

Background on NorthWestern Energy's 2019 Resource Procurement Plan

What is the Resource Procurement Plan?

Every few years, Montana's largest for-profit utility NorthWestern Energy is required to produce a Resource Procurement Plan—a blueprint for how to meet energy demand over the next 20 years. The plan is supposed to help guide the utility, the Montana Public Service Commission (PSC) and other stakeholders when making decisions about what kind of power plants to build and when.

PSC is taking public comment on the plan now - it is important they hear from you! The deadline is January 3, 2020. Please send comments to psc_utilitycomment@mt.gov

Please include: "Regarding docket 2019.08.052" (for example: This comment is regarding docket 2019.08.052)

What's in NorthWestern's Plan?

- No new investments in wind, solar, or battery energy storage
- Building about 800 megawatts of expensive fracked gas power plants by 2025
- No significant contribution from energy efficiency
- The plan assumes the Colstrip power plant will run for 20 years or more despite all other co-owners planning to be out of the facility within 10 years or less

What Should the PSC do?

The PSC should protect ratepayers from this monopoly utility by notifying NorthWestern that the Resource Plan is fundamentally deficient and pre-approval of resources based on this flawed plan would not be in the public interest.

These deficiencies include but are not limited to:

- Failing to identify, manage, and mitigate the risk that the Colstrip power plant will go offline within the 20-year planning horizon.
- Failing to include the cost of gas pipelines in the cost assumption for building and operating gas-fired power plants. NorthWestern has previously stated new gas pipelines would be necessary to operate any significant new gas power plants on its system, however these costs were not included in the plan.
- Failing to model appropriate cost estimates for wind and solar energy facilities, including not modeling solar paired with battery storage, which would be lower cost than solar sited separately from storage thanks to access to the federal Investment Tax Credit.
- Failing to model the costs of existing power plants to demonstrate the company is managing a least-cost portfolio for ratepayers.

How Does the Plan Treat Colstrip?

NorthWestern owns 30% of Colstrip Unit 4. Currently, all other Unit 4 owners are required by their state's laws or are otherwise planning to stop receiving energy from it by 2025 to 2030. NorthWestern should have modeled a scenario in its Resource Plan where Colstrip closed in that timeframe in order to map out response options that reduce cost and risk for ratepayers. The company chose not to do this, instead stating it believes Colstrip will run for 20 years or more.

Colstrip Unit 4 Owner	Deadline to Stop Receiving Colstrip 4 Energy, Depreciate Plant, or Modeled Retirement
Puget Sound Energy (25%)	2025
Avista Corp (15%)	2025
PacifiCorp (10%)	2027
Portland General Electric (20%)	2030
NorthWestern Energy (30%)	2042

Renewable Energy is Extremely Cost Competitive for NorthWestern Ratepayers

Renewable energy such as wind and solar are now the cheapest, cleanest, and least-risk generation options. In fact, wind facilities are the cheapest power plants for NorthWestern ratepayers. In contrast, coal-fired electricity from Colstrip is the most expensive sources of electricity for NorthWestern ratepayers.

Energy Source	Cost for NorthWestern Ratepayers (\$/per megawatt hour)
Colstrip Unit 4 (Coal)	\$74
Judith Gap (Wind)	\$30
South Peak (Wind)	\$22*

**Contracted*

Source: Montana Consumer Counsel

Did the Plan Compare the Cost of Colstrip to Other Power Plants?

No. The company did not compare the cost of any of its existing power plants to other sources of energy to determine which would be least-cost for customers.

Did the Plan Evaluate the Cost of Cleanup at Colstrip?

No. The Plan does not include any calculation about how much it will cost for environmental cleanup at the Colstrip site or who will pay for it (ratepayers or company shareholders).