March 5, 2021

Via Electronic Filing

Public Utility Commission of Oregon
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RE: LC 77—Sierra Club Comments on PacifiCorp's Request for Extension to File its 2021 Integrated Resource Plan

Sierra Club respectfully submits the following comments on PacifiCorp's request to delay filing its 2021 Integrated Resource Plan ("IRP") by approximately five months, or until September 1, 2021. For the reasons set forth below, Sierra Club requests that the Commission direct PacifiCorp to file its IRP no later than July 15, 2021, which will still provide the Company with more than sufficient time to incorporate the final shortlist from its 2020 All-Source Request for Proposals ("2020AS RFP") as well as complete the necessary model runs to establish a meaningful range of resource portfolios. Finally, in light of the additional time provided to complete the IRP, the Commission should direct PacifiCorp to provide additional information and perform specific modeling runs by July 15, 2021 in order to ensure full consideration of likely federal regulatory requirements.

I. PacifiCorp's Reasons for Delaying its IRP Filing Do Not Justify a Five Month Delay and Such a Delay Is Not in the Public Interest

PacifiCorp wants to delay for two reasons. First, the Company says it needs additional time to incorporate the final shortlist from its 2020AS RFP, which will not be ready until June 1, 2021. Second, the Company says it has been unable to complete model runs of its resource portfolios, due to complications with its new modeling software, PLEXOS.

Perhaps some delay might be necessary due to these developments, but a five month delay is unreasonable. A shorter extension—until July 15, 2021—will provide the Company with sufficient opportunity to both incorporate the 2020AS RFP final shortlist into the Company's resource plans and complete the necessary model runs for those resource portfolios. This extension will provide PacifiCorp with approximately seven weeks to utilize the information obtained through the 2020AS RFP final shortlist. And the Company did not say why it would need all of June, July, *and* August to incorporate this information into the IRP. Additionally, while PacifiCorp may be facing challenges with the PLEXOS modeling software, the Company has had over a year to experiment with this software and work with the PLEXOS provider to resolve any problems. PacifiCorp will continue to have an opportunity to complete successful model runs from now through July 15, 2021—over four months away.

Minimizing the delay in filing the Company's IRP is important because this delay will undoubtedly result in a cascade of other delays for a multitude of other proceedings. For instance, PacifiCorp files an "IRP update" in Oregon[1] between its IRP filings; however, if the initial IRP filing is substantially delayed, the update may not occur (as happened in the delayed 2019 cycle). The country's electricity system is transforming rapidly with reductions in the costs of renewable energy and battery storage, as well as falling gas prices, supplanting coal-fired generation. As a result, continued spending on fossil-fuel generation resources requires close scrutiny by public utility commissions that must occur on a timely and regular basis. Additionally, changes in energy demand resulting from the COVID-19 pandemic have further

[1] *In the Matter of Pub. Util. Comm'n. of Oregon Investigation into Integrated Planning Requirements*, UM 1056, Order No. 07-002 (Guideline 3) (Or.P.U.C Jan. 8, 2007) (corrected Feb. 9, 2007), *available at* https://apps.puc.state.or.us/orders/2007ords/07-002.pdf.

thrown previous assumptions into disarray. Receiving regular IRP updates is critical in this rapidly changing environment to ensure that PacifiCorp is remaining nimble and responsive to market realities. Sierra Club is concerned that delaying the 2021 IRP filing until September will result in the Company missing its IRP update in Oregon.

Other proceedings are likely to be delayed as well. In California, PacifiCorp was ordered to file a retirement plan for its coal facilities serving California customers, and any associated request for accelerated depreciation, by the second quarter of 2021.[2] Due to its request to delay the IRP filing, PacifiCorp has already requested delaying this filing in California until 2022.[3] Similar delays are likely to occur for filings, for example, required under Washington's Clean Energy Transformation Act and/or the anticipated coal reassignment dockets, pursuant to the 2020 Multi-State Protocol, that have already been delayed by a full year. Even in proceedings that continue to move forward, such as dockets where PacifiCorp seeks to recover fuel costs and approval for its coal supply agreements, stakeholders and commissions are at a disadvantage in evaluating these costs and decisions without the benefit of the latest IRP modeling.

II. PacifiCorp Should be Directed to Release Certain Information to the Public and Produce Specific Model Runs in Light of the Additional Time Provided to Complete its IRP

Were the Commission inclined to grant PacifiCorp's request to delay filing the IRP, the Commission should ensure that additional information is provided to both the Commission and the public in order to ensure that the delayed IRP filing contains sufficient information for

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[2] *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019. And Related Matter*, A.18-04-002 and I.17-04-019, D.20-02-025 (as modified by D.21-01-006), at 29, Ordering Paragraph 18 (Cal.P.U.C Feb. 6, 2020); *available at* https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M327/K565/327565618.PDF (D.20-02-025), https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M360/K526/360526731.PDF (D.21-01-006).
[3] A.18-04-002/I.17-04-019, *Petition of PacifiCorp (U 901 E) for Modification of Decision 20-02-025 and Request for Expedited Consideration* (Cal.P.U.C. Feb. 12, 2021), *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M365/K301/365301705.PDF.

informed decision-making.

First, PacifiCorp should be directed to make anonymized bid data from its 2020AS RFP publicly available. In 2017, Xcel Energy provided a "Solicitation Report" detailing the results of an all-source RFP issued in support of its 2016 Electric Resource Plan.[4] Noting that the response was "unprecedented with 430 total individual proposals," with over 350 of those proposals being for renewable energy or renewable energy with storage, the update went on to provide anonymized information on the bids received, including the median levelized price of the bids received for each generation type.[5] While bidder identity along with the number of bids proposed by generation type remained highly confidential, Xcel's Solicitation Report provided extremely useful public information for stakeholders engaged in the IRP process. PacifiCorp should likewise be directed to provide a similar report as part of its IRP filing. Moreover, PacifiCorp should be directed to include the RFP results as inputs in its IRP modeling, as the delay in filing its IRP is largely based on the need for the 2020AS RFP short-list.

Second, the Commission should ensure that certain modeling runs are included within the IRP filing. Specifically, PacifiCorp should model selective-catalytic reduction ("SCR") pollution control technology at its Hunter, Huntington, Wyodak, and Jim Bridger power plants, all of which have units that are likely to require SCRs under the federal Clean Air Act's Regional Haze program. PacifiCorp's model should reflect SCR installation costs as part of continued costs to operate these plants, and PacifiCorp should continue to pursue endogenous selection of coal retirement dates, as is current practice. As the Commission is aware, neither Phase I nor Phase II Regional Haze requirements are final. However, the Biden administration has signaled its

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[4] Xcel Energy, 2017 All Source Solicitation 30-Day Report (filed in Colorado PUC Proceeding No. 16A-0396E) (Dec. 28, 2017), *available at* https://www.documentcloud.org/documents/4340162-Xcel-Solicitation-Report.html.
[5] *Id.*

intention to move quickly on climate and pollution regulation at power plants. Yet, at this time, PacifiCorp has indicated it does not intend to include the costs of SCRs in any of its model runs, because the Company anticipates complying with Regional Haze requirements by reducing operating capacity as a means of meeting pollution reduction requirements. The EPA has never before accepted reduced operating capacity in lieu of installation of pollution control technologies, and it is extremely unlikely that the Biden administration, which has made clean air and water and environmental justice centerpieces of its agenda,[6] will do so. Reduced operating capacity should not be modeled as a permissible compliance option. The Obama administration's EPA required SCRs at all of the four plants noted above, thus, modeling those same SCR costs in the 2021 IRP is required under prudent decision-making.

Finally, all of PacifiCorp's model runs should incorporate, as a model input, some level of carbon pricing in order to account for likely environmental regulatory costs. A carbon price is critical to fully understanding the breadth of regulatory impacts resulting from PacifiCorp's various IRP portfolios and is therefore necessary for sound decision-making. Currently, PacifiCorp does not embed a carbon price into each of its model runs but rather evaluates four discrete scenarios: high carbon price, medium carbon price, no carbon price, and the social cost of carbon. In 2015, Sierra Club presented expert analysis from Synapse Energy Economics, Inc., demonstrating that when even a low carbon price is assumed, endogenous coal unit retirements selected by the modeling software will identify for retirement units that were not identified for retirement under PacifiCorp's Regional Haze scenarios.[7] Accordingly, incorporating a carbon price is necessary to fully capture which units may be marginal and eligible for near-term

[6] Exec. Order No. 13990 (Jan 20, 2021); Exec. Order No.14008 (Jan. 27, 2021).

[7] *In the Matter of PacifiCorp's 2015 Integrated Resource Plan*, Docket No. LC 62, Sierra Club's Comments on PacifiCorp's 2015 IRP (Aug. 27, 2015), *available at* https://edocs.puc.state.or.us/efdocs/HAC/lc62hac134513.pdf.

retirement. To be clear, a carbon price should be included in every scenario, thereby eliminating the no carbon price scenario.

To the extent that the carbon price utilized is lower than the social cost of carbon, PacifiCorp's model runs will not fully incorporate the societal costs of greenhouse gas emissions. Beyond regulatory costs, the combustion of fossil fuels for electricity generation results in negative externalities that are not captured strictly by the transaction between electricity generators and electricity consumers. The pollution from fossil fuel generation creates economic damages in the form of public health and climate change costs, such as damages to communities from increased flooding or other natural disasters or the economic impact of decreased crop yields. As a result, the social cost of carbon should still be utilized as a modeling sensitivity (*i.e.,* a model run with the input carbon price equal to the social cost of carbon) in order to quantify the monetized damages associated with incremental increases in greenhouse gas emissions. Additionally, societal costs should be included in the reported output of *each* model run. In other words, every model run utilizing a carbon price that is equal or lower than the social cost of carbon should report carbon emissions and calculate the associated emissions costs based on the social cost of carbon value. Pursuant to Executive Order 13990, the Biden administration's Interagency Working Group on the Social Cost of Greenhouse Gases released an interim social cost of carbon on February 25, 2021,[8] which is the most recently updated cost and thus should be utilized by PacifiCorp in its 2021 IRP modeling.

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[8] The Interagency Working Group reinstated estimates for the social cost of greenhouse gases as had been established by the Interagency Working Group before being disbanded in 2017, adjusted to 2020 dollars. Values are the average across models and socioeconomic emissions scenarios for three separate discount rates (2.5 percent, 3 percent, and 5 percent), as well as a fourth value, selected as the 95th percentile of estimates based on a 3 percent discount rate. *See* Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under Exec. Order No. 13990, Interagency Working Group on the Social Cost of Greenhouse Gases, United States Government (Feb. 26, 2021), *available at* https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf.

III. Conclusion

A reasonable delay in the 2021 IRP filing may be justified. However, Sierra Club believes a five month delay is unnecessary and would ultimately harm the public interest. Accordingly, Sierra Club recommends a short delay that will still provide PacifiCorp with a reasonable extension to obtain and incorporate the information it states that it needs to complete its modeling. In light of the anticipated delay, Sierra Club further recommends that the Commission provide PacifiCorp with specific instructions on its modeling and portfolio development, including modeling the costs of SCRs at four of the Company's coal plants and embedding a carbon price and the social cost of carbon.

Dated: March 5, 2021

Respectfully submitted,

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