

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 23, 2018

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: October 16, 2018

TO: Public Utility Commission

FROM: JP Batmale ^{JPB}

THROUGH: JE Jason Eisdorfer

SUBJECT: PacifiCorp, dba Pacific Power 2017 Integrated Resource Plan, Request for Modification of Order No. 18-138 (Docket No. LC 67)

STAFF RECOMMENDATION:

Staff recommends the Commission modify its Order No. 18-138, by amending the first bullet under Action Item 4a in Order No. 18-138, at 21, to read:

PacifiCorp, in coordination with Staff and the Energy Trust of Oregon, will conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. PacifiCorp will report on the outcomes of this analysis, including any recommendations to both organizations regarding forecasting improvements, in the 2019 IRP.

DISCUSSION:

Issue

Whether the Commission should modify its Order No. 18-138 by amending the first bullet under Action Item 4a to remove the requirement that PacifiCorp hire an independent consultant.

Applicable law

Under ORS 756.568, upon notice to the utility and opportunity to be heard, the Commission may, at any time, rescind, suspend or amend any order made by the Commission.

On April 27, 2018, the Commission issued Order No. 18-138 memorializing its decision made in December 2017 regarding PacifiCorp's 2017 Integrated Resource Plan (IRP). The order acknowledges the IRP subject to conditions and modifications detailed in the final set of IRP action items.¹ Action Item 4a addresses Class 2 Demand-Side Management (DSM) with acquisition of cost-effective Class 2 DSM (energy efficiency) from 2017-2020. The Commission's order includes two modifications to Action Item 4a. The modifications were:

Modification #	Text of Modification
1	PacifiCorp is to hire an independent consultant, in coordination with Staff and the Energy Trust of Oregon, to conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. The consultant's report should include recommendations to both organizations regarding forecasting improvements that should be considered for the 2019 IRP.
2	Early in the public input process for the 2019 IRP, prior to finalizing energy efficiency supply curves, PacifiCorp will hold a DSM technical workshop to review and receive input regarding how the company models energy efficiency potential in the IRP and supporting studies such as the Conservation Potential Assessment.

Analysis

On May 11, 2018, the parties identified in the LC 67 Action Item 4a, modification No. 1, (i.e., PacifiCorp, Energy Trust and Staff) met to discuss the consulting contract required by this action item. The parties discussed the scope of the analysis directed by Order 18-138 and were able to identify key issues and necessary analysis so as to compare the differences in long term energy efficiency forecasting and Energy Trust's actual achieved savings. In so doing, the parties all agreed that the process to contract and produce a consultant report would take upwards of six months and that they themselves could jointly produce the analysis and recommendations in an equally effective manner at a lower cost and in less time.

Given the time constraints associated with procuring and hiring an outside consultant for work under this action item, the resulting report would not be available to be considered

¹ See LC 67, 2017 IRP Acknowledgement with Conditions and Modifications, Order No. 18-138, April 27, 2018, Appendix A "Acknowledged Action Items with Modifications and Additions", pg. 19

during the development of the 2019 IRP even if the process of hiring a consultant had begun following the 2017 IRP acknowledgement order. In addition, on review of the action item by the parties, it became apparent that the required analysis either has been done or can readily be completed by the parties involved. Coordination between Staff and the Energy Trust can be accomplished on a technical level. Thus, the requirement to hire an independent consultant does not appear to be necessary or cost-effective.

Staff therefore, requests that the Commission modify its Order No. 18-138 to eliminate the requirement that PacifiCorp hire an independent consultant to prepare a report analyzing the near to long-term energy efficiency forecasts with Energy Trust's actual achieved savings. As modified, PacifiCorp would be required to conduct this analysis in coordination with Staff, Energy Trust and share the findings with interested stakeholders in the 2019 IRP. The following is a redline of Staff's proposed amendments:

~~PacifiCorp is to hire an independent consultant, in coordination with Staff and the Energy Trust of Oregon, to~~ **will** ~~conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. The~~ **PacifiCorp will** ~~consultant's report~~ **on the outcomes of this analysis,** ~~should including~~ **any** ~~recommendations to both organizations regarding forecasting improvements should be considered for~~ **in** ~~the 2019 IRP.~~

Staff has conferred with PacifiCorp and Energy Trust regarding the proposed modification, and both support this request. PacifiCorp has indicated it will file a letter in the docket waiving notice and hearing rights with respect to this modification.

Stakeholder Comments

In mid-August Northwest Energy Coalition (NVEC) reached out to Staff stating their opposition to the request to modify the order in this manner, and to the path forward agreed to by PacifiCorp, Staff and Energy Trust. NVEC referred to text in the body of Order 18-138 which states:

We acknowledge PacifiCorp's energy efficiency action item with the addition of the modification agreed to by PacifiCorp and Staff. PacifiCorp agrees to hire an independent consultant to conduct an analysis by the next IRP that identifies and compares the differences between ETO and PacifiCorp's energy efficiency forecasts with ETO's actual achieved savings in Oregon and PacifiCorp's achievements in other states. Early in the 2019 IRP process, PacifiCorp will hold a DSM technical workshop to review and receive input regarding how the company models energy efficiency potential in the IRP.²

² *Ibid*, pg. 11. Italics added.

In so far as the request to modify meant that the analysis would no longer involve an independent consultant **and** would not consider as part of its scope the identification and comparison of achievements in other states served by PacifiCorp, NWECC believed the resulting analysis would not meet the intent of Order 18-138.

Staff's focus has been on the ordering paragraphs of Order 18-138, adopting the operative language in Action Item 4a, to which PacifiCorp had agreed. Staff now recognizes the ambiguity between the body of the Order and the ordering paragraphs adopting Action Item 4a. We understand the awkward position in which this has put PacifiCorp, Staff and regional advocates, such as NWECC.

However, Staff does recommend that the request to modify Order 18-138 be approved because it is both the best path forward **and** Staff is aware of actions that can be taken to assist NWECC in their drive to achieve greater transparency into PacifiCorp's DSM achievements across the states it serves.

First, Staff believes that the three parties identified in the Order's Action Item can conduct an analysis that is equivalent to what an independent analysis could provide, and that that will positively impact the 2019 IRP. The staff at PacifiCorp and Energy Trust have already been very engaged and forthright in identifying the drivers of differences they see across efficiency forecasts and in annual achievements.

Second, while Staff understands NWECC's position regarding the scope of the Order, Staff continues to believe that conducting an analysis across states was neither explicitly included nor implied to be part of Action Item 4a. Staff takes direction from and works off of the wording found in the Action Items: it is what is ordered. Further, Staff comments in LC 67, which prompted the inclusion of this action item, were focused solely on the differences between Energy Trust and PacifiCorp forecasting approaches and Energy Trust's actual results. The language to which NWECC refers above includes explanatory language for both Action Items 4a and 4b.

Third, while the parties obviously did not have an opportunity to review Order 18-138 before it was issued, all parties, including NWECC, had an opportunity to provide feedback to Staff on text of the Action Items to ensure it matched what had been discussed. Any concerns with the scope of the Action Item could have been noted much earlier in the process.

Fourth, PacifiCorp has already completed an analysis of drivers across states that should be very helpful to NWECC. The two Demand Side Management (DSM) workshops conducted by PacifiCorp, per Action Item 4B, and in two follow-up sessions at Integrated Resource Planning (IRP) workshops this past summer PacifiCorp presented the results

of data and analysis that identified and compared the drivers of different levels of energy efficiency achievements across states.³

Fifth, PacifiCorp has offered to provide work papers associated with its analysis available to interested stakeholders via its stakeholder feedback form request process. Staff believes that the ability to request and receive this information should satisfy the needs of NWECA for greater transparency.

Lastly, we would request that PacifiCorp work with Staff and Energy Trust summarize the results of the analysis with stakeholders at an IRP public meeting or workshop before the 2019 IRP filing date. This would be an improvement to the existing action item, which only called for the involvement of PacifiCorp, Staff and Energy Trust.

Conclusion

To allow for a more efficient and cost-effective analysis of near to long-term energy efficiency forecasts with Energy Trust actual achieved savings, Staff recommends that the Commission modify its Order No. 18-138 to amend Action Item 4a as set forth above. In addition, Staff encourages PacifiCorp to summarize the analysis completed per this Action Item at an IRP public meeting or workshop prior to the filing of the 2019 IRP.

PROPOSED COMMISSION MOTION:

Modify Order No. 18-138, by amending the first bullet under Action Item 4a in Order No. 18-138, at 21, as recommended by Staff.

³ A technical conference was held on June 29, 2018, with a follow-up webinar on July 23, 2018. Additional follow-up sessions were included on the August 30, 2018 and September 28, 2018 public input meetings.