

5 BEFORE THE STATE OF WASHINGTON
6 ENERGY FACILITY SITE EVALUATION COUNCIL

7 In the Matter of Application No. 2009-01

8 of

9 WHISTLING RIDGE ENERGY, L.L.C.

10 for

11 WHISTLING RIDGE ENERGY PROJECT

EXHIBIT NO. 30.26

SUPPLEMENTAL TESTIMONY OF
ROBERT J. MICHAELS, PH.D.

ON BEHALF OF

FRIENDS OF THE COLUMBIA GORGE
AND SAVE OUR SCENIC AREA

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13 Q. Please state your name and address.

14 A. My name is Robert J. Michaels. My business address is 1440 N. Harbor Blvd., Suite 900,
15 Fullerton, California 92834.

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18 Q. Are you the same Robert J. Michaels who previously testified in this proceeding?

19 A. Yes.

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22 Q. Is your curriculum vitae found at Exhibit 30.01 in the existing record?

23 A. Yes.

1 Q. What is today's date?

2 A. June 3, 2011

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5 Q. What is the purpose of your supplemental testimony?

6 A. I have been asked to respond to the new Interim Environmental Redispatch and Negative
7 Pricing Policies of the Bonneville Power Administration ("BPA"). These policies were
8 issued on May 13, 2011, and are attached as Exhibit 30.27.

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11 Q. Please provide a brief overview of BPA's new interim policies.

12 A. BPA now requires other energy generators, including wind power producers, to stop
13 production during periods of high water flow in the Columbia River hydroelectric system.
14 BPA has explained that its new policies are necessary to comply with its obligations under
15 the Clean Water Act and Endangered Species Act. During periods of high flow, BPA must
16 run its own generators to avoid spilling too much excess water over its dams, which would
17 raise dissolved-gas levels in the Columbia River system and harm sensitive fish species.
18 During these periods load is low relative to BPA's generating capacity, requiring it to curtail
19 third-party generators, whose energy is unneeded. Failure to do so would compromise
20 transmission-system reliability.

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1 Q. Has BPA had to curtail wind generation since adopting its new policies?

2 A. Yes. BPA keeps a running tab of these events at <http://info.bpa.gov/afterhours.aspx>. A copy
3 of that webpage, current as of today (June 3, 2011), is attached as Exhibit 30.28. As of today,
4 just twenty-one days after releasing its new policies, BPA has curtailed third-party wind
5 generation twenty-two different times on sixteen different days.

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8 Q. In your opinion, are BPA's new policies relevant to EFSEC's deliberations in this matter?

9 A. Yes. In my prefiled testimony, I explained that the proposed Whistling Ridge Energy Project
10 ("WREP") would provide the region with few benefits, whether in the form of abundant
11 power or lower costs. Ex. 30.00 at 15:17–23. Under RCW 80.50.010, the Council must
12 address both of those issues when balancing the purported benefits of the proposed facility
13 with the broad interests of the public. My testimony further concludes that wind energy is
14 already overabundant in the Northwest relative to its economic value for the region. Ex.
15 30.00 at 30:9–19. I drew that conclusion in part on the basis of the BPA's September 2010
16 "Columbia River high-water operation" report, which stated that as a result of renewable
17 portfolio standards, "generating capacity is being developed in the Northwest far in advance
18 of regional power demand." Ex. 30.12 at 1. I further opined that the high-flow, high-wind
19 events of June 2010 that taxed BPA's balancing capability constituted an indication that
20 additional wind capacity would likely provide few benefits to the region relative to its costs.
21 Ex. 30.00 at 22:5–15. I thus concluded in part that "[t]he fact that BPA is encountering
22 difficulties as it attempts to integrate today's volume of wind power suggests that the future
23 will bring more severe problems, absent technological progress." *Id.* at 30:3–5. Since filing

1 my testimony, I have found no evidence of technological progress sufficient to mitigate the
2 problems that will result from the upcoming increases in the region's wind capacity that are
3 summarized in Exhibit 30.08. As a practical matter, future increases in wind capacity can
4 only have the effect of further aggravating these problems, whose magnitude has become
5 obvious in the few days since BPA announced its new policies.

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8 Q. Are BPA's new policies consistent with your testimony on these matters?

9 A. They are highly confirmatory, rather than simply consistent with it. BPA itself states that "It
10 is . . . important to signal to wind developers that building more and more wind primarily for
11 export outside the Northwest in a small geographical area cannot be sustained without more
12 capital investment in transmission, storage or other solutions that address the unintended cost
13 shifts of well-intended legislation." Ex. 30.29 at 4.

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15 Q. Are there any other ways that BPA's new policies provide more up-to-date information than
16 is already in the record?

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18 A. Yes. The policies verify the conclusions I made based on exhibits to my prefiled testimony,
19 in which I summarized BPA's then-current views on the conflicts between the growth of
20 wind power and its environmental and other statutory obligations. *See, e.g.*, Exs. 30.09,
21 30.10, 30.12. At that time, BPA had not yet formulated policies to address wind energy
22 overproduction during high-flow events. *See* Ex. 30.12 at 12. I testified that regardless of
23 how the BPA chooses to cope with these problems, the WREP's small, incremental, and
variable output would nevertheless provide the region with few energy benefits. *See* Ex.

1 30.00 at 15:19–20. BPA’s new policies show that the benefits are not only small, but that
2 they will diminish over the future as installed wind capacity grows. The new policies
3 indicate that BPA is well aware that it will face ever more frequent situations in which it
4 must decline to accept wind production, over periods that will range from several hours to
5 several weeks. Ex. 30.27 at 16. Exhibit 30.28 confirms that such curtailment is already
6 occurring. Because the WREP would be subject to these same curtailments, the attached
7 exhibits verify that the project’s benefits would be even smaller than previously expected at
8 the time of its application.

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11 Q. Your above remarks were devoted entirely to how the new policies would affect the WREP’s
12 expected electrical benefits to the Northwest in the form of more abundant power or lower
13 costs. Do the policies have any consequences for the broader economic and operational
14 benefits that other witnesses have claimed will result from its construction?

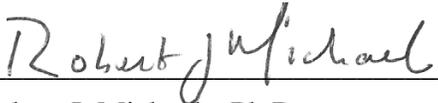
15 A. If the usable power produced by the WREP falls below expectations, the purported benefits
16 raised by these witnesses can only decrease. I cannot quantify these changes. It is, however,
17 important to note that the new policies in no way alter my rebuttals to the testimonies of
18 witnesses Usibelli (“green jobs”), Hovee (local economic impacts), and Wittenberg (local
19 reliability benefits).

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21 Q. Does this conclude your supplemental testimony?

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23 A. Yes, it does.

1 I declare under the penalty of perjury under the laws of the State of Washington that the
2 above statement is true and correct to the best of my knowledge and belief.

3 Signed at Fullerton, California this 3rd day of June, 2011.
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7 Robert J. Michaels, Ph.D