

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 3, 2018

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: December 27, 2017

TO: Public Utility Commission

FROM: Lance Kaufman *LK*

THROUGH: Jason Eisdorfer *JE* and John Crider *JC*

SUBJECT: PACIFIC POWER: (Docket No. UE 323) Status Report on Transition Adjustment Mechanism Workshops.

STAFF RECOMMENDATION:

None.

DISCUSSION:

Issue

Through Order No. 17-444, the Commission ordered PacifiCorp to perform a limited model validation analysis (Analysis) prior to the 2019 TAM. The Commission directed parties to meet and discuss the scope and mechanics of such a validation process, and to report back to the Commission on the scope and timeline of the Analysis by the first public meeting in 2018.

Discussion and Analysis

On December 5, 2017 Staff met with PacifiCorp for preliminary discussion regarding the Analysis. On December 18, 2017, Staff met with PacifiCorp, ICNU, and the Oregon Citizen' Utility Board (CUB) (collectively, Parties) to discuss the scope, inputs and parameters of the limited model validation ordered by the Commission. At the workshop, Parties agreed to the following initial set of parameters for the Analysis:

- 1) Base year is 2016.
- 2) Base inputs are the final 2016 TAM update inputs.

- 3) Replace forecast market energy prices with actual hourly prices for each hub with three different scenarios:
 - a. POWERDEX Prices;
 - b. PacifiCorp actual real time transaction prices; or
 - c. Historic Monthly prices shaped using scalars.
- 4) Replace forecast natural gas prices with actual natural gas prices.
- 5) Replace forecast load with actual hourly load.
- 6) Replace forced outage rate and planned outages with actual outages and actual derates.
 - a. Run with/without scenarios for economic shutdowns.
- 7) Replace forecast wind profile with actual wind profile.
- 8) Replace forecast hydro conditions with actual hydro conditions.
- 9) Run a sensitivity study with market caps on and off.
- 10) Use actual generation profile for long term contracts, PPAs and QFs.
- 11) Option contracts will be optimized by GRID.
- 12) Run a sensitivity with actual market transactions of duration greater than 7 days.
- 13) Use actual heat rate curve.
- 14) The following items will be updated to reflect major changes not captured in TAM:
 - a. Wheeling Costs including long term contract changes and
 - b. Incremental Coal costs including transport costs.
- 15) Update Jim Bridger costing tier prices to reflect actual Jim Bridger coal costs.

PacifiCorp indicated that a timeline for the analysis could not be developed until January 2018 and agreed to provide parties with an update and timeline on January 15, 2018. Parties will schedule follow up workshops to discuss timelines and contemplate any proposed changes to the scope, as appropriate.

Conclusion

Parties have made sufficient progress to date towards developing an agreed-upon model validation analysis for PacifiCorp's NPC. This memo is for informational purposes only and therefore Staff has no recommendations on this issue.

PROPOSED COMMISSION MOTION:

None.