

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 82

In the Matter of
PACIFICORP,
2023 Integrated Resource Plan and
Clean Energy Plan.

RENEWABLE NORTHWEST’S
COMMENTS on STAFF’S REPORT

I. Introduction

Renewable Northwest (“RNW”) appreciates the opportunity to comment on Oregon Public Utility Commission (“PUC” or “Commission”) Staff’s proposal for partial acknowledgement of PacifiCorp’s 2023 Integrated Resource Plan (“IRP”) and Clean Energy Plan (“CEP”). RNW appreciates Staff’s thorough review of the IRP and CEP, as well as party comments and recommendations through the multiple comment rounds, and generally supports the recommendations and expectations laid out by Staff. In these comments, RNW highlights areas of alignment with the Staff Recommendation while noting some areas which would benefit from greater clarity or Commission direction as parties anticipate the 2024 IRP and CEP updates.

Specifically, RNW adds its support to Staff’s core recommendations not to acknowledge the IRP action plan or long-term plan, not to acknowledge the CEP, and to direct PacifiCorp to refile both the IRP and CEP with revisions, as directed in recommendations and expectations, as part of the April 2024 IRP update.

II. Comments

1. RNW Supports Non-Acknowledgement of the 2023 IRP and CEP

RNW appreciates Staff’s thorough review of questions and concerns raised by RNW and other parties throughout the proceeding, which are well-articulated and bolstered by further analysis in the Staff Report. In addition to the reality of the IRP and CEP having ceased to “appear feasible”¹ as a result of the suspended 2022 Request for Proposals, RNW believes that additional concerns regarding PacifiCorp’s portfolio development process further disqualify the 2023 IRP and CEP from consideration. **RNW strongly supports Staff’s Recommendations 1, 2, and 3** regarding the non-acknowledgement of the IRP and CEP and direction for their refiling in April 2024.²

¹ Staff Round 2, p. 12

² Staff Round 2 Comments, p. 12

As articulated in the Staff Report, there are several major concerns that must be addressed prior to IRP and CEP acknowledgement, summarized below:

- **2022 and 2024 RFP Suspensions:** The IRP/CEP are built on a foundation of near-term resource procurements which are no longer expected to occur.³
- **Candidate Resource Cost Errors:** The IRP/CEP portfolio analysis selects a suboptimal mix of resources driven by overly conservative, unsubstantiated cost assumptions regarding some clean energy resources.⁴
- **Manual Selection of Resources:** The IRP/CEP portfolio includes thousands of megawatts of resources which were manually selected without clearly documented reliability or economic benefits.⁵
- **Non-Standard Reliability Methods:** The IRP/CEP process is insufficiently rigorous and transparent regarding its reliability methodology, utilizing out-of-date processes to account for reliability in portfolio development and portfolio testing.⁶
- **Unresolved Environmental Performance:** The IRP/CEP risks non-compliance with Oregon’s and other customer states’ environmental policy mandates and goals due to both deferred procurement and insufficient analysis.⁷

Individually and collectively, these concerns merit a decision from the Commission to generally decline acknowledgement of the proposed IRP / CEP and to direct PacifiCorp to address critical issues in a revised filing. RNW strongly supports the thrust of Staff’s Recommendations and provides limited clarifications and recommendations below.

As further grounds for RNW’s support for Staff’s non-acknowledgement recommendation, RNW incorporates by reference pages 1-4 of the Comments of Renewable Northwest on Staff Report and Final Recommendations submitted to Commission Docket LC 80 regarding PGE’s IRP and CEP on January 12, 2024. Specifically, we reiterate: “the Commission [has] a strong legislative mandate and specific tools -- including CEP review -- to drive the aggressive greenhouse gas emission reductions from covered utilities that science tells us we need in order to stem the deluge of climate impacts.”⁸

³ Staff Round 2 Comments, p. 12

⁴ Staff Round 2 Comments, p. 41-43

⁵ Staff Round 2 Comments, p. 30-33

⁶ Staff Round 2 Comments, p. 30-33, 46-50

⁷ Staff Round 2 Comments, p. 5-11

⁸ P. 4.

2. RNW Recommends Elevation of Staff's Expectation Regarding Candidate Resource Costs to a Recommendation

RNW appreciates Staff's discussion and direction regarding resource cost and availability concerns, including discussion of PacifiCorp's unilateral cost adjustments for clean energy and storage resources⁹ and concerns regarding the presumed availability of nuclear and hydrogen resources.¹⁰ In both cases, Staff's analysis and review of available data strengthen the case for revisions prior to IRP and CEP acknowledgement.

With regard to clean energy resource costs, RNW encourages the Commission to provide clear direction to PacifiCorp to return to the NREL ATB cost data rather than manual adjustments to the cost data at the sole discretion of the utility. Candidate resource costs are pivotal inputs for portfolio development, and the subjective adjustment of one set of resources places those resources at a clear modeling disadvantage in the development of PacifiCorp's near- and long-term plans. RNW notes that the proposed expectation language, as written, could enable PacifiCorp to continue its current practice of manually developing resource costs for future years. **RNW recommends that Staff's cost-input expectation be elevated to a recommendation for inclusion in the Commission's order**, and provides the following alternate language to ensure PacifiCorp utilizes well-vetted, public data which is used consistently by utilities across the nation.

~~“Staff Expectation:~~ ***Staff Recommendation 14:***

As part of the IRP update and future IRP processes, PacifiCorp should update its renewable cost assumptions based on ~~more recently available information.~~ ***the latest NREL ATB dataset.***”

In the interest of the short timeline for the remainder of this docket, we offer one brief additional observation that may not require Commission action at this time (but that may merit direct attention in the future).

Specifically, with regard to the availability of the Natrium project and hydrogen peakers, RNW encourages more thorough assessment of cost, fuel availability, and timing inputs for non-emitting peakers. One possibility is the extension of Staff's 10-year buffer approach currently proposed for Natrium to non-emitting peakers as well. The availability of clean fuel for non-emitting peakers is a significant point of uncertainty, and RNW would encourage the inclusion of language recognizing that these resources may be emitting well into the 2030s if clean fuels do not materialize, potentially jeopardizing Oregon clean energy policy requirements. Assessing the potential and risk from emerging technologies -- and their value relative to

⁹ Staff Round 2 Comments, p. 41-43

¹⁰ Staff Round 2 Comments, p. 43-46

commercial clean energy and storage resources -- is a key decision point within the 2024 IRP and CEP update. A revised portfolio meeting Staff's expectations and recommendations will be critical.

3. RNW Supports Staff's Reliability Modeling Recommendations and Expectations

RNW appreciates Staff's discussion and direction regarding issues with PacifiCorp's reliability modeling workflow, including discussion of PacifiCorp's manual reliability adjustment process,¹¹ its reliance on an out-of-date resource accreditation framework,¹² the details of its reliance on Front Office Transactions,¹³ and its absence of probabilistic reliability modeling.¹⁴ In addition to the potential introduction of unidentified reliability risk for Oregon customers, the confluence of PacifiCorp's modeling limitations drives the need (real or perceived) to rely on manual adjustments to reliability totaling in the thousands of megawatts.¹⁵

To that end, **RNW supports Staff's Recommendation 10**, which addresses the need for PacifiCorp to correct for any errors in the calculation or implementation of granularity adjustments to the PLEXOS model.

Assuming this recommendation is adopted, we further recommend that PacifiCorp implement a stochastic Loss of Load Probability (LOLP) analysis on the PLEXOS LT proposed buildout, after correcting for any identified granularity adjustment errors. This stochastic analysis will gauge the portfolio's adequacy in ensuring reliability while also protecting ratepayers from any unnecessary costs as a result of overinvestment on the part of PacifiCorp. This expanded recommendation aligns with RNW's endorsement of advanced reliability modeling enhancements, such as transitioning to modern accreditation methodologies like ELCC and incorporating ex post probabilistic reliability assessments. (To that end, **RNW also supports Staff's expectation that the Company "[c]hange its capacity valuation to an ELCC or ELCC-adjacent methodology that has weather-correlated stochastic modeling."**)¹⁶ These changes are likely to alleviate the need to implement reliability and granularity adjustments into the PLEXOS model in order to address some of the loss in model fidelity that arises from using a simplified temporal configuration, which is necessary due to model feasibility and tractability concerns.

A longer-term resolution that allows the capacity expansion model to effectively select resources -- with only limited 'touch-ups' needed through probabilistic reliability review -- is likely to

¹¹ P. 30-35

¹² P. 46-47

¹³ P. 47-50

¹⁴ P. 46.

¹⁵ P. 31-32

¹⁶ P. 60.

select a very different portfolio than the manual adjustments made by PacifiCorp. As noted in RNW's Round 1 comments,¹⁷ resources theoretically available at a far lower cost, such as geothermal at \$29.21/MWh, were not selected, though it is hard to conceptualize how they would not be cost-effective in the context of the need for PacifiCorp to manually add capacity resources.

RNW offers one other observation that may be longer-term and therefore not require Commission action now (but likely will merit attention in the future). Regarding market resources, RNW appreciates Staff's discussion of Front Office Transaction ("FOT") limits, and agrees that PacifiCorp's presumed reliance on FOTs seems incongruent with the expectations and requirements of the Western Resource Adequacy Program ("WRAP"). While interchange with neighboring utilities is a core benefit of regional markets, under WRAP it will be necessary for PacifiCorp to have a sufficient amount of resources under contract (at least to WRAP limits), and it is possible that the share of uncontracted resources available for short-term purchase will be lower than implied in PacifiCorp's assumptions. RNW believes that this issue is likely relatively common across WRAP participants' planning documents and would encourage the Commission and PacifiCorp to utilize Western Power Pool ("WPP") as a forum to explore and resolve expectations regarding market availability (specifically market resources available for contracting), as discussed in a recent GridLab report on the intersections of WRAP with IRPs.¹⁸ Finally, RNW reiterates that, regardless of established FOT levels, there appear to be modeling gaps that have permitted PacifiCorp's model to exceed the stated FOT limits within the IRP.

III. Conclusion

RNW appreciates the Commission's attention to these comments and Staff's work to develop thorough and well-reasoned recommendations regarding PacifiCorp's IRP and CEP. We reiterate our general support for Staff's conclusions and our specific support for the following Staff recommendations and expectations:

- Staff Recommendation 1. Do not acknowledge the IRP action plan elements 2b and 2c, the IRP's preferred portfolio, or the IRP's long-term plan.
- Staff Recommendation 2. Direct PacifiCorp to seek acknowledgement of a revised Preferred Portfolio and Action Plan in the planned April 2024 IRP Update.
- Staff Recommendation 3. Do not acknowledge the LC 82 CEP and direct PacifiCorp to revise and resubmit the CEP with its April 2024 IRP Update.
- Staff Recommendation 10. Direct PacifiCorp to fix any confirmed analytical errors in the calculation or application of granularity adjustments.

¹⁷ <https://edocs.puc.state.or.us/efdocs/HAC/lc82hac17443.pdf>, p. 225

¹⁸ https://gridlab.org/wp-content/uploads/2023/09/GridLab_WRAP-Report.pdf, p.36-37

- Staff’s expectation that the Company change its capacity valuation to an ELCC or ELCC-adjacent methodology that has weather-correlated stochastic modeling.

We also recommend that Staff’s expectation regarding renewable resource cost assumptions be elevated to a recommendation and adopted into the Commission’s order.

Finally, we look forward to continued engagement with the Company, the Commission, and other interested parties as we collectively work to decarbonize PacifiCorp’s Oregon system in line with the requirements of HB 2021 and the urging of the world’s scientific community.

Respectfully submitted this 14th day of February, 2024,

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