

June 10, 2022

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

Re: UM 2225 – PacifiCorp’s Response to Commission Staff’s Roadmap Actions Questions

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits these comments in response to the Public Utility Commission of Oregon (Commission) Staff’s Roadmap Actions Questionnaire.¹

In its Questionnaire, Staff requested feedback on stakeholder expectations for Clean Energy Plan (CEP) annual goals, as well as the standards for, and implications of, CEP acknowledgement. The Commission also recently issued Order 22-206, which adopted Staff’s proposed first pathway to implement CEP.² The Commission directed utilities to combine their CEPs and integrated resource plans (IRP) into one coherent planning document, to ensure that utilities are taking adequate steps to meet the ambitious decarbonization goals created by House Bill (HB) 2021, while providing reliable services at just and reasonable rates.

Consistent with Order No. 22-206, PacifiCorp represents that both CEP annual goalsetting and acknowledgement processes would align well with the Commission’s existing IRP processes. While the Commission may need to amend its IRP acknowledgement processes to incorporate CEP specific requirements, the Commission should adopt iterative, incremental, standards and processes to fully incorporate CEPs into utility IRP processes. This ensures that the Commission, Staff, stakeholders, and utilities are reasonably aligned on the requirements and expectations for utilities to comply with HB 2021.³

For example, in response to Question 1, the CEP should be based on a 20-year long-term planning horizon, and acknowledge CEP specific action plans for the near-term (two- to four-year period). Both would align with current IRP expectations. Beyond the near-term acknowledgment period, CEP actions should be viewed as draft plans (unless driven by specific capital-intensive investments that have long lead-times), informed by proxy generation units that could change with successive IRP/CEPs. Any mid-term CEP actions (five- to 10-years) should be vetted for reasonability and feasibility, and not be anchored to specific outcomes or costs that

¹ *In re CEP Threshold Planning Framework*, Docket No. UM 2225 Clean Energy Plan Investigation: Roadmap Acknowledgement Questionnaire (May 20, 2022).

² *In re CEP Threshold Planning Framework*, Docket No. UM 2225, Order No. 22-206 (Jun. 3, 2022).

³ As PacifiCorp previously noted: The Company does not believe there are material obstacles to effectively implement greenhouse gas targets (including demonstrating annual progress), and model system reliability, environmental and health impacts of greenhouse gas reductions, community impacts and benefits, opportunities for community-based renewables, etc., within existing IRP software and processes. At this initial stage, the Commission should strive to tweak the current IRP processes, not build new ones.

are inevitably subject to change, sometimes materially. To the extent any developments could materially impact a utility's compliance with HB 2021 in the mid-term, the Company should be provided latitude to investigate and pursue steps to correct course. Flexibility is key to produce least-cost least-risk plans that can respond to dynamic market and technological conditions.

In response to Staff Question 2, all completed resource procurement decisions (e.g., procurements, retirements, status of facilities, supply contracts, etc.) that impact CEP annual goals should be adequately reflected and documented in each IRP/CEP, based on then-available information. Recommended, tentative, or mid- to long-term resource procurement decisions should be governed by subsequent IRP/CEPs, request for proposals (RFPs), or other Commission-approved contracting and acquisition procedures or reports. PacifiCorp assumes that RFPs will guide most, if not all, CEP and IRP resource selections. Any related rate recovery should be considered in separate rate proceedings. The Commission should apply the same IRP/CEP reporting procedures for energy efficiency, demand response, resiliency investments, community-based resources, and new transmission or other supporting infrastructure.

Utilities should be required to detail specific actions as granularly as reasonable, based on whether the action will occur in the near-, mid-, or long-term: actions falling within the near-term action window would require more specificity, while those in the long-term would require less specificity. The details of each CEP-related action included in the IRP Action Plan will be appropriately detailed in the CEP chapter or appendix. Updates should align with IRP/CEP filing schedules, and according to ongoing public engagement that PacifiCorp expects will include information about what strategies the utility has followed, and how the Company anticipates those strategies may drive future outcomes in future filings. Importantly, CEP annual goals should be met by demonstrating a path to compliance, not by establishing a specific emissions reduction target by year. Reducing emissions is of course the primary goal of HB 2021, but the path to decarbonization matters. An overly narrow view of emissions reduction could preclude more ambitious utility projects or result in inappropriate over-investment to the detriment of customer rates.

Transparency is key to the CEP/IRP process, and consistent with current PacifiCorp practices, the Company expects to outline which decisions are driven by multistate necessities, and which contribute to meeting CEP objectives.

In response to Question 3, emissions reduction targets should match the 2030, 2035, and 2040 statutory emissions requirements, as opposed to the Commission developing annual targets. Because emissions will fluctuate annually based on factors such as load, weather, hydro, and market conditions, the Commission should track progress towards meeting the statutory requirements. IRP/CEP filings will demonstrate progress to attaining these 2030, 2035, and 2040 benchmarks, for example by recording emissions and updating emissions forecasts, over both the near-term (four-year action period) and long-term (20-year planning period) where the forecasts are aligned with the actions proposed in the IRP/CEP and Oregon specific allocation methodology.

“Continual progress” should be measured by a utility-specific balance of costs and risks to comply with HB 2021 and maintain a least-risk least-cost portfolio. For example, HB 2021

compliance cannot supersede the utilities obligations to provide reliable services at just and reasonable rates—while PacifiCorp could potentially achieve HB 2021 compliance in the next five-year period, the cost, uncertainty, and potential unreliability of services in doing so could be severely problematic. As stated in these and previous PacifiCorp comments, the Commission should take a measured, incremental approach to determine whether utilities are taking the right steps, at the right time, to decarbonize Oregon electric operations.

Regarding Question 4, consistent with Order No. 22-206, CEP acknowledgement should align with typical IRP Commission approval processes: Commission acknowledgement (or lack thereof) of an IRP/CEP should provide helpful guidance for utilities to consider when making business decisions to comply with HB 2021. Ultimate prudence review of utility investments or operation decisions should occur in subsequent contested case proceedings (rate cases, deferred accounting orders, tracking dockets, etc.).

Of note, the first utility IRP/CEPs will reasonably present several issues of first impression, based on what steps each utility determines are the best methods to comply with HB 2021. The Commission should provide adequate space for utilities to investigate potentially novel and creative opportunities to attain compliance, and not foreclose or prejudge certain resource decisions. To that end, the Commission should take a broad view for acknowledgement: generally, do the CEPs present reasonable, discrete, steps to comply with HB 2021 in the near-, mid-, and long-term? This broad perspective ensures that any immaterial utility modeling errors, assumptions, or analyses do not stand in the way of a robust response to attain the goals of HB 2021. The Commission could more appropriately develop and refine its CEP acknowledgment standards in subsequent IRP/CEPs, after identifying and investigating utility-specific compliance plans in light of market and technological advances.

Finally, the Commission should apply the same standards that it applies for IRP acknowledgement for CEP filings: identify capacity and energy needs to bridge the gap between expected loads and resources; identify and estimate costs of all supply-side and demand-side resource options; construct, evaluate, and select a representative set of resource portfolios over the range of identified risks and uncertainties; and create an Action Plan that is consistent with the long-run public interest as expressed in Oregon and federal energy policies.⁴ While HB 2021 is ambitious energy policy, and establishes specific statutory criteria for acknowledgement, each appears to align well within the Commission's existing IRP acknowledgment standards.⁵ HB 2021 is ambitious, but not different in kind from existing similar statutory obligations.

⁴ *In re IRP Investigation*, Docket No. UM 1056, Order No. 07-002 (Jan. 8, 2007) and Order No. 07-047 (Feb. 9, 2007) (adopting 13 IRP Guidelines); *In re CO2 Risk and IRP Processes*, Docket. UM 1302, Order No. 08-339 (Jun. 30, 2008) (reaffirming Guideline 8 addressing environmental costs).

⁵ *In re PacifiCorp's 2021 IRP*, Docket No. LC 77, Order No. 22-178, at 4 (May 23, 2022) (“In reviewing an IRP, we examine the resource activities in the Action Plan and determine, given the information available at the time, whether to acknowledge them based on the reasonableness of those actions. Our decision to acknowledge or not acknowledge an action item does not constitute rulemaking. The question of whether a specific investment made by a utility in its planning process was prudent will be independently examined in a subsequent rate proceeding. Acknowledgment, or non-acknowledgment, of an IRP is a relevant but not exclusive consideration in our subsequent examination of whether the utility's resource investment is prudent and should be recovered from customers.”).

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PacifiCorp appreciates the opportunity to respond and is available to discuss any issues in greater detail.

Sincerely,

Shelley E. McCoy
Director, Regulation
PacifiCorp