



Oregon Citizens' Utility Board

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May 23, 2024

via electronic filing

Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

RE: LC 84 – CUB's Final Comments on Staff's Final Comments on Idaho Power Company's Integrated Resource Plan

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to provide comments on Idaho Power Company's (IPC or Company) 2023 Integrated Resource Plan (IRP). CUB appreciates the hard work the Staff of the Public Utility Commission of Oregon (Staff) has put into this docket, and for Idaho Power's efforts to put forth an actionable resource portfolio for the future needs of its customers in Oregon.

CUB agrees with and was grateful for Staff's leadership and diligence in its initial analysis of the Company's IRP. However, CUB believes Staff's Final Comments are missing an analysis of what information or inputs have changed or have been provided by IPC in order for Staff to recommend acknowledgement of the Valmy units as a cost-effective action item.¹ Accordingly, CUB cannot recommend the Commission adopt Staff's recommendation to acknowledge the gas conversion of Valmy units 1 & 2. Rather, CUB recommends non-acknowledgment of this action item, and requests the Commission direct the Company to come back in its annual update and address the Recommendations and Expectations Staff raised in both its Opening and Final Comments.

Coal to Gas Conversions

In its 2023 IRP, IPC has proposed reversing its decision to exit the Valmy 1 unit in favor of converting it and the Valmy 2 unit from coal to a natural gas generating facility.² In Opening Comments, Staff stated they believed there was "a considerable degree of uncertainty" related to the gas conversions of Valmy 1 and 2. Staff specifically stated they have "concerns related to the Valmy conversions: the role of demand side resources; the Company's relatively long capacity position associated with the portfolios under various Valmy conversion scenarios; various uncertainties around the conversions; and customer rate impacts."³ Notably, Staff surmised that IPC appeared to not envision a plan where the gas conversions did not take place. Accordingly, Staff made several recommendations to the Company to explain the need for the Valmy

¹ LC 84 – PUC Staff's Final Comments at 8 (Apr. 25, 2024).

² LC 84 – IPC's IRP filing at 16-18 (Sept. 29, 2023).

³ LC 84 – PUC Staff's Opening Comments at 17.

conversions, why additional EE and DR resources were not considered as alternatives, and requested contingency plans for costs and rate impacts in the event the conversions do not occur.⁴

CUB agrees with and was grateful for Staff's leadership and diligence in its initial analysis of the Company's IRP. However, in Staff's Final Comments, CUB does not understand what information or inputs have changed or been provided in order for Staff to recommend acknowledgement of the Valmy units, even with the inclusion of Expectations 1-4 in the Final Comments.⁵

Energy Efficiency

In Staff's Opening Comments, they discussed how Idaho Power relied on the same underestimated forward market price (FMP) that Staff identified that Idaho Power used in its last IRP.⁶ As Staff discusses in their Opening Comments, the Commission addressed this issue in Portland General Electric's (PGE) IRP and identified that PGE relied on low FMP which resulted in an avoided cost calculation that undervalued energy efficiency (EE).⁷ PGE then added additional EE to its action plan. While in PGE's IRP docket, Staff determined the FMP was undervalued since it did not reflect a strategy in compliance with HB 2021, CUB argues that reasoning is analogous here, where a preference for an avoided cost analysis that reflects current policies and expectations should be expected. Particularly since Staff identified the undervalued FMP in the Company's last IRP. It is concerning that the Company is relying upon undervalued EE analysis and the action plan it is proposing, as Staff initially acknowledged, finds the "cost-effective EE decreases 29 percent compared to the 2021 IRP, for a cumulative loss of 39 MW over the next four years."⁸ CUB argues that a contemporaneous accounting of EE avoided costs should be a paramount analyses in utility planning, especially given the numerous inputs that are going into increasing customer rates, including the fact that IPC's Energy Service Agreement (ESA) customers are the Company's largest customers and the lack of transparency around the ESA's cost-effectiveness analyses.⁹

CUB would like to better understand Staff's analysis of how they got to their recommendations in Final Comments based upon their initial analyses in their Opening Comments. CUB met with PUC Staff to discuss our concerns and remain unsure of Staff's reasoning for recommending acknowledgment of the Valmy 1 & 2 units. The record does not appear to show that IPC provided additional information Staff sought to address issues raised in its Opening Comments, including the request for an explanation as to why additional EE and DR resources were not considered in alternative to the Valmy conversion, and the issues Staff's raised regarding concerns that mitigating commercial and industrial (C&I) EE measures are lost in the

⁴ PUC Staff's Opening Comments at 19, 35.

⁵ PUC Staff's Final Comments at 8 (Apr. 25, 2024).

⁶ PUC Staff's Opening Comments at 33 (referencing Docket No. LC 80, Portland General Electric 2023 IRP/CEP, Staff Round 1 Comments, July 27, 2023, pages 28- 29).

⁷ *Id.*; see *In the Matter of Portland General Electric Company, 2023 Clean Energy Plan and Integrated Resource Plan*, Docket No. LC 80 (hereinafter "LC 80"), Order No. 24-096 (Apr. 18, 2024).

⁸ PUC Staff's Opening Comments at 32-33.

⁹ *Id.* at 35.

methodology IPC chose to model EE.¹⁰ There needs to be consistency among the utilities regarding expectations for EE and rate impacts on customers. CUB believes the record would benefit from a better understanding of Staff's reasoning to acknowledge the Valmy conversion action item in particular.

CUB read Staff's initial review of the Valmy conversions' action item as contingent on addressing concerns about actual costs and a more robust analysis on EE cost-effectiveness, particularly for IPC's largest customers, like the ESA customers. As well as requesting IPC to explain how the Company plans to use the converted gas units to serve its baseload as well as contribute towards peak needs—and Staff remains unconvinced the units will address system peak needs.¹¹ There remains uncertainty about cost impacts from the conversion of the Valmy units, including impacts related to Valmy 1 exit fees; timing of logistical around the conversions, including ownership contract with NW Energy, and permitting and pipeline needs; and more recently, the impacts of the EPA's new EPA carbon rules.

Oregonians need consistency and equitable analyses in determining cost-effectiveness in how we analyze all investor-owned utility resource planning, particularly when it comes to thinking about future costs to customers. At this point in time, CUB disagrees w/ Staff's recommendation to acknowledge Valmy 1 & 2. We don't believe the record reflects this action item as the least-cost, least-risk option for customers. The record seems to show, as Staff initially acknowledged, that the Company does not appear to have envisioned a plan where the gas conversions do not take place. And did not provide supporting data to back up its claims to address Staff's concerns raised in Opening Comments as discussed above.

Accordingly, CUB cannot recommend the Commission adopt Staff's recommendation to acknowledge the gas conversion of Valmy units 1 & 2. Rather, CUB recommends non-acknowledgment of this action item, and requests the Commission direct the Company to come back in its annual update and address the Recommendations and Expectations Staff raised in both its Opening and Final Comments.

Respectfully submitted,

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¹⁰ *Id.* at 34.

¹¹ LC 84 – Staff's Final Comments at 4-5.