



October 17, 2002

Bonneville Power Administration  
PO Box 12999  
Portland, OR 97208  
comment@bpa.gov

Dear Administrator Wright:

Kindly receive my comments in support of the Public Interest Proposals for the post 2006 utility contracts. As a federal entity created to serve the people of its region, Bonneville is obliged to act as a guardian and enabler of the best solutions available. The PIPs are such a solution. They will protect valuable resources and enable the best energy solutions for the Northwest region. Bonneville has a unique opportunity to capitalize on this moment and to save wild salmon and make the Northwest an economic leader.

In the long term, on a levelized cost basis - with environmental and social factors considered - conservation and renewable energy are more cost effective than their alternatives. PacifiCorp demonstrates this knowledge with the integrated resource plan to create 3000 new megawatts of renewable energy during the next decade.

Below is a specific example of how Bonneville can ensure clean, affordable energy for the region and stimulate economic growth.

Geothermal: Newberry volcano, OR

Geothermal power is the natural, indigenous renewable resource in the Northwest. A commercial scale geothermal project in central Oregon will create many new jobs and help rejuvenate local economies that sorely need this economic development. The project will also bring much needed residual cash flow to the federal and state agencies in the form of royalties, typically about 3% of revenues. This cash is a valuable income stream for the agencies.

Consider these points:

- To date, no geothermal projects exist in the Northwest
- The US geothermal industry has had a decade of flat growth
- Geothermal has suffered tax inequity relative to other renewable energies and gas-fired power plants
- On a levelized cost basis, geothermal is comparable to gas & wind
- Operating costs are low

- No fuel risk for the life of the contract
- Geothermal is a base load resource, like hydro
- DOGAMI estimates:
  - a 100 MW geothermal plant in eastern OR creates \$1 million annually in new jobs
  - a 100 MW geothermal plant creates \$4-\$6 million in local, state and federal fees, royalties, and taxes
  - An equivalent CCGT plant exports \$11-\$24 million out of the area in fuel costs.
- The regional transmission system is constrained: it is therefore prudent to develop northwest resources and avoid long transmission paths
- The Department of Energy (DOE)renewable geothermal agenda:
  - Double the number of states with geothermal power by 2006
  - Supply electricity to 7 million households by 2010
  - Reduce the levelized cost of geothermal power to \$.03-\$.05 per kWh by 2007

I submit comments on behalf of Davenport Power, a geothermal developer.

Thank you for listening. I sincerely hope that you will take advantage of the momentous opportunity that Bonneville has to stimulate economic growth, provide the most certain long-term rate relief to consumers and protect the environment.

Sincerely,



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Cc: Senator Ron Wyden  
Senator Gordon Smith  
Governor Jon Kitzhaber