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March 14, 2014

Attention: Filing Center  
Public Utility Commission of Oregon  
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Re: *In the Matter of PACIFICORP, dba PACIFIC POWER, 2013 Integrated Resource Plan*  
PUC Docket No.: LC 57  
DOJ File No.: 330030-GN0100-13

Enclosed for filing with the Commission today are an original and five copies of the OREGON DEPARTMENT OF ENERGY'S COMMENTS ON LC 57 STAFF REPORT AND DRAFT ORDER in the above-captioned matter.

Sincerely,

*Matt DeVore*

*for*

Renee M. France  
Senior Assistant Attorney General  
Natural Resources Section

Enclosures  
RMF:jrs/#5085894  
(Electronic copies only)  
c: LC 57 Service list

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 57**

In the Matter of	)	
	)	OREGON DEPARTMENT OF ENERGY'S
PACIFICORP, dba PACIFIC POWER,	)	COMMENTS ON LC 57 STAFF REPORT AND
	)	DRAFT ORDER
2013 Integrated Resource Plan	)	
	)	

The Oregon Department of Energy (department or ODOE) appreciates the opportunity to submit these comments in response to the LC 57 Staff Report and Draft Order regarding PacifiCorp's 2013 Integrated Resource Plan (IRP). The department's comments relate to Commission Staff recommendations in three areas:

- 1) Not acknowledging PacifiCorp's proposed action items related to analyses and methods to evaluate resource choices
- 2) Capacity credit analyses for wind and solar
- 3) Guidance for the next IRP cycle on compliance with IRP Guideline 8a (Order No. 08-339)

**1. Non-Acknowledgment of Analyses and Methods to Evaluate Resource Choices** (Action Items 1a, 1e, 2a, 2b, 3a, 4a, 5a, 7b, 9a, 10a, 11a and 11b)

Staff recommends the Commission not acknowledge many action items in an apparent change in how it views the meaning and purpose of IRP acknowledgement.

Order No. 07-002 updated the Commission's IRP guidelines. The first and core guideline is 1a, which states in part:

*All resources must be evaluated on a consistent and comparable basis. ... Consistent assumptions and methods should be used for evaluation of all resources.<sup>1</sup>*

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<sup>1</sup> Order No. 07-002 Appendix at 1

Commission Staff proposes to de-emphasize the role of IRP acknowledgement in guiding utilities in the analyses and methods used to evaluate resource choices. The Staff Report states:

*Many of PacifiCorp's action items are not planning items but rather are activities the Company would do in the regular course of business. For those items, Staff suggests that acknowledgement is not required and Staff proposes to remove them from the list of action items.<sup>2</sup>*

Specifically, Staff proposes that the Commission not acknowledge the following action items related to analyses: 1a, 1e, 2a, 2b, 3a, 4a, 5a, 7b, 9a, 10a, 11a and 11b. The department is concerned that the intent of acknowledgement in providing guidance is being lost. Guideline 3c states:

*The Commission may provide direction to a utility regarding **any additional analyses or actions that the utility should undertake in its next IRP.**<sup>3</sup> (emphasis added)*

Inconsistently, at the same time Staff proposes not to acknowledge a number of items PacifiCorp included in its action plan related to analyses, Staff proposes that the Commission acknowledge a new list of analyses suggested by Staff. These include Staff recommended action items 7a, 8a, 8d, 8d, 8f, 8h, 8j and 8k.

Both before and after updating its IRP guidelines in Order No. 07-002, the Commission regularly acknowledged action items related to analyses – either analyses the company included in its request for acknowledgement or analyses that the Commission directed the company to undertake in the next IRP cycle.

The department appreciates the view that some of the analyses the company proposed for acknowledgement in the 2013 IRP may seem routine or may address topics that are currently noncontroversial. However, Commission acknowledgement of these action items sets

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<sup>2</sup> Staff Report at 2

<sup>3</sup> Order No. 07-002 Appendix at 3

expectations that stakeholders and the Commission can review in requests for cost recovery for resources and when the next IRP is filed. Further, acknowledging some analyses and not others implies disapproval of items not acknowledged – or, at a minimum, that non-acknowledged analyses are less important. Unless the Commission finds a proposed analysis to be inappropriate, the department suggests that the Commission acknowledge it.

## **2. Capacity Contribution of Wind and Solar (Action Item 1e)**

Action item 1e as proposed by PacifiCorp's IRP dated April 30, 2013, states:

### ***1e. Capacity Contribution***

*Track and report the statistics used to calculate capacity contribution from wind resources and available solar information as a means of testing the validity of the peak load carrying capability (PLCC) method.<sup>4</sup>*

In its reply comments PacifiCorp stated that it “will consider Staff’s recommendation to compare the capacity contribution of wind and solar resources between alternative methods.”<sup>5</sup>

The issue is not whether the Company will consider doing a comparative analysis, but whether it actually performs such an analysis in the next IRP cycle.

PacifiCorp’s final comments state:

*Studies have been done that indicate approximation methods can approach ELCC [Effective Load Carrying Capacity] metrics if a suitable number of hours are considered. Based upon the Company's initial review of methods used to calculate capacity contribution for renewable resources, ODOE's recommendation may be overly prescriptive and would prevent the Company from exploring alternatives that achieve the*

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<sup>4</sup> PacifiCorp 2013 IRP Vol. I at 246

<sup>5</sup> PacifiCorp Reply Comments at 74.

*intended result in a way that requires significantly less data and computational horsepower.*<sup>6</sup>

In its final comments immediately above, PacifiCorp implicitly acknowledges that ELCC is the recognized standard against which approximations are judged.

The department supports the Company exploring the accuracy of its approximations relative to ELCC metrics. Such explorations would need to show the Company's approximations are reasonably accurate specifically for PacifiCorp's system. To date, PacifiCorp has not demonstrated such accuracy. To do so, the Company would need to calculate the capacity contribution of wind and solar using the ELCC method for all 8,760 hours per year and compare the approximation to this correct value. If PacifiCorp demonstrates that its approximation is accurate for its system through such a method, then the Commission's order for the Company's next IRP can acknowledge PacifiCorp's approximation method.

PUC Staff includes Action Item 1e among "business as usual type activities that do not require commission acknowledgment."<sup>7</sup> As explained in the first issue above, the department believes this type of action plan item should be acknowledged. As the department explains in its comments,<sup>8</sup> accurate capacity credit assignment for wind and solar becomes increasingly important as PacifiCorp adds more variable energy resources to its system. The department therefore recommends the Commission direct the company to provide the following guidance for the next IRP cycle:

By September 2014, conduct effective load carrying capacity (ELCC) assessments using 8,760 hours per year of the capacity contribution (credit) for wind and solar resources for PacifiCorp's expected loads and resources for the appropriate IRP planning horizon. In the next IRP, use this full ELCC method to set the capacity credits for wind and solar for modeling the Company's system. Also calculate the capacity credits using an approximation method to compare accuracy with the full ELCC method. If the Company

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<sup>6</sup> PacifiCorp Final Comment at 35

<sup>7</sup> Staff Report at 40

<sup>8</sup> ODOE Final Comments at 6-8

finds that the approximation is reasonably accurate compared to the full ELCC method, the Company may propose that method for acknowledgement for use in future IRPs.

### 3. IRP Guideline 8a

The Staff Report correctly notes:

*ODOE recommends the Commission find that this IRP does not comply with IRP Guideline 8a or Order No. 08-339 which says, in part, that the utility should construct a base-case scenario to reflect what it considers to be the most likely regulatory compliance future for CO<sub>2</sub> and several compliance scenarios ranging from the present CO<sub>2</sub> regulatory level to the upper reaches of credible proposals by governing entities. ODOE suggests the Commission should instruct PacifiCorp in its next IRP to analyze the Oregon 2050 CO<sub>2</sub> reduction goal applied to the U.S. or the Cancun agreement signed by the U.S., whichever is more restrictive. ODOE also suggests the Commission should carefully scrutinize all action items in the action plan that might have been subject to additional risk had a higher range of possible carbon policies been used in the risk analysis. Lastly, ODOE recommends that the Commission should instruct PacifiCorp that “credible proposals by governing entities” includes adopted plans and actions by other democratically-elected sovereign states.<sup>9</sup>*

Staff’s recommendations and its proposed action item 8g on carbon analysis do not address these recommendations. Nor did PacifiCorp’s Final Comments attempt to rebut the facts in ODOE’s Reply Comments that show that a scenario that meets the greenhouse gas emission reduction goals in ORS 468a.205 would be more stringent than the highest CO<sub>2</sub> scenario the Company considered in any portion of its IRP. Further, PacifiCorp did not attempt to show that the State of Oregon is not a “governing entity” or that the greenhouse gas goals in ORS 468a.205 are not a “credible proposal” under Guideline 8a.

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<sup>9</sup> Staff Report at 11.

The department asks that the Commission:

- 1 Find that PacifiCorp's 2013 IRP does not comply with Guideline 8a. Alternatively, the department requests that the Commission's order in this docket clarify the intent of Guideline 8a and discuss how PacifiCorp's IRP complies with that intent.
- 2 Provide guidance for future IRP cycles that "credible proposals by governing entities" include adopted plans and actions by other democratically-elected sovereign states.
- 3 Include the following additional action item: In the next IRP cycle, analyze a scenario that meets Oregon's greenhouse gas reduction goal for 2050 (ORS 468a.205) applied to U.S. CO<sup>2</sup> emissions, or the Cancun agreement signed by the U.S., whichever is more restrictive of U.S. CO<sup>2</sup> emissions.

DATED this 14<sup>th</sup> day of March, 2014.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

I hereby certify that on March 14, 2014, I served the foregoing OREGON DEPARTMENT OF ENERGY'S COMMENTS ON LC 57 STAFF REPORT AND DRAFT ORDER upon all parties of record in this proceeding by delivering a copy by electronic mail only as all parties of the service list have waived paper service.

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