

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

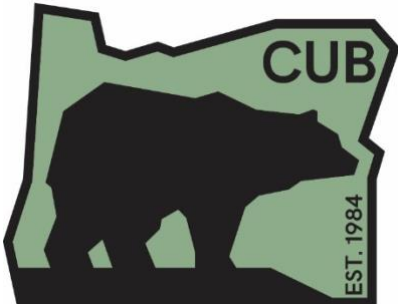
LC 70

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

OREGON CITIZENS' UTILITY BOARD

COMMENTS ON STAFF REPORT

April 29, 2020



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 70

In the Matter of

PACIFICORP, dba PACIFIC
POWER,

2019 Integrated Resource Plan.

COMMENTS OF THE OREGON
CITIZENS' UTILITY BOARD ON THE
STAFF REPORT

I. INTRODUCTION

The Oregon Citizens' Utility Board (CUB) hereby submits its comments on the Public Utility Commission of Oregon Staff (Staff) Report (Staff Report) in LC 70 – PacifiCorp's 2019 Integrated Resource Plan (IRP).

CUB appreciates Staff's extensive analysis of the IRP. CUB also commends PacifiCorp for involving and responding to stakeholders' concerns throughout the IRP process. While CUB mostly agrees with Staff's analysis of the IRP, these comments will elaborate on a few select issues.

II. DISCUSSION

A. All Source Request for Proposals (ASRFP) and Coal Plant Closures

CUB appreciates Staff's analysis of PacifiCorp's Coal Closures and the 2020 ASRFP.

Staff recommends acknowledgement of PacifiCorp’s existing resource actions (Action Items 1a – 1e) which lists either conversion or retirement of six of its coal plants by 2025.

Staff recommends acknowledgement of PacifiCorp’s 2020 ASRFP (Action Item 2b) subject to conditions.

CUB fully supports Staff’s recommendations for the above action items.

B. Selective Catalytic Reduction (SCR) Assumption in Jim Bridger Base Case Analysis

While explaining CUB’s final comments on coal study SCR assumptions, Staff Report states that “[i]n Final Comments, CUB explains that it views PacifiCorp’s decision to include SCR on the Jim Bridger units in the coal study base case, but not the IRP as a reasonable, given that SCR is currently legally required on those units.”¹

CUB would like to clarify that this is not what CUB had stated in its final comments. Below is an excerpt from CUB’s final comments on this topic:

“PacifiCorp’s 2017 IRP demonstrated that when a SIP requires an SCR, it is cost effective to instead phase out the plant. PGE did this with Boardman and PacifiCorp has found it to be true with several coal plants including other Jim Bridger units, Dave Johnston units and Naughton 3. CUB asserts that the economics of operating coal plants necessitates accelerated coal retirements in lieu of installing expensive emissions reducing equipment like SCRs. **Therefore, it is reasonable to exclude SCR costs from coal plant analyses.** CUB also cited Staff’s comments on PacifiCorp’s 2017 IRP that asks the Company to exclude SCR costs from the base case assumption for several of its coal plants including Jim Bridger. While it did not influence the IRP, it did make coal retirements look more economic and created expectations that the final portfolio would include additional coal retirements. CUB believes that future IRPs should not add uneconomic costs to a base case that will be used to compare other alternatives.”²

CUB maintains its position on SCR assumptions and expects to see exclusion of SCR assumptions in the base case for coal studies in PacifiCorp’s future IRPs.

¹ LC 70 – Staff Report, p-22.

² LC 70 – CUB Final Comments, p-3.

C. Staff's Demand Response Proposals

CUB has serious concerns with the following recommendations by Staff for PacifiCorp's demand response (DR) programs:

- The Commission should affirm that acquiring all cost-effective Demand Response is a high priority for the Oregon Commission.³
- The Commission should direct PacifiCorp to include an explanation in its next IRP that clearly details how the Company is planning to acquire all cost-effective Demand Response.⁴

CUB emphasizes that not "all cost-effective" demand response will benefit all customers. The Company cannot and should not attempt to acquire **ALL** cost-effective Demand Response. While we require utilities to acquire all cost-effective energy efficiency, demand response is different. Demand response programs include pricing programs. Pricing programs are cheap to implement -- they are changes in code to the billing system -- so almost any is cost effective.

For instance, mandatory time of use with extremely high peak prices (\$5/kwh from 5 to 7 in the summer) would be cost effective. So would real-time prices. Making power unaffordable at peak times is likely the most cost-effective demand response program.

However, in recommending that utilities adopt all cost-effective DR programs, we overlook the "implicit" or indirect costs of these programs. These indirect costs include customer convenience, affordability and equity issues. Some of these otherwise cost-effective programs would harm customers and would create a customer backlash. Pricing programs have equity implications that must be considered even if the program is cost effective.

CUB does not support Staff's recommendation to direct PacifiCorp to achieve "all cost-effective" demand response programs. Implementing this recommendation could lead to rates that are not "just and reasonable." The utility should be directed to achieve cost-effective demand response programs that would not overburden customers with implicit or indirect program costs. PGE's 2019 IRP provides an example in this regard. In its 2019 IRP, PGE

³ LC 70 – Staff Report, p-36.

⁴ LC 70 – Staff Report, p-37.

includes customer resource action that aims to achieve “all cost-effective and reasonable” demand response resources.⁵ CUB recommends that the recommendation for PacifiCorp should also call for “all cost-effective and reasonable” demand response:

- The Commission should affirm that acquiring all cost-effective *and reasonable* Demand Response is a high priority for the Oregon Commission.⁶
- The Commission should direct PacifiCorp to include an explanation in its next IRP that clearly details how the Company is planning to acquire all cost-effective *and reasonable* Demand Response.⁷

III. CONCLUSION

CUB appreciates the opportunity to participate in PacifiCorp’s 2019 resource planning process. CUB supports Staff’s recommendations to the Commission on PacifiCorp’s ASRFP and coal plant closure action items. In these comments CUB has reiterated its comment on the base case SCR assumption which was inaccurately stated in Staff report. CUB also stated its concerns regarding Staff’s recommendation for “all cost-effective” demand response resources and explained that such an approach would undermine customer preference, affordability and equity issues.

Dated this 29th day of April 2020

Respectfully submitted,



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⁵ LC 73 – Portland General Electric’s 2019 IRP, p 215 of 678.

⁶ LC 70 – Staff Report, p-36.

⁷ LC 70 – Staff Report, p-37.