From: MENZA Candice * PUC
To: TOEWS Kimberly * PUC
Subject: FW: Docket Number UM 2059--Notice of Filing--Oregon PUC
Date: Monday, October 11, 2021 8:46:23 AM

Some notes:

EGS: What is the budget sensitivity reality? Is $__B EGS cost assumed a realistic *final* build cost? Transmission projects are never on budget. Sensitivities need to include swings in transmission project costs and schedules. $B swings possible. How does that change "preferred portfolio" (and whether EGS or other transmission should be built at all).

Alternatives for ratepayer: If DG? If in Oregon? If shorter transmission lines? (eg good solar plus a few, or few dozen, miles of transmission, might be a much better deal)

Other:

How are wind capacity factors "highly confidential". That's absurd. They are publicly known sites, using publicly available equipment, with public NREL wind data for key areas available. If the assumptions/outputs aren't reasonable, then public sunlight on %CF to highlight these is valuable to avoid regulators and ratepayers making analysis on questionable inputs. If they are reasonable and normal, then why would they be confidential? It's like claiming Chevy gas mileage on an interstage is privileged info.

Source of NREL PPA price data?

Interconnection Opportunities

Disagree with "interconnection capacity spoken for" assertion.

240 MW of solar connectable in Prineville alone. See CA8 cluster study results, Sep 2021.

PAC 500 KV line in Oregon has tons of capacity.

On-System Only is artificial constraint (BPA available)

PAC has option as BPA NT customer to potentially designate BPA-connected projects as Network Resources, not pay wheeling from them.

Need rooftop analysis of on-system DG potential. Can basically power most homes and commercial loads locally, in load pocket, no interconnection costs.

Nuke proposals need serious, serious reality checks on cost and schedule ranges and sensitivities. No way those are cost superior. And Staff should be super skeptical of cost estimates. No way around fact that nuke has a turbine; therefore always more expensive than a gas turbine as cost reference point, but with way more baggage and complexity. You can likely buy two solar plants and two gas plants for price of a nuke. South Carolina and Georgia new nukes were super over-budget. SC project got scrapped with $B's of ratepayer borne costs and delays for a failed project; parts being sold *today* for fraction of cost to offset losses. (Nuke cost overruns are part of why PURPA was passed!! As a reaction and to protect ratepayers from ill-fated utility cost boondoggles.) THIS IS A BAD CASE to have in a model without serious scrutiny. No way it should be an automatic "choice of

the model" that is presented as a natural consequence or choice without extreme sensitivity testing -- including schedule risks and $B cost swings.

RFP Outcomes: Final conclusions of RFP competitiveness should not be drawn until final review of ownership conversion options -- and long-term monitoring of outcomes. Regardless, bid choices have increased PAC assets for rate-base if EGS moves forward, so a self-serving interest has been facilitated.

Cluster study improvement of future competitiveness? How many future bidders were destroyed by wiping the queue? Staff needs to quantify the loss of competitive options in its analysis. Few bidders with less competition is not an increase in competition. And projects with years of development investment and risk were undermined or destroyed, removed or impacted from future ability to participate in subsequent competitive options. The new queue reform favors heavy balance sheet bidders, like IOUs, due to overtly burdensome provisions. It is also inconsistent with public lands site projects due to inability to rely on queue seniority for projects while going through the multi-year NEPA process for public lands site process, thus also likely destroying huge swaths of prospective projects that could have been bidders not just for PAC but for various off-takers. This is a reduction in competitive options, both currently and in terms of future expectations. The Commission should closely scrutinize future IOU related bids. PAC has likely cleared the way for its future asset ownership while suppressing competition, even if it doesn't own assets in this *one* (of many to come, re: clean energy standards) RFPs and retirements to offset.

Cluster study interconnection dates:

Funny how PAC can knock out $50+MM interconnection and TX projects in a couple years for a load request (Prineville 2019-20 Corral Ochoco 230KV system for Facebook load), but not the independent generation interconnection customers.

It's also a false comparison to assume the newly (finally, after years of unnecessary delays) studied cluster projects couldn't have achieved required energization dates, especially if the LGIA projects hadn't been selected (in which case resources could have energized the selected ones, among other remedies).

Finally, PAC has discretion over the timelines its gave in the results; abuse exposure. Meanwhile PAC's tariff timelines should have still allowed energizations timely; indeed PAC claimed and promised as much in queue reform justifications. Lots of damage that will never be undone, but shouldn't be ignored; nor should a false success story be told before future RFPs' impacts are considered, including on price and ability to achieve HB 2021 and RPS standards. PAC should bear penalties for non-compliance; wiping the queue was its recommendations; regulators should make clear that relief will not be given for discretionary actions that may have sabotaged its ability to comply timely with regulatory obligations.

Exclusion of interconnection costs from bid rankings: Interconnection costs are primary, huge, and not ITC eligible. Excluding them from initial ranking was a major mistake -- and a bait and switch relative to proper ranking of bids. Must be fixed. Bids need to be net all-in. Plus, most are to be carried eventually by ratepayers directly.

Energy storage: Must feed into future capacity pricing and valuation, including avoided costs.

Recommendations on Staff Recommendations:

Transmission costs:

- Please add sensitivities for costs and schedule risks.
- Please require comparison of "closer", "local", and distributed generation options as alternatives to mega-transmission projects. Note differences in risk ranges for these (i.e. no schedule risk for roof-top DG vs BLM/NEPA risks; etc).
- Interconnection costs: Track the *current* RFP outcomes too, not just future. And require inclusion in bid evaluations; inappropriate to exclude IX/TX costs from bid

rankings (or should be in bid price). Compare final outcomes for IX costs to studies (esp for PAC's downselected choices).

Queue reform:

Monitor outcomes on competition: # of bids; range of bid prices; IOU (and affiliated) ownership outcomes.

Wiping the queue reduced supply for future RFPs. If demand (RPS+100% clean) exceeds supply (wiped queue, few bidders, riskier development), then prices tend to be impacted adversely.

Don't assume it's hunky dory just because PAC says so. Lots of future bidders were destroyed, for Oregon and non-PAC off-takers too. Development re-starts and new-starts, and lost forever projects, compounds and extends risks vs prior bidders that had been working on solving problems, investing for years, etc.

Get feedback from bidders and developers. Provide confidentiality options. Developers have real fears of being blacklisted for speaking ill of IOUs. (Most won't tell you in public their real views on IOU actions, such as queue reform; they'll get punished.)

Fewer bidders... higher costs.

Examine how new IRP transmission plans may contribute to future IOU ownership outcomes; compare costs with "more local" (lower cost, lower risk solutions).

Jake Stephens
NewSun Energy

p.s. Generator payment of long-term transmission system costs (i.e. EGS) probably doesn't work for a number of reasons, including asset ownership complexity for IOU-owned assets, and deprivation or holes in tax treatment (who expenses or depreciates it?), as well as long FERC OATT reasons. But Commision should think about how IOUs use "need" for transmission to get more rate based assets -- opportunities for abuse -- and monitor accordingly, scrutinize new IRPs (cost and schedule sensitivities!) accordingly. Get data on prior transmission cost estimates vs final -- and use those in sensitivities.

On Wed, Oct 6, 2021 at 2:36 PM LOCKWOOD Charles * PUC <Charles.LOCKWOOD@puc.oregon.gov> wrote:

> Description: Staff Report for the October 12, 2021 Special Public Meeting, Item RA1, filed by Rose Anderson.
> Docket Name: PACIFICORP APPLICATION FOR APPROVAL OF 2020 ALL-SOURCE REQUEST FOR PROPOSAL
> Utility Company: PACIFIC POWER -- ELEC, IV_E
> Type of Activity: STAFF REPORT, filed on 10/6/2021.
> To view this document, please click on the below link:
>
> http://edocs.puc.state.or.us/efdocs/HAU/um2059hau143410.pdf
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