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April 29, 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 Comments of the Alliance of Western Energy Consumers on the Staff Report 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)	COMMENTS OF THE ALLIANCE OF
)	WESTERN ENERGY CONSUMERS
2019 Integrated Resource Plan.)	ON THE STAFF REPORT
_____)	

I. INTRODUCTION

Pursuant to the Administrative Law Judge’s October 30, 2019 Scheduling Conference Memorandum issued in the above-referenced docket, the Alliance of Western Energy Consumers files these Comments on the Oregon Public Utility Commission (“Commission”) Staff’s Public Meeting Report for the May 7, 2020 Public Meeting on PacifiCorp’s (or “Company”) 2019 Integrated Resource Plan (“IRP”).

AWEC disagrees with Staff’s recommendation to conditionally acknowledge PacifiCorp’s all-source request for proposals (“RFP”) and Energy Gateway South transmission project, and renews its recommendation that the Commission decline to acknowledge these action plan items. To be clear, AWEC’s recommendation is not intended to signal opposition to PacifiCorp’s proposed actions. Rather, it reflects an understanding that “acknowledgement” has specific meaning in the context of the IRP – that the proposed actions are reasonable, “given the information available at that time”^{1/} – and that, understood in this way, acknowledgement cannot reasonably be given to an action plan item that has no boundaries and is tied only to

^{1/} Docket No. LC 67, Order No. 18-138 at 3 (Apr. 27, 2018).

modeling assumptions, rather than a resource need. Staff’s creation of such boundaries through conditions on acknowledgement is arbitrary and would offer dubious benefit.

II. DISCUSSION

Staff recommends acknowledgement of the action plan item to issue an all-source RFP, subject to three conditions: first, that PacifiCorp perform and report the results of certain additional analyses Staff requests; second, that the RFP “results in procurement of no more than 110 percent of the resources selected to come online before 2024 in the preferred portfolio” with certain exceptions; and third, that the shortlist scoring from the RFP include a market price sensitivity assuming the buildout of PacifiCorp’s preferred portfolio.^{2/}

With respect to the additional analyses Staff requests PacifiCorp perform, Staff does not explain what the purpose of these analyses are as it relates to Commission action. Assuming PacifiCorp performs these analyses and the Commission does not like the results, will it then withdraw acknowledgement of the all-source RFP action item? What if some of the scenarios show net benefits to customers while others net costs? What circumstances should compel the Commission to take action on these results and what action or actions should that be? Staff’s condition proposes nothing more than a deliverable for PacifiCorp without explaining what the purpose, other than information gathering, is for this deliverable. If the Commission wants the additional modeling information Staff requests, surely PacifiCorp will be willing to provide it, acknowledgement or not.

Regarding Staff’s proposed condition to limit procurement to 110% of the preferred portfolio, Staff seems to base this condition on its determination that an all-source RFP

^{2/} Staff Report at 11-12.

“appears to be a reasonable plan, as long as the inputs and assumptions about resource costs in the Company’s models are accurate.”^{3/} There are at least two problems with this statement. First, it ignores the disconnect between the Preferred Portfolio and the all-source RFP – the former of which identifies specific resources in specific amounts at specific costs, while the latter of which is unbound by resource type, amount, or cost. If a gas plant bids into the RFP that is substantially lower cost than modeled in the IRP, it may be selected, despite the Preferred Portfolio consisting of no gas resources. Thus, limiting procurement from the RFP based on what is selected in the Preferred Portfolio is a non sequitur because the RFP is not limited to the Preferred Portfolio’s resources.

Second, it is virtually assured that “the inputs and assumptions about resource costs in the Company’s models” will not be accurate. If they are 100% accurate, or nearly so, the Commission should ask hard questions about the integrity of the RFP process. Moreover, which modeling inputs and assumptions must be accurate to justify acknowledgement of the action plan? Is it only the cost of the resources that bid into the RFP, or does it also include PacifiCorp’s forecasts of future market prices, future resource costs and other to-be-determined events? The amount selected in the Preferred Portfolio is directly tied to these predictions. Given that these modeling assumptions will almost certainly not be accurate, AWEC sees no reason to base acknowledgement of the all-source RFP on a condition that limits PacifiCorp’s procurement options. If resources that bid into the RFP end up costing far less than the Preferred

^{3/} Staff Report at 10.

Portfolio envisions – which is exactly what happened in the RFP following PacifiCorp’s 2017 IRP – then Staff’s only rationale for the limitation on resource amounts falls away.^{4/}

PacifiCorp has proposed an action plan item that gives it complete discretion over the selection of resources in the RFP. “[A]ny resource investment decisions ultimately rest firmly with the company,”^{5/} and PacifiCorp should pursue this action plan if it considers it to be in the best interests of its customers. But under the IRP guidelines as they exist today, the Commission should not acknowledge the reasonableness of this action plan that has inherently unknowable results, nor should it seek to partially assume the Company’s business by arbitrarily limiting PacifiCorp’s resource selections in the manner Staff has proposed.

For similar reasons, AWEC continues to recommend that the Commission not acknowledge PacifiCorp’s proposal to construct Energy Gateway South, the justification for which is directly tied to the selection of the Preferred Portfolio resources in the all-source RFP. Once again, Staff recommends conditional acknowledgement of this action plan item, this time based on this transmission line’s selection in the RFP process. Staff has essentially turned the entire IRP acknowledgement process on its head with this conditional recommendation. Acknowledgement is supposed to signal that the Commission agrees it is reasonable for the utility to move forward with an action plan based on the information provided in the IRP, but Staff would turn acknowledgement into a self-fulfilling declaration: the construction of a transmission line is reasonable because it was selected in the RFP. Furthermore, the Commission will have the opportunity to provide the acknowledgement Staff proposes in the

^{4/} Docket No. UM 1845, PacifiCorp Request for Acknowledgment of Final Shortlist at 3 (Feb. 16, 2018).

^{5/} Docket No. LC 66, Order No. 18-044 at 6 (Feb. 2, 2018).

RFP process; the acknowledgement condition Staff proposes is the same acknowledgement that would come when the Commission considers the final shortlist from the RFP.

Ultimately, Staff's conditions on acknowledgement of the all-source RFP and Energy Gateway South are an attempt to fit a square peg into a round hole. The IRP process simply was not designed for the type of action plan PacifiCorp proposes. That is not to say such an action plan should not be pursued, only that if it is pursued it should be done without the regulatory blessing of "acknowledgement." PacifiCorp should be allowed to reserve for itself total discretion over the resources it selects and why it selects them, but if that is the procurement path it chooses, then it also should bear the full burden of demonstrating the reasonableness of its actions in a later ratemaking proceeding.

III. CONCLUSION

For the foregoing reasons, AWEC continues to recommend that the Commission decline to acknowledge PacifiCorp's action plan items to issue an all-source RFP for an unspecified amount of resources and to construct Energy Gateway South. PacifiCorp should be free to pursue these action items and bear the full burden of demonstrating the prudence of its decisions once these decisions have been made.

Dated this 29th day of April, 2020.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

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