

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 67

In the Matter of)	COMMENTS of the NW ENERGY
PACIFICORP dba PACIFIC POWER))	COALITION
2017 Integrated Resource Plan)	ON STAFF REPORT
)	Request for Modification of Order No.
		18-138, October 16, 2018

The NW Energy Coalition (Coalition) respectfully objects to Staff’s recommendation to modify Order No. 18-138 (Docket LC 67) and asks the Public Utility Commission of Oregon (PUC or Commission) not to approve this request.

The process that led to Staff’s request has been deeply flawed – primarily in its exclusion of parties to LC 67 that submitted comments relevant to the demand side management (DSM) issue under consideration. Additionally, there is a meaningful discrepancy within the wording of Order No. 18-183 that needs clarification by the Commission, and the Staff recommendation on this issue runs the risk of setting unacceptable precedent if executed. Finally, and regardless of the decision related to the discrepancy, PacifiCorp has failed to comply with Action Item 4a of Order 18-138.

The Coalition provides the following comments on the history of our interest in this DSM matter, the weaknesses in the process, the discrepancy in the Order, and a discussion of why PacifiCorp’s actions to date are entirely insufficient to justify a modification to the Order. Finally, the Coalition provides recommendations for moving this item forward in a manner that is more consistent with the intent of Order 18-183.

History of the Coalition’s Concerns regarding PacifiCorp DSM in the IRP

The Coalition expressed concerns in LC 67 and previous Integrated Resource Plan (IRP) cycles regarding the trend of PacifiCorp acquiring significantly more energy efficiency in Oregon compared to other states.

The following are key excerpts from Coalition comments submitted in LC 67:

*Oregon ratepayers are funding higher levels of cost effective conservation relative to energy efficiency achieved in other states. This is especially concerning because the 2017 IRP relies heavily on front office transactions (FOT). Class 2 DSM left unachieved will result in an increased reliance on FOT – and the market risks that are associated with those purchases. If Oregon ratepayers are funding an abundance of cost effective conservation and other states are not achieving their share, Oregon ratepayers are subsidizing ratepayers in all other states throughout PacifiCorp. This effectively raises rates in Oregon, requiring more expensive alternatives.*¹

*Over the 10 year planning horizon, PacifiCorp will increase Oregon energy efficiency acquisition by 24% relative to the 2015 IRP, despite the fact that loads are dropping 2.6% in the state, while it is dramatically dropping goals in Wyoming (-11% reduction), California (-30%) over this same time frame despite the fact that loads are expected to grow by 1.2% in Wyoming and 6.5% in California.*²

*We recommend the Commission not acknowledge this action item in order to send a strong signal to PacifiCorp that they must immediately work to improve the conservation potential studies and related IRP analysis throughout their service territory. There is room to improve in Oregon, but even more critical is improvement in non-Oregon states where energy efficiency acquisition is lagging behind Oregon, causing Oregon ratepayers to subsidize the entire PacifiCorp system with our investments.*³

The trend of disproportional achievement amongst states continues today as indicated in PacifiCorp's recent filing to the PUC reporting, in part, on the Company's DSM acquisition goals. Despite the dramatic increases to Oregon's goals in the 2017 IRP and a decline in **goals** for other states, PacifiCorp reported for 2017 that Oregon achieved 113% of its 2017 DSM goal, while none of the other states even reached the full goal (Washington was the next highest at 99% and California the lowest at 67%).⁴ Meaning, Oregon has significantly exceeded an already high goal, while other states fail to meet their reduced goals. The disproportional acquisition long recognized by the Coalition continues today and we see no evidence that there has been any significant effort to analyze or address this in the 2019 IRP.

¹ LC 67 NW Energy Coalition Comments PacifiCorp 2017 IRP, June 23, 2017, pg. 4

² Ibid, pg. 3.

³ LC 67 NW Energy Coalition Comments on Staff Final Comments PAC IRP, October 2017, pg. 11

⁴ LC 62 and LC 67 – PacifiCorp's Written Report on DSM IRP Acquisition Goals, Environmental Compliance and Transmission Investments – 2018 First Update, Slide 2.

Process Shortcomings

The wording in Action Item 4a in the Appendix to Order No. 18-138 states “PacifiCorp is to hire an independent consultant, in coordination with Staff and the Energy Trust of Oregon...”⁵ NW Energy Coalition interprets this to mean that Staff, Energy Trust of Oregon (ETO) and PacifiCorp will coordinate to **hire** the independent consultant – the Coalition does not interpret this to mean that the entire scoping of the report, analysis and recommendations would be done without involvement from other stakeholders engaged in LC 67. Our expectation, from a long history of working with the PUC, was that stakeholders would be brought in to participate after the consultant was hired. And the Coalition certainly doesn’t interpret that part of the Order to mean that the decision to move forward with a modification to the Action Item should be done without consultation of other interested stakeholders.

However, it is our understanding that the “parties” named in the Appendix Action Item (Staff, PacifiCorp and ETO) met on May 11, 2018 and decided that no consultant was needed. As far as the Coalition is aware, no other parties to LC 67 were notified of this meeting.

The NW Energy Coalition learned in mid- August that Staff intended to pursue a waiver or modification to Action Item 4a.

To our knowledge, no other stakeholders have been involved in the discussions or decision-making processes beyond Staff, ETO and PacifiCorp. At least three organizations (NW Energy Coalition, Sierra Club and Citizen’s Utility Board) raised issues in LC 67 that directly related to and contributed to the Commission decision to pursue this Action Item, but none of those parties were invited to any of the meetings or discussions that led us to where we are today.

Furthermore, while Staff’s recommendation memo is dated October 16, 2018, the memo was actually received by NW Energy Coalition in an email to the LC 67 service list at

⁵ LC67, 2017 IRP Acknowledgement with Conditions and Modifications, Order No. 18-138, April 27, 2018, pg. 11

12:44 PM on Friday, October 19, one and a half business days prior to the public meeting where the Commission will consider this item.

We are tremendously disappointed in the process that led us here today. A better, more inclusive process could potentially have prevented all the items in dispute.

Discrepancy within the Order

A complicating factor in this issue is that through conversations with Staff and the Company in mid-August, it came to the Coalition's attention that there is a wording discrepancy between the body of Order and the Appendix. The wording of each is included here:

Order Wording: PacifiCorp agrees to hire an independent consultant to conduct an analysis by the next IRP that identifies and compares the differences between ETO and PacifiCorp's energy efficiency forecasts with ETO's actual achieved savings in Oregon *and PacifiCorp's achievements in other states.*⁶

Appendix Wording: PacifiCorp is to hire an independent consultant, in coordination with Staff and the Energy Trust of Oregon, to conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. The consultant's report should include recommendations to both organizations regarding forecasting improvements that should be considered for the 2019 IRP.⁷

Staff expresses regret that they did not notice the discrepancy which leaves out the comparative analysis between Oregon DSM and that in other states, but also points out that the Coalition did not notice it either. Perhaps if we had been invited to the May 11 meeting where parties scoped this item we would have, but that didn't happen.

⁶ Ibid, emphasis added.

⁷ Ibid, Appendix A

Many people should have caught the discrepancy in the Order at an earlier date –NW Energy Coalition, other interveners, Commissioners, and Commission Staff. However, perhaps most surprising is the fact that PacifiCorp did not notice the discrepancy and request a clarification.

Regardless of who noticed what when, there is still the issue of how to decide the meaning of the full intent of this Action Item. NW Energy Coalition asserts that the language in the body of the Order clearly includes an analysis of PacifiCorp’s achievements in other states and that this is consequently required to satisfy this condition of the Order. Staff disagrees because it is not included in the wording of Action Item 4a in the Appendix to the Order. This seems an ill-advised position for staff, as Action Items are brief statements, the context of which can be fully understood by referencing the actual body of the order. It seems inappropriate precedent to say that the only relevant written guidance is found in the appendix to the order.

Staff also asserts that the intra-state DSM comparison is not really part of the necessary analysis required by the Order because it was Staff comments that led to the inclusion Action Item 4a and Staff did not raise this issue in their LC 67 comments. This assertion is clearly rebutted by the language of the Order itself – which references the Coalition’s comments in LC 67 in the section of the Order discussing the DSM action items:

“NWECA recommends not acknowledging Action Item 4a until PacifiCorp improves its methodology for Class 2 DSM that identifies all cost effective conservation throughout its system. NWECA maintains that PacifiCorp must improve their conservation potential studies and produce more accurate and effective forecasting of energy efficiency.”⁸

As summarized above, the Coalition’s comments in LC 67 did raise the concern about Oregon DSM goals and acquisitions compared to those in other states as part of the justification for requesting non-acknowledgement of the DSM action items.

⁸ Ibid, pg. 11

Action to Date Completely Insufficient for Compliance or Modification

PacifiCorp is out of compliance with DSM Action Item 4a in the IRP Order. It is late in the development of the 2019 IRP, yet no consultant has been hired to undertake any part of the analysis described in either the body of the Order, nor the Appendix.

Staff states that the “parties” named in the Order met on May 11, 2018, and were “able to identify key issues and necessary analysis so as to compare differences in long term energy efficiency forecasting and Energy Trust’s actual achieved savings” and agreed that the “process to contract and produce a consultant report would take upwards of six months” and “*that they themselves could jointly produce the analysis and recommendations in an equally effective manner at lower cost and in less time.*”⁹

However, more than five months after the time of that May meeting, no report detailing analysis nor recommendations has been produced.

In conversations since August with both the Company and Staff, in the spirit of collaboration and solution driven outcomes, the NW Energy Coalition recommended that a report be produced that summarized the analysis that has been done to date. We offered to review such an analysis, along with any other interested stakeholders, prior to the public meeting where this action item modification would be advanced, in an effort to see if the sufficiency of what Staff, the ETO and PacifiCorp had done might be enough to support or at least not oppose, the modification. No report was produced.

In fact, Staff’s report is confusing on the issue of whether analysis has already been done or could be done without an independent consultant. Staff states: “the three parties identified in the Order's Action Item *can conduct* an analysis that is equivalent to what an independent analysis could provide, and that that will positively impact the 2019 IRP.”¹⁰

⁹ Staff Report, PacifiCorp, dba Pacific Power 2017 Integrated Resource Plan, Request for Modification of Order No. 18-138 (Docket No. LC 67), October 16, 2018. Pg. 2

¹⁰ Ibid, pg. 4

However, later in the memo they state: “PacifiCorp has already completed an analysis of drivers across states that should be very helpful...”¹¹

This section of the Staff report references two DSM workshops conducted by PacifiCorp, and two follow-up sessions at IRP workshops this past summer. NW Energy Coalition staff attended all of these meetings except the July 23 webinar, and has reviewed all the materials presented/available from all four meetings. This material does not provide sufficient information to inform either of the primary questions at hand, and is much more high level, rather than the type of analysis that would be expected from a third party consultant.

It is nice that PacifiCorp has offered to make “work papers associated with its analysis available.” The Staff report is the first we have heard about that, we have not seen such work papers, and without opportunity to review these items we have no way to know whether the analysis and information contained in such papers would be sufficient to fulfill the intent of the analysis required by the Order.

Finally, we are worried about whether it will be possible to resolve this issue in a meaningful way due to the current timing. PacifiCorp’s Conservation Potential Assessment is complete. We believe the supply curves for DSM are complete. At this stage in the IRP, it seems unlikely that any new analysis conducted would be able to actually influence the outcome of the DSM inputs to the IRP. Consequently, we find the revised action item submitted by staff could not realistically be achieved at this point in the IRP process. Given this, we would expect the same disproportional achievement of DSM savings to occur yet again.

Recommendations

1) Clarify that the comparative analysis of ETO’s energy efficiency forecasts and achievements with achievements in other states was an expectation of the original Order.

¹¹ Ibid, pg.4

2) Require PacifiCorp to submit to the Commission, under the LC 67 docket, a detailed report that describes all analysis and recommendations related to identifying and comparing the differences between ETO and PacifiCorp's energy efficiency forecasts with ETO's actual achieved savings in Oregon and PacifiCorp's achievements in other states. And, further, explain how this analysis was incorporated into the 2019 IRP.

3) Defer a decision on the modification of Action Item 4a until the above report is filed and parties have a chance to review, at which time this issue can be taken up at a future public meeting for final resolution.

4) Acknowledge problems with the process that left out important stakeholders. Clarify the role that was expected of PacifiCorp, Staff and the ETO and expectations for the involvement of other stakeholders going forward.

Respectfully submitted this 22nd day of October 2018,

/s/ Wendy Gerlitz

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