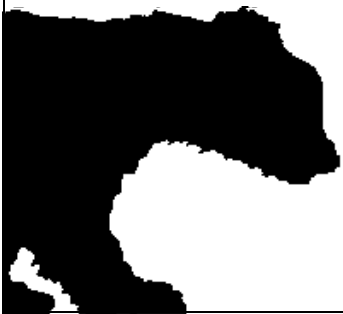


**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
LC 62**

In the Matter of)
)
PACIFICORP)
dba PACIFIC POWER)
)
2015 Integrated Resource Plan)
_____)

OPENING COMMENTS OF THE
CITIZENS' UTILITY BOARD OF OREGON

August 27, 2015



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1 **I. Introduction**

2 The Citizens' Utility Board of Oregon (CUB) writes its Final Comments in response to
3 PacifiCorp's (the Company) 2015 Integrated Resource Plan (IRP) filed on March 31, 2015.
4 In particular, CUB will address the Company's improvements relative to the 2013 IRP, its
5 efforts on energy efficiency, and the recently filed Clean Power Plan.

6 **II. Improvements in the Plan**

7 In the Company's 2013 IRP (LC 57), CUB and other stakeholders struggled to convince
8 the Company to do what parties felt was adequate phase-out analysis for its coal fleet. In that
9 docket, CUB raised a number of issues regarding PacifiCorp's pollution control investments
10 and was concerned that the Company's modeling was biased in favor of clean air
11 technologies.¹ Though the Company did include phase-out scenarios in its IRP, CUB
12 believed that the Company did not properly evaluate the flexibility allowed by EPA under

¹ See docket LC 57, CUB's Opening Comments. Retrieved from <http://edocs.puc.state.or.us/efddocs/HAC/lc57hac82941.pdf>.

1 Regional Haze Rules. The Commission ultimately ordered that PacifiCorp expand its coal
2 analysis to include what Staff called inter-temporal (IT) and fleet tradeoff (FT) analysis and
3 to work with parties, including CUB, to develop the analytical parameters it would apply to
4 analysis of Regional Haze investments.²

5 In its current IRP, the Company responded to the Commission's order and stakeholders'
6 requests by incorporating the requested analysis as part of different portfolio scenarios in the
7 IRP.³ The confidential coal analysis properly examines the inter-temporal (phase-out) options
8 available under the Clean Air Act. Among the scenarios modeled, PacifiCorp included early
9 shut down dates of various coal units as requested by the Commission.

10 In addition to incorporating the IT and FT analysis, the Company responded to
11 stakeholder feedback throughout the IRP process. In particular, PacifiCorp introduced a new
12 system of receiving written stakeholder comments through its website. A summary of the
13 public comment process can be found in Appendix C of the IRP, and the comments
14 themselves can be located on PacifiCorp's website.⁴ This new process enabled stakeholders
15 to comment on the resource plan as the process evolved and impacted the Company's
16 analysis within the current IRP.

17 Given CUB's comments in the 2013 IRP, CUB is largely satisfied with the approach the
18 Company has taken in the 2015 IRP. While CUB recognizes that the Company was required
19 to do the coal phase-out analysis, the Company's willingness to record stakeholder feedback
20 throughout the development process and incorporate stakeholder comments in its IRP seems
21 to CUB to be a commendable improvement in its efforts to engage with other parties. As a

² Order No. 14-296.

³ See docket LC 62, PacifiCorp's 2015 IRP, Volume II, Appendix M.

⁴ See <http://www.pacificorp.com/es/irp/irpcomments.html>.

1 result of the analysis, PacifiCorp’s preferred portfolio ultimately did not include SCR
2 investments in Dave Johnston 3, Wyodak, and Cholla Unit 4.

3 CUB is pleased that the Company is finally taking a more serious look at the cost of coal.
4 The Company is expected to retire a total of 1,651 MW of coal plant capacity by 2028,⁵
5 where the retirements have translated into avoided pollution control investments, “saving
6 PacifiCorp customers hundreds of millions of dollars,”⁶ in the Company’s own words.

7 **III. Energy Efficiency**

8 In LC 57, CUB raised concerns about the Company’s treatment of accelerated demand-
9 side management (DSM). The Company selected a portfolio that did not prioritize this
10 accelerated energy efficiency because it claimed that it did not have strong evidence to
11 demonstrate the true acquisition costs for DSM and doubted that the revised ramp rate
12 assumptions would be achievable.⁷ As a result, in LC 57, CUB recommended that the
13 Commission not acknowledge the DSM portion of PacifiCorp’s 2013 because CUB did not
14 perceive that the preferred portfolio in that docket represented a least-cost/least-risk scenario.

15 Interestingly, in the 2015 IRP, the Company is now planning for an increase in DSM at a
16 level that exceeds the 2013 IRP levels by 59% by 2024. The Company classifies this as
17 “reasonably achievable DSM resource potential” due to energy efficiency savings from
18 heating, cooling, water heating, appliances and industrial process end-uses.⁸ For a
19 comparison between the two IRPs, the Company provides a graph comparing DSM
20 investments between the current planning horizon and the 2013 planning horizon:

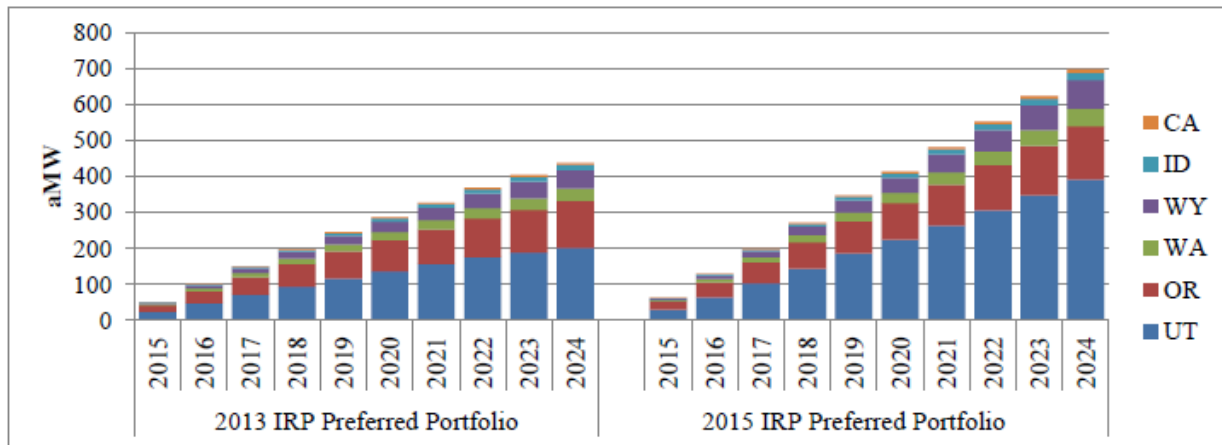
⁵ See docket LC 62, PacifiCorp’s 2015 IRP, Volume I, p. 196.

⁶ See docket LC 62, PacifiCorp’s 2015 IRP, Volume I, p. 6.

⁷ See docket LC 57, PacifiCorp’s 2013 IRP, Volume I, p. 222.

⁸ See docket LC 62, PacifiCorp’s 2015 IRP, Volume I, p. 3.

1 *Figure 1 – Comparison of PacifiCorp’s Energy Efficiency Savings between 2013 and*
 2 *2015 IRPs⁹*



3 Over time, this translates to thousands of MWh of energy efficiency savings, which CUB stated
 4 in its Opening Comments in LC 57.¹⁰ The Company denied this in its Reply comments, stating
 5 that CUB’s estimated savings “[was] not accurate.”¹¹

6 Needless to say, CUB is pleased that the Company is expanding its DSM resources in other
 7 states, particularly Utah. CUB only wishes to remind the Company that it has a responsibility to
 8 ensure that these least-cost/least-risk resources are met.

9 **IV. Clean Power Plan**

10 Although the Clean Power Plan has only recently been released as of August 3rd 2015,
 11 PacifiCorp incorporated the 111(d) draft rule into its 2015 IRP. The Company created the
 12 111(d) Scenario Maker that informed the construction of the portfolio scenarios. This
 13 allowed stakeholders to see potential cost and reliability impacts of the Clean Power Plan,
 14 and CUB is appreciative of the feedback process and the incorporation of stakeholder

⁹ See docket LC 62, PacifiCorp’s 2015 IRP, Volume I, p. 3.

¹⁰ See docket LC 57, CUB’s Opening Comments, p. 4.

¹¹ See docket LC 57, PacifiCorp’s Reply Comments, p. 49.

1 requests in constructing the scenarios. Most of the current IRP 111(d) scenarios are modeled
2 after the rate-based approach to the draft rule, where PacifiCorp planned to meet its share of
3 state emission rate targets.¹²

4 Several key changes occurred between the draft rule and the actual rule that will impact
5 future resource planning. The first is that carbon reduction is no longer based on state rate-
6 based targets. It is now being regulated at the source, so that all units will be regulated the
7 same way no matter their location.¹³ In addition, EPA is no longer relying on energy
8 efficiency as one of the compliance building blocks, though that can still be used to meet
9 emissions targets. Now there are three building blocks instead of four – improved heat rate
10 efficiency, natural gas generation, and shifting to zero-emitting renewables. In addition, the
11 compliance deadline to start emission reduction is extended from 2020 to 2022. This means
12 that utilities have another two years to work with states, stakeholders, and other parties in
13 constructing a plan for compliance.¹⁴ While CUB does not expect PacifiCorp to make
14 significant portfolio changes in the current IRP considering its analysis was based on the
15 draft rule, CUB does expect the Company to adjust its analysis moving forward.

16 CUB notes that EPA has mandated that states are required to submit a compliance plan
17 by September 2016.¹⁵ CUB also notes that at a recent workshop with the Company and other
18 parties, PacifiCorp intends to engage with states and stakeholders in applying the new rule.
19 CUB expects the Company to keep stakeholders updated on its application of the final 111(d)
20 to its integrated resource planning.

¹² See docket LC 62, PacifiCorp’s 2015 IRP, Volume I, p. 6.

¹³ Key Changes and Improvements from Proposal to Final. EPA. (2015). Retrieved from
<http://www.epa.gov/airquality/cpp/fs-cpp-key-changes.pdf>.

¹⁴ *Ibid.*

¹⁵ *Ibid.*

1 **V. Conclusion**

2 Overall, CUB feels that the 2015 IRP has included more transparency, more cooperation with
3 stakeholders, and more cost-effective planning than the previous IRP. CUB acknowledges that
4 the Company has incorporated energy efficiency resources, is holding off on expensive pollution
5 control investments, and has made a decent effort in incorporating future carbon policy. CUB
6 looks forward to the ongoing planning process.

Sincerely,



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