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June 12, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301

RE: AR 616—PacifiCorp's Comments on Staff's Discussion Issues and Straw Proposal

PacifiCorp d/b/a Pacific Power (PacifiCorp) respectfully submits these comments in response to the Public Utility Commission of Oregon (Commission) Staff's discussion issues and straw proposal issued on May 15, 2020, in this proceeding. On May 19, 2020, Staff granted PacifiCorp's request for an extension of time to submit these comments on June 12, 2020.

I. COMMENTS ON STAFF'S DISCUSSION ISSUES

What value do the Renewable Portfolio Implementation Plan (RPIP) and Renewable Portfolio Standard (RPS) Compliance Report bring that is not contained in an Integrated Resource Plan (IRP)?

The IRP, RPIP, and RPS Compliance Report are useful for discrete purposes, and should be tailored for their purpose, rather than expanding scope without providing additional value. For the purposes of forecast compliance with the RPS, the IRP is a macro view. It answers the question of what resources the company will need to comply across a 20-year horizon.

The RPIP provides a more granular look at the company's near-term RPS compliance strategy, including the specific resources and associated renewable energy certificates (RECs) the company intends to use and the company's banking and compliance strategy. The RPIP can also identify any potential near-term cost implications associated with its compliance strategy. This analysis has limited value beyond a three- to five-year horizon as state laws, regulations, and objectives change and utilities refresh IRP analyses.

The RPS Compliance Report is even more granular and demonstrates how the company complied in a given compliance year and lists the resources the company applied to its bank after meeting that year's compliance requirements.

What constitutes a material deviation between the RPIP and Compliance Report?

The rules should allow for flexibility in determining what constitutes a material deviation. Being overly prescriptive could result in rules that do not contemplate each utility's compliance strategies or take into account future laws, technologies, or economic conditions. It is already in the utility's interest to report deviations that may have rate impacts. PacifiCorp looks forward to further stakeholder discussion on this topic.

Are the RPS planning and reporting dockets the appropriate place to discuss REC management strategies?

No, REC management strategies are more appropriately discussed in AR 617, the Commission's rulemaking on REC issues.

Besides co-location, what metrics are available for determining if energy storage is associated with a renewable energy project?

Storage, regardless of location, offers capacity value to the entire system and enables greater integration of renewables. PacifiCorp looks forward to further stakeholder discussion on this topic.

II. COMMENTS ON STAFF'S STRAW PROPOSAL

A. TIMING

Utilities are bound by statutory filing requirements of the implementation plan and rules for filing the IRP, which are not aligned.

Oregon statute requires companies to submit an implementation plan no less frequently than every two years[1]. But utilities are required to submit their IRP's two years from the date of the approval order of the previous IRP.[2] These requirements create a misalignment in the cadence of filing of the RPIP and the IRP that is beyond the utilities' control.

Additionally, due to a robust public process, data and analysis for the IRP is subject to change, often right up to the time of filing. Certain assumptions for the IRP are not known until that time—such as the final selection of potential resources. Filing them as companions may result in certain assumptions being made in the RPIP that do not reflect the final assumptions used in the IRP.

Lastly, as mentioned above, the IRP and RPIP have very different purposes, requiring the RPIP to take a more granular look at the near-term compliance strategy. A staggered approach allows utilities to incorporate assumptions made in the IRP, but at an implementation level versus a strategic level.

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[1] ORS 469A.075.
[2] OAR 860-027-0400(3).

B. PLANNING HORIZON

The RPIP forecast has value on a three- to five-year timeframe and should not be extended to a ten-year horizon.

As outlined in Discussion Item 1 above, the RPIP is useful for a limited purpose—outlining a utility's near-term compliance strategy. Because of the more granular nature of the RPIP, as the plan is extended farther into the future, it becomes less accurate in its ability to forecast available resources and potential costs associated with those resources. The calculation of incremental cost has limited to no correlation to actual rate impacts when analyzed too far into the future.

In addition, as offered in its May 15, 2020 comments in AR 617, the company respectfully asks the Commission to consider clarifying in OAR 860-083-0010(30) that the appropriate proxy plant selected for the incremental cost calculation should be the least-cost non-qualifying resource from the relevant IRP at the time of resource acquisition. If the relevant IRP does not include a non-qualifying resource, the qualifying electricity should be deemed as having no incremental cost to the RPS.

C. RPIP ASSUMPTIONS

Assumptions for IRP and RPIP should be generally aligned, but broadly prescriptive rules should be avoided.

Because the two plans have different purposes and vastly different outcomes (for example, the IRP may result in issuing a request for proposals or acquiring resources), it may not always be sensible or even possible for the assumptions and data in the two plans to be identical. There are innumerable macro and micro data elements in the IRP and the RPIP, and a rule requiring all elements to match could result in unintended consequences. One example is in the calculation of incremental cost. There are certain inputs to the incremental cost calculation, such as operation and maintenance expenses, where it is more meaningful to use more current data than the last acknowledged IRP.

Furthermore, there is a potential conflict between requiring identical data and assumptions in the RPIP and IRP while also requiring that the two plans be submitted at the same time. As discussed above, the assumptions and data in the IRP are often not finalized until shortly before filing, and changes are often the result of the robust public process that is part of the IRP.

Any concerns about differences in the assumptions and data used in the IRP compared to the RPIP could be addressed by requiring utilities to describe any material deviations between the RPIP and the IRP when the RPIP is filed. This rule would be similar to OAR 860-083-350 (2)(g)(G)(l), which requires utilities to provide a detailed explanation of any material deviations from the applicable RPIP in the annual RPS Compliance Report. PacifiCorp looks forward to further stakeholder discussion on this topic.

D. ADDITIONAL REPORT ELEMENTS

It is premature to include assumptions about Executive Order 20-04.

It is premature to include assumptions about Executive Order 20-04 because the Department of Environmental Quality's rulemaking has not occurred and is not anticipated until late 2020. PacifiCorp appreciates Staff providing additional clarity in the workshop about the statutory basis for rule changes and how rules may be changed to reflect Oregon's renewable energy and climate change priorities.

A forecast of the costs of using 20 percent unbundled RECs for compliance are provided today.

PacifiCorp already provides an unbundled REC cost sensitivity in its RPIP. The company looks forward to understanding what additional requirements Staff is contemplating.

III. CONCLUSION

PacifiCorp appreciates the opportunity to provide these comments and looks forward to working with Staff and stakeholders in this proceeding. Informal inquiries may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

Michael Wilding
Director, Net Power Costs & Regulatory Policy