

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

Docket No. LC 77

In the Matter of ·
PACIFICORP, dba PACIFIC POWER,
2021 Integrated Resource Plan.

Comments of
NW Energy Coalition on the
Staff Report and Recommendations

The NW Energy Coalition (NVEC) provides the following comments on the Staff Report dated February 11, 2022 containing recommendations concerning the 2021 Integrated Resource Plan (IRP) filed by PacifiCorp.

While the process has been flawed, the IRP nonetheless sets forth an important new chapter in the Company's progression toward a fully clean, reliable and equitable electric power system. The prospective resource decisions in the IRP will commit billions of dollars and require extensive development effort, but also offer the opportunity for benefits to customers at an even greater scale.

We highlight and express our appreciation for the close involvement of this Commission in reviewing the 2021 IRP. Throughout the process, and notably in the Commission Workshops on January 13 and February 24, 2022, our Commissioners and Staff have taken the initiative to directly apply close scrutiny to key issues, leading to additional insights and a more complete understanding of this complex filing.

Turning to the Staff Report, we start with great appreciation for the clarity and thoroughness of the Staff presentation, and recognize the very substantial effort it took to review the record and assemble the conclusions and recommendations. The Staff Report provides well-grounded and wide-ranging guidance for assessing the full depth and range of the 2021 IRP.

In general, with two proposed modifications to Recommendation 37 on the Action Plan, NVEC concurs with all of the Staff recommendations relating to acknowledgement of the 2021 IRP and activities for the 2023 IRP.¹

¹A couple recommendations relate to activities prior to the filing of these comments: Recommendation 7 refers to preparation for the February 24, 2022 Commissioner Workshop, and Recommendation 33 requested additional clarity from PacifiCorp on data submitted to the Western Resource Adequacy Program.

With regard to the Action Plan, we agree with most of Staff’s Recommendation 37 to acknowledge most of the items presented,² while proposing two modifications.

Jim Bridger Units 1 and 2. Our first proposed modification is for Action Item 1(c), “Jim Bridger Units 1 and 2 Gas Conversion.” We concur with the intent of Staff Recommendations 4 and 5 to pursue a full review of the potential for renewable hydrogen at the converted Bridger units, but given the likely timing of the 2023 IRP, that process will not produce the requisite assessment ahead of necessary efforts to secure permits, acquire equipment and take other actions to assure that renewable hydrogen is a feasible and available option for the proposed conversion.

Accordingly, we suggest inclusion of a full assessment of renewable hydrogen potential in the following language for a revised Action Item 2(c):

PacifiCorp will initiate the process of ending coal-fueled operations and seeking permitting for a [natural-gas] conversion to natural gas, renewable hydrogen or both, by 2024, including completion of all required regulatory notices and filings. PacifiCorp will conduct a thorough technical assessment of the potential for partial or complete renewable hydrogen firing to be filed by December 2022.

Natrium Nuclear Project. Second, NWEC proposes that the Commission not acknowledge Action Item 2(c) in its entirety. NWEC appreciates Staff’s extensive review of the Natrium nuclear project proposal. As we have previously stated, the Commission’s IRP guidelines do not permit inclusion of the Natrium project as it currently stands in the preferred resource portfolio. Because there are no reasonably similar resources in existence, there is no empirical basis for comparing the cost, performance and risk of the proposed project with other resources, an essential feature of the least-cost, least-risk assessment that is foundational to the IRP process.

In addition, we agree with Staff’s view that the no-Natrium scenario opens additional opportunity for near-term acquisition of least-cost, least-risk demand side, storage and renewable generation resources, starting with the 2022 All Source RFP.

As a result, NWEC strongly agrees with Staff’s Recommendation 12 that the Commission acknowledge the preferred portfolio and Action Plan only to the extent that they are consistent with the no-Natrium scenario.

²Staff recommends not acknowledging the portions of item 2(c) relating to finalizing commercial arrangements for the proposed Natrium nuclear project; and items 3(a), 3(b) and 3(d) concerning transmission projects including Energy Gateway Segment F, Segment D.1 and Local Reinforcement Projects respectively.

We also strongly support Recommendation 14 that PacifiCorp pursue acquisition of the Natrium project, if it moves toward commercial delivery, only as part of an RFP under the Commission's competitive bidding rules. The Company's proposal in Action Item 2(c) to prepare prospectively for a waiver of the Commission's competitive bidding rules is contrary to Staff's recommendation.

Finally, PacifiCorp conducts numerous assessment and development efforts for other resources that are not included in IRP Action Plans. At this time, the proposed Natrium project is an early development effort for a novel technology that cannot be properly assessed within the IRP.

To summarize, we agree with Staff's recommendations concerning the Natrium project, but we also do not believe there is cause for the Company to include any reference to activities relating to the proposed Natrium project in the Action Plan. Therefore, NWEC proposes that the Commission not acknowledge Action Item 2(c) in its entirety.

We now turn to several key topics addressed by the Staff Report.

HB 2021 and Oregon state policy. HB 2021 enacted by the 2021 Oregon Legislature is a signal accomplishment and a major step forward in Oregon's efforts to address climate change risk, the economic opportunities of developing a 100% clean electric power system, and the environment benefits of eliminating the damage of fossil fuel extraction and combustion.

NWEC greatly appreciates Staff's in-depth attention to HB 2021 in the Staff Report, particularly section 2.2, HB 2021 Compatibility. While HB 2021 was enacted during the very last stage of the IRP development process, we agree with Staff that a more affirmative initial statement of the likely progress toward the HB 2021 goals would have been welcome in the 2021 IRP, while noting that the Company did make a statement on this matter in the Reply Comments.

Staff also provides thoughtful assessment of the role that HB 2021, including the Clean Energy Plan and development of community based renewable energy, should play in the 2023 IRP.

While the process of developing guidance for Clean Energy Plans is still in the early phase of Docket No. UM 2225, we fully agree with Staff that the Clean Energy Plan should be directly aligned with issuance of the 2023 IRP, not delayed until many months later.

We also see substantial opportunity for community-based renewable energy development in the 2023 IRP, as envisioned in HB 2021, including but not limited to the Community Renewable Energy Project Grant Program and development of community-based renewable PURPA Qualifying Facilities.

Climate Baseline. We also appreciate Staff’s discussion of the need for incorporation of climate change analysis into the 2023 IRP, as addressed at length in section 3.1.3, Adaptation Plan Scope, and Recommendation 40. As noted, the Northwest Power and Conservation Council has developed a thorough and well-vetted method for combining historical data with detailed projections from three global climate models. This work can assist PacifiCorp in assessing the potential trajectory of regional temperature and precipitation going forward, and therefore the effects on electric demand and generation alike. PacifiCorp should incorporate this and other relevant methods and sources into the development of the 2023 IRP.

Offshore Wind. Staff’s Recommendations 17, 18 and 19 address the need for more in-depth assessment of the potential for offshore wind to provide benefits to PacifiCorp customers. Numerous current activities are advancing those prospects at a rapid pace. Most importantly, the US Bureau of Energy Management, in conjunction with the State of Oregon, is moving toward opening initial call areas for development in federal waters off the southwest Oregon coast, adjacent to PacifiCorp’s service area.

While the development process is complex, NWEC is hopeful that this will result in the availability of offshore wind resources later in this decade. That will provide the benefits of this high-value clean energy resource to the PacifiCorp system as a whole, and importantly, improve reliability and provide other local community benefits for an area with significant reliability issues due to its relative remoteness and challenging weather conditions. We join Staff in encouraging a higher priority for offshore wind assessment work in the 2022 All Source RFP and the 2023 IRP.

Pumped Storage Hydro. In Recommendations 29, 30 and 31, Staff highlights the gaps in the 2021 IRP analysis of pumped storage. PacifiCorp has provided some flexibility for RFP bidding by pumped storage projects. But the IRP contains very limited analysis of pumped storage technology, costs and benefits, and excludes any reference to the 11 pumped storage project applications filed by the Company at the Federal Energy Regulatory Commission in October 2021, which were clearly in preparation during the final phase of IRP development.

Pumped storage is a capital-intensive, large-scale resource that nonetheless offers substantial grid value through renewable energy balancing and other services. As recommended by the Staff, pumped storage should be the subject of thorough review in the 2023 IRP process.

Class 3 DSM. The rapid advance of renewable generation and storage in the 2021 IRP is welcome, but will be incomplete without a more comprehensive and focused effort to develop a comprehensive strategy for customer-side resources. In that regard, NWEC appreciates the Staff’s review of several aspects of Class 3 DSM (price response and load shifting demand response). Notably, PacifiCorp has fallen behind other utilities in developing time-of-use

programs, despite expending more than \$100 million recently to implement advanced metering infrastructure (AMI) in Oregon.

In addition to Staff's Recommendation 36, to secure outside assistance in developing a peak-time rebate (PTR) program, we encourage the Commission to direct PacifiCorp to begin development of a Flexible Load Program to provide a roadmap for demand response program offerings and rate structures and, equally importantly, to align them in a comprehensive strategy. This will not be a small undertaking, but to achieve PacifiCorp's ambitious Class 1 DSM targets as well as capture Class 3 DSM opportunities, it is time to move to full planning, coordination and implementation.

This concludes NWEC's comments on Staff Report and Recommendations for the PacifiCorp 2021 Integrated Resource Plan.

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Respectfully submitted,

/s/

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