

Renewable Energy in Montana - Survey for Utilities and Suppliers

#1



COMPLETE

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Q1: What is the name of the utility or electricity supplier you represent?	PPL Treasure State
Q2: What years were or are you subject to Montana's RPS (69-3-2004, MCA)?	Starting in 2008 with extension of RPS to Competitive Electricity Supplier
Q3: Have you been able to meet the overall percentage requirements?	Yes, If not, have you received a waiver for any compliance year? NA
Q4: If you received a waiver, what was the overall cost (includes administrative costs) of the waiver?	NA
Q5: If you have not met the standard or received a waiver, have you paid an administrative penalty?	If so, in what amount? NA
Q6: What eligible renewable resources have you used to meet the overall percentage standards?	Judith Gap, Klondike 3 and Diamond Willow
Q7: Are you subject to the CREP requirement?	No
Q8: Have you met the CREP requirement?	If not, have you received a waiver for any compliance year? NA
Q9: If you received a waiver, what was the overall cost (includes administrative costs) of the waiver?	NA
Q10: If you have not met the requirement or received a waiver, have you paid an administrative penalty?	If so, in what amount? NA
Q11: What eligible renewable resources have you used to meet the CREP requirement?	NA
Q12: Who owns the eligible renewable resource(s) you have used to meet the CREP requirement?	NA

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Q13: Has the standard contributed to the diversification of your portfolio in Montana?

No,

Please explain how it has or has not.
PPLTS has purchased RECs from Eligible Renewable Resources as defined in the Renewable Energy Standards to meet its obligation. PPL Montana, LLC made a significant investment to upgrade and expand the Rainbow Power House. However, this investment did not result in Rainbow being defined as an Eligible Renewable Resource due to vetoes in the 2009, 2011 and 2013 Legislative Sessions (HB 257 in 2009, HB 59 in 2011 and amendatory veto of SB 45 in 2013).

Q14: Has the standard led to you reducing your dependence on fossil fuels?

No,

Please explain how it has or has not.
The addition of intermittent resources to meet the Renewable Energy Standards has resulted in operating complexities and additional costs of regulation such as the construction of the Dave Gates Generating Station. In addition, the market impact of the intermittent resources has resulted in increased cycling of thermal units. This is expected to have a long term effect of higher maintenance costs and lower commercial availability.

Q15: Has the standard assisted you in hedging against the volatility of fossil fuel markets?

No,

Please provide some details on how it has or has not.
Market price volatility has increased, not decreased, with the addition of intermittent resources. There is also lower market liquidity due to the uncertainty of generation, particularly in the spring months. Prices can be negative during the off peak periods and in excess of \$100/MWh in the highest peak hours of the same day due to significant swings in intermittent generation.

Q16: Has the standard contributed to higher, lower, or neutral costs for your customers?

Higher,

Please explain your answer
The Renewable Standard has resulted in higher costs to customers due to both the cost of the RECs and the increased regulation cost from the transmission provider.

Q17: How much has the standard changed, if at all, your average residential customer's monthly utility bill? (indicate increase or decrease)

Projected in 2013 through 2015?

NA

In 2012?

NA

In 2011?

NA

In 2010?

NA

In 2009?

NA

In 2008?

NA

Q18: How is the standard beneficial to your customers?

No perceived benefits

Q19: How is the standard a drawback for your customers?

The standard is a drawback to the customers due to additional costs and an added compliance obligation. These added costs result in putting our customers at a competitive disadvantage in either global or national markets.

Q20: What additional resources have been needed to integrate renewable resources?

NWMT has added the Dave Gates Generating Station which has increased costs for both regulation and default supply.

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Q21: Would these renewable and integration resources have been added to your portfolio if there was not a standard in Montana?	No
Q22: Would you have constructed or acquired these resources at a different size if there was no standard?	No
Q23: Please explain your response to 21 and 22 above.	
21 and 22 are not applicable	
Q24: How much of the cost of integration resources used in conjunction with the renewable resources used to meet the standard is attributable to the standard?	NA
Q25: In the 2012 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)?	PPLTS acquires RECs at market prices w hich vary by year
Q26: What was the comparable price in 2012 of your supply (not transmission service) resources, including:	
Please identify the resources you are using as the basis of the answers above.	NA
Qualifying facility resources?	NA
Hydropow er resources?	NA
Natural gas resources?	NA
Coal resources?	NA
Spot/hourly market resources?	NA
Q27: In the 2010 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)?	PPLTS acquires RECs at market prices w hich vary by year
Q28: What was the comparable price in 2010 of your supply (not transmission service) resources, including:	
Please identify the resources you are using as the basis of the answers above.	NA
Qualifying facility resources?	NA
Hydropow er resources?	NA
Natural gas resources?	NA
Coal resources?	NA
Spot/hourly market resources?	NA
Q29: In the 2008 compliance year what was the average unit price, including integration costs, for each renewable resource used to meet the standard (dollars/MWh)?	PPLTS acquires RECs at market prices w hich vary by year
Q30: What was the comparable price in 2008 of your supply (not transmission service) resources, including:	
Please identify the resources you are using as the basis of the answers above.	NA
Qualifying facility resources?	NA
Hydropow er resources?	NA
Natural gas resources?	NA
Coal resources?	NA
Spot/hourly market resources?	NA

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Q31: Please provide any additional thoughts on Montana's Renewable Portfolio Standard

PPL's understanding of the original intent of the Renewable Portfolio Standard was that industrial and large commercial Choice customers would be exempt from compliance with the standard. The RPS standard has impacted supply options for small Choice customers. A recent article in the Great Falls Tribune indicated that PPLTS was the only supplier to provide a final offer to the City of Great Falls. Morgan Stanley provided an indicative proposal but not a final proposal. The article did not state the reason for this but the RPS may have been a contributing factor.

Q32: FINAL SUBMISSION: All questions are complete and this survey is ready for submission (select no if you wish to return and complete this survey later). Yes