

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 82

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2023 Integrated Resource Plan and Clean
Energy Plan.

ROUND 1 REPLY COMMENTS OF THE
SWAN LAKE AND GOLDENDALE
ENERGY STORAGE PROJECTS ON
PACIFICORP'S 2023 INTEGRATED
RESOURCE PLAN

I. Introduction.

Swan Lake North Hydro, LLC and FFP Project 101, LLC, the companies working to develop the Swan Lake and Goldendale pumped hydro storage projects (together, the “Projects”), appreciate PacifiCorp’s (“PAC”) extensive July 31, 2023 Reply Comments responding to Commission Staff and stakeholder Round 0 comments on PAC’s Amended 2023 Integrated Resource Plan and 2023 Clean Energy Plan (“IRP”). Pursuant to the Administrative Law Judge’s October 11, 2023 Ruling in the above-captioned proceeding extending the deadline for filing Round 1 Staff/Stakeholder comments, the Projects hereby submit these Round 1 Reply Comments (the “Reply Comments”).¹

¹ *In the Matter of PacifiCorp, dba Pacific Power, 2023 Integrated Resource Plan, Ruling, Docket LC 82 (October 11, 2023)*, available at: <https://edocs.puc.state.or.us/efdocs/HDA/lc82hda145637.pdf>

II. Reply Comments.

A. The Projects Appreciate PAC Accommodating an Extended Commercial Operation Date for Long Lead-Time Resources.

The Projects appreciate PAC’s confirmation that, in response to Staff and the Projects’ concerns, it will provide long lead-time resources with an extended commercial operation date in order to participate in the 2024 AS RFP.² Specifically, in its Round 0 Reply Comments, PAC responded to the Projects’ request to extend the online date for long lead-time resources by stating, “[i]n its upcoming RFP, the IRP has identified resource need by the end of 2028, and the Company will allow for long lead-time resources which can come online by the end of 2030.”³

As the Projects have routinely stated in their comments submitted in various Commission proceedings, these types of accommodations are necessary in order for long lead-time resources like pumped storage to fairly compete in utilities’ IRP/RFP processes. The Projects support PAC’s extension of the commercial operation date for long lead-time resources and appreciate PAC’s responsiveness and accommodation on this issue.

B. It is Unclear How and Where in the Draft IRP PAC Accounted for Tax Credits When Analyzing Storage Projects.

As the Projects articulated in their initial Comments, in Table 7.2 of the draft IRP, entitled, “Total Resource Cost for Supply-Side Resource Options,” PAC does not include Inflation Reduction Act (“IRA”) tax credits for pumped storage (or any other form of storage project, for that matter).⁴ When addressing these concerns raised by the Projects, PAC’s Reply Comments state that “the 2023 IRP and CEP both incorporated the most current federal legislation related to both tax law and the OTR at the time the models were being run and

² PAC Reply Comments at page 22.

³ *Id.*

⁴ Swan Lake and Goldendale Comments at page 3.

evaluated.”⁵ However, the Projects were unable to identify any evidence or cost figures in the draft IRP or in PAC’s Reply Comments that would validate this statement regarding inclusion of the IRA tax credits in PAC’s analysis of storage, particularly pumped storage. It is therefore unclear how and where the IRA credits were modeled in the draft IRP. These tax credits are significant for pumped storage and, accordingly, a fair apples-to-apples comparison must account for these credits to ensure the IRP is selecting the least cost set of resources in accordance with Oregon law. To better address the Projects’ continued concerns with whether the IRA tax credits were reflected in the analysis of storage resources, the Projects request that: (1) PAC provide specific citations to the IRP, further analysis, and/or additional figures (such as an updated Table 7.2 showing the IRA tax credits and amounts applicable to storage resources) that explain the costs of storage resources, when all tax credits are considered, as compared to other resources analyzed and potentially selected in the preferred portfolio as part of this IRP; and (2) to the extent PAC has not run the type of detailed analysis comparable to what is presented in Table 7.2 with the tax credits reflected, the Projects request that PAC provide an updated version of Table 7.2, or a substantially similar analysis, that shows the total costs of resources considered in the IRP, when all tax credits are properly accounted for.

The Projects note that PAC’s Reply Comments seem to suggest that the IRA tax credits were only modeled for resources selected into the IRP prior to 2038. Specifically, PAC’s Reply Comments state, “[t]he IRA extension, and expansion, of tax credits (both by type of credit, production or investment, and resource eligibility) were applied to all eligible resources with selection dates prior to 2038.”⁶ The Projects have continued concerns with this response, as this statement may signify that PAC is applying the tax credits to only those resources actually

⁵ PAC Reply Comments at page 41.

⁶ *Id.*

selected (e.g., after the portfolio selects them). Alternatively, this statement could be read to suggest that PAC applied the tax credits for *all* resources online prior to 2038. The Projects expect that the latter interpretation would be true, as the former statement suggests the portfolio was run without tax credits as a means to identify the least cost resources. However, due to the size of tax credits now available under the IRA to storage resources like pumped storage, the inclusion and modeling of those credits will significantly alter the economics of large storage projects like pumped storage resources. As a result, if the former statement is true, PAC's IRP, by definition, could not be selecting the lowest cost set of resources as it would be ignoring the total costs of the resources selected into the IRP (i.e., it would inappropriately exclude tax credits from the total cost in order to select the "lowest" cost set of resources).

III. Conclusion.

The Projects appreciate PAC's accommodation of an extension of the commercial operation date for long lead-time resources. In regards to the Projects' continued concerns on tax issues, the Projects request that PAC either: (1) provide a more detailed response and demonstration that the IRP analysis has adequately considered IRA tax credits for storage resources like pumped storage; or (2) update the IRP analysis, particularly Table 7.2, to reflect inclusion of the IRA tax credits as applied to storage projects. If the tax credit analysis is included in another section of the IRP, the Projects request clarification as to where so that such data and underlying assumptions can be verified. If PAC excluded the tax credits in its analysis of storage projects, then PAC should re-run the entire portfolio to accurately identify the least cost set of resources, consistent with Oregon laws and regulations.⁷

⁷ See *In the Matter of Public Utility Commission of Oregon Investigation into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002 at page 2 (Jan. 8, 2007) (corrected by Order No. 07-047).

Dated this 18th day of October, 2023.

Respectfully submitted,

/s/ Michael Rooney

Michael Rooney

Vice President, Rye Development

830 NE Holladay St.

Portland, OR 97232

(412) 400-4186

michael@ryedevelopment.com