind Energy Weekly*), visiting company Web sites and telephone calls to project developers. Based on the information gathered, the projects are assigned, by status, to one of the following seven categories:

- 0 - Operational
- 1 - Under construction
- 2 - Regulatory approval received
- 3 - Application under review
- 4 - Starting application process
- 5 - Press release only
- 6 - Cancelled, denied permit or delayed indefinitely

Summary Table of Projects by WECC Sub-Region

Project Status	Cal - Mex	Northwest	Rocky Mountain	Southwest	Total
0 - Operational	18,216	11,074	4,004	16,261	49,555
1 - Under construction	1,175	3,804	1,160	279	6,418
2 - Regulatory approval received	260	3,765	1,254	2,003	7,282
3 - Application under review	6,291	7,681	242	350	14,564
4 - Starting application process	2,891	5,283	512	3,771	12,457

5 - Press release only	1,985	2,395	2,800	1,453	8,633
6 - Cancelled, denied permit or delayed indefinitely	23,642	29,466	3,509	22,283	78,889

Please see the Energy Commission's siting/licensing cases page for complete details on the power plants licensing process in California and more current numbers of power plants being licensed.

Download Database

WECC Proposed Generation Database (Microsoft Access file, 548 kilobytes)
(The data contained in this database was last updated on November 15, 2006)

(Please note that your computer's Web Browser "mime" type will need to be adjusted to allow downloads of MS Access files [.mdb files].) You may also need to "right-click" your mouse button (option mouse click on a Mac) to download to your hard drive.

WECC Proposed Generation Database (Microsoft Excel file, 242 kilobytes)
(The data contained in this database was last updated on November 15, 2006.)

For more information

If you have questions regarding this database or would like to give us feedback on the information provided or if you have information on new projects, please contact Richard Jensen at 916-654-4893 or e-mail at: RJensen@energy.state.ca.us

Page Updated: 11/17/2006

Colorado	Renewable	Wind		300	Greenlight Energy	Could be up tp 300 MW capacity. Has county planning commission a	12/31/2007	2	3-Jan-06
Colorado	Renewable	Wind	50	75	PPM Energy	Near Lamar. Output sold to Xcel.	12/31/2007	2	21-Aug-06
Idaho	Renewable	Wind	98	200	Windland Inc.	Received BLM approval.	12/31/2007	2	13-Dec-05
Nevada	Renewable	Geothermal		10	Brady Power Partne	http://puc.state.nv.us/ELECTRIC/propgen.pdf	12/31/2007	2	15-Jun-06
Oregon	Renewable	Wind	279	188	FPL Energy	Permitted, construction schedule pushed back 2 years.	12/31/2007	2	12-Mar-04
Oregon	Renewable	Wind	150-300	350	Orion Energy	Seeking interconnect agreement with BPA.PGE may buy project.	12/31/2007	2	18-Apr-06
Washingto	Renewable	Wind	43	100	Last Mile Electric Co	Permitted. County will not require an EIS. May develop 200 MW total.	12/31/2007	2	8-Nov-06
Nevada	Combined	Gas		500	Sempra Generation	http://puc.state.nv.us/ELECTRIC/propgen.pdf	7/1/2007	2	3-Feb-04
Nevada	Supercritical	Coal	1	750	SierraPacific Resour	250 mile trans line to link north & south NV. Will have line capacity to	6/30/2013	3	13-Nov-06
California	Renewable	Solar	20,000	500	Sterling Energy Syst	1 MW project could eventually grow to 500 by 2012. Possible expansi	12/31/2012	3	23-Aug-05
Utah	Conventional	Coal		400	PacifiCorp (Utah Pov	Utah Division of A.Q. reviewing permit application. PacifiCorp may secure capacity from IPP #3.	1/1/2012	3	17-Oct-05
Nevada	Supercritical	Coal	1	750	SierraPacific Resour	250 mile trans line to link north & south NV. Will have line capacity to	12/31/2011	3	13-Nov-06
California	Peaker	Gas	5	500	Edison Mission Ener	Romoland, CA.	1/1/2011	3	13-Dec-05
California	Combined	Gas		943	City of Vernon	Project in review.	1/1/2011	3	16-Aug-06
California	Combined	Gas		620	LS Power	Project in review.	1/1/2011	3	16-Aug-06
California	Recip Eng	Gas	10	163	PG&E	Replace aging units. Net gain of 28 MW.	1/1/2011	3	14-Jun-06
California	Renewable	Geothermal		20	U.S. Renewable	Plant has ben in clod storage for 16 years.	1/1/2011	3	31-Oct-06
California	Combined	Gas		660	E&L Westcoast	Has contract with PG&E	1/1/2011	3	14-Jun-06
California		Gas		200	Energy Investors Fu	Has contract with PG&E	1/1/2011	3	7-Nov-06
Canada - E	Hydro	Water		80	Kanaka Bar Indian b	Still in permitting. BC EAO awaiting more information.Submitted bid to BC Hydro.	1/1/2011	3	2-Nov-06
Canada - E	Renewable	Wind		70.5	Dokie Wind Energy	Received environmental permit to construct.	1/1/2011	3	31-Oct-06
Canada - E	Hydro	Water		169	Plutonic Power Corp.		1/1/2011	3	2-Nov-06
Idaho	Renewable	Wind		17.5		PPA approved by IPUC.	1/1/2011	3	10-Apr-06
Montana	Renewable	Wind		19.5		Idaho Power seeking approval of 20 year PPA. Energy is firm.	1/1/2011	3	9-Sep-05
Montana	Renewable	Water		10	Gibson Dam Hydroe	Up to 20 MW capacity.	1/1/2011	3	20-Aug-04
Nevada	Renewable	Geothermal		25	Earth Power Resour	Contract with NV Power terminated.	1/1/2011	3	5-Aug-05
New Mexic	Conventional	Coal		300	Peabody Energy	DOE awards $20Mln grant to Peabody. Has partner & PPA. 3-4 yrs to construct. Advanced emission control technology.	1/1/2011	3	20-Jan-06
New Mexic	Combined	Gas	1	50	PNM	Expansion of existing facility from simple to CC.	1/1/2011	3	14-Dec-05
Oregon	IGCC	Coal		475	Westward Energy LL	Developers have switched plans to use coal/IGCC instead of NG. Project returned to permitting process.	1/1/2011	3	6-Nov-06
Oregon	Combined	Gas		1230	Eugene Water & Ele	Joint with tribes of Umatilla Indian Reservation Up to 1300 MW. BPA to offer interconnect agreement.	1/1/2011	3	8-Mar-05
Oregon	Renewable	Wind		50	UPC Wind Partners	Seeking interconnect agreement with BPA for 50 MW.	1/1/2011	3	6-Nov-06
Utah	Renewable	Wind		18.9	Wasatch Wind	Contract signed with PacifiCorp. 20 years.	1/1/2011	3	23-Jun-06

California	Renewable	Wind	13	25	Superior Renewable	Phase II of SRE project with Indian tribes. No PPA as of posting.	6/1/2007	3	13-Oct-04
Idaho	Renewable	Wind	12	18	Exergy Developmen	PPA with Idaho Power.	6/1/2007	3	14-Dec-05
Idaho	Renewable	Wind	12	18	Exergy Developmen	PPA with Idaho Power.	6/1/2007	3	14-Dec-05
Idaho	Renewable	Wind	14	21	Exergy Developmen	PPA with Idaho Power.	6/1/2007	3	14-Dec-05
Nevada	Renewable	Wind		50	Carlson & Associate	Company applying for financing through NV renewable trust. According to LV Review-Journal (2/17/05), project needs new permits for new location.	1/1/2007	3	28-Feb-05
Arizona	Renewable	Wind		190	Western Wind Energ	Has 400 MW of transmission rights and land lease. Potential for 1,00	1/1/2011	4	7-Dec-04
Arizona	Pump Storage	Water		1,250	Arizona Independent	25 mi west of Phoenix. FERC grated preliminary permit. 3 years to stu	1/1/2011	4	15-Jun-06
California	Peaker	Gas	1	45	City & County of San	Using 1 LM6000 from Williams settlement. Considering SF Airport site.	1/1/2011	4	18-Mar-04
California		Gas	1	80	City of Palo Alto	City Council considering plant, in discussions with CEC.	1/1/2011	4	15-Apr-04
California	Renewable	Soy Oil		81	Ramco	Will build if approved as part of SDG&E RFP for renewables.	1/1/2011	4	17-Sep-04
California	Renewable	Soy Oil		81	Ramco	Will build if approved as part of SDG&E RFP for renewables.	1/1/2011	4	17-Sep-04
California	Combined	Gas		500	Inland Energy	500 MW CC/50 MW Solar	1/1/2011	4	27-Sep-06
California	Renewable	Solar		50	Inland Energy	500 MW CC/50 MW Solar	1/1/2011	4	27-Sep-06
California		Gas		120	Starwood Power	Has contract with PG&E	1/1/2011	4	16-Aug-06
California	Combined	Gas		600	Calpine	Second attempt to build at this location.	1/1/2011	4	14-Jun-06
California	Cogen	Gas		63	Chevron	Will apply to CEC for SPPE.	1/1/2011	4	13-Nov-06
Canada - E	Renewable	Wind	100	180	Sea Breeze Power	On Vancouver Island. Land use proposal filed.	1/1/2011	4	24-Sep-04
Canada - E	Renewable	Wind	150	450	Sea Breeze Power	On Vancouver Island. Land use proposal filed.	1/1/2011	4	24-Sep-04
Canada - E	Renewable	Wind	24	43	Sea Breeze Power	On Vancouver Island. Land use proposal filed.	1/1/2011	4	24-Sep-04
Canada - E	Renewable	Wind		72	Sea Breeze Power	On Vancouver Island. Land use proposal filed.	1/1/2011	4	24-Sep-04
Canada - E	Renewable	Wind		120	Bear Mtn Wind Ltd F	B.C. Environmental Assessment Office	1/1/2011	4	2-Nov-06
Canada - E	Renewable	Biomass/Coal		56	Compliance Power C	Not sure of fuel mix percentages.	1/1/2011	4	2-Nov-06
Canada - E	Renewable	Biomass		50	McKenzie Green En	Cogen to produce electricity for BCHA and steam for mills.	1/1/2011	4	2-Nov-06
Canada - E	Run of River	Water		83	Plutonic Power Corp	Associated 230 kv transmission line is part of the project.	1/1/2011	4	2-Nov-06
Canada - E	Hydro	Water		83	TransCanada Energ	110 km of transmission to connect the two facilities.	1/1/2011	4	2-Nov-06
Canada - E	Renewable	Wind		50	Nomis Power Corp.	Could expand to 450 MW of installed capacity.	1/1/2011	4	2-Nov-06
Nevada	Renewable	Wind	40	80	Navitas Energy	Osgood Mountains. No new info on this plant.	1/1/2011	4	17-Sep-04
New Mexic	Conventional	Coal		550	BHP Billiton	Plant to be built if Steag Power does not follow through on it's 1500 M	1/1/2011	4	22-Oct-04
Oregon	Renewable	Wind		72		Seeking interconnect agreement with BPA for 72 MW. Possible expar	1/1/2011	4	6-Apr-06
Oregon	Renewable	Wind		250	Windy Point Partner	Seeking interconnection agreement with BPA.	1/1/2011	4	12-Jun-06
Wyoming	Conventional	Coal	1	90	Black Hills Corp	Plant on drawing board. Construction in Q1 2009 possible.	1/1/2011	4	14-Dec-05
Wyoming	Conventional	Coal	1	422	Basin Electric	North of Gillette	1/1/2011	4	14-Dec-05

California	Renewable	Geothermal		98	Calpine	Project in doubt. Court sides with Native Americans regarding land rights and environmental issues.	1/1/2011	6	7-Nov-06
California	Combined	Gas	2-2-1	1200	Duke Energy NA	PROJECT ON HOLD. Permitted. Replaces 2 units net gain 175 MW. Project being sold to LS Power.	1/1/2011	6	12-Jan-06
California	Combined	Gas		630	NRG (formerly West	PROJECT ON HOLD. Permitted. CEC Docket # 00-AFC-14 630 MW replaces 339MW Net 291MW. Approved by CEC.	1/1/2011	6	12-Jan-06
California	Combined	Gas		560	Summit Energy Grou	PROJECT ON HOLD. Permitted.	1/1/2011	6	16-Dec-05
California	Combined	Gas		600	Calpine & Bechtel	PROJECT ON HOLD. Calpine and Hayward officials working on a plan to build plant at the watewater treatment facility. Possible construction date summer 2007.	1/1/2011	6	17-Oct-05
California	Combined	Gas		1087	Calpine	PROJECT ON HOLD. Permitted.	1/1/2011	6	15-Jan-04
California	Combined	Gas		1120	Florida Power & Ligh	PROJECT ON HOLD. Permitted.	1/1/2011	6	16-Jun-04
California	Combined	Gas		850	Calpine	PROJECT ON HOLD. Permitted. Calpine waiting for regulatory certainty & a PPA.	1/1/2011	6	2-Jul-04
California	Combined	Gas		500	SMUD	PROJECT ON HOLD.	1/1/2011	6	18-Mar-04
Canada - A		Coal		1000	Luscar	Enmax pulled out of this project	1/1/2011	6	24-May-05
Canada - A	Cogeneration	Gas		90	PanCanadian	No recent info on this plant.	1/1/2011	6	27-Jan-04
Canada - A		Coal		114	TransAlta	Alberta Resource Development website says 2007+ for on line date.	1/1/2011	6	1-Nov-06
Canada - A	Supercritical	Coal		450	TransAlta & EPCOR	Project scaled down in Dec 2004. TransAlta web site does not list on-line date.	1/1/2011	6	24-May-05
Idaho	Hydro	Water		44	City of Twin Falls	Preliminary permit only. Prject moved to status 6 due to lack of recent info/project updates.	1/1/2011	6	8-Sep-03
Idaho	Conventional	Coal		600	Sempra Generation	State of Idaho has imposed a 2-year moratorium on coal plant construction. Sempra cancelled project.	1/1/2011	6	3-Nov-06
Montana	Renewable	Wind		50	Navitas Energy	Navitas attempting to secure QF rates and proceede with project.	1/1/2011	6	3-Nov-06
Oregon	Renewable	Wind		63	Eurus Energy Ameri	PROJECT DELAYED.	1/1/2011	6	6-Nov-06
Oregon	Renewable	Wind		100	Lifeline Renewable E	See Shepherds Flat project above.	1/1/2011	6	2-Feb-04
Oregon	Renewable	Wind		85	Seawest	No new info on this project. Assume cancelled.	1/1/2011	6	20-Jun-02
Oregon	Renewable	Wind		50	Seawest	No new info on this project. Assume cancelled.	1/1/2011	6	20-Jun-02
Washingto	Combined	Gas		300	Mirant	PROJECT ON HOLD. Construction suspended August 2002 at 34% complete. Wayzata Investment Partners purchased plant from Mirant.	1/1/2011	6	20-Oct-05
Washingto	Combined	Gas		650	Invenergy	PROJECT ON HOLD. Construction suspended August 2002 at 55% complete. Duke has sold plant to Invenergy, LLC for $21MM.	1/1/2011	6	30-Mar-05

Oregon	Combined	Gas		350	Portland General Ele	Under construction. Full construction scheduled to begin in Jan. 2005.	5/1/2007	1	18-Oct-04
Canada - A		Coal		53	TransAlta	Alberta Resource Development website says 2007+ for on line date. Unit 4 uprate of 53 MW.	4/1/2007	1	1-Nov-06
Nevada	Renewable	Solar	#####	64	Solargenix	12-18 months to complete.	3/31/2007	1	14-Feb-06
Canada - A	Cogeneration	Gas/Other	2	160	OPTI/Nexen	Under construction. Previously listed @ 400 MW.	2/1/2007	1	1-Dec-04
Canada - A	Renewable	Wind	37	80	ENMAX	Ciy of Calagary to buy output for 20 years.	1/31/2007	1	19-May-06
Canada - B	Hydro	Water		125	Columbia Power Co	60% for market sales. COD is a CEC guess.	1/1/2007	1	2-Nov-06
Wyoming	Supercritical	Coal		750	North American Pow	Developer filed for permit with state. Possible for plant to be IGCC.	1/1/2012	2	8-Nov-06
Canada - B	Renewable	Water	2	25	Powerhouse Energy	Permitted.	1/1/2011	2	2-Nov-06
Canada - B	Run of River	Water	4	112	Coast Mountain Hyd	All permits secured. No construction at this time.	1/1/2011	2	2-Nov-06
Canada - B	Renewable	Wind	200	300	Dokie Wind Energy		1/1/2011	2	2-Nov-06
Nevada	Supercritical	Coal		750	Sithe Global Power	Cogentrix sold gas plant permit to Sithe. Sithe will pursue a coal plant at the site. Would need 30 miles of railroad line.	1/1/2011	2	5-Jan-06
New Mexic		Gas		280	Peoples Energy (PN	Litigation setteled. Court approves project.	1/1/2011	2	26-Apr-06
New Mexic	Renewable	Biomass		35	Northeast New Mexi	Permitted. Decision being appealed.	1/1/2011	2	9-Jul-04
Oregon	Combined	Gas		1150	J-Power USA	Permitted. Plant rights sold.	1/1/2011	2	31-Oct-06
Oregon	Combined	Gas		542	Klamath Generation	Site certificate application accepted August 2003. Permitted.	1/1/2011	2	10-May-05
Washingto	Renewable	Wind		19	FPL Energy	No recent info on this project.	1/1/2011	2	23-Jan-06
Washingto	Renewable	Wind	25	50	Energy Northwest	Final expansion of facility will bring capacity to 96MW.	1/1/2011	2	7-Sep-06
Arizona	Conventional	Coal	1	400	Salt River Project	SRP has purchased the rights to build unit 4. COD by 2010 or SRP could lose permission to build.	12/31/2009	2	3-Aug-05
Washingto	Combined	Gas		520	Cherry Point Refiner	65 MW for host, remainder to grid. Old boilers to retire after new plant on line. Has state council approval. Project scaled down from 720 MW.	1/1/2009	2	21-Oct-06
California	Renewable	Wind	80	120	LADWP	80 turbines. EIR approved. On line date pushed back to 2008/2009 by LA City Council.	12/31/2008	2	21-Nov-05
Colorado	Circ. Fluid Bed	Coal	1	14	Lamar Light & Powe	Conversion from gas/oil bioler. Expansion from 25 to 39 MW capacity	12/31/2008	2	19-Apr-06
Colorado	Simple Cycle	Gas	14	115	Cogentrix	In Arvada. Wartsila to supply generator.	12/31/2008	2	20-Oct-06
California	Combined	Gas		140	Calpine	Filed for license renewal and for expansion on 12/30/03. Plan approved.	7/31/2008	2	31-Oct-06
Arizona	Nuclear	Uranium	1	38	APS	Steam turbine generator replacement. Unit 2 completed in Dec 2003.	12/31/2007	2	23-Aug-05
Canada - A	Renewable	Wind	28	50	Wind Power, Inc	No new info on Wind Power website	12/31/2007	2	24-May-05
Canada - A	Renewable	Wind	28	50	Wind Power, Inc	No new info on Wind Power website	12/31/2007	2	24-May-05
Canada - B	Renewable	Wind	33	99	Sea Breeze Power	Permitted. Company trying to secure PPA for energy. On line date dependent on contracts.	12/31/2007	2	16-Nov-05