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January 10, 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 Opening 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) OPENING COMMENTS OF THE
) ALLIANCE OF WESTERN ENERGY
) CONSUMERS
2019 Integrated Resource Plan.)
_____)

I. INTRODUCTION

Pursuant to the October 30, 2019 Prehearing Conference Memorandum in the above-referenced docket, the Alliance of Western Energy Consumers (“AWEC”) files these Opening Comments on PacifiCorp’s (or “Company”) 2019 Integrated Resource Plan (“IRP”).

To evaluate PacifiCorp’s IRP, it is essential to distinguish between the Company’s resource need, its Preferred Portfolio, and its Action Plan, none of which appear to have much relationship to each other. PacifiCorp identifies no need for energy or capacity until at least 2028; this includes projected coal retirements.^{1/} It therefore has no resource need during the Action Plan window. Nevertheless, PacifiCorp identifies a Preferred Portfolio that adds approximately 3,000 MWs of new solar resources, 3,500 MWs of new wind resources, 600 MWs of battery storage, and a 400-mile transmission line.^{2/} The selection of this portfolio results primarily from a present value revenue requirement (“PVR”) analysis over a 20-year period.^{3/} In other words, resource additions from the Preferred Portfolio are based on projected long-term

^{1/} PacifiCorp 2019 IRP at 97.

^{2/} Id. at 29.

^{3/} Id. at 173.

economic benefits, not because they are needed to serve load. Yet, the Company’s Action Plan is not limited to the resources identified in the Preferred Portfolio – PacifiCorp proposes to issue an “all source” request for proposals.^{4/} As PacifiCorp has emphasized throughout the IRP process, the resources identified in the Preferred Portfolio are only “proxy resources, which act as a guide for resource procurement and not as a commitment. Resources evaluated as part of procurement initiatives may vary from the proxy resources identified in the plan with respect to resource type, timing, size, cost and location.”^{5/} For instance, PacifiCorp’s Action Plan allows for the possibility that a new gas plant will be selected.

PacifiCorp’s IRP presents an interesting corollary to Portland General Electric Company’s (“PGE”) 2019 IRP. Whereas PGE identifies a capacity need but proposes to issue an RFP for resources that provide the least capacity benefit, PacifiCorp identifies no resource need at all, but proposes to issue an RFP for every type of resource and in any amount. Both utilities’ IRPs challenge the basic concept of the IRP, which as the Commission’s rules define it, is a “utility’s written plan ... detailing its determination of future long-term resource needs, its analysis of the expected costs and associated risks of the alternatives to meet those needs, and its action plan to select the best portfolio of resources to meet those needs.”^{6/} Like PGE, whatever PacifiCorp’s RFP Action Plan item is in its 2019 IRP, it is not a plan to meet an identified resource need.

Accordingly, AWEC recommends that the Commission decline to acknowledge the Company’s plan to issue an all-source RFP. Further, unless the Company can justify it by

^{4/} Id. at 276.

^{5/} Id. at 273.

^{6/} OAR 860-027-0400(2).

other means, AWEC also recommends that the Commission decline to acknowledge PacifiCorp's plan to construct Energy Gateway South by 2023. This plan appears to be dependent on acquisition of the resources identified in the Preferred Portfolio, which is not assured at this time.^{7/}

II. COMMENTS

A. Acknowledgement of PacifiCorp's Action Plan Item to Issue an All-Source RFP Would Write the Company a Blank Check.

Under the current rules and guidelines, AWEC does not believe PacifiCorp's IRP should be acknowledged because it does not represent a least-cost, least-risk plan to meet a resource need. As the Commission has characterized it, "acknowledgment" means that a utility's plan seems "reasonable at the time acknowledgment [is] given."^{8/} While PacifiCorp identifies a specific amount of new wind, solar, and storage in its Preferred Portfolio, that is not what it commits to acquire. Instead, it proposes an action plan that allows it to acquire any amount of resources of any type so long as they are online by 2023, all without identifying a need for any type of resource at all in this timeframe. At a minimum, it seems impossible to conclude that such an action plan is reasonable at this time.

Indeed, the Commission should fully consider the implications of acknowledgement of an all-source RFP under these circumstances. While the Company represents that its 2019 IRP presents a path toward decarbonization of its generation fleet, acknowledgment of an RFP would signal that the Commission considers any type of near-term

^{7/} AWEC does not oppose PacifiCorp's Action Plan item to accelerate certain coal plant closures, and takes no position at this time on the other items in the Company's Action Plan, but will review the comments of other parties.

^{8/} Docket No. UM 1056, Order No. 07-002 at 2 (Jan. 8, 2007).

resource procurement to be reasonable, even if it ends up being thousands of megawatts of new gas-fired generation. However unlikely the Commission may consider that possibility to be, it is nevertheless a potential outcome of the Company's Action Plan that the Commission would have explicitly endorsed.

This specific example illustrates AWEC's broader point that the Company's RFP Action Plan item eviscerates the entire purpose of the IRP. If the Commission does not require that resource procurements first identify a need, and then a specific plan to meet that need, there are no constraints on a utility's resource procurement decisions and no basis for the Commission to judge the reasonableness of the Company's approach in the IRP. At a minimum, reasonableness could only be judged following the resource acquisition process, when resource amounts, types, and prices are known. Even then, without a demonstration of need, reasonableness must be based on projections of economic benefits, an inherently uncertain exercise. There is simply no reason even to review PacifiCorp's IRP for reasonableness under these circumstances.

B. PacifiCorp Should Provide More Information Before the Commission Acknowledges Its Action Plan to Construct Energy Gateway South.

PacifiCorp also requests acknowledgement of the Aeolus-to-Mona transmission segment, known as Energy Gateway South, by 2023.^{9/} The Company identifies several benefits from construction of this line, but notes that the current "[t]iming of construction is driven by the phase-out schedule of federal production tax credits (PTCs)"^{10/} By this, AWEC understands that PacifiCorp proposes to accelerate production of Energy Gateway South to enable the

^{9/} PacifiCorp 2019 IRP at 74.

^{10/} Id.

delivery of resources identified in its Preferred Portfolio, specifically wind resources located in Wyoming.

As discussed above, however, PacifiCorp's Action Plan does not commit to acquire the resources in the Preferred Portfolio, and instead proposes to acquire indeterminate resource types of indeterminate amounts and in indeterminate locations. This Action Plan does not support the construction of a new transmission line designed to deliver energy from resources that may not be selected under an all-source RFP.

Therefore, if the Commission is to acknowledge construction of Energy Gateway South by 2023, PacifiCorp should provide a sufficient basis to justify this decision independently of this line's ability to deliver Preferred Portfolio resources. If PacifiCorp cannot provide this basis, then AWEC recommends that the Commission decline to acknowledge this Action Plan item. *If* PacifiCorp does go through with an all-source RFP, and *if* the results of that RFP produce the resources modeled in its Preferred Portfolio, then acknowledgement may be appropriate in an IRP update. Without information on the resources selected from an RFP, however, there appears to be insufficient justification for a 2023 in-service date for Energy Gateway South.

C. PacifiCorp's Draft RFP Should be Consistent with the Commission's Competitive Bidding Rules.

In a memorandum issued December 13, 2019, Administrative Law Judge ("ALJ") Rowe requested stakeholders "to offer comment, provide argument, and recommend resolution of any competitive bidding rule issues that are presented in the IRP filing." Specifically, ALJ Rowe suggested:

"PacifiCorp and stakeholders may want to address the following issues:

1. Do PacifiCorp’s IRP filings contain design, scoring methodology, and associated modeling process as described in OAR 860-089-0250(2)(a)?
2. Does PacifiCorp plan to address specific RFP design items in its IE selection docket?
3. Do stakeholders seek specific RFP design items in the IE selection docket?
4. Does PacifiCorp’s RFP design information allow for long-lead time resources?”

Under the Competitive Bidding Rules, the “draft RFP must reflect any RFP elements, scoring methodology, and associated modeling described in the Commission-acknowledged IRP.”^{11/} Additionally, “[u]nless the electric company intends to use an RFP whose design, scoring methodology, and associated modeling process were included as part of the Commission-acknowledged IRP, the electric company must, prior to preparing a draft RFP, develop and file for approval in the electric company’s IE selection docket, a proposal for scoring and any associated modeling.”^{12/} Subsection (3) of this Rule also provides the Commission’s minimum draft RFP requirements.

Further, in explaining the rationale behind these rules, the Commission stated that “[c]learly expressing the *system needs associated with a resource acquisition* is an important objective reflected in these rules. Presenting those needs in detail and the scoring associated with an acquisition in the IRP will allow notice to prospective bidders and the opportunity for stakeholders to understand and, where necessary, for utilities and the Commission to improve the acquisition process.”^{13/} Finally, the Commission has clarified “how the RFP should be aligned with the IRP. Specifically, the RFP should be aligned with the need identified in the IRP to be

^{11/} OAR 860-089-0250(2).

^{12/} OAR 860-089-0250(2)(a).

^{13/} Docket No. AR 600, Order No. 18-324 at 8 (Aug. 30, 2018) (emphasis added).

addressed by the resource, rather than the specific resource alone.”^{14/}

The language of the rules, together with the Commission’s explanation of their purpose, indicate that the rules requiring incorporation of RFP design and scoring methods are to provide as much transparency as possible to stakeholders and prospective bidders as early as possible, to ensure adequate time to resolve disputes and clarify ambiguities.

PacifiCorp’s IRP does not discuss the design, scoring methods, or associated modeling process the Company intends to employ when evaluating submissions received in response to the proposed all-source RFP. Accordingly, the response to the ALJ’s first question, “Do PacifiCorp’s IRP filings contain design, scoring methodology, and associated modeling process as described in OAR 860-089-0250(2)(a),” is: No. Relatedly, while AWEC does not profess to speak on behalf of the Company’s plans and expectations, the response to the ALJ’s second question, “Does PacifiCorp plan to address specific RFP design items in its IE selection docket?,” must, pursuant to rule, be: Yes.

Specifically, Rule 860-089-0250(2)(a) appears to present an electric utility an option related to the presentation of RFP elements, scoring methods, and associated modeling. In part, the rule reads: “Unless the electric company intends to use an RFP whose design, scoring methodology, and associated modeling process were included as part of the Commission-acknowledged IRP....” Thus, an electric company can elect to present an RFP within its IRP filing, to allow stakeholders to evaluate, and the Commission to potentially acknowledge, the design, scoring and modeling. PacifiCorp elected to forego this option. Instead, the Company appears to have implicitly selected the alternative from Rule 860-089-0250(2)(a), which

^{14/} Id.

establishes that if the utility did not include the RFP information within its IRP filings, “the electric company must, prior to preparing a draft RFP, develop and file for approval in the electric company’s IE selection docket, a proposal for scoring and any associated modeling.” Accordingly, and again while AWEC does not presume to have insight into PacifiCorp’s “plan,” compliance with Commission rule would require that the Company include “a proposal for scoring and any associated modeling” within the upcoming IE selection docket.

III. CONCLUSION

For the foregoing reasons, AWEC submits the Commission would be justified in not acknowledging PacifiCorp’s 2019 IRP Action Plan item to issue an all-source RFP, and the associated Energy Gateway South transmission segment. As discussed above, PacifiCorp’s IRP is not designed to address a near-term resource need. Rather, is it an elaborate presentation of an economically based business decision, which, without any constraints on resource amounts or types, the Commission has no basis to determine is reasonable at this time.

Dated this 10th day of January, 2020.

Respectfully submitted,

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