



IDAHO PUC STAFF
IGCC REGULATORY POSITION
IGCC WORKING GROUP
September 14, 2006

Introduction – Where We Are today

- The Idaho Legislature has adopted no legislation and the PUC has developed no policy or opinion regarding CO2 emissions.
- In 2006 HB 791 was Codified as 39-124 & 125 placing a moratorium on coal fired power plants in Idaho with the notable exception of IGCC technology.
- Idaho did not adopt the mercury emissions trading protocol.
- **The Following are the opinions of the Idaho PUC Staff only.**



- **What is the State's policy with regard for the need to reduce CO2 emissions?**
 - There has been no Policy Developed.
 - CO2 emissions in Idaho are very small compared to most states.
 - There is no known commercially developable coal, oil or natural gas resource in Idaho.
 - Development of a policy will likely follow identification of the need for one.

- **By what process is the State considering to reduce CO2?**
 - The PUC Staff believes that utilities should include coal fired power plants in the analysis of resource options for the IRP process. That analysis will include the cost of meeting CO2 regulations if it is reasonable to expect that such regulations are likely to be put in place over the planning period.



- **What is the State's view with regard to coal-fired generation to serve future baseload resource needs?**
 - In the event that new baseload generation is identified in an electric utility IRP, the Staff expects that the IRP will address all technically viable supply side and demand side alternatives including coal fired generation.

- **What are the State's and/or State Commissions' policy with regard to IGCC compared with a traditional supercritical pulverized coal unit?**
 - From a purely siting viewpoint, Staff considers the two alternatives to be similar with regard to specific critical resources in that availability of water, transport of fuel and transmission of output will likely be the most important issues.
 - With respect to environmental impacts, Staff believes that all costs associated with emissions that are regulated or likely to be regulated, should be addressed, including mercury and CO2 as appropriate, and that the alternative that can deliver the best environmental performance at the least cost should be identified.



- **What are the State Commission's views with regard to recovery of an IGCC facility if other alternatives, such as supercritical pulverized coal plant, may be less expensive and a more proven technology?**
 - The Staff will need to see the analysis with all data and back-up that proves a discarded alternative is either more expensive compared to the supercritical PC alternative when evaluated on an equal basis, or;
 - That the discarded alternative, again evaluated on an equal basis, carries with it significantly more operational, environmental or safety risk.
 - Staff recognizes that a given technology may be insufficiently proven as viable or safe. It is also recognized that a less proven technology may still be acceptable.
- **Are there other factors the Company should include in its evaluation of IGCC and other energy alternatives, that, to date, have not been considered?**
 - Financial, environmental and operational cost / benefits on the entire scope of the project and;
 - Financial, environmental and operational cost / benefits to the state of Idaho and its ratepayers.



- **What are the State Commission's views on the concept that in order to develop IGCC at the current stage of market maturity and market conditions that it may be necessary to select a technology supplier outside of traditional competitive bidding process.**
 - The burden of proof required from the company to justify the costs and results of constructing a given IGCC plant over other resource alternatives will increase without competitive bidding.
 - The Company will be required to demonstrate that such a plant is constructed at a competitive price.



- **What are the State Commission's views on the appropriate process to develop IGCC within the context of regulation requiring an RFP process for resources?**
 - The Commission Staff expects that the utility will fully evaluate and compare the IGCC resource to other resources within the IRP process.
 - Should IGCC be selected as the preferred resource as a result of that analysis, Staff will expect an RFP and competitive bidding process or, in the alternative, justification for deviating from that process and a fully transparent alternative process.



- **Based on what the Commission knows about IGCC, would it favor that customer's energy needs be served from an IGCC facility or a supercritical pulverized coal plant?**
 - Not enough is known at this time for the Staff to take any position with regard to competing technologies.

 - The IGCC work Group process needs to provide information so that IGCC and competing coal fired technologies can be properly evaluated and compared on the basis of overall cost, reliability and environmental impact.

- **Does the State Commission consider IGCC to be ready for commercial scale application?**
 - IGCC has been applied commercially in other locations.

 - Additional information is required regarding technology maturity, the track record of existing plants and overall life cycle costs.



- **What are the Commissions views on the possible regulatory treatment of an IGCC facility which has the ability to produce other by-products, such as synthetic natural gas, ammonia, Fischer-Tropsch liquids, or to sell “syn-gas” across the fence?**
 - The business structure of the venture and the economic benefits to the ratepayers will have to be taken into consideration.
 - If the venture is 100% utility owned, the question of what business the utility is in will need to be addressed.
 - Staff could support a multi-product venture that reduces the overall cost of generation to customers provided that the risks to customers associated with such ventures are minimized.

