

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com
Suite 450
1750 SW Harbor Way
Portland, OR 97201

March 4, 2020

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PACIFICORP, dba PACIFIC POWER
2019 Integrated Resource Plan
Docket No. LC 70

Dear Filing Center:

Please find enclosed the Final Comments of the Alliance of Western Energy Consumers in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 70

In the Matter of)	
)	
PACIFICORP, dba PACIFIC POWER)	FINAL COMMENTS OF THE
)	ALLIANCE OF WESTERN ENERGY
2019 Integrated Resource Plan.)	CONSUMERS
_____)	

I. INTRODUCTION

Pursuant to the October 30, 2019 Scheduling Conference Memorandum, the Alliance of Western Energy Consumers (“AWEC”) files these Final Comments on PacifiCorp’s (or “Company”) 2019 Integrated Resource Plan (“IRP”).

Briefly, AWEC again states its recommendation that the Commission decline to acknowledge PacifiCorp’s 2019 IRP. The Company’s Preferred Portfolio, consisting of significant amounts of new renewable generation resources, battery storage capacity, and the acceleration of a long- planned transmission asset, is not in response to an identified resource need that requires this magnitude of attention in the current Action Plan window. Rather, it is the result of inherently uncertain projections of economic benefits. Furthermore, the Action Plan to issue an all-source request for proposals (“RFP”) is an open-ended procurement proposal that may result in the acquisition of a portfolio of resources that looks very different from the Preferred Portfolio.

The lack of an identifiable resource need eliminates the boundaries on the Company’s proposed actions, particularly when the claimed benefits from additional renewable resources are not assured due to the proposed All-Source Request for Proposals. Absent a

PAGE 1 – FINAL COMMENTS OF AWEC

specific need, and an acquisition plan specifically tailored to meet that need, the Commission has no standard against which it can evaluate the reasonableness of the Company's IRP asset acquisition proposal. Accordingly, the Commission should decline PacifiCorp's invitation to acknowledge the open-ended framework presented in the current IRP.

II. COMMENTS

A. PacifiCorp Has No Identified Capacity Need.

As discussed in AWEC's Initial Comments, the Company's IRP and associated Action Plan should not be acknowledged as they do not represent a least-cost, least-risk plan to meet a resource need. AWEC submits that PacifiCorp's arguments in response only highlight the deficiency contained within the IRP. AWEC maintains its recommendation that the Commission not acknowledge the Company's Action Plan.

Importantly, the Company does not fundamentally dispute AWEC's analysis or conclusions from its Opening Comments. In response to AWEC's critique, the Company appears to claim that AWEC overlooked that the Company's declaration of not having a resource need until 2028 was net of future energy efficiency savings and the maximum allowable level of front office transactions^{1/}, and that "without any incremental resource procurement, PacifiCorp's system is immediately capacity deficient at the time of the summer coincident peak hour (*i.e.*, without market purchases from neighboring utilities or other marketers, the summer capacity shortfall is 746 MWs in 2020)."^{2/} Additionally, the Company asserts that "assuming that near-term capacity deficits, affected in part by accelerated coal-unit retirements, will be met entirely with energy efficiency and FOTs would increase customer costs and introduce incremental risk

^{1/} Reply Comments at 23.

^{2/} Id. at 23.

for PacifiCorp’s retail customers.”^{3/} Moreover, the Company claims the “resources selected in the action plan period of the preferred portfolio contribute to the sixty percent decline in summer peak FOTs in years 2020-2027 when compared to the 2017 IRP preferred portfolio. This decline is largely driven by the improving economics of renewable resources, displacing FOTs as a mechanism to meet system need.”^{4/}

Thus, PacifiCorp has resources at its disposal today, in the form of FOTs, to meet its load/resource balance during the Action Plan window. Its IRP simply shows that acquiring incremental renewables, storage, and transmission – based on how all of those resources are modeled in the IRP – is lower cost on a net present value basis over the 20-year planning horizon. That is an economic need, not a capacity or energy need.

The reason this matters for IRP evaluation purposes is that there is no basis to determine what is a reasonable amount of resources to acquire. The identification of a capacity need will also identify the amount of that need and, therefore, the amount of each modeled resource that would be needed to fill that need. AWEC has noted its concerns with PGE’s 2019 IRP, but that utility has at least identified a specific capacity need. Here, by contrast, the identification of an economic opportunity leads to the selection of a Preferred Portfolio that contains thousands of MWs of new resources without any objective basis for the selected amount. Indeed, the IRP becomes a tautology: the Preferred Portfolio is reasonable because that is what the models selected.

This problem is compounded by the lack of connection between the Preferred Portfolio and the Action Plan, which proposes to issue an RFP not for the Preferred Portfolio

^{3/} Id. at 23-24.

^{4/} Id. at 24.

resources, but for any type of resource, anywhere, and in any amount. Therefore, even if there were a basis to evaluate whether PacifiCorp has selected the right resources in the right amounts in the Preferred Portfolio, it would not matter because that is not what PacifiCorp commits to acquire. AWEC identified this disconnection between the Preferred Portfolio and the Action Plan in its Opening Comments and PacifiCorp does not even address this issue in its Reply Comments. The fact remains, then, that with no identified capacity or energy need and no restrictions on the types or amounts of resources PacifiCorp proposes to acquire, there is no constraint on PacifiCorp's resource decisions in this IRP, and, therefore, no means of evaluating the reasonableness of PacifiCorp's plan at this time.

The response that PacifiCorp does present to AWEC's comments ignores the totality of information presented to the Commission in this case, as well as in other contemporaneous matters. In Docket No. UE 375, Company witness Mr. Webb states:

The decrease in purchased power expense is due to lower market purchase prices and several lower-cost long-term contracts starting to deliver power for a full year. The average price of the long-term contracts included in the 2021 TAM is \$42.74/MWh, compared to the average price of long-term contracts in the 2020 TAM of \$75.34/MWh. Market purchases (represented in GRID as short-term firm and system balancing purchases) in the current case have an average price of \$17.73/MWh, while the 2020 TAM was an average price of \$22.12/MWh.^{5/}

Similarly, in Docket No. UE 339, Company witness Michael Wilding stated that “[m]arket purchases in the current case are included at an average price of \$21.10/MWh, while the 2018

^{5/} Docket No. UE 375, Exh. PAC/100 at 15:9-15.
PAGE 4 – FINAL COMMENTS OF AWEC

TAM used an average price of \$21.30/MWh....”^{6/} Accordingly, the Company has been attesting for several years that market purchase prices are declining, and are now below \$17.75/MWh.

The Company has failed to support its conclusory statement that “FOTs would increase customer costs”^{7/} in light of this downward trend in market prices. Specifically, and given that the Company’s own analysis demonstrates utilizing the low-cost resource of market transactions delays any capacity deficiency until 2028, PacifiCorp has failed to provide the Commission with information necessary to enable it to determine the reasonableness of the Company’s approach in this IRP. Indeed, the Company’s response to stakeholder comments reinforces the fact that the IRP and associated Action Plan are motivated solely by economics, not an identified capacity deficiency.^{8/}

The Company’s own testimony demonstrates that market transactions present a low-cost option to meet the system’s capacity requirements until 2028, when the Company’s modeling demonstrates a capacity resource need. When a resource need exists and the Company presents a proposal to meet that need, then the Commission is empowered with the information necessary to opine on the reasonableness of the Company’s proposal. That time is not today. Accordingly, given that the reasonableness of the IRP is based on the inherent uncertainty of economic projects, the Commission should decline to acknowledge the Company’s IRP under the present circumstances.

^{6/} Docket No. UE 339, Exh. PAC/100 at 12:1-2.

^{7/} Reply Comments at 23.

^{8/} See id. at 4-5.

B. Gateway South Transmission Expansion

In response to comments by AWEC, and others, regarding the Company’s request for acknowledgement of the Energy Gateway South transmission project, PacifiCorp admits “the resources in the preferred portfolio that are associated with Energy Gateway South are uncertain.”^{9/} At the same time, the Company further admits that “Energy Gateway South is part of PacifiCorp’s long-term transmission expansion plan, [and] PacifiCorp has already executed several interconnection agreements that depend on Energy Gateway South.”^{10/} Furthermore, PacifiCorp claims it will “evaluate [Wyoming wind] proposals through the All-Source RFP and select project reliant on the Energy Gateway South transmission line to the final shortlist only if those resources and the associated transmission investment are part of the least-cost, least-risk mix of resources relative to other alternatives bid into the RFP.”^{11/} Finally, PacifiCorp asserts that the Energy Gateway South element of the IRP should be acknowledged because it “is an element of PacifiCorp’s least-cost, least-risk preferred portfolio....”^{12/}

However, as has been discussed here, and in prior comments to the Commission, the Company is planning an All-Source RFP, and therefore cannot ensure that the least-cost resource bids it receives will in fact be associated with, or reliant upon, Energy Gateway South. Accordingly, AWEC reiterates its recommendation that prior to any acknowledgement of the Energy Gateway South project by the Commission, the Company should be required to provide a justification of its decision to expedite development of this long-planned project that is

^{9/} Reply Comments at 31.

^{10/} Id. at 34.

^{11/} Id. at 32.

^{12/} Id. at 32.

independent of the line's ability to deliver Preferred Portfolio resources that, at this time, are not certain to be selected under the RFP. Alternatively, as recommended by AWEC, an acknowledgement may be appropriate through an IRP update if the All-Source RFP receives responses that support the resources modeled in the Preferred Portfolio. Without this increased confidence, there is little evidence to warrant an acknowledgement of a 2023 in-service date for Energy Gateway South.

III. CONCLUSION

As noted in AWEC's Opening Comments and discussed more fully herein, PacifiCorp's IRP demonstrates that there is no system capacity deficiency under the Company's own modeling and assumptions until 2028, a time that is beyond the Action Plan window of the current proposal. Absent an explicit resource need and a marked plan to meet that need, the Commission does not have adequate information to determine the reasonableness of the Company's proposals in the IRP. AWEC renews its recommendation that the Commission decline to acknowledge PacifiCorp's 2019 IRP Action Plan item to issue an all-source RFP and the associated Energy Gateway South transmission segment, as these proposals are purely economically based and lack appropriate limitations on resource amounts and types.

Dated this 4th day of March, 2020.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

Tyler C. Pepple

Brent L. Coleman

1750 SW Harbor Way, Suite 450

Portland, Oregon 97201

(503) 241-7242 (phone)

(503) 241-8160 (facsimile)

tcp@dvclaw.com

btc@dvclaw.com

Of Attorneys for the

Alliance of Western Energy Consumers