

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
LC 70

In the Matter of  
PACIFICORP, dba PACIFIC POWER,  
2019 Integrated Resource Plan.

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COMMENTS OF  
NW ENERGY COALITION  
ON THE STAFF REPORT

The NW Energy Coalition (NWEC) respectfully submits the following comments on the Staff Report for the 2019 Integrated Resource Plan (IRP) of PacifiCorp, dba Pacific Power.

Overall, NWEC appreciates and supports most of Staff's recommendations, with certain revisions and exceptions noted below. We again thank the Company, Staff and all stakeholders for the wide-ranging, detailed and productive effort to bring the 2019 IRP to the Commission for final acknowledgement. Important progress has been made on shifting PacifiCorp's overall approach and moving in a new direction to support the first stages of decarbonization, to substantially invest in clean energy resources to a level unprecedented for the Company, to improve system performance and reliability, and to provide a more stable rate environment for customers in the coming years.

NWEC also believes that further improvements must be made in the 2021 IRP which is already underway. While we appreciate the early steps taken by PacifiCorp to address key concerns for energy efficiency and demand response, we also address steps the Commission should take in its acknowledgement order to provide further guidance for the 2021 IRP.

### **1. New Resources**

NWEC generally supports Staff's recommendations including the presentation of a market price sensitivity and portfolio analysis, and a procurement limitation to no more than 110% of the resources selected to come online before 2024 in the preferred portfolio, and for long lead-time resources, no more than 110% indicated for 2024-2027 in the preferred portfolio.

The unprecedented level of expenditure anticipated for the All-Source RFP, which could well exceed \$5 billion, poses substantial financial and schedule and completion risk that could

affect customer rates and system reliability. Thus, while NWEC fully supports the anticipated scope and schedule of the RFP, it is prudent for the Commission to provide guidance for tight limits and close oversight to help the Company achieve success in this venture.

## **2. Transmission**

NWEC supports Staff's recommendation 2.1, regarding provision of individual costs of transmission projects in the Action Plan timeframe.

In addition, we again strongly recommend that the Commission provide guidance in its acknowledgement order that the 2021 IRP demonstrate that PacifiCorp has conducted a full non-wires assessment for the remaining elements of Gateway West besides Segment D-2 which is currently under construction. As noted in NWEC's Final Comments, this should include consideration of advanced energy efficiency, demand response, generation alternatives including distributed generation, transmission system capability and efficiency improvements, and storage technologies.

Furthermore, we urge the Commission, in its acknowledgement order for the 2019 IRP, to direct PacifiCorp to explain in detail in the 2021 IRP how the proposed Gateway West and Boardman to Hemingway projects together provide overall system value, and the full set of commercial arrangements concluded or undergoing development with Idaho Power Company and the Bonneville Power Administration concerning these two projects.

## **3. Coal Study**

NWEC strongly supports Staff recommendation 3.1 concerning further coal study work in the 2021 IRP process. This would include updated analysis to identify the most cost-effective coal retirements, with a focus on the potential for earlier retirement of Jim Bridger units 3 and 4, reflective of the corrected portfolio analysis in the 2019 IRP. This would also involve a presentation to Staff, Commissioners and stakeholders under the LC 70 protective order regarding the coal mine costs at Jim Bridger and the drivers for the Jim Bridger coal price forecast. Because the Jim Bridger plant is considered to provide service to Oregon customers of PacifiCorp, these are particularly important steps for the Commission to direct.

NWEC also supports Staff recommendation 3.2 to conduct a cost effectiveness analysis of other coal units in the PacifiCorp system including Hunter, Huntington and Wyodak under the

prospective Nodal Pricing Model and the potential availability of the Western EIM Enhanced Day Ahead Market (EDAM) initiative.

#### **4. Demand Response (Class 1 DSM)**

NWEC supports the Staff recommendation that the Commission should affirm that acquiring all cost-effective demand response is a high priority, but also cautions that “cost-effective” should not be interpreted to cover program elements that may be injurious to some customers, for example with some forms of time of use rates. As we have stated in previous submissions, we believe substantial cost-effective demand response is available throughout the PacifiCorp system, and particularly in Oregon.

While we agree with the intent of the second Staff recommendation to direct PacifiCorp to timely provide a demand response RFP report, we do not at this time support inclusion of a specific demand response subcomponent in the Company’s All Source RFP.

The general approach of the All Source RFP is to acquire substantial amounts of new resources at scale; in contrast, the purpose of NWEC’s suggestion for a DR RFP was to test the ability and range of third party suppliers to commence programmatic efforts to scale up demand response in line with PacifiCorp’s system needs and provide further value to customers.

While demand response providers can bid into the All Source RFP, as was apparent during the Commission’s workshop on April 27, 2020, a special component for demand response could add more complexity to what is already a multi-stage, multi-attribute process.

At the same time, PacifiCorp’s workshop on April 14, 2020, outlined the Company’s initial approach to demand response development, and proposed a three-part initiative that NWEC finds very compelling.

PacifiCorp’s initial approach would include: (1) a separate DR RFP; (2) a pilot program to acquire demand response to defer distribution system upgrades, similar to the Energy Trust Targeted Load Management Pilot; and (3) development of a program to capture the demand response resource provided by the adoption by the Washington Department of Commerce of a standard requiring a CTA-2045 interface in all new electric water heaters, and potential adoption of a similar Oregon standard in line with Governor Brown’s Executive Order 20-04.

NWEC is supportive of this approach because it would advance two elements that can provide early value while not waiting for the results of the broader DR RFP. NWEC suggests

that the Commission consider setting a specific time for a report by PacifiCorp on these developments, such as 60 days from the date of the LC 70 acknowledgement order.

NWEC supports the remaining Staff recommendations concerning demand response.

## **5. Energy Efficiency (Class 2 DSM)**

NWEC continues to be troubled with the difference in energy efficiency achievement across the six states in the PacifiCorp footprint, both at present and as projected through the next decade in the 2019 IRP. This poses a risk that Oregon customers of PacifiCorp are effectively subsidizing the rest of the system.

Staff recommends acknowledgement of Action Item 4a, Energy Efficiency Targets, contingent on continued work to determine and acquire all cost-effective energy efficiency. NWEC supports the ongoing refinement of the approach to acquire all cost-effective energy efficiency, but we observe that the Staff Report summarizes Staff Opening Comments on this issue as follows:

In Opening Comments, Staff notes that Oregon's share of PacifiCorp's EE acquisition in the 2019 IRP is notably higher than its share of load. Staff notes concern that Oregon is supplying a cost-effective resource to the system, while also not seeing the benefit of efficiency acquisitions in other states. Staff notes Oregon's share of EE has increased since the 2017 IRP.

Staff notes the importance of considering the results of the collaboration between PacifiCorp and ETO regarding reasons for the differences between forecast EE and actual ETO-achieved EE, and how they could be used to apply to other states. Staff requests PacifiCorp report back on how these learnings could be utilized in other states.

Staff Report at 39.

Furthermore, NWEC opposes the view expressed by PacifiCorp on this matter: "Any concerns regarding other states' failure to acquire adequate Class 2 DSM should be addressed in those states; similarly, any concerns regarding inequitable rate impacts for Oregon customers are better addressed in a cost recovery proceeding." PacifiCorp Final Comments at 25.

To the contrary, the IRP is precisely the place where the assessment of all cost-effective energy efficiency and setting appropriate targets by state should be accomplished. While these are matters that may also be addressed in other proceedings including rate cases, since the inception of the IRP process, this Commission has always required inclusion of all cost-effective energy efficiency across a utility's service territory: "To the extent that a utility controls the level

of funding for conservation programs in its service territory, the utility should include in its action plan all best cost/risk portfolio conservation resources for meeting projected resource needs, specifying annual savings targets.” Order No. 07-002, Guideline 6(b).

In line with Staff’s review, we urge the Commission to add language in its acknowledgement order that specifically addresses the need to refine the assessment and targets for energy efficiency to address and improve upon the current imbalance in program effort across the states. Improvement in this area will require regular stakeholder inclusion throughout the conservation potential assessment development, scenario development and modeling for the 2021 IRP.

Finally, NWEC supports the Staff recommendation to further refine the approach to energy efficiency “bundles” in the planning models to incorporate all attributes including energy value and capacity value.

## **6. Capacity Contribution of Renewables**

NWEC supports Staff’s recommendation 7.5 concerning inclusion in the 2021 IRP of an in-depth study of renewable resource capacity contribution as reflected in the load-resource balance and capacity expansion modeling.

We suggest in addition that the Commission direct in its acknowledgement order detailed consideration of hybrid resources such as solar and/or wind plus battery storage. Such resources are rapidly emerging to address the opportunity to improve the system value of renewable resources by shaping their output to meet system need. Indeed, the 2019 IRP and All-Source RFP anticipate a significant amount of such resources in the Company’s evolving resource mix. We recognize that there are considerable technical issues assessing hybrid resource capability and value, which is why this should be an important focus of the 2021 IRP.

## **7. Climate Adaptation and Resilience Plan**

NWEC generally supports Staff’s recommendation 7.6 that PacifiCorp include a climate adaptation plan in a future IRP, and we provide two additional suggestions.

First, the Commission should include guidance that this climate adaptation and resilience plan be provided in the Company’s 2021 IRP. In light of Governor Brown’s recent Executive Order 20-04, this is an immediate priority. Staff’s recommendations including a useful list of

initial elements that can be a starting point for proposals by the Company and discussion by stakeholders.

Second, we recommend that this initiative be designated as a Climate Adaptation and Resilience Plan, specifically to incorporate seismic risk. Oregon has well known risk, and the March 14, 2020 earthquake near Salt Lake City is a very recent reminder of the potential consequences of a major event. PacifiCorp's system and service to customers were briefly affected by the March 14 event which will provide important learning for addressing this ongoing issue.

This concludes our remarks. Thank you for considering NW Energy Coalition's Comments on the Staff Recommendations for the PacifiCorp 2019 IRP.

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Wendy Gerlitz  
Policy Director  
NW Energy Coalition  
wendy@nwenergy.org



Fred Heutte  
Senior Policy Associate  
NW Energy Coalition  
fred@nwenergy.org