

July 17, 2017

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: UM 1845—PacifiCorp’s Comments and Updated Proposed Schedule

On June 1, 2017, PacifiCorp d/b/a Pacific Power (PacifiCorp) submitted an Application for Approval of 2017R Request for Proposals (Application) with the Public Utility Commission of Oregon (Commission). In the Application, PacifiCorp asked the Commission to: (1) open a docket for approval of PacifiCorp’s 2017R Request for Proposals (RFP), which is a solicitation process for up to approximately 1,270 MW of new wind resources capable of interconnecting to, and/or delivering energy and capacity across, PacifiCorp’s transmission system in Wyoming; and (2) appoint an independent evaluator (IE) to oversee the RFP process.

On July 14, 2017, Staff released its public meeting memorandum recommending that the Commission: (1) decline to open a docket or waive Guideline 7 because neither action is necessary at this time; and (2) select Bates White as the IE should PacifiCorp choose to move forward the development of an RFP.

PacifiCorp supports Staff’s recommendation to select Bates White as the IE, but would like to clarify the requested procedural process, and underscore to Staff and the Commission the importance of the proposed RFP schedule. PacifiCorp includes an updated proposed schedule in these comments and respectfully requests that the Commission adopt this schedule at the July 20, 2017 special public meeting.

A. PacifiCorp will Continue to Work with Staff, Parties, and the Commission to Ensure a Fair and Competitive Process

PacifiCorp will work with Staff, parties, and the Commission to ensure a fair and competitive process for the 2017R RFP, which includes the use of an IE. In Staff’s public meeting memorandum, Staff states that “PacifiCorp is not obligated to proceed with the development of an RFP with an IE.”¹ PacifiCorp understands that Staff merely intends to note that selection of an IE does not mean PacifiCorp must proceed with an RFP, but Staff is not recommending that PacifiCorp proceed with an RFP process without an IE. PacifiCorp believes that both Staff and the Commission would like PacifiCorp to follow the Competitive Bidding Guidelines outlined in Order No. 14-149 throughout this process, which is exactly what PacifiCorp intends to do.

¹ Staff Public Meeting Memorandum at 4 (July 14, 2017).

B. PacifiCorp Requests that the Commission Adopt the Updated Procedural Schedule to Ensure Customers Have a Chance to Benefit from New Renewable Resources

Given the time-limited nature of the current resource opportunity, the proposed procedural schedule allows PacifiCorp to preserve the opportunity to acquire cost-effective renewable resources for customers' benefit. Without this RFP design and approval schedule, the process will be over before it begins, and customers will not have the opportunity to benefit from these resources that will help transition to a cleaner energy future.

Although PacifiCorp is requesting to begin the RFP process before its 2017 Integrated Resource Plan (2017 IRP) has been acknowledged, PacifiCorp is neither presuming acknowledgement of the 2017 IRP nor attempting to shift the risk to customers if the IRP is not acknowledged. Additionally, in seeking approval of this procedural schedule, PacifiCorp is not asking the Commission to weigh in on the substance of the yet-to-be-filed draft RFP at this time. PacifiCorp would simply like the opportunity to proceed with the initial steps in this RFP process consistent with the Competitive Bidding Guidelines. Finally, the procedural schedule for review of the 2017 IRP contemplates a final order in that proceeding before the Commission will be asked to review the final shortlist of bidders from the RFP.

1. Project Background, Benefits, and Timing

As outlined in PacifiCorp's Application, the 2017R RFP is designed to capture a time-limited resource opportunity arising from the expiration of federal production tax credits (PTCs). The proposed wind resources are enabled by a new 140-mile, 500 kV transmission line and associated infrastructure running from a new Aeolus substation near Medicine Bow, Wyoming, to a new annex substation, Bridger/Anticline, which will be located near the existing Jim Bridger substation (transmission project).

The new wind resources and transmission project are time-limited opportunities and are inextricably linked—the transmission project relieves existing transmission congestion, and interconnection of the wind resources is enabled by the new transmission project, which will allow PacifiCorp to realize the benefits of the renewable resources and the associated PTCs on behalf of its customers. The economics of the combined transmission project and wind resources rely in part on PTCs, and PacifiCorp must complete all construction by the end of 2020 to fully qualify for 100 percent of the PTC benefit. PacifiCorp's 2017R RFP will seek bids for the new wind resources that demonstrate that the proposed projects can achieve commercial operation no later than December 31, 2020, and meet the requirements for receiving the full PTC benefit.

To enable construction of the new wind and transmission facilities by December 31, 2020, PacifiCorp filed applications for certificates of convenience and public necessity (CPCNs) with the Wyoming Public Service Commission in June 2017. It is critical that PacifiCorp receive a CPCN for the transmission project, which is expected to be conditioned upon acquisition of all necessary rights-of-way, with sufficient time to allow PacifiCorp to clear this condition and maintain the critical-path construction schedule. Because the customer benefits associated with

this opportunity are dependent upon the proposed wind resources and the new transmission project, PacifiCorp needs to establish a final shortlist from the 2017R RFP in early January 2018 to inform the Wyoming CPCN proceeding, providing the necessary time to acquire the required rights-of-way for the transmission project. PacifiCorp plans to seek acknowledgment of its 2017R RFP final shortlist, targeting Commission acknowledgment by March 2018.

If the final draft RFP approval process is delayed past the end of August 2017, then the issuance of the RFP will also be delayed, which will compress both the timeframe for bidders to submit their bids and for PacifiCorp and the IE to complete the thorough evaluation of those bids necessary to identify an initial shortlist and ultimately develop a final shortlist recommendation by January 2018. Therefore, approval and issuance of the final draft RFP at the end of August is a critical step in this process and provides the maximum amount of time for both the bidders and PacifiCorp. Parties will have approximately 30 days to provide comments on the final draft RFP, including the ability to file comments over two weeks after the final draft RFP is filed, and again at the special public meeting at the end of August. Based on PacifiCorp's past experience under previous RFPs, the proposed timetable is tight but achievable.

2. Relationship Between RFP and IRP

To offer customers the chance to benefit from this time-sensitive opportunity for renewable resources, the RFP development and approval process must run concurrently with the IRP acknowledgment process. When the Commission reviews the final draft 2017R RFP, part of its consideration will be the alignment of the RFP with the acknowledged IRP. As PacifiCorp explained in its Application, the Commission has shown flexibility in applying the requirement that the RFP align with an acknowledged IRP.

PacifiCorp will request that the Commission approve the final draft RFP at the end of August, and the Commission will consider acknowledgment of the 2017 IRP on November 7, 2017. PacifiCorp understands and accepts the risk of moving forward in this way. But PacifiCorp believes this opportunity to move toward a clean energy future by investing in the development of renewable resources is in customers' best interest. PacifiCorp will continue to mitigate risks associated with alignment of the RFP and the 2017 IRP by working with Staff, and interested parties to ensure a fair and competitive solicitation process for this RFP, which includes the use of an IE. Additionally, PacifiCorp understands that parties and the Commission need to thoroughly review the 2017 IRP before PacifiCorp files the 2017R RFP final shortlist for acknowledgment.

PacifiCorp recognizes that if the Commission does not acknowledge the 2017 IRP, the company will need to consider whether to move forward with this significant investment in renewable resources and transmission. However, this possibility does not mean that PacifiCorp should simply delay the RFP process—doing so would foreclose the opportunity for customers to benefit from these new renewable resources regardless of the outcome of the 2017 IRP.

3. RFP Design and Approval

PacifiCorp proposes an accelerated schedule for the RFP design and approval processes to ensure that customers are given the opportunity to realize the benefits of new cost-effective renewable resources. As discussed above, this design and approval schedule does not mean that PacifiCorp intends to move forward with the RFP without regard to IRP acknowledgment or stakeholder review. However, without this schedule, the opportunity will be lost before the process has even begun.

Consistent with Guideline 6, PacifiCorp will work with interested parties and the IE to develop the draft RFP. PacifiCorp will release a draft RFP to parties and conduct a bidder and stakeholder workshop. PacifiCorp will consider parties' feedback at this workshop before finalizing its final draft RFP for filing with the Commission.

PacifiCorp plans to seek the Commission's approval of the final draft RFP in late August. In declining to recommend that the Commission open a docket for RFP approval at this time, Staff notes that "Guideline 7 merely requires a final draft RFP to be filed for review and approval after the RFP design process."² PacifiCorp agrees with Staff that it is premature for the Commission to approve the yet-to-be-filed RFP at the July 20, 2017 special public meeting. Consistent with the procedural schedule outlined in the Application and updated below, PacifiCorp plans to seek approval in late August in this docket.

Consistent with Guideline 7, PacifiCorp will file its final draft RFP with the Commission and provide time for public comment and Commission review. The proposed schedule provides a public comment period of approximately 30 days, and allows parties to file written comments over two weeks after the final draft RFP is filed, in addition to the ability to provide comments at the special public meeting. Guideline 7 states that "the Commission will target a decision within 60 days after the filing of the final draft RFP"³ but allows the utility to request a longer review period. Here, the proposed schedule provides that the Commission's decision will occur within 60 days, which is consistent with Guideline 7, and PacifiCorp does not intend to request a longer review period.

4. PacifiCorp's Proposed Schedule

PacifiCorp's Application included a proposed schedule, which provided that the Commission would approve the selection of the IE at the July 11, 2017 public meeting. The selection of the IE will now occur at the July 20, 2017 special public meeting. In light of this change and given the need to establish a final shortlist by January 2018, PacifiCorp respectfully requests that the Commission approve the following updated schedule at the July 20, 2017 special public meeting.

² Staff Public Meeting Memorandum at 4.

³ Order No. 14-149 Appendix A at 3.

EVENT TARGET DATE	TARGET DATE (Application)	TARGET DATE (Revised)
Receive IE Bids	6/15/2017	6/15/2017
IE Approval at Special Public Meeting	7/11/2017	7/20/2017
Initial Draft RFP Distributed to Parties		7/27/2017
Bidder and Stakeholder Workshop		8/2/2017
File Final Draft RFP with Oregon Commission	7/17/2017	8/4/2017
IE Files Report on Draft RFP	7/25/2017	8/10/2017
Party Comments on Draft RFP	8/8/2017	8/18/2017
PacifiCorp Reply Comments	8/15/2017	8/23/2017
Final RFP Approval at Special Public Meeting	8/22/2017	8/29/2017
RFP Issued to Market August 25, 2017	8/25/2017	8/31/2017
Benchmark Resource Bids Due	10/6/2017	10/6/2017
RFP Bids Due	10/13/2017	10/13/2017
RFP Final Shortlist Filed with the Commission	1/16/2018	1/16/2018
IE Closing Report on RFP	2/15/2018	2/15/2018
Party Comments on IE Closing Report	2/22/2018	2/22/2018
Final Shortlist Acknowledgement	3/13/2018	3/13/2018
Execute Agreements	4/16/2018	4/16/2018

Please direct any questions on this filing to Natasha Siores, Manager, Regulatory Affairs, at 503-813-6583.

Sincerely,



Etta Lockey
 Vice President, Regulation