Energy Facility Siting Options for Idaho

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Subcommittee on Energy Facility Siting
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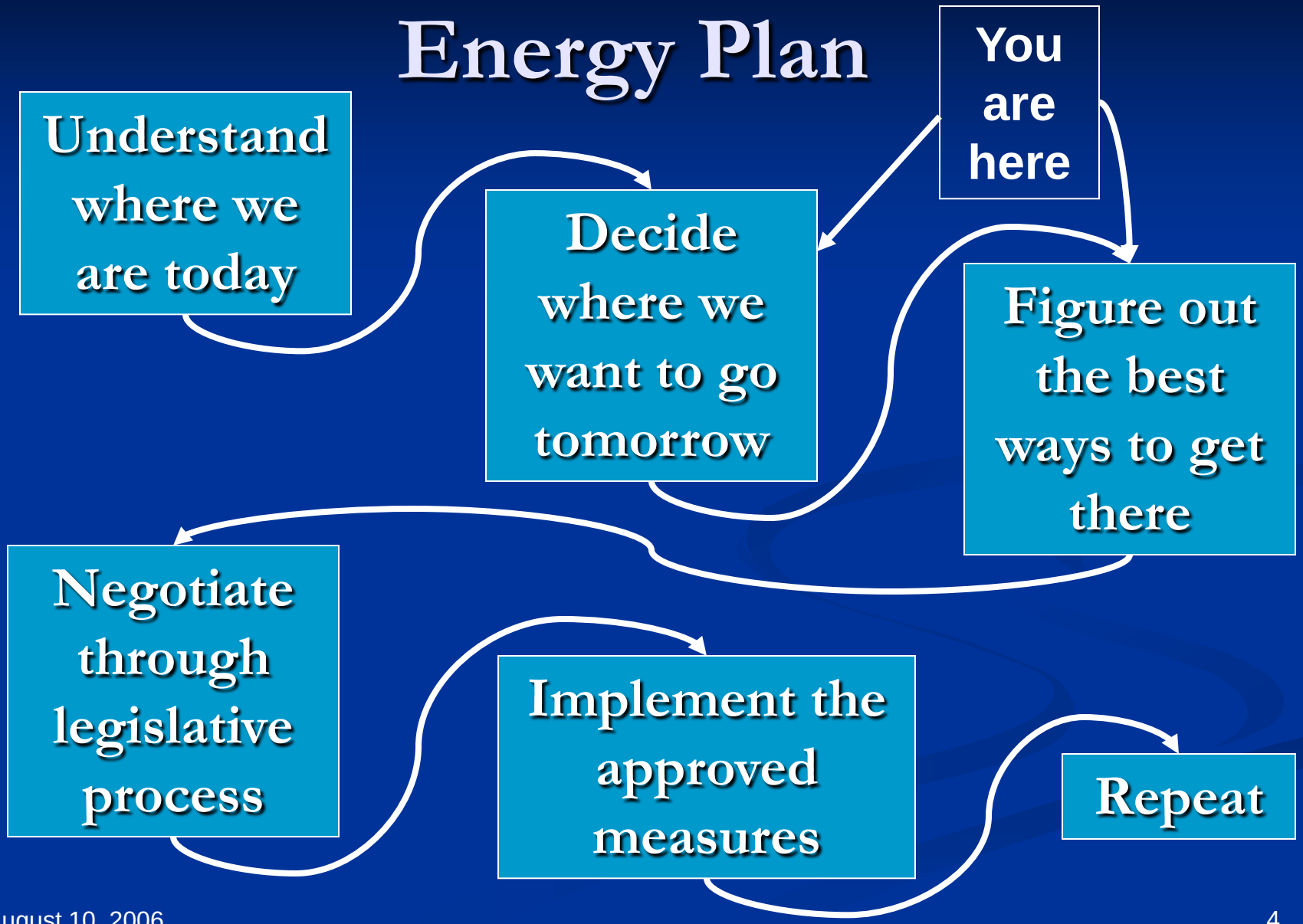
Goals for Today's Session

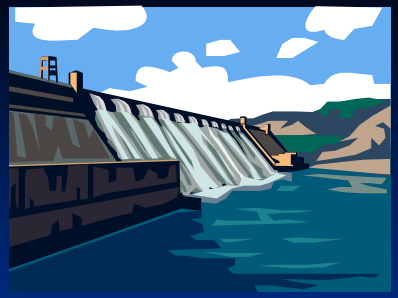
- Understand the substantive issues that an energy facility siting process must address
- Understand the current process for siting large energy facilities in Idaho and the gaps in that process
- Get a good idea of how other states handle energy facility siting
- See where there is common ground on an appropriate siting process for Idaho

Roadmap for Developing the Energy Plan

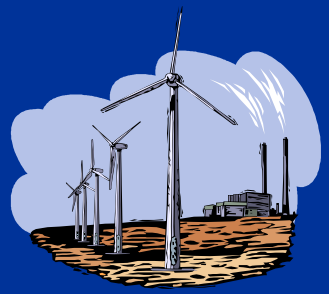


Task of Siting Subcommittee

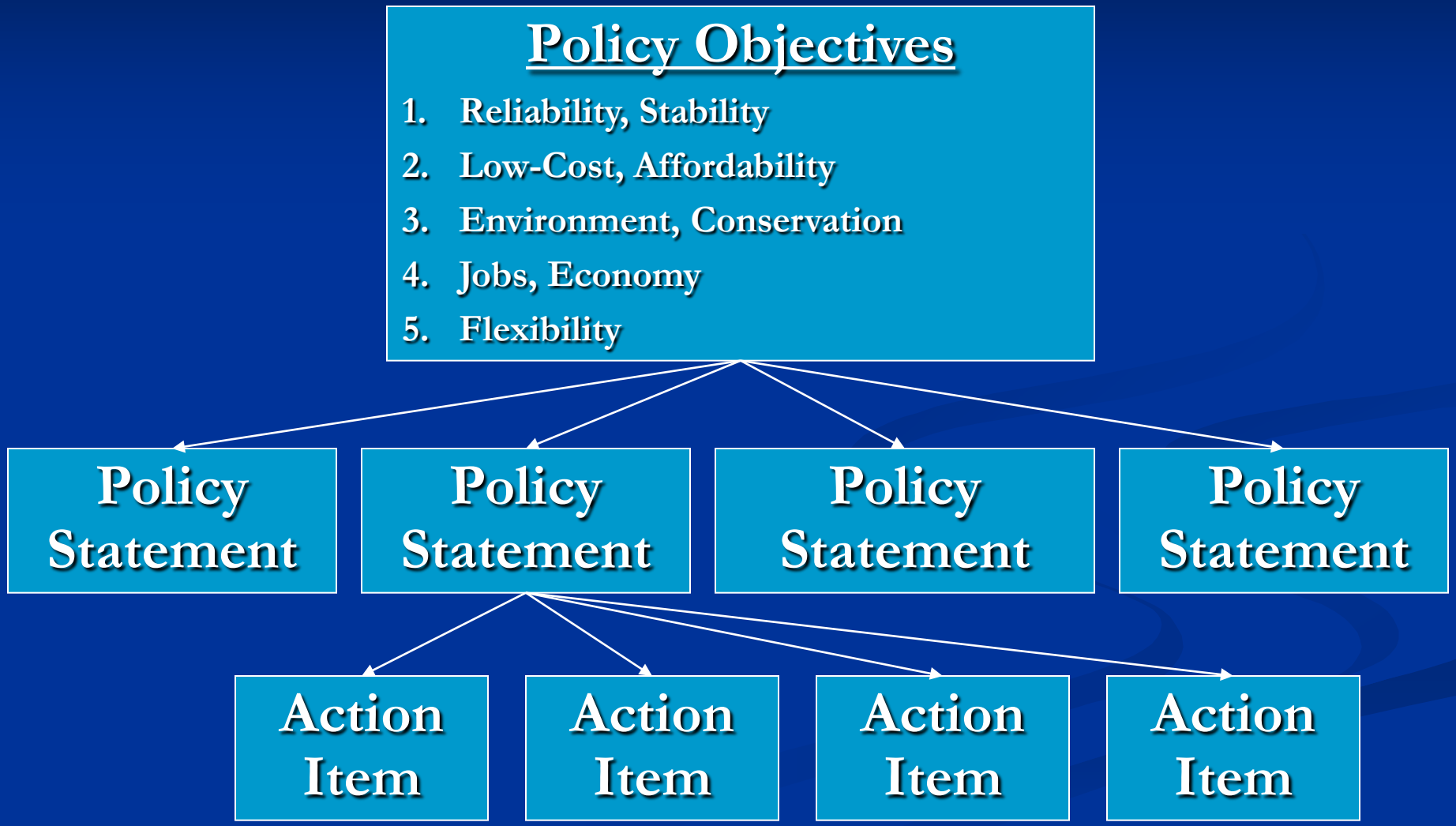
- Role of siting subcommittee is to talk about ***process***
- What type of process is appropriate for siting large energy facilities in Idaho?
  - Generation facilities (gas, coal, nuclear, renewable)
  - High-voltage transmission facilities
  - Pipelines (crude oil, petroleum products, natural gas)
- Role of subcommittee is ***not*** to get into specifics of substantive issues



Draft Policy Objectives

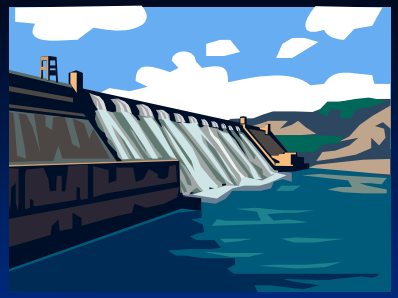


Proposed Structure of Plan Findings

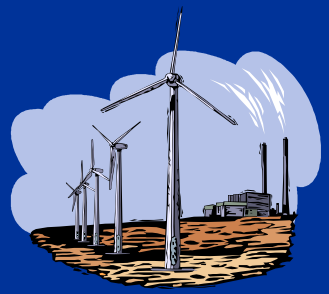


Draft Policy Objectives

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*



Energy Facility Siting Issues



Substantive Issues in Energy Facility Siting

- Air emissions permitting
- Water discharge permitting
- Water rights & use of potable water
- Health and safety issues
- Consistency with zoning/land-use plans
- Site remediation/restoration
- Need for reliable energy supply

What is Unique About Energy Facilities?

- Energy facilities have a large "footprint"; impacts go beyond single community
- Energy networks are regional in scope
- Reliable energy supply is seen as indispensable to the functioning of a modern society
- Electricity and natural gas utilities typically have power of eminent domain after obtaining Certificate of Public Convenience and Necessity (CPCN)

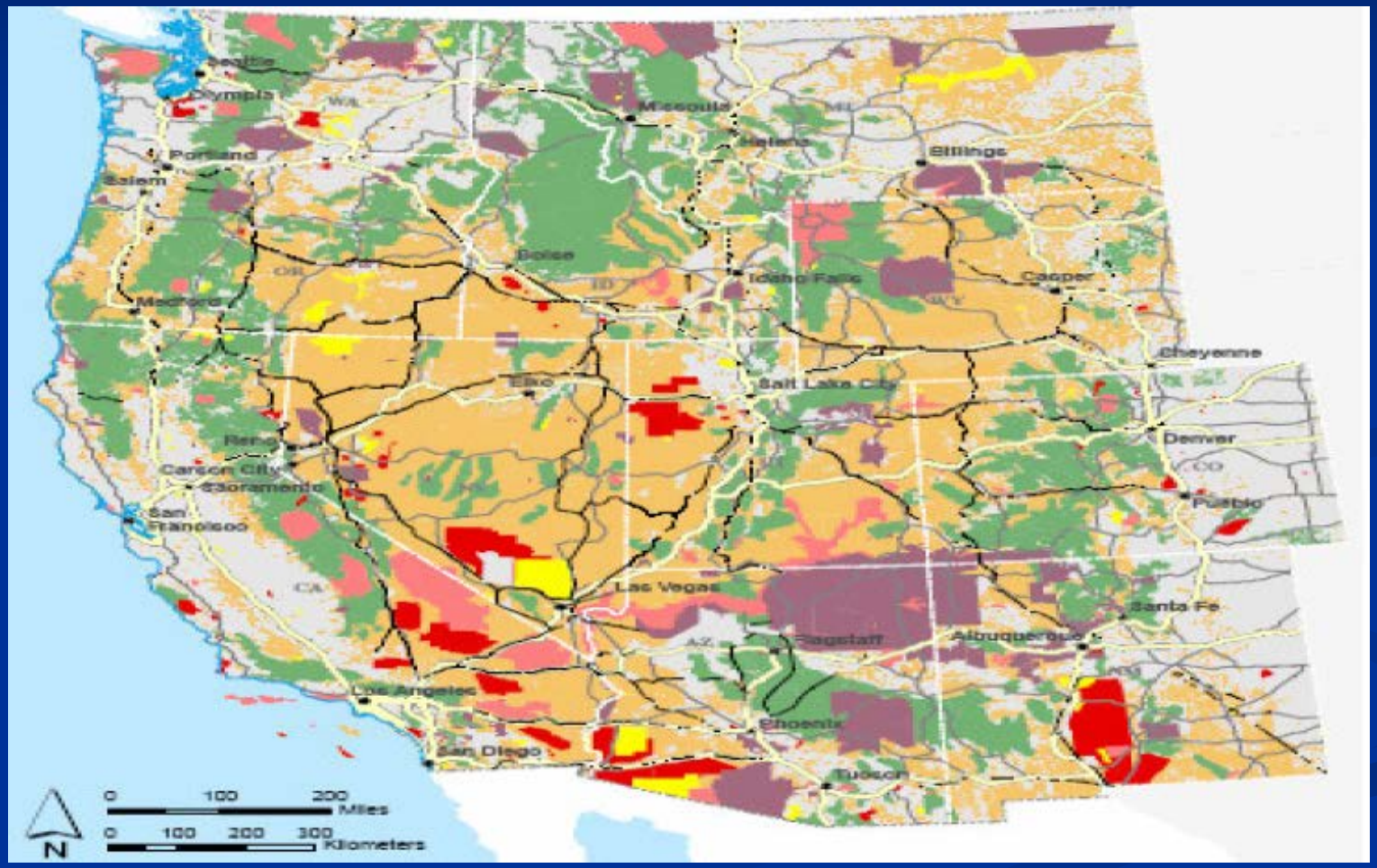
Why do Most States have State-Level Energy Facility Siting?

- Energy facilities have environmental impacts that go beyond local areas
  - Air emissions impacts
  - Water discharge impacts
  - Water Consumption
- Energy facilities have economic impacts that go beyond local areas
  - Energy is a basic necessity
  - Must come from somewhere
  - Energy networks are regional in scope

Why do Most States have State-Level Energy Facility Siting? (2)

- Single state-level siting process can offer "one-stop shopping" for permits
- State-level process may be more consistent and predictable
- Linear facilities such as transmission lines and pipelines cross multiple jurisdictions
- EPACT 2005 grants siting authority to FERC for "National Interest Electric Transmission Corridors" for states without state-level transmission siting authority

Preliminary Map of "National Interest Electric Transmission Corridors"



How Does Energy Facility Siting Work in Idaho Today?

- No comprehensive state-wide process
- Air emissions & water discharge permits issued by DEQ
- Water rights acquired from DEQ -- no process for evaluating alternative economic uses of water
- IPUC issues Certificate of Public Convenience and Necessity (CPCN) for utility-owned generation & transmission
- Local jurisdictions hear issues related to consistency with land-use plans

Gaps in Current Idaho Process

- Merchant generation facilities
  - No requirement to show need for power
  - Possible mismatch between constituency of decision-makers and people who bear the impacts (both positive and negative)
- Generation and transmission facilities developed by municipal utilities and rural cooperatives
- High-voltage transmission facilities not owned by investor-owned utility

Independent or "Merchant" Power Producers

- Independent power producers (IPPs) first gained a foothold with passage of Public Utility Regulatory Policy Act (PURPA) in 1978
- Momentum accelerated with federal policy favoring wholesale deregulation during the '90s
- Today, IPPs generate around 35% of U.S. power
- IPP can locate in any state on the Western grid and sell power to any other state on the grid

Utility vs. Merchant Facilities

Utility Facilities

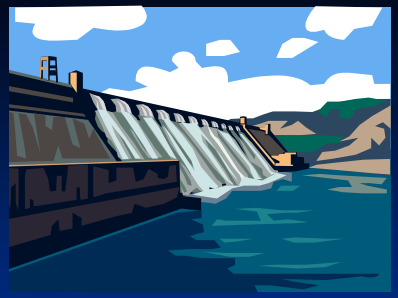
- Developed under state regulation in conjunction with obligation to serve
- PUC reviews prudency and sets returns
- Risks and returns shared among utility shareholders and ratepayers
- PUC issues CPCN

Merchant Facilities

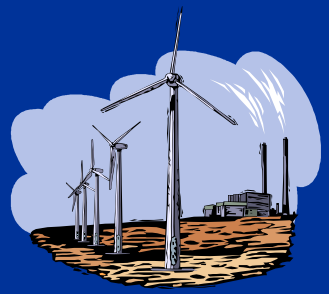
- No obligations other than those spelled out in contract
- Physical output is consumed locally, but economic benefits accrue to contractual owner
- Risks and returns borne by merchant shareholders
- No CPCN required

"Nightmare" Energy Facility Siting Scenarios

- Large, merchant coal facility in rural area
- New, large nuclear power plant
- High-voltage transmission facility from Montana coalbeds to Southwest through eastern Idaho
- New petroleum product pipeline proposed to bring gasoline, diesel & jet fuel from refineries in Rockies to markets in the Northwest
- Question is whether Idaho needs to act now to prepare for these possibilities



Survey of Siting Processes in Other States



Survey of State Energy Facility Siting Processes

- States surveyed:
  - Washington
  - Oregon
  - California
  - Arizona
  - Montana
  - Arkansas
  - Maine
- Questions asked:
  - Composition of Siting Body
  - Decision-making authority
  - Facilities over which Siting Body has jurisdiction
  - Decision-making role of local officials
  - Whether the jurisdiction requires a need standard or economic test to protect ratepayers

Washington

Body: Washington Energy Facility Site Evaluation Council (EFSEC)

Composition: Chair appointed by governor, five state agency members, one member from each local jurisdiction

Decision: Issues permits & site certificate, governor must sign

Facilities: Thermal generation greater than 350 MW, smaller wind (voluntary), oil & gas pipelines, transmission

Role of locals: Formal decision-making role on Council

Need Standard?: Must demonstrate need

Oregon

Body: Oregon Energy Facility Siting Council (EFSC)

Composition: Seven citizen members appointed by the governor and confirmed by the Oregon senate

Decision: Issues site certificate, directs agencies to issue permits

Facilities: Thermal plants greater than 25 MW, non-thermal plants greater than 35 MW, 230+ kV lines more than 10 miles in length

Role of locals: Must approve proposed land use

Need Standard?: No need standard or economic test

California

Body: California Energy Commission (CEC)

Composition: Five citizen members appointed by governor, four must have specific knowledge (economics, environmental, engineering, legal)

Decision: Issues permit to construct & operate

Facilities: Thermal plants greater than 50 MW and related transmission lines, fuel supply lines, and related facilities

Role of locals: No formal decision-making role

Need Standard?: No need standard or economic test

Arizona

Body: Arizona Corporation Commission (ACC), Arizona Power Plant and Transmission Line Siting Committee

Composition: Five elected members to ACC, two local members of Siting Committee

Decision: Recommendation to full Commission to issue Certificate of Environmental Compatibility

Facilities: Power plants greater than 100 MW and transmission projects greater than 115 kV

Role of locals: Formal membership on Siting Committee

Need Standard?: Economic test to protect ratepayers

Montana

Body: Department of Environmental Quality, Board of Environmental Review

Composition: Seven members: three public, two government, two professional

Decision: DEQ director issues permits, Board of Environmental Review hears appeals

Facilities: Transmission > 69 kV or 10 miles, pipelines of certain diameters and lengths, hydro > 50 MW, nuclear and geothermal plans, gas/coal can "opt in"

Role of locals: No formal decision-making role

Need Standard?: No need standard or economic test

Arkansas

Body: Arkansas Public Service Commission

Composition: Three members appointed by Governor

Decision: Commission issues CPCN

Facilities: Utility-owned facilities only

Role of locals: No formal decision-making role

Need Standard?: Economic test to protect ratepayers

Maine

Body: Board of Environmental Protection

Composition: Eleven volunteer members appointed by Governor and confirmed by Legislature

Decision: DEQ director issues permits, Board of Environmental Review hears appeals

Facilities: Facilities emitting greater than 50 tons/yr. VOC, 10 tons/yr. of a single Hazardous Air Pollutant, 25 tons/yr. of all Hazardous Air Pollutants combined, 100 tons per year of any other regulated pollutant

Role of locals: Does not preempt local role

Need Standard?: No need standard or economic test

Senate Bill 1292 (2006 Session)

Body: DEQ Site Review Panel

Composition: Three DEQ, one governor-appointed, one member appointed by each city and county within 50 mile radius

Decision: make recommendation to DEQ Director within 90 days whether project is consistent with Energy Facility Siting Management Plan, Director makes decision

Facilities: Not specified in bill

Role of locals: Formal role on Site Review Panel

Need Standard?: Not specified in bill