

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2274

In the Matter of

PORTLAND GENERAL ELECTRIC CO.,

2023 All-Source Request for Proposals,
Request for Partial Waiver of Competitive
Bidding Rules.

COMMENTS OF SWAN LAKE
NORTH PUMPED STORAGE, LLC
AND THE GOLDENDALE ENERGY
STORAGE PROJECT ON PORTLAND
GENERAL ELECTRIC CO.'s 2023
ALL-SOURCE REQUEST FOR
PROPOSALS

The companies working to develop the Swan Lake and Goldendale pumped storage projects (“Swan Lake and Goldendale”) appreciate Portland General Electric Company’s (“PGE”) work that went into preparing its 2023 All-Source Request for Proposals (2023 RFP), which was filed in the above-referenced proceeding on May 19, 2023. The assigned Administrative Law Judge of the Oregon Public Utility Commission (“Commission”) issued a memorandum on May 26, 2023 adopting the procedural schedule for this proceeding (the “Scheduling Memorandum”).¹ The Scheduling Memorandum set June 16, 2023 as the deadline for Staff and Other Interested Parties to comment on the Draft Final RFP. In accordance with the deadlines established in the Scheduling Memorandum, Swan Lake and Goldendale are filing these initial comments as

¹ *In the Matter of Portland General Electric Co., 2023 All-Source Request for Proposals, Request for Partial Waiver of Competitive Bidding Rules*, Ruling, Docket UM 2274 (May 26, 2023), available at: <https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HDA&FileName=um2274hda165642.pdf&DocketID=23612&numSequence=22>.

intervenors in this proceeding.

I. Introduction

Swan Lake and Goldendale are two closed-loop pumped storage projects, one of which is located in the State of Oregon. The Projects are actively engaged with various offtakers, including utilities in Oregon and subject to the Commission's regulation. As a result, Swan Lake and Goldendale have an interest in how PGE's RFP allows resources to fairly compete in the RFP Clean Energy Plan proceeding (2023 IRP), which is being evaluated concurrently to this proceeding.² As a result, the comments already made by the Projects in the 2023 IRP are not repeated here. However, Swan Lake and Goldendale have comments that are specific to PGE's RFP. Specifically, Swan Lake and Goldendale comment herein on the following: (1) PGE should extend the commercial operation date (COD) for long lead-time resources (LLTs) of the 2023 RFP from 2028 to 2029 to be consistent with its 2021 IRP and allow pumped storage resources to compete fairly in the 2023 RFP; and (2) PGE should change the useful economic life of pumped storage resources in its 2023 IRP from 38 years to at least 50 years for the reasons stated herein given that the useful life of an asset is a key component of the 2023 RFP's scoring methodology.

II. PGE Should Extend the COD for LLTs from 2028 to 2029

Swan Lake and Goldendale request that PGE extend the COD for LLTs from 12/31/2028, as proposed in its filing, to 12/31/2029.³ The Projects believe this is a reasonable request based on PGE's own methodology in the 2021 RFP and to allow LLTs such as pumped storage resources

² *In the Matter of Portland General Electric Co., 2023 Clean Energy Plan and Integrated Resource Plan, 2023 Clean Energy Plan and Integrated Resource Plan, Docket LC 80 (March 31, 2023), available at <https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAA&FileName=lc80haa8431.pdf&DocketID=23636&numSequence=14>.*

³ *In the Matter of Portland General Electric Co., 2023 All-Source Request for Proposals, Request for Partial Waiver of Competitive Bidding Rules, Final Draft Filing, Docket UM 2274 at p 10 (May 19, 2023), available at: <https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAQ&FileName=um2274haq15385.pdf&DocketID=23612&numSequence=17> (2023 RFP).*

to compete fairly in the 2023 to provide benefits to the electric system and PGE's customers.

In its 2021 RFP, PGE proposed a COD for LLTs of 12/31/2027.⁴ Given that this RFP was filed two years after the 2021 RFP, it is unclear to the Projects why this RFP has a COD for LLTs that is only one year later than the 2021 RFP. PGE has provided no explanation or justification for why the LLT COD is only one year past the one proposed in its 2021 RFP. Given that there is no reason for the one-year difference, the Projects believe it is fair for PGE to adjust the COD for LLTs to be two years later than the one proposed in 2021 – which would put the LLT COD at 12/31/2029 for the 2023 RFP.

Additionally, the Projects believe that extending the COD for LLTs to 12/31/2029 aligns with PGE's long-term energy and capacity resource needs by letting resources such as pumped store compete fairly in this RFP. In its RFP, PGE states that it expects an ongoing incremental need of approximately 181 MWa every year through 2030 – and that it has a 2030 date for its 80% renewable energy targets under Oregon House Bill 2021.⁵ Accordingly, extending the COD for LLTs allows pumped storage resources compete in the RFP to help PGE meet its capacity needs and achieve its renewable energy targets.

Pumped storage resources like Swan Lake and Goldendale are uniquely situated to assist utilities like PGE in meeting their future capacity needs. Pumped storage is a hedge against climate change in that these resources provide maximum operational flexibility that is capable of meeting both summer and winter peaking events, including those that last for long periods of time. Unlike other storage technologies such as batteries, pumped storage resources would help PGE meet its

⁴ *In the Matter of Portland General Electric Co., Application for Approval of an Independent Evaluator for 2021 All-Source Request for Proposals*, 2021 All-Source Request for Proposals, Docket UM 2166 (October 15, 2021) at p. 11.

⁵ 2023 RFP at p. 3-4.

summer and/or winter capacity needs, even during long-duration weather events. As the global climate continues to move in the direction of more extreme weather events, having a set of resources that provide maximum flexibility, on a significant scale, will be imperative for utilities like PGE to maintain reliability. Pumped storage resources are one of the few clean capacity resources that are truly capable of providing this needed flexibility.

Similarly, pumped storage resources help with renewables integration. Oregon and Washington have both adopted decarbonization mandates, resulting in a significant amount of renewable energy forecasted for integration into the electricity system. Utilities will need significant storage capability and system operating flexibility to reliably integrate the scale of renewable resources that will be required to meet these policy mandates. As compared to any other resource currently under consideration by PGE, pumped storage resources are the best suited to serve these purposes, given their capacity to absorb significant energy from renewable resources, long-discharge durations, and ability to provide the services necessary to maintain a reliable electrical system.

The Projects respectfully request that PGE extend the COD of LLTs in its 2023 RFP to 12/31/2029 to align with its own COD methodology used in its 2021 RFP, and to allow LLTs like pumped storage compete in the 2023 RFP to provide the unique energy and capacity benefits described above.

III. The Economic Useful Life For Pumped Storage Resources Underlying PGE's Scoring Criteria in This RFP Is Unreasonable

The Scoring and Modeling Methodology of PGE's RFP states PGE will calculate the total offer cost of an asset based on a revenue requirement model calculated over the economic life of

an asset.⁶ Because PGE issued its 2023 RFP before its 2023 IRP has been acknowledged – i.e., it has received Commission approval to run both processes simultaneously – the draft inputs of PGE’s 2023 IRP are directly relevant to the 2023 RFP. For the purposes of these RFP comments, Swan Lake and Goldendale are concerned that because the 2023 IRP useful life is used to calculate the total offer cost in the 2023 RFP, PGE’s assumption in the 2023 IRP of a useful life of 38 years for pumped storage resources will result in a competitive disadvantage for pumped storage resources in the 2023 RFP that is based on an unreasonable and inaccurate useful life assumption.⁷ Swan Lake and Goldendale assert that the 38-year useful life for pumped storage resources is unreasonable based on PGE’s own study that it commissioned from HDR for its 2019 IRP to characterize the operational and cost attributes of various power generation technologies.⁸ In the HDR study, HDR stated that “[a] typical pumped storage plant is designed for more than 50 years of service life, but many projects that were constructed in the 1920s and 1930s are still operational today.”⁹ Given that PGE’s own study states that a 50-year useful life is a conservative estimate – and that an useful life of up to 100 years is not unusual – it is unreasonable to assign pumped storage resources a useful life of 38 years. Accordingly, the Projects request that PGE assigned pumped storage a useful life of at least 50 years in the 2023 IRP, given the importance of this input in the simultaneously run 2023 RFP. The Projects believe that ensuring that the usable life of pumped storage resources is critical to ensuring a truly competitive 2023 RFP that benefits PGE and its customers.

IV. Conclusion

⁶ 2023 RFP, Appendix N at p. 8.

⁷ 2023 IRP, Round 0 Comments: PGE Response at p. 18

⁸ *In the Matter of Portland General Electric Co., 2019 Integrated Resource Plan*, 2019 Integrated Resource Plan, Docket LC 73 (July 19, 2019) at External Study D, Section 6.

⁹ *Id.*

The Projects appreciate the opportunity to provide these comments on the 2023 RFP. For the reasons set forth in these comments, Swan Lake and Goldendale request that PGE change the COD for LLTs to 12/31/2029 and update the useful life of pumped storage resources in its IRP to at least 50 years – consistent with PGE’s own study.

Please contact the undersigned with any questions or concerns.

Dated this 14th day of June, 2023.

Respectfully submitted,

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