

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 70

In the Matters of
PACIFICORP, dba PACIFIC POWER,
2019 Integrated Resource Plan.

**NOTICE OF COMMISSION
WORKSHOP**

The Public Utility Commission of Oregon will hold a Commissioner workshop to review the recent analysis performed by PacifiCorp, dba Pacific Power, on its coal units and address how that analysis can inform PacifiCorp's 2019 Integrated Resource Plan (IRP). The workshop will be held as follows:

DATE: August 28, 2018

TIME: 1:30 p.m.

LOCATION: Public Utility Commission
Hearing Room
201 High Street SE, Suite 100
Salem, Oregon 97301

Background

Although the primary focus of our review of PacifiCorp's 2017 IRP was on the action items connected with the company's Energy Vision 2020 project, we reviewed PacifiCorp's regional haze compliance scenarios that considered early retirement of its coal units as a means to avoid significant investments in Selective Catalytic Reduction (SCR) equipment. PacifiCorp characterized regional haze retirement assumptions as reasonable for planning purposes, but stated that it expected unit-specific outcomes will ultimately be determined by ongoing rulemaking, results of litigation, and future negotiations with partner plant owners, regulatory agencies, and other vested stakeholders. *See* Order No. 18-138 at 5. This approach led Sierra Club, Staff, the Oregon Citizens' Utility Board (CUB), and the Oregon Department of Energy (ODOE) to argue that PacifiCorp's regional haze analysis was inadequate for planning purposes and that the 2017 IRP failed to assess the costs and benefits of maintaining the company's coal-fired generators.

In response to these concerns, PacifiCorp agreed “to perform 25 system optimizer (SO) runs, one for each coal unit and a base case [and] to summarize the results providing a table of the difference in present value of revenue requirement (PVRR) resulting from the early retirement of each unit, an itemized list of coal unit retirement costs assumptions used in each SO run, and a list of coal units that would free up transmission along the path from the proposed Wyoming wind projects if retired.” Order No. 18-138 at 11-12. We also indicated that a Commissioner workshop would be scheduled to review this analysis once it is complete.

We would now like to fully engage with PacifiCorp and stakeholders on next steps for coal analysis for the 2019 IRP. As our colleagues at the Washington Commission recently found, “changing demand and market forces have fundamentally altered the dispatch and economics of Jim Bridger and Colstrip.” Docket UE-160353, Pacific Power & Light Co. 2017 IRP Acknowledgement Letter Attachment at 4. We are seeking to understand how PacifiCorp’s planning is evolving to adapt to these changes, and ultimately we are working towards transparency for the fundamental resource questions that PacifiCorp’s IRP models address: “what, when, where and how much to build or retire.” PacifiCorp’s June 28, 2018 Stakeholder Presentation.

Agenda

PacifiCorp has already provided the results of its analysis at a stakeholder workshop. We will hold a Commission workshop in Docket No. LC 70 so that PacifiCorp can present its analysis to us, stakeholders can provide comments, and we can all engage in a work session on next steps. Because the coal analysis contains confidential information that is exempt from public disclosure, the majority of the workshop will be held in executive session to consider information or records that are exempt from public inspection under ORS 192.660(2)(f). Executive sessions are closed to members of the public, except the news media who will be asked to not report on confidential information. The executive session will also be open to individuals qualified under the protective orders in LC 67 or LC 70 from the following organizations: PacifiCorp, Sierra Club, NW Energy Coalition, Renewable Northwest, Oregon Citizens’ Utility Board, Alliance of Western Energy Consumers, Renewable Energy Coalition, Northwest and Intermountain Power Produces Coalition, and Oregon Department of Energy, the Commission employees, and Assistant Attorneys General. There will be no opportunity to monitor the meeting via webcast or by telephone.

We adopt the following agenda for the August 28 workshop:

1. PacifiCorp presents a non-confidential overview of its coal analysis (5 minutes).

2. PacifiCorp explains the confidential PVRR(d) results on page 5 of its presentation (5 minutes).
 - a. Explain why and how the results differ when SCR is included or excluded from the base case.

3. PacifiCorp provides further detail on the confidential graph on page 7 of its presentation, “Example of Data in Confidential Work Papers (Jim Bridger 1)” (10 minutes). We seek clarity on the following questions:
 - a. Provide more detailed explanation of all components that comprise the change in system cost. These are summarily described with labels under the graph (i.e., Unit Fixed Cost, Unit Fuel Cost, Emissions, Other System Fixed Cost, Other NPC, DSM) and also with accompanying narrative bullets at the bottom of the page, but please specifically explain how individual components are valued, including the impact to EIM participation and decommissioning costs.
 - b. Beginning in the early years of the graph, explain the cost changes prior to retirement in 2022.
 - c. Explain why the cost components, including fuel, change over time.

4. PacifiCorp provides further detail on its bullet points on the bottom of page 9 “Conclusions and Next Steps” (15 minutes). We ask PacifiCorp to address the following and explain its next steps:
 - a. Describe how the company plans to use the coal analysis results to prioritize early retirement analysis for the 2019 IRP.
 - b. Describe any stacked early retirement scenarios that PacifiCorp intends to analyze, including a description of how the company will design the stacked early retirement scenarios and the steps PacifiCorp plans to take to make that decision.

5. Stakeholders and Staff are invited to explain their interpretation of the coal analysis, including what issues they believe merit extra attention in the upcoming IRP cycle and suggestions for next steps in PacifiCorp’s coal analysis (10 minutes each).

6. Round table discussion with Commissioner and ALJ questions on how the costs and risks of capital investments, fuel considerations, and any operational or transmission impacts of early retirement of individual coal units could be evaluated in the 2019 IRP (1 hour). Potential areas of discussion include:
 - Recent trends in coal unit dispatch and economics,

- Naughton Unit 3 retirement in January 2019,
- Cholla Unit 4 retirement at the end of 2020,
- Assessing freed-up transmission due to retirements,
- Potential Dave Johnston early retirement analysis that incorporates Energy Vision 2020 transmission and wind and looks at the potential benefits and costs of additional Wyoming wind resources,
- Update on how PacifiCorp will respond to the Washington Commission's Jim Bridger and Colstrip questions, and whether Oregon stakeholders may receive a copy of the responses.

After this workshop, we will work internally to develop a focus point or specific request for scenario analysis to be performed in the 2019 IRP. This is similar to the coal workshops we held on August 6, 2014, after the LC 57 proceeding. After that workshop Staff brought its recommendations to the Commission at a Public Meeting and participants had an opportunity to comment on the final recommendations at that time. We will likely follow the same process here.

Dated this 7th day of August, 2018 at Salem, Oregon.

Megan W. Decker

Stephen M. Bloom

Letha Tawney

Chair

Commissioner

Commissioner

<p>IF YOU HAVE A DISABILITY AND NEED ACCOMMODATION TO PARTICIPATE IN THIS CONFERENCE, PLEASE LET US KNOW (503) 378-6678, Oregon Relay Service: 7-1-1, or e-mail puc.hearings@state.or.us</p>
