

No one speaks in favor of NorthWestern Energy's 20-year plan during PSC hearing

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A representative from NorthWestern Energy presents the 2019 Electricity Supply Resource Procurement Plan Monday at the Public Service Commission during a public hearing in Helena
THOM BRIDGE, Independent Record

NorthWestern Energy customers, worried about climate change and power plant debt, railed for hours Monday against the utility's 20-year energy plan and the state commission elected to regulate monopolies.

The South Dakota-based company with more than 370,000 Montana customers has put forward a 20-year plan that leans heavily on constructing new natural gas plants to meet Montana's future energy needs, at a customer cost of more than \$800 million. That debt, combined with worries about climate change, plus an existing \$300 million in outstanding Colstrip power plant debt, drew an over-capacity crowd to the Montana Public Service Commission in Helena on Monday. Outside the meeting, there were protests.

“I was amazed that this plan looks out 20 years and yet has no new planned solar or wind power. And I thought to myself, out of all the public service commissions, or all of the utilities throughout the United States, this must be the only one that considering our current situation is looking ahead 20 years and says, 'We don't need any new solar or wind facilities other than what we've already planned for.' That's just like a, 'Huh?'” said Jonathan Matthews, of Helena. “What century are these folks living in if they think we don't need to increase this?”

Not one person in four hours of public testimony before the PSC spoke in favor of NorthWestern's future energy plans. And it was just the start of a long day. The commission had scheduled back-to-back hearings on the plan Monday to gather public comment.

The barbs weren't directed solely at NorthWestern. Several witnesses accused the PSC of not doing enough to balance the interests of customers with those with the utility. More than one person accused commissioners of struggling to stay awake as ratepayers testified. It was also noted that two commissioners, Tony O'Donnell, of Billings, and Bob Lake, of Hamilton, weren't present. Commissioners, who are elected to four-year terms, are paid \$107,000 a year.

“It's very disappointing to see that two of your members could not show up. At \$100,000 a year it would seem to me that you would come to these kinds of hearings,” said Sharon Griffin, of Great Falls. “I'm concerned because I don't believe your board, you, have the confidence of the people of Montana. And I don't believe NorthWestern Energy has the confidence of the people in Montana. That unfortunately makes it difficult to believe what you say.”

Much of the testimony challenged commissioners to require from NorthWestern more analysis of wind and solar energy paired with battery storage. Witnesses faulted the utility for not giving full consideration to wind, solar and batteries to deliver energy beyond times when the wind isn't blowing and sun isn't up. It was a direct challenge to NorthWestern's mantra that because “the sun doesn't always shine and the wind doesn't always blow,” coal power is essential.

In public testimony, the utility often frames the coal power debate as coal versus renewables, which was a common comparison during the Montana Legislature as NorthWestern sought favorable terms for buying a larger share of Colstrip Power Plant. But in NorthWestern's 20-year plan, the new preferred power source is power plants fired with natural gas, which lines up with the national trend of natural gas usurping coal as the nation's primary source of electricity generation. Renewables are now surpassing coal nationally, as well, according the federal Energy Information Administration. There are no new coal-fired power plants in NorthWestern's 20-year plan.

NorthWestern plans call for about \$6 billion in generation assets, including ones already in the company's portfolio, said Ben Fitch-Fleischmann, a NorthWestern economist who started Monday's first hearing with a presentation about the company's 20-year plan. The utility has a little more than 700 megawatts of generation in at its disposal and sees a need for about twice that amount to counter the retirement of several coal-fired power plants in the West.

The best future source of electricity, both for price and the environment, is natural gas, Fitch-Fleischmann said. There are third-party analysts, like Energy and Environmental Economics, of San-Francisco, who agree with NorthWestern's assessment.

"They have found the same thing for our region, that our regional supply is inadequate and not only that the cheapest way to meet future needs is with natural gas, but the cheapest way to reduce carbon emissions and meet future resources needs is with more natural gas than we have today," Fitch-Fleischmann said.

Several people testifying said the that the cost of renewable energy projects was decreasing and would soon be cheaper than building gas-fired power plants, raising the possibility that a natural gas power plant built today would put customers at a disadvantage in the future, while also putting NorthWestern behind the curve in reducing greenhouse gas emissions.

The third concern of witnesses was NorthWestern's insistence that Colstrip Power Plant will continue providing customers power for another 22 years. NorthWestern has a 30% interest in Colstrip Unit 4. The four-unit southeast Montana power plant is facing challenging times. Units 1 and 2 will close in January. Four utilities with a combined 70% stake in Units 3 and 4 are making exit plans, as early as 2025. Unit 4 is in need of \$20 million in repairs, according to regulatory documents in Washington state, where three Colstrip owners do business. There are also between \$400 million and \$700 million in cleanup costs expected for the power plant's coal ash ponds, which are contaminating groundwater.

NorthWestern bought into Colstrip in 2007 for about \$186 million. A year later, the PSC committed the utility's customers to compensating NorthWestern at market price — \$407 million plus 8.24% interest — for the purchase. Customers still owe about \$300 million on the power plant, with a final payment date at the end of 2042.

Witnesses urged the PSC to protect customers from the risk of Colstrip Unit 4 not living up to NorthWestern's assurances. Colstrip Unit 4 has not been the reliable source NorthWestern suggests, said Anne Hedges of the Montana Environmental Information Center. And with \$20 million in repairs needed in the superheated section of its boiler, another shutdown is in its future. The cost of coal needed to fuel the plant is also increasing substantially, according to Colstrip's other utility owners.



Dozens gather outside PSC meeting to protest NorthWestern Energy plan

“They’re hiding the ball about the cost of Colstrip. They hide behind the theory that reliability is the most important thing that there is, but yet they ignore the fact that in 2009, Colstrip was down for six months, 2013 Colstrip was down for over six months, 2018 Colstrip was down because it was in violation of the Mercury and Air Toxics Standard two and a half months. And now they’ve come to the commission asking you — us — to pay for the replacement power for that outage,” Hedges said.

The commission took no action Monday.