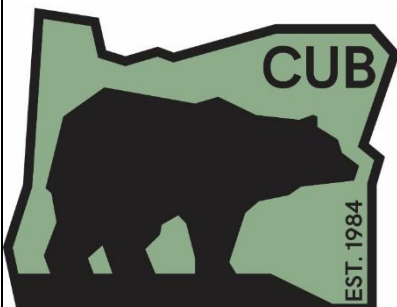


BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
LC 70

In the Matter of)
)
PACIFICORP, dba PACIFIC POWER,)
)
2019 Integrated Resource Plan.)
)
)
_____)

FINAL COMMENTS
OF THE
OREGON CITIZENS' UTILITY BOARD
March 4, 2020



LC 70

FINAL COMMENTS OF THE OREGON CITIZENS' UTILITY BOARD

concludes by providing recommendations to the Commission regarding acknowledgment of PacifiCorp's Action Plan Items.

II. DISCUSSION

CUB's Opening Comments highlighted a few concerns with PacifiCorp's 2019 IRP:

- a. Coal Study Benchmark Assumption: CUB was concerned that PAC had inappropriately included selective catalytic reduction (SCR) installation costs for coal units Jim Bridger (JB) 1 and 2, as benchmark assumptions. The reason being, that these installations have not been found to be cost-effective in the 2017 IRP. CUB also recognized that although including costs that will not materialize will lead to misleading cost estimates in the economic analysis of coal units relative to the base case, this "modeling error" may not have had a significant impact on the outcome of the IRP.

PAC replied that since the baseline assumption for the retirement year of the JB units is 2037, the Wyoming Regional Haze State Implementation Plan (SIP) requirements necessitate the inclusion of SCR installation costs in the base case. PacifiCorp filed an application with Wyoming Department of Environmental Quality (WY DEQ) in 2019 for the RH SIP to replace SCR requirements with plant-wide emissions limit. As no decision has been reached on the application, the Company will have to assume SCR costs for the base case for the Bridger units and will revise the assumptions once the application at WY DQ gets approved. PAC also agrees that this assumption would not affect the IRP outcome

as the preferred portfolio assumes that this application will be approved, and, therefore, does not include SCR costs for the Bridger plants¹.

PacifiCorp's 2017 IRP demonstrated that when a SIP requires an SCR, it is cost effective to instead phase out the plant. PGE did this with Boardman and PacifiCorp has found it to be true with several coal plants including other Jim Bridger units, Dave Johnston units and Naughton 3. CUB asserts that the economics of operating coal plants necessitates accelerated coal retirements in lieu of installing expensive emissions reducing equipment like SCRs. Therefore, it is reasonable to exclude SCR costs from coal plant analyses. CUB also cited Staff's comments on PacifiCorp's 2017 IRP that asks the Company to exclude SCR costs from the base case assumption for several of its coal plants including Jim Bridger.² While it did not influence the IRP, it did make coal retirements look more economic and created expectations that the final portfolio would include additional coal retirements. CUB believes that future IRPs should not add uneconomic costs to a base case that will be used to compare other alternatives.

- b. Demand Side Resource Action: CUB was concerned that there were no Class 1 or Demand Response (DR) resources for Oregon in the Company's Action Plan time frame. CUB referred to the Northwest Council's Seventh Power Plan that lists Demand Response as one of the cheapest resources to meet imminent regional capacity and energy shortfalls. CUB strongly believes that advance planning

¹ LC 70 PAC Reply Comments, p9

²

through DR pilots would prepare the Company for future acquisition of these resources that require mass participation. Other stakeholders expressed similar concerns. Oregon Public Utility Commission Staff (or, Staff) proposed that the Company plan on additional DR pilots and NWECA suggested that PacifiCorp engage in a separate Request for Proposal (RFP) process for DR.

PacifiCorp seems to be receptive of the ideas on conducting DR pilot workshops and meetings with stakeholders and also engage in discussions regarding the separate DR RFP³. CUB appreciates the Company's willingness to explore pilot programs and the separate RFP. CUB recommends the Commission acknowledge the Company's demand actions based on the following conditions:

- i. PacifiCorp agrees to implement more DR pilots in Oregon in the near-term.
 - ii. PacifiCorp agrees to engage in a separate RFP to acquire DR resources in Oregon in the near-term.
- c. All-Source RFP Action: In its Opening Comments, CUB had not taken a position on PacifiCorp's All Source Request for Proposal (AS RFP) Action Item, and instead preferred to review other parties' comments before recommending acknowledgement or otherwise. After reviewing comments by Staff and other stakeholders and revisiting PacifiCorp's proposed action for the all source RFP in

³ LC 70 PAC Reply Comments, p18

its 2019 IRP, CUB believed that this Action Item is too broad and unclear. Lack of any specificity exposes consumers to risk.

In its reply comments PacifiCorp argued that it is pursuing this RFP on “track two” of Commission’s competitive bidding rules (OAR 860-089-0250 (2a)) which allow the Company to seek approval of the RFP scoring and associated modeling through the independent evaluator (IE) docket. While CUB is supportive of the use of the “track two” provision of the rule, CUB also noted that OAR 860-089-0250 (2g) requires “...the alignment of the electric company’s resource need addressed by the RFP with an identified need in an acknowledged IRP or subsequently identified need or change in circumstances with good cause shown...”⁴.

Therefore, CUB believed that if the Company is seeking acknowledgement of the AS RFP, it should, at the minimum, include a maximum limit to its energy and capacity needs as identified in its IRP, in this action item.

On February 24, 2020, PacifiCorp filed an Application for Approval of 2020 All-Source RFP at the Commission. The RFP states that PacifiCorp is seeking approval for approximately 4400 MW of new generating resources and an additional 600 MW of energy storage.⁵ Although it is not clear what type of resources would make up for that capacity, the total size of capacity is consistent

⁴ <https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=4519>

⁵ PacifiCorp 2020 AS RFP Application, p14

with that in the Company’s 2019 IRP Preferred Portfolio.⁶ The Company also attaches a topology map in its application and states that it would seek resources “targeting the specific topology and resource mix” presented in the application (see Attachment 1).⁷ The Company would also accept bids for long lead time resources including pumped storage hydro and nuclear resources.⁸

In the light of this new information CUB would recommend acknowledgement of the All Source RFP Action Item. CUB would also ask the Company to be mindful of any new demand side resources that might influence the capacity sought in the AS RFP and that PacifiCorp might need to reduce the size of new supply-side capacity resources in the interest of rate payers.

- d. Transmission Action: Similar to the All Source RFP Action, CUB wanted to review other stakeholders’ comments and therefore did not take a position on PacifiCorp’s Transmission Action Items in its Opening Comments.

CUB has reviewed other stakeholders’ comments including Staff’s. CUB appreciates Staff’s rigorous analysis of PacifiCorp’s transmission plan and supports Staff’s recommendations in this regard. Specifically, CUB agrees with Staff’s comments on the modeling of the transmission segments of which only the Energy Gateway South (EGS) segment is chosen endogenously in every portfolio,

⁶ PacifiCorp 2020 AS RFP Application, p4

⁷ PacifiCorp 2020 AS RFP Application, Attachment C-1, p1

⁸ PacifiCorp 2020 AS RFP Application, p4

while some other segments are not endogenously modeled.⁹ That raises issues of consistency when it comes to generating these portfolios and then comparing them and prioritizing the transmission projects based on that portfolio analysis.

CUB also supports Staff's concern that the IRP fails to account for the full benefits of the Boardman to Hemingway line and by prioritizing EGS over B2H, the Company has undermined the value that B2H would generate for the customers. Staff also points out the regional plan study which identifies B2H as the most important project that could solve regional contingencies along with some other segments of the Energy Gateway project.¹⁰ Idaho Power plans to have B2H online in 2026. Staff recommended PacifiCorp to consider completing B2H in 2024 to pair it with PTC wind near the Western Balancing Authority Area (WBAA).

PacifiCorp responds to the project prioritization issue by stating that getting acknowledgement would not necessarily mean that it would move forward with the project and that it will continue to update the transmission analysis and only pursue projects that meet the least-cost least-risk criterion. PacifiCorp also explains that EGS is more favorable compared to B2H as EGS will transfer increasing amounts of renewable resources from Wyoming through a shorter overall transmission line compared to B2H and other supporting transmission

⁹ LC 70 PacifiCorp 2019 IRP, Staff Opening Comments, p44

¹⁰ LC 70 PacifiCorp 2019 IRP, Staff Opening Comments, p51

lines that would need to be built to obtain the same Wyoming resources from the east to the west.

Regarding the completion date of B2H, the Company suggests that since Idaho Power is the project “sponsor” for B2H and has identified an online date for this resource in Idaho Power’s 2019 IRP, PacifiCorp lacks control in determining the project completion or in-service date.¹¹

CUB reviewed Idaho Power’s 2019 IRP in this context. Idaho Power presents the permitting cost or ownership shares of the participating companies in the B2H project. PacifiCorp has a 55% ownership share in this project as shown in the following table from Idaho Power’s Amended 2019 IRP, Appendix D, p28:

Table 5. B2H joint permit funding capacity interests by funder

	Capacity Interest (West-to-East)	Capacity Interest (East-to-West)	Ownership %
Idaho Power	350 MW (Average) 500 MW (Summer) 200 MW (Winter)	0 MW	21.2%
PacifiCorp	300 MW	600 MW	54.5%
BPA	400 MW (Average) 250 MW (Summer) 550 MW (Winter)	0 MW	24.2%
Unallocated	0 MW	400 MW	

Permitting cost is considered capital investment. As the above table reveals, PacifiCorp customers are already paying for the major share of this investment.

¹¹ PacifiCorp 2019 IRP Reply Comments, p36

CUB is curious to know why then the Company has “no control” on the online or completion date for the B2H project.

CUB believes that PacifiCorp needs to provide a better explanation for not considering B2H as a valuable enough resource in its current IRP and why it cannot negotiate an earlier online date for the completion of this project.

At this time CUB does not recommend acknowledgement of PacifiCorp’s Energy Gateway South Action Item.

- e. Jim Bridger Retirement Plan: PacifiCorp’s Preferred Portfolio determines the following retirement dates for the Jim Bridger (JB) coal-fired plant: JB Unit 1 in 2023; JB Unit 2 in 2028; JB Units 3 and 4 in 2037.

The Jim Bridger plant is co-owned by Idaho Power and its 2019 IRP shows different “exit” dates for the Jim Bridger Units. Idaho Power also does not identify any specific Bridger Unit in its Action Plan. The following is a snapshot from Idaho Power’s 2019 Amended IRP with the Jim Bridger retirements actions highlighted:¹²

¹² Idaho Power Amended 2019 IRP, p 127

2022	Subject to coordination with PacifiCorp, exit Jim Bridger unit (as yet undesignated) by December 31, 2022.
2022	Jackpot Solar 120 MW on-line December 2022.
2023–2026	Procure or construct resources resulting from RFP (if needed).
2025	Exit Valmy Unit 2 by December 31, 2025.
2026	Subject to coordination with PacifiCorp, exit Jim Bridger unit (as yet undesignated) by December 31, 2026. Timing of the exit from the second Jim Bridger unit is tied to the need for a resource addition (B2H).

Source: Table 10.3 Action Plan (2019-2026), Idaho Power Amended 2019 IRP

CUB would also like to point out the linkage between the “exit” from the second Bridger unit (not specified which one) and the need to add B2H, as presented in the above table.

Based on this finding CUB is concerned with PacifiCorp’s commitment to retire the Bridger Units and also the Company’s evaluation of B2H in determining the retirement dates of the “second” Jim Bridger Unit. PacifiCorp has maintained that retirement dates for Jim Bridger are driven by economic analysis without any reference to any transmission availability that might influence the coal analysis.

CUB recommends that the Company align the retirement dates with the co-owners of the plant and also provide an explanation with regards to the role of B2H in determining the retirement dates.

III. CONCLUSION

CUB commends PacifiCorp on developing a Plan that includes an increased number of early retirements of coal plants compared to the Company’s past IRPs. The economic analyses of coal plants in this Plan reinforces the well-established fact that coal is no

longer the most economic fuel and utilities need to integrate cheaper and cleaner renewable energy in their resource portfolios. That would ensure clean and affordable electricity for customers.

CUB is particularly appreciative of the Company's announcement of Cholla Unit 4 by the end of this year.

Based on the above discussion, CUB has the following recommendations to the Commission regarding PacifiCorp's Action Plan:

1. CUB recommends that the Commission acknowledge Action Items 1a-1e, Existing Resource Actions.
2. CUB recommends that the Commission acknowledge Action Items 2a -2b, New Resource Actions.
3. CUB recommends that the Commission acknowledge most but not all of the Transmission Action Items. Specifically, CUB recommends acknowledgement of Action Items 3b – 3g. CUB recommends non-acknowledgement of Action item 3a or Energy Gateway South.
4. CUB recommends that the Commission acknowledge Action Item 4a, Energy Efficiency Targets, with the following conditions:
 - a. PacifiCorp will implement more Demand Response (DR) pilots in Oregon than what currently exists, in the near-term.
 - b. PacifiCorp would pursue a separate RFP for DR resources in Oregon, in the near-term.

5. CUB recommends the Commission to acknowledge Action items 5a, Front Office Transactions and Action Items 6a-6b, Renewable Credit Actions.

Dated this 4th Day of March, 2020

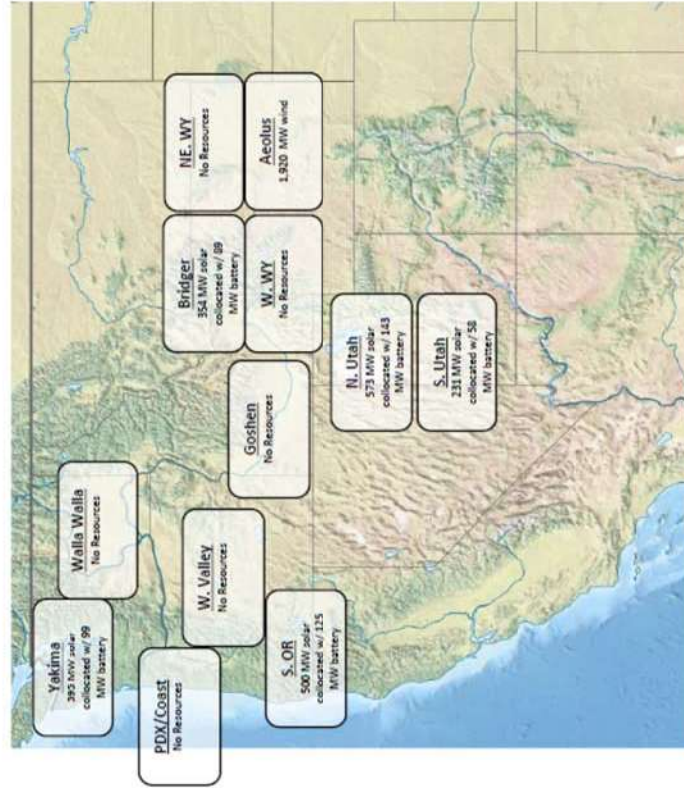
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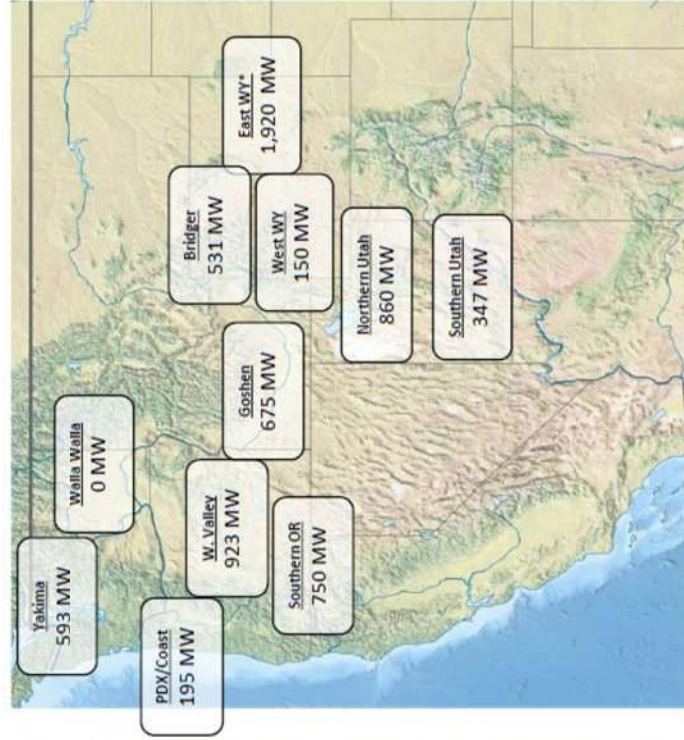
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Attachment C-1 2020AS RFP Locational Capacity Limits

2019 IRP Preferred Portfolio Resources Online by Year-End 2023
(Excludes Customer Preference Resources)



Locational Initial Shortlist Capacity Limits
(1.5x Pref. Port. or 1.5x Assumed Interconnection Limit)



*Note, eastern Wyoming includes Aeolus and NE Wyoming, which combined, will be limited to 1,920 MW.