

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2143

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into Resource Adequacy in
Oregon.

COMMENTS OF SWAN LAKE
NORTH HYDRO, LLC AND THE
GOLDENDALE ENERGY STORAGE
PROJECT ON STAFF'S REPORT

The companies working to develop the Swan Lake and Goldendale Pumped Hydro Storage Projects (the “Projects”) commend Commission Staff (“Staff”) for preparing the Staff Report on resource adequacy (“RA”), which was filed on March 24, 2022 in this docket (“Staff Report”).¹ The Projects appreciate the difficulties and complexities associated with accurately evaluating RA in Oregon.

The Projects provide these comments in order to express support for the difficult work Staff has undertaken to date on these RA issues, and to provide a few areas where the Projects believe this RA work should continue in order to ensure Oregon is truly resource-sufficient for the next decade and beyond.

I. Swan Lake and Goldendale Commend Commission Staff for Their Work on RA.

The Projects first want to commend Commission Staff for their hard work in this proceeding to evaluate RA in Oregon. As alluded to above, accurately evaluating RA is a difficult task that requires analyzing a significant amount of data, developing models and inputs to assess resource sufficiency, weighing of assumptions, accounting for numerous resource-specific and regional variables, and developing conclusions based on these factors.

Additionally, the Projects recognize that numerous organizations in the Pacific Northwest and throughout the United States—such as the Western Resource Adequacy Program, the Pacific Northwest Utilities Conference Committee, the Bonneville Power Administration, and the North American Electric Reliability Corporation—are also working to develop an accurate assessment of RA in the Pacific Northwest. Thus, the Projects further commend Commission Staff for their effort to tackle a difficult issue that has presented challenges for several organizations around the country.

¹ *UM 2143 Investigation Into Resource Adequacy in the State – Staff Report*, Docket UM 2143, filed March 24, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf> (the “Staff Report”).

II. The Projects Suggest that Additional Work Should be Done to Fully and Accurately Evaluate RA in Oregon.

While the Projects greatly appreciate the effort Commission Staff has put forth in this docket in preparing the Staff Report, and the Projects are cognizant that resource availability may limit the Commission Staff's ability to fully evaluate RA in Oregon, the Projects would like to highlight just a few areas where future work could be done to further evaluate RA in Oregon.

First, the Projects would like to see further RA analysis that takes into account the impacts associated with HB 2021. For example, the Staff Report acknowledges that, "[T]he LRE informational filings do not reflect the resource transformations called for under Oregon House Bill 2021 and other policies that might drive electrification."² The Projects believe that HB 2021, Oregon's 100% clean energy law, will dramatically alter the RA picture in the state over the coming years, particularly considering the requirement to phase out large, emitting generation units and the inability to construct new, emitting generating units. These resources, which are no longer viable options for additional capacity under HB 2021, have historically been one of the primary sources of capacity in our region. Without them, the Pacific Northwest's RA picture will shift quickly and require a significant amount of variable resources, including standalone/coupled storage, in order to remain resource sufficient. Thus, the Projects suggest that further work needs to be done to truly understand the impacts of HB 2021 on RA requirements in Oregon and the region.

Second, the Projects have some concerns with Commission Staff's assumptions about firm capacity resources in its RA analysis. Specifically, in the Staff Report, it states that, "Contracts with undefined, or Fleet resources were considered firm, with no adjustments made."³ As the Projects understand it, this means that Commission Staff assumed that any undefined contract was treated as firm capacity. However, the Projects suggest that this assumption may undermine the accuracy of the Staff Report, considering the lack of large, non-emitting capacity resources currently available and projected to come onto the system in the next five years. As noted above, HB 2021 will require a massive investment in non-emitting resources, which will primarily consist of intermittent renewable generation and storage. Given that future, undefined contracts are likely to be tied to resources that are not capable of performing as a firm capacity resource, the Projects suggest that Commission Staff's assumption to the contrary may negatively impact the accuracy of its analysis. Therefore, the Projects would like to see further analysis done on whether Oregon remains resource-sufficient in the near- and longer-term, if undefined contracts were not all treated as firm resources.

The Projects would suggest further work be done to define which undefined contracts, and what proportion of those undefined contracts, could be justifiably treated as firm resources. This additional work is further warranted because RA is an inherently regional issue that depends, in large part, on the build-out of more resources across the region, many of which will be constructed by entities with different state-level compliance obligations. Thus, having clearer information about the assumptions and information used to determine which undefined contracts should be

² *Id.* at 7.

³ *Id.* at 4.

considered firm resources is necessary to evaluate RA in Oregon, as influenced by capacity additions throughout the region.

Lastly, the Projects would like to see an analysis that incorporates more than just 10 years' worth of hydro data, particularly considering that hydro data is available dating back 50 years or more. For example, in the Staff Report, Commission Staff state that, "Conversely, more complete analysis could examine other factors, such as hydro years beyond the ten years of historic data or randomly occurring forced outages, and the potential for increasing variable resources paired with increasing weather volatility."⁴ Because hydro conditions and water years continue to change and evolve as a result of climate change, the Projects would support a more comprehensive analysis that looks at additional hydro data as well as the potential impacts of climate change going forward.

III. Conclusion

The Projects appreciate the effort that went into preparing the Staff Report and commend Commission Staff for attempting to tackle the difficult issue of RA in Oregon. The issue of RA is a challenging one to assess, given the complexities and regional nature of this issue. The Projects look forward to further work and coordination with Commission Staff on this RA issue.

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Respectfully Submitted,

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⁴ *Id.* at 7 (emphasis added).