

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: MARCH 5, 2024**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: March 1, 2024

TO: Public Utility Commission

FROM: JP Batmale

SUBJECT: PACIFICORP:
(Docket No. LC 82)
Acknowledgement of 2023 Integrated Resource Plan and Clean Energy Plan.

STAFF RECOMMENDATION:

Acknowledge in part and not acknowledge in part PacifiCorp's (Company) 2023 Integrated Resource Plan (IRP). Decline to acknowledge the Clean Energy Plan (CEP) filed with the 2023 IRP. Adopt Staff's recommendations for additional direction to PacifiCorp as outlined in this memo.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (PUC or Commission) should acknowledge PacifiCorp's IRP with or without conditions, acknowledge specific portions of the IRP, with or without conditions, or decline to acknowledge the IRP.

Whether the Commission should acknowledge PacifiCorp's CEP or decline to acknowledge the CEP.

Whether the Commission should adopt Staff's recommendations for additional direction to PacifiCorp.

Applicable Law

See Staff's February 20, 2024 public meeting memo for a full description of the Applicable Law to this docket.

Analysis

Purpose of Memo

The memo provides a final set of Staff recommendations to aid in Commissioner deliberation at the March 5, 2024 public meeting. These final recommendations are informed by the February 20, 2024 public meeting, the discussion of the Commissioners in that meeting, and subsequent review of the issues. For more background information behind these recommendations, please see Staff's previous public meeting memo, filed February 7, 2024, and associated comments from Stakeholders and PacifiCorp.

The approach guiding Staff's final suggested recommendations for Commissioner consideration are as follows:

- Elements of the IRP can be acknowledged in part.
- Based on Staff's interpretation of statute, the CEP cannot be acknowledged – in whole or in part – due to the CEP's failure to meet the standard in ORS 469A.420 to be in the public interest and consistent with the emissions reduction targets.
- Based on comments made by PacifiCorp at the February 20, 2024 public meeting, the April 2024 IRP/CEP Update is not a viable vehicle for any substantial new or revised analysis.
- All recommendations for any new or revised IRP/CEP analysis should focus on the 2025 IRP/CEP, which PacifiCorp plans to file in April 2025, and are based on an expectation that that IRP/CEP will be timely filed.
- Recommendations for the 2025 IRP/CEP should be kept to a minimum. The focus is on identifying the least number of analytic improvements or qualitative additions necessary to develop an IRP/CEP that leads to an acknowledgeable CEP.
- Additional recommendations are not new to this proceeding, but instead are drawn from previously stated expectations or stakeholder comments. Staff will continue to work with the Company and Stakeholders in the lead up to the 2025 IRP/CEP to implement the expectations identified in Staff's Round 2 comments.

Staff's final, suggested recommendations for Commissioner consideration are organized into two parts:

1. **Original Recommendations:** These come from Staff’s Round 2 Comments. They are also included as Attachment A to Staff’s February 20, 2024 public meeting memo. The recommendations include suggested strike throughs.
2. **Additional Recommendations:** There are three sources for these new recommendations. The first is Staff’s stated expectations. The second is utility and stakeholder final comments and/or suggestions at the February 20, 2024 Public Meeting. The final source is the PacifiCorp IRP/CEP.

Original Recommendations

Table 1 below details Staff’s original thirteen recommendations and includes Staff’s suggested redlines as of the date of this memo.

Table 1, Revised Original Recommendations from Staff

Recommendation Description	Suggested Commissioner Action on March 5
# 1: Do not acknowledge the IRP action plan elements 2b and 2c, the IRP’s preferred portfolio, or the IRP’s long-term plan.	Retain in full.
#2: Direct PacifiCorp to seek acknowledgement of a revised Preferred Portfolio and Action Plan in the planned April 2024 IRP Update.	Remove in full
#3: Do not acknowledge the LC 82 CEP and direct PacifiCorp to revise and resubmit the CEP with its April 2024 IRP Update.	Change.
#4: Do not acknowledge Action Plan items s 1h and 2a.	Change.
#5: Direct PacifiCorp to develop proposals for the use of CBIs in scoring in the SSR RFP, in the design of the CBRE pilot, and in scoring for the next all-source RFP.	Retain in full.
#6: Direct PacifiCorp to provide specific baseline metrics prior to filing its next in the 2025 IRP/CEP to allow for measured progress towards CBI goals. If PacifiCorp cannot complete this effort by this timeline, PacifiCorp should provide a detailed status update and explanation of how it will ensure that remaining issues are resolved as soon as practicable.	Change.

Recommendation Description	Suggested Commissioner Action on March 5
#7: Direct PacifiCorp to proceed with the CBRE Grant Pilot, contingent on the Company seeking feedback from the CBIAG and environmental justice groups.in Q1-2024	Change.
#8: Direct PacifiCorp to work collaboratively with Staff, stakeholders, peer utilities, environmental justice groups, and the CBIAGs in a dedicated working group to develop clear, actionable improvements to community and stakeholder engagement in subsequent IRP/CEPs by December 31, 2024. If PacifiCorp cannot complete this effort by this timeline, PacifiCorp should provide a detailed status update and explanation of how it will ensure that remaining issues are resolved as soon as practicable, inclusive of the perspectives of peer utilities and the utilities' CBIAGs.	Change.
#9: The SSR RFP incorporates into project selection criteria appropriate elements of the current Resiliency Analysis Framework and the CBRE Pilot be designed to promote resiliency-related factors.	Retain in full.
#10: Direct PacifiCorp to fix any confirmed analytical errors in the calculation or application of granularity adjustments.	Remove in full. Staff will have more specific directions in next table.
#10 (Formerly #11): Direct PacifiCorp to update Action Plan Item 1g (Natrium) to reflect actual events since the IRP/CEP was filed in May 2023. In the 2025 IRP/CEP, direct PacifiCorp to update Natrium assumptions to reflect actual events.	Revise.
#11 (Formerly #12): Acknowledge Action Item 4a to acquire cost-effective energy efficiency and demand response resources.	Retain in full.
#12 (Formerly #13): Acknowledge updated avoided costs from the 2023 IRP planning and direct PacifiCorp to work with Staff and Stakeholders to update avoided costs for use in UM 1893 considering HB 2021 constraints.	Retain in full.

Additional Recommendations

Table 2 below details additional recommendations Staff believes the Commissioners should consider in the acknowledgement order. Recommendations number 13 and 14 are recommendations that should have been included with the original thirteen but were

not due to a Staff oversight. We apologize for the error and seek to correct that by including those recommendations below.

The other seven remaining recommendations are all forward looking. They are designed to help the PacifiCorp IRP team by providing clear expectations for the 2025 IRP/CEP.

The table below also includes the source of the recommendation and a short summary of the rationale behind the recommendation's inclusion. While the text may not exactly match a recommendation attributed to a stakeholder, Staff sought to capture the essence of the recommendation. Finally, many stakeholders made outstanding contributions to this IRP/CEP in written and verbal comments, which Staff greatly appreciates. Staff apologizes in advance for any potential oversights in recognizing the contribution of a stakeholder organization toward these additional recommendations.

Table 2, Additional Recommendations

New Recommendation Description	Source and Rationale
#13: Do Not Acknowledge Action Items 1c and 1d from the action plan because the Company has already taken these actions.	Source: Staff expectations. Rationale: Should have been included in original recommendation. Do not acknowledge action items already undertaken and not already acknowledged.
#14: Acknowledge Action Plan Items 3a through 3e, 5a, 6a, and 6b.	Source: PacifiCorp IRP Action Plan. Rationale: Should have been included in original recommendation.

New Recommendation Description	Source and Rationale
<p># 15: In the 2025 IRP/CEP model, PacifiCorp must: (1) demonstrate that simultaneous compliance with all state-level policies is feasible with the least-cost, least-risk Preferred Portfolio and with the Preferred Portfolio variants tested in the IRP under multiple allocation paradigms; (2) include expected CBREs in the Preferred Portfolio and ensure that the Preferred Portfolio meets Oregon's Small Scale Renewable Requirement; (3) adopt best practices in resource adequacy modeling, including consideration of load and resource performance under multiple weather years and calculation of loss of load expectation and capacity contributions using probabilistic analysis.</p>	<p>Source: Staff's expectations; CUB, Sierra Club, and RNW comments. Rationale: An optimized preferred portfolio that reflects law and best practices.</p>
<p>#16: In the 2025 IRP/CEP, PacifiCorp shall include an analysis of forecasted costs and annual emissions of the Preferred Portfolio using only actual carbon prices in effect in 2025 through the 20-year planning horizon.</p>	<p>Source: CUB comments. Rationale: Better forecast of actual emissions. Provides insight into the potential continuation of historical underperformance of the fleet's emission reductions relative to IRP forecasts.</p>
<p>#17: In the 2025 IRP/CEP, PacifiCorp shall calculate and report the costs and GHG emissions associated with each portfolio assuming that GHG prices are not reflected in dispatch decisions but still included in investment and retirement decisions.</p>	<p>Source: Staff expectations. Rationale: Improve understanding of tradeoffs in CEP construction.</p>
<p>#18: In the 2025 IRP/CEP PacifiCorp shall provide an explanation of renewable cost assumptions and a comparison to recent pricing information from such organizations as National Renewable Energy Lab and Lazard.</p>	<p>Source: RNW comments Rationale: Improve transparency of resource costs in portfolio development.</p>

New Recommendation Description	Source and Rationale
<p>#19: In the 2025 IRP/CEP, PacifiCorp shall confirm that coal generator cost assumptions reasonably reflect the structure and terms of any associated fuel supply agreements or fuel supply plans. Categorize variable costs that affect dispatch as variable costs in the model with as much accuracy as reasonably possible.</p>	<p>Source: Sierra Club Rationale: Improved transparency in pricing of coal resources.</p>
<p>#20: In the 2025 IRP/CEP PacifiCorp shall report on steps that the Company took to reduce the magnitude of reliability and granularity adjustments, how the Company engaged with stakeholders on adjustments, and describe the methodology and report the resulting reliability and granularity adjustments by resource. Include any supporting work papers demonstrating the granularity/reliability adjustments in the Data Disk.</p>	<p>Source: Sierra Club, RNW, and Staff Rationale: Improve modeling and portfolio transparency.</p>
<p>#21: In the 2025 IRP/CEP PacifiCorp shall provide an update on PacifiCorp’s efforts to secure Energy Infrastructure Reinvestment (EIR) financing from the DOE Loan Program Office. Assume EIR financing through the DOE Loan Program Office in the Preferred Portfolio or include a variant portfolio that optimizes resource additions and retirements under the assumption of EIR financing.</p>	<p>Source: Sierra Club Rationale: Very low-cost financing for renewables should be pursued. Future resources – for either the System or for Oregon ratepayers – will be less costly due to EIR financing.</p>

Conclusion

The twenty-two final proposed recommendations above are designed to aid in Commissioner deliberation at the March 5, 2024 public meeting. The memo includes updated recommendations from Staff’s previous memo **and** updated recommendations based on various sources and in response to learnings from the February 20, 2024 public meeting.

PROPOSED COMMISSION MOTION:

Acknowledge in part and not acknowledge in part PacifiCorp’s 2023 IRP, per Staff’s recommendations. Decline to acknowledge PacifiCorp’s CEP. Adopt Staff’s recommendations for additional direction to PacifiCorp as outlined in this memo.