

ITEM NO. RA3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 4, 2021**

REGULAR X CONSENT EFFECTIVE DATE May 4, 2021

DATE: April 26, 2021

TO: Public Utility Commission

FROM: Rose Anderson

THROUGH: Bryan Conway, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: PACIFICORP:
(Docket No. LC 70)
PacifiCorp's request for a one-time waiver of the OAR 860-027-0400(8) requirement to file an annual IRP Update on its most recently acknowledged IRP.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (OPUC or Commission) should approve PacifiCorp's request for partial waiver of OAR 860-027-0400(8).

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's (PAC or Company) request for waiver of OAR 860-027-0400(8) regarding updates to utility Integrated Resource Plans.

Applicable Rule

OAR 860-001-0000(2) states that the Commission may waive any administrative rules in Chapter 860 for good cause shown. Additionally, OAR 860-027-0000(2) states that the Commission may waive any of the division 27 rules for good cause shown upon request or its own motion. Under OAR 860-027-0400(1), the section of rules governing

Integrated Resource Plan filing, the utility may request to have the Commission relieve it of any obligation under the rule for good cause shown.

OAR 860-027-0400(8) states that:

Each energy utility must submit an annual update on its most recently acknowledged IRP. The update is due on or before the acknowledgment order anniversary date. The energy utility must summarize the annual update at a Commission public meeting. The energy utility may request acknowledgment of changes, identified in its update, to the IRP action plan.

The Commission acknowledged PacifiCorp's 2019 IRP on June 8, 2020, in Order No. 20-186.

Analysis

Background

On November 13, 2019, PacifiCorp filed in Docket No. LC 70 a notice that it would focus its efforts on filing the 2021 IRP by March 2021, and would therefore not file an IRP Update to the 2019 IRP, since the Company planned to file the next IRP before the 2019 IRP Update would have been due on May 7, 2021.

The PacifiCorp 2019 IRP was acknowledged at a Public Meeting on May 7, 2020, in Docket No. LC 70, and memorialized on June 8, 2020, in Order No. 20-186.

At the February 10, 2021 Public Input Meeting in the PacifiCorp IRP development process, the Company informed stakeholders that it planned to seek approval as applicable to "extend the 2021 IRP file date from April 1, 2021 to no later than September 1, 2021." PacifiCorp stated that this would allow the results of the 2020AS RFP to be accounted for in the current planning cycle.

On February 12, 2021, PacifiCorp filed a notice in Docket No. LC 77 describing its plan to delay the filing of the 2021 IRP until September 1, 2021. The reasons for this change are described as a desire to include 2020AS RFP results into the 2021 IRP, and a need to allow more time to overcome challenges implementing its transition to a new IRP model.

On March 5, 2021, Sierra Club filed comments in reply to PacifiCorp's notice, arguing that the Commission should allow PacifiCorp to delay its filing to no later than July 15, 2021. Sierra Club notes that:

1. A delay in filing the 2021 IRP may result in a long gap between the previous IRP and the next IRP, in which there will likely be no IRP Update. Sierra Club argues that in a rapidly transforming electric grid, frequent updates are required to provide oversight of utility actions, including fossil-fuel generation decisions.
2. The delayed IRP filing would likely result in other proceedings being delayed as well. Sierra Club cites the coal retirement process in California, noting that PacifiCorp has already requested to delay this process until 2022. Sierra Club also mentions filings required under Washington's CETA and/or coal reassignment dockets in that state.
3. The delay in filing will put parties to PacifiCorp's fuel cost dockets at a disadvantage because they will not have access to the latest modeling.

Sierra Club also recommends the Commission require the Company to provide additional information and analysis regarding renewables, coal plants, and the social cost of carbon. Sierra Club's argues that if PacifiCorp is allowed to delay its IRP filing until September, additional information should be provided upon filing of the IRP:

1. Anonymized bid data from the 2020AS RFP, to provide up-to-date cost information on renewable projects,
2. Inclusion of modeling runs with Selective Catalytic Reduction (SCR) technology installation at applicable coal power plants under the Regional Haze program,
3. Removal of the zero carbon price path in IRP analysis, and
4. Social cost of carbon (SCC) reporting for the emissions associated with each IRP portfolio, regardless of the carbon price used in the model run.

In PacifiCorp's Reply Comments, filed March 12, 2021, the Company responds to Sierra Club by reiterating that the timeline proposed in the February filing is required in order to complete all modeling runs and engage with stakeholders before the filing of the IRP.

The Company also responds to the request for additional analysis by stating that it would create further delays if the company were required to provide the additional analysis recommended by Sierra Club.

On March 26, 2021, in Docket No. LC 70, PacifiCorp filed a request for a waiver of the requirement in OAR 860-027-0400(8) to file an IRP Update within one year of the previously acknowledged IRP acknowledgement decision, stating that the requested

extension will allow sufficient time to implement the Company's new modeling system and receive feedback from stakeholders before filing the 2021 IRP in September, 2021.

Analysis

The IRP Update as described in OAR 860-027-0400(8) is focused on the Action Plan from the most recently acknowledged IRP, any changes to that plan, and any changes to the inputs that influence the utility's decision to continue with that plan. In a rapidly changing electric industry, the IRP update is an important part of a regulatory process where regulator and stakeholders need to have up-to-date information to make the best decisions and recommendations.

PacifiCorp's plan expressed in its November 13, 2019 notice in Docket No. LC 70 was to file the 2021 IRP before the 2019 IRP Update would have been due. However, PacifiCorp's present request explains that modeling difficulties have made an extension of the 2021 IRP filing date necessary for completing IRP analysis and engaging in the stakeholder input process. PacifiCorp requests a waiver to the requirement for an annual IRP Update to be filed by May 7, 2021, to allow the Company to focus on its IRP analysis to be filed in September 2021.

Staff finds that providing PacifiCorp with the extra time needed to both produce a quality analysis and engage stakeholders in a discussion of the results amounts to good cause and is in the public interest. PacifiCorp has filed its request for a waiver with such short notice that requiring an IRP Update by May 7 does not appear to be a practical course of action. While a long delay between one IRP and the next with no IRP Update is not a desired outcome, a delay in the expected IRP filing date appears to be unavoidable while maintaining the usual quality and transparency of an Integrated Resource Plan. Additionally, if the 2021 IRP is filed by September 1, 2021, as planned, then the gap between the 2019 IRP acknowledgement and the next source of updated IRP information for stakeholders will be one year and four months, instead of one year as envisioned in OAR 860-027-0400(8).

As a result of the apparent necessity of the delay, and of the limited time frame proposed by PacifiCorp, Staff does not support rushing PacifiCorp to file its IRP sooner than it believes possible, and neither does Staff think that PacifiCorp should be required to prepare an IRP Update by May 7, or at any time before the filing of its 2021 IRP on September 1, 2021. PacifiCorp's requested waiver should be granted because these reasons amount to good cause.

Staff finds merit in Sierra Club's recommendations and encourages PacifiCorp to consider the inclusion of certain information in its September IRP filing, based on the comments of Sierra Club in Docket No. LC 77. The following information would help

inform stakeholders regarding costs and risks of coal and renewable resources in the IRP, and should not cause any further delay to the IRP filing:

1. PacifiCorp should provide anonymized bid price data for each technology type in its 2020AS RFP. These bids reflect the most up-to-date information available on the costs of renewable technology. Staff finds that it would be imprudent for the Company to carry out the planning process without considering the valuable resource cost information provided by RFP bidders.

This information should be provided for stakeholder review in a format directly comparable to cost information about the IRP proxy resources. Staff does not see any reason why this data cannot be provided publically. However, if this data cannot be provided in the public IRP document because of confidentiality concerns, then it should be provided as part of a confidential data filing by the Company at the time of the IRP filing.

2. Staff encourages PacifiCorp to include a sensitivity modeling run with SCR installations as currently required by Regional Haze law. Neglecting to look at the possibility of SCR installation requirements, if they are required by current law, is not a prudent planning practice and this would be considered in future ratemaking proceedings.

Additionally, Staff is currently planning a stakeholder process around the Governor's Executive Order 20-04 to discuss the types of climate reporting and analysis that should be included in a utility IRP. Staff would like to make clear that providing additional information and analysis about carbon emissions will be a topic of discussion at the OPUC stakeholder process on carbon emissions in the IRP. PacifiCorp should be advised that a requirement to provide information on portfolio-level social costs associated with carbon emissions may be among the results of OPUC stakeholder process. The removal of the zero price path for carbon will also be considered during the OPUC stakeholder process.

Conclusion

Staff recommends the Commission approve PacifiCorp's request for waiver of OAR 860-027-0400(8) because the company has demonstrated good cause, and the waiver would be in the public interest.

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PROPOSED COMMISSION MOTION:

Approve PacifiCorp's request for waiver of OAR 860-027-0400(8).

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