

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 82

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2023 Integrated Resource Plan and Clean
Energy Plan.

STAFF REPORT COMMENTS OF THE
SWAN LAKE AND GOLDENDALE
ENERGY STORAGE PROJECTS

I. Introduction.

Swan Lake North Hydro, LLC and FFP Project 101, LLC (“the Projects”)¹ generally support the recommendations reflected in the Staff Report issued on February 7, 2024 regarding PacifiCorp’s (“PAC” or “the Company”) 2023 Integrated Resource Plan and Clean Energy Plan (“IRP/CEP”). The Oregon Public Utility Commission (“OPUC” or “the Commission”) should require PAC to demonstrate that it has fixed analytical errors in the IRP and is fairly analyzing pumped storage hydro (“PSH”) resources, like the Projects. Specifically, PAC should provide more detailed information and demonstrate that the IRP has appropriately analyzed the Inflation Reduction Act of 2022 (“IRA”) tax credits associated with storage projects. The Projects further support Staff’s comments that the IRP uses unreasonable cost escalations for renewables, including storage projects. Staff also correctly identifies that there is a looming capacity deficit and that the IRP cannot reasonably assume that the Company can address capacity shortfalls through market purchases. Lastly, the Projects support Staff’s endorsement of long lead-time

¹ Swan Lake North Hydro, LLC and FFP Project 101, LLC are the companies working to develop the Swan Lake and Goldendale pumped storage hydro projects (hereinafter, “the Projects”).

resource-specific considerations but recommend additional action be taken to procure these resources. In adherence with the Administrative Law Judge’s Ruling modifying the procedural schedule in the above-captioned proceeding,² the Projects hereby submit these comments on the Staff Report.

II. Comments.

A. The Projects Support Staff’s Recommendation that PAC Should Correct Analytical Errors in the IRP.

The Projects appreciate Staff’s comments that PAC should fix any confirmed analytical errors in the IRP, including calculations or application of granularity adjustments.³ Of particular concern to the Projects is the lack of evidence demonstrating that the IRP appropriately applied the IRA tax credits in its analysis of storage resources.⁴ As the Projects previously requested, PAC should provide the Commission and stakeholders more detailed information regarding this analysis or alternatively, should re-run its portfolio to account for the IRA tax credits available to storage resources, including PSH.⁵

Additionally, the Projects agree with Staff that the IRP uses unreasonable and unfounded cost escalations for clean energy and energy efficient technologies, including storage resources.⁶ As Staff noted, PAC’s resource storage cost assumptions are significantly higher than that of NREL,⁷ which unfairly disadvantages PSH resources in the IRP process. PAC should address

² *In the Matter of PacifiCorp, dba Pacific Power, 2023 Integrated Resource Plan*, Ruling, Docket LC 82 (Feb. 5, 2024).

³ See Staff Report at 7; Staff’s Round 2 Reply Comments at 3.

⁴ See the Projects’ Round 1 Reply Comments at 2-4.

⁵ *Id.*

⁶ Staff’s Round 2 Reply Comments at 41.

⁷ *Id.* at 42.

these analytical issues before the IRP is acknowledged to ensure that its preferred portfolio is selecting the least-cost resources in compliance with the OPUC's regulatory requirements.⁸

B. The Projects Support Staff's Comments Regarding the Looming Capacity Deficit.

Staff correctly identified that the volume of transactions in regional wholesale markets is declining and that utilities cannot assume that they can fill capacity through market purchases alone.⁹ The IRP models a constant level of front office transactions ("FOT") availability at the Company's five main market hubs through 2027.¹⁰ This assumption, however, does not align with PAC's operational realities and may result in the under-procurement of resources and the inability of the Company to identify a counterparty to purchase energy in a peak load hour. Accordingly, the Projects recommend that the Commission direct PAC to revise the IRP to appropriately account for the risk of a looming capacity deficit—namely, through implementing limitations in the IRP modeling on how much FOT will be available in the coming years.

C. The OPUC Should Take Additional Action to Promote the Procurement of Long Lead-Time Resources.

The Projects appreciate Staff's long lead-time resource-specific recommendations; however, the Projects have some reservations about Staff's recommendation for PAC to issue an RFI. In the Staff Report, Staff recommended that: PAC issue an RFI for long lead-time resources; use the RFI to compare long lead-time resources more accurately against traditional, mature resources; study long lead-time resources, including PSH; and potentially coordinate with Portland General Electric ("PGE") to the develop the long lead-time resource RFI.¹¹ However,

⁸ *In the Matter of Public Utility Commission of Oregon Investigation into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002 at page 2 (Jan. 8, 2007) (corrected by Order No. 07-047).

⁹ Staff's Round 2 Comments at 48.

¹⁰ *Id.*

¹¹ *Id.* at 45.

the Projects have concerns that an RFI, which will not involve any actual effort to purchase the output from the resources submitting responses to the RFI, may unnecessarily extend the timeline to procure these resources, which already involve more complexities in their construction and licensing. PAC's prior RFP, the 2022 All-Resource RFP, allowed for the participation of long lead-time resources. Despite the suspension of the 2022 All-Resource RFP, PAC should have still received ample information from respondents to that RFP, which would have provided the Company with the necessary information and experience to compare these resources and place them in a preferred portfolio. As a result, the Projects believe that an additional RFI is redundant and would only serve to further delay the procurement of long lead-time resources like PSH. Instead, the Projects request that the Commission direct PAC to coordinate with PGE (and other jurisdictional utilities) on a state-wide effort aimed at facilitating the construction of long lead-time, capacity-rich resources like PSH.

On the topic of a coordinated RFP, the Projects would note that other state regulatory commissions, such as the California Public Utilities Commission ("CPUC"), have already acknowledged that certain long lead-time technologies, such as PSH, are necessary to achieve the state's clean energy goals and, therefore, the CPUC has established distinct, long lead-time resource-specific procurement targets for utilities in California within the context of their respective RFPs.¹² This directive from the CPUC has ensured that California utilities are actively working toward the early-procurement of long lead-time resources and, in some cases, in coordination with their neighboring utilities. Consequently, the Commission should expand on

¹² See, e.g., D.21-06-035, Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026), R.20-05-003 (issued June 30, 2021): <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF>.

Staff's recommendation by requiring PAC and PGE to coordinate and develop a strategy to procure long lead-time resources such as PSH.

III. Conclusion.

The Projects appreciate the recommendations reflected in the Staff Report and Staff's accompanying Round 2 Reply Comments. PAC should provide additional information or otherwise revise assumptions related to IRA tax credits applied to storage resources as well as the cost escalations used for renewables. Staff also correctly identified that the IRP should be updated to account for the looming capacity deficit. Finally, the Projects respectfully request that the OPUC require PAC and PGE to coordinate and develop a strategy for procuring long lead-time resources such as PSH. Acting now will help provide Oregon with dispatchable, clean capacity at a scale large enough to maintain grid reliability and support customers' energy needs over the decades to come.

Dated this 14th day of February, 2024.

Respectfully submitted,

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