

December 11, 2020

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: LC 70 - PacifiCorp Informational Filing on Multi-State Process (MSP), Nodal Pricing and the Extended Day-Ahead Market

PacifiCorp, d/b/a Pacific Power (PacifiCorp) submits this informational filing in compliance with Docket LC 70, Order 20-186. In Order 20-186 the Commission acknowledged the 2019 Integrated Resource Plan (IRP) with a condition that “PacifiCorp provide a workshop or update for the Commission on its timeline and sequence for incorporating nodal pricing and other Multi-State Protocol issues and the Energy Day Ahead Market (EDAM)¹.” PacifiCorp met with Commission Staff on November 16, 2020 and discussed the impacts of the nodal pricing model and MSP on the IRP. PacifiCorp plans to provide an update on these topics to its 2021 IRP stakeholders as part of its January 14-15, 2021 public-input meeting as well as a qualitative discussion in the 2021 IRP that will be filed April 1, 2021. PacifiCorp would also be available to participate in a workshop to discuss these topics at the Commission’s request however, due to their evolving and developing nature offers the following update for the Commission in response to this 2019 IRP condition.

MSP and Nodal Pricing

At the end of 2019, PacifiCorp and stakeholders from across its multi-state service territory agreed to an inter-jurisdictional cost allocation methodology, the 2020 Protocol, to be effective for the period of January 1, 2020 to December 31, 2023. The 2020 Protocol extends the 2017 Protocol with certain modifications including; the equalization adjustment ends, new qualifying facilities are situs assigned, and establishes a process for states to exit (cease being allocated costs and benefits) coal-fired generation resources. In addition to governing the current inter-jurisdictional cost allocations, the 2020 Protocol also establishes a basis for the next inter-jurisdictional cost allocation divided into two categories, Resolved Issues and Framework Issues. The Resolved Issues category represents agreement on certain items including; existing and future generation resources will be allocated using fixed allocation factors, transmission costs

¹ p.10.

will be allocated using a dynamic allocation based on 75 percent demand and 25 percent energy, and distribution costs will be situs assigned. The Framework Issues are yet to be resolved and include resource planning and new resource assignment, net power costs and the nodal pricing model, special contracts, limited realignment, and capital additions on coal fired resources. These Framework Issues are actively being negotiated by the signatories of the 2020 Protocol.² It is anticipated that the Framework Issues are resolved before the expiration of the 2020 Protocol or December 31, 2023.

The purpose of the nodal pricing model is to provide a way for PacifiCorp to continue to operate on a least cost, system basis while tracking net power costs by state. This is an important component of the next inter-jurisdictional cost allocation methodology as it is anticipated that states will have unique resource portfolios. As the nodal pricing model will provide PacifiCorp greater transparency into the day-ahead scheduling of its resources, which may result in an incremental operation benefit. The nodal pricing is not a component that affects modeling in the IRP. however, the 2021 IRP will include a qualitative discussion on nodal pricing.

PacifiCorp's resource planning team is actively participating in MSP stakeholder discussions and any subsequent analysis within that context to address and resolve related Framework Issues as identified in the paragraph above. Due to the timing of the 2021 IRP and unresolved nature of the evolving Framework Issues, the 2021 IRP will include a qualitative discussion of MSP and nodal pricing specifically with a discussion of these efforts, current status and next steps.

California Independent System Operator's Extended Day Ahead Market

PacifiCorp was a leader in establishment of the Western Energy Imbalance Market (EIM) which to date since its start in 2014 has realized over \$1.12 billion in benefits among its participants and PacifiCorp's share of those benefits at \$265.01 million. Building on the success of the real-time EIM, PacifiCorp has been an active participant in stakeholder efforts to develop a voluntary day-ahead market referred to as the Extended Day Ahead Market (EDAM), at the California Independent System Operator (CAISO). This stakeholder effort began in September of 2019 and is currently in the design phase. PacifiCorp recently submitted comments as part of the Joint EIM Entities (EIM Entities) in response to the CAISO's straw proposal that outlines participation in the EDAM.³ The EIM Entities reiterated the importance and support for achieving key principles and elements that include ensuring a voluntary market design, ensuring equity and "no leaning" for Balancing Authority Areas, and consistency with obligations of the Open Access

² *In the Matter of PacifiCorp, dba Pacific Power, Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol*, Docket No. UM 1050. Order adopting the 2020 Protocol (Jan. 23, 2020).

³ <https://stakeholdercenter.caiso.com/StakeholderInitiatives/AllComments/45a5a15c-e5c9-407a-9f59-4e7ce97a8544#org-94cd20c1-84ba-4261-bedd-58e03168ac43>

Transmission Tariff. The EDAM is targeted for implementation in October 2022. However, due to recent weather and wildfire related events this summer in California, stakeholder efforts on the EDAM have been delayed. It is unclear at this time how that may ultimately affect achievement of the target implementation date however, PacifiCorp will continue to be an active participant in and proponent of this effort as it progresses. Like the EIM, this market ultimately impacts operations and is not a component that affects modeling in the IRP, however, the 2021 IRP will include a qualitative discussion on the EDAM efforts.

PacifiCorp respectfully requests that all communications related to this filing be addressed to:

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Sincerely,

 s/ Shay LaBray
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Director, Resource Planning