ORDER NO. 18 420

ENTERED OCT 26 2018

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

LC 67, LC 70

In the Matters of PACIFICORP, dba PACIFIC POWER, 2017 Integrated Resource Plan. 2019 Integrated Resource Plan.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED WITH ADDITIONAL DIRECTIVES

I. SUMMARY

This order memorializes our decision, made and effective at our October 23, 2018 Regular Public Meeting, to adopt Staff's recommendation in this matter with additional directives regarding energy efficiency forecasts by PacifiCorp, dba Pacific Power. Specifically, we adopt Staff's motion to modify Action Item 4a from Order No. 18-138 on PacifiCorp's 2017 Integrated Resource Plan (IRP) with additional directives for a workshop and reporting requirements. As explained below, we direct PacifiCorp to work with stakeholders to develop the agenda, hold an Oregon-specific workshop, complete a report, file the report in LC 70, and present a summary of the report in one of PacifiCorp's regularly scheduled 2019 IRP Public Input meetings. The Staff Report with the recommendation to revise Action Item 4a is attached as Appendix A.

II. BACKGROUND

Order No. 18-138 (referred to as the 2017 IRP Order) memorialized the decisions we made at the December 11, 2017 Special Public Meeting to acknowledge all action items in PacifiCorp's 2017 IRP action plan with many modifications and conditions from Staff and stakeholders.[1] Appendix A to the 2017 IRP order lists all of the acknowledged action items with the modified language we adopted. Action Item 4a, Class 2 Demand-Side Management, describes a requirement for PacifiCorp to hire an independent consultant, in coordination

[1] *In the Matter of PacifiCorp, dba Pacific Power, 2017 Integrated Resource Plan,* Docket No. LC 67, Order No. 18-138 (Apr 27, 2018).

with Commission Staff and the Energy Trust of Oregon (ETO), to conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. The order text does not accurately track this language, but instead expanded the scope of the independent consultant's work to also include a comparison of PacifiCorp's energy efficiency savings in Oregon relative to other states. While our acknowledgement of PacifiCorp's 2017 IRP was effective at the December 11, 2017 Special Public Meeting, the order memorializing our decisions was not issued until April 27, 2018.

PacifiCorp tracks its IRP regulatory compliance requirements in a document that is presented to stakeholders at the beginning of an IRP cycle. On June 28, 2018, PacifiCorp held a kick-off meeting for its 2019 IRP meeting, and Action Item 4a was listed as an Oregon compliance requirement, tracking the language from Appendix A of the 2017 IRP Order.[2] However, when PacifiCorp reviewed IRP compliance items at our July 3, 2018 Regular Public Meeting, it omitted Item 4a.[3]

At our October 23, 2018 Regular Public Meeting, Staff recommended we modify Action Item 4a to remove the requirement that PacifiCorp hire an independent consultant. Staff explained that there is no longer enough time for a consultant to produce a report that can meaningfully inform the 2019 IRP, because the 2019 IRP is already being developed and will be filed in March 2019. Staff also stated that the required analysis has either been done or can be readily completed by the parties involved with less cost and time. Staff recommended that we instead require PacifiCorp to complete this analysis in coordination with Staff and ETO, and share the findings with interested stakeholders in the 2019 IRP.

Northwest Energy Coalition (NWEC) opposed the modification and stated that the analysis should involve an independent consultant and should have the broader scope from the 2017 IRP Order text to identify and compare achievements in other states. NWEC explained that it has long been concerned that PacifiCorp's Oregon customers may be subsidizing energy efficiency measures across the system with higher energy efficiency savings in Oregon compared to the other states. NWEC also stated that it was not included in the discussions between Staff, ETO, and PacifiCorp about modifying Action Item 4a.

The Oregon Citizens' Utility Board (CUB) also made comments at the Regular Public Meeting stating that it also had not been included in discussions about modifying this action item.

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[2] Integrated Resource Plan 2019 IRP Public Input Meeting June 28-29, 2018 at 47, available at: http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Integrated_Resource_Plan/2019_IRP/PacifiCorp_2019_IRP_PIM_June_28-29_2018_PUBLIC.pdf

[3] PacifiCorp 2017 IRP Update Presentation, Docket No. LC 67 (Jun 29, 2018).

III. DISCUSSION

At the Regular Public Meeting, we adopted Staff's recommendation to modify the language in Action Item 4a to remove the requirement for an independent consultant and to require PacifiCorp to report on the outcome of the analysis. We also modify Order No. 18-138 at page 11 so that the phrase "and PacifiCorp's achievements in other states" is struck. As we discussed at the meeting, we did not intend to expand the scope of the Action Item 4a analysis to include other states.

We also require additional steps as requested by NWEC, and agreed to by PacifiCorp. First, PacifiCorp should consult with stakeholders who have commented on energy efficiency in its 2017 IRP (including NWEC, CUB, and Sierra Club) to develop an agenda for an Oregon-specific workshop on the analysis required by Action Item 4a. At the workshop, PacifiCorp should consider stakeholder feedback into the scope or methodology of the analysis. When the analysis is complete, the results should be filed in Docket LC 70. PacifiCorp should also present a summary of the results at one of its regularly scheduled 2019 IRP Public Input meetings.

Finally, we noted in the Regular Public Meeting that there were multiple issues with Action Item 4a, including that the 2017 IRP Order was issued late, the order text was incorrect, and multiple stakeholders were left out of discussions that led Staff, PacifiCorp, and ETO to an understanding that the analysis should be performed without an independent consultant. However, we remind Staff and stakeholders that a motion may be filed to modify an order when there are mistakes or changed circumstances, or the parties simply wish to change course.[4] A filing allows stakeholder and Commissioners to be alerted to new information. It is particularly important to file a timely motion where, as here, all interested parties are not in agreement and are not clearly communicating about the nature and scope of analysis needed to comply with an Action Item.

IV. ORDER

IT IS ORDERED that:

1. Order No. 18-138 is modified so that the first bullet point of Action Item 4a reads: "PacifiCorp, in coordination with Staff and the Energy Trust of Oregon, will conduct an analysis by the next IRP that identifies and compares the ongoing differences

[4] *See PacifiCorp Motion to Amend Order Acknowledging PacifiCorp's 2008 Integrated Resource Plan*, Docket No. LC 47 (Jul 15, 2010).

between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. PacifiCorp will report on the outcomes of this analysis, including any recommendations to both organizations regarding forecasting improvements, in the 2019 IRP.

2. Order No. 18-138 at page 11 is modified so that the phrase "and PacifiCorp's achievements in other states" is struck.

3. PacifiCorp is directed to coordinate with stakeholders to develop an Oregon-specific workshop agenda on the scope, methodology, and timeline for the analysis.

4. PacifiCorp is directed to file the results of its analysis in Docket No. LC 70.

5. PacifiCorp is directed to present a summary of its results at one if its regularly-scheduled 2019 IRP Public Input meetings.

Made, entered, and effective OCT 26 2018.

Megan W. Decker
Chair

Stephen M. Bloom
Commissioner

Letha Tawney
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484

ORDER NO. 18 420

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 23, 2018

REGULAR X **CONSENT** ____ **EFFECTIVE DATE** **N/A**

DATE: October 16, 2018

TO: Public Utility Commission

FROM: JP Batmale JPB

JE

THROUGH: Jason Eisdorfer

SUBJECT: PacifiCorp, dba Pacific Power 2017 Integrated Resource Plan, Request for Modification of Order No. 18-138 (Docket No. LC 67)

STAFF RECOMMENDATION:

Staff recommends the Commission modify its Order No. 18-138, by amending the first bullet under Action Item 4a in Order No. 18-138, at 21, to read:

> PacifiCorp, in coordination with Staff and the Energy Trust of Oregon, will conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. PacifiCorp will report on the outcomes of this analysis, including any recommendations to both organizations regarding forecasting improvements, in the 2019 IRP.

DISCUSSION:

Issue

Whether the Commission should modify its Order No. 18-138 by amending the first bullet under Action Item 4a to remove the requirement that PacifiCorp hire an independent consultant.

Applicable law

Under ORS 756.568, upon notice to the utility and opportunity to be heard, the Commission may, at any time, rescind, suspend or amend any order made by the Commission.

On April 27, 2018, the Commission issued Order No. 18-138 memorializing its decision made in December 2017 regarding PacifiCorp's 2017 Integrated Resource Plan (IRP). The order acknowledges the IRP subject to conditions and modifications detailed in the final set of IRP action items.[1] Action Item 4a addresses Class 2 Demand-Side Management (DSM) with acquisition of cost-effective Class 2 DSM (energy efficiency) from 2017-2020. The Commission's order includes two modifications to Action Item 4a. The modifications were:

Modification #	Text of Modification
1	PacifiCorp is to hire an independent consultant, in coordination with Staff and the Energy Trust of Oregon, to conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. The consultant's report should include recommendations to both organizations regarding forecasting improvements that should be considered for the 2019 IRP.
2	Early in the public input process for the 2019 IRP, prior to finalizing energy efficiency supply curves, PacifiCorp will hold a DSM technical workshop to review and receive input regarding how the company models energy efficiency potential in the IRP and supporting studies such as the Conservation Potential Assessment.

Analysis

On May 11, 2018, the parties identified in the LC 67 Action Item 4a, modification No. 1, (i.e., PacifiCorp, Energy Trust and Staff) met to discuss the consulting contract required by this action item. The parties discussed the scope of the analysis directed by Order 18-138 and were able to identify key issues and necessary analysis so as to compare the differences in long term energy efficiency forecasting and Energy Trust's actual achieved savings. In so doing, the parties all agreed that the process to contract and produce a consultant report would take upwards of six months and that they themselves could jointly produce the analysis and recommendations in an equally effective manner at a lower cost and in less time.

Given the time constraints associated with procuring and hiring an outside consultant for work under this action item, the resulting report would not be available to be considered

[1] *See* LC 67, 2017 IRP Acknowledgement with Conditions and Modifications, Order No. 18-138, April 27, 2018, Appendix A "Acknowledged Action Items with Modifications and Additions", pg. 19

during the development of the 2019 IRP even if the process of hiring a consultant had begun following the 2017 IRP acknowledgement order. In addition, on review of the action item by the parties, it became apparent that the required analysis either has been done or can readily be completed by the parties involved. Coordination between Staff and the Energy Trust can be accomplished on a technical level. Thus, the requirement to hire an independent consultant does not appear to be necessary or cost-effective.

Staff therefore, requests that the Commission modify its Order No. 18-138 to eliminate the requirement that PacifiCorp hire an independent consultant to prepare a report analyzing the near to long-term energy efficiency forecasts with Energy Trust's actual achieved savings. As modified, PacifiCorp would be required to conduct this analysis in coordination with Staff, Energy Trust and share the findings with interested stakeholders in the 2019 IRP. The following is a redline of Staff's proposed amendments:

> PacifiCorp ~~is to hire an independent consultant~~, in coordination with Staff and the Energy Trust of Oregon, ~~to~~ **will** conduct an analysis by the next IRP that identifies and compares the ongoing differences between ETO's and PacifiCorp's near to long term energy efficiency forecast with ETO's actual achieved savings. ~~The~~ **PacifiCorp will** ~~consultant's~~ report **on the outcomes of this analysis,** ~~should~~ includ**inge** **any** recommendations to both organizations regarding forecasting improvements ~~should be considered for~~ **in** the 2019 IRP.

Staff has conferred with PacifiCorp and Energy Trust regarding the proposed modification, and both support this request. PacifiCorp has indicated it will file a letter in the docket waiving notice and hearing rights with respect to this modification.

Stakeholder Comments
In mid-August Northwest Energy Coalition (NWEC) reached out to Staff stating their opposition to the request to modify the order in this manner, and to the path forward agreed to by PacifiCorp, Staff and Energy Trust. NWEC referred to text in the body of Order 18-138 which states:

> We acknowledge PacifiCorp's energy efficiency action item with the addition of the modification agreed to by PacifiCorp and Staff. *PacifiCorp agrees to hire an independent consultant to conduct an analysis by the next IRP that identifies and compares the differences between ETO and PacifiCorp's energy efficiency forecasts with ETO's actual achieved savings in Oregon and PacifiCorp's achievements in other states.* Early in the 2019 IRP process, PacifiCorp will hold a DSM technical workshop to review and receive input regarding how the company models energy efficiency potential in the IRP.[2]

[2] *Ibid,* pg. 11. Italics added.

In so far as the request to modify meant that the analysis would no longer involve an independent consultant ***and*** would not consider as part of its scope the identification and comparison of achievements in other states served by PacifiCorp, NWEC believed the resulting analysis would not meet the intent of Order 18-138.

Staff's focus has been on the ordering paragraphs of Order 18-138, adopting the operative language in Action Item 4a, to which PacifiCorp had agreed. Staff now recognizes the ambiguity between the body of the Order and the ordering paragraphs adopting Action Item 4a. We understand the awkward position in which this has put PacifiCorp, Staff and regional advocates, such as NWEC.

However, Staff does recommend that the request to modify Order 18-138 be approved because it is both the best path forward **and** Staff is aware of actions that can be taken to assist NWEC in their drive to achieve greater transparency into PacifiCorp's DSM achievements across the states it serves.

First, Staff believes that the three parties identified in the Order's Action Item can conduct an analysis that is equivalent to what an independent analysis could provide, and that that will positively impact the 2019 IRP. The staff at PacifiCorp and Energy Trust have already been very engaged and forthright in identifying the drivers of differences they see across efficiency forecasts and in annual achievements.

Second, while Staff understands NWEC's position regarding the scope of the Order, Staff continues to believe that conducting an analysis across states was neither explicitly included nor implied to be part of Action Item 4a. Staff takes direction from and works off of the wording found in the Action Items: it is what is ordered. Further, Staff comments in LC 67, which prompted the inclusion of this action item, were focused solely on the differences between Energy Trust and PacifiCorp forecasting approaches and Energy Trust's actual results. The language to which NWEC refers above includes explanatory language for both Action Items 4a and 4b.

Third, while the parties obviously did not have an opportunity to review Order 18-138 before it was issued, all parties, including NWEC, had an opportunity to provide feedback to Staff on text of the Action Items to ensure it matched what had been discussed. Any concerns with the scope of the Action Item could have been noted much earlier in the process.

Fourth, PacifiCorp has already completed an analysis of drivers across states that should be very helpful to NWEC. The two Demand Side Management (DSM) workshops conducted by PacifiCorp, per Action Item 4B, and in two follow-up sessions at Integrated Resource Planning (IRP) workshops this past summer PacifiCorp presented the results

of data and analysis that identified and compared the drivers of different levels of energy efficiency achievements across states.[3]

Fifth, PacifiCorp has offered to provide work papers associated with its analysis available to interested stakeholders via its stakeholder feedback form request process. Staff believes that the ability to request and receive this information should satisfy the needs of NWEC for greater transparency.

Lastly, we would request that PacifiCorp work with Staff and Energy Trust summarize the results of the analysis with stakeholders at an IRP public meeting or workshop before the 2019 IRP filing date. This would be an improvement to the existing action item, which only called for the involvement of PacifiCorp, Staff and Energy Trust.

Conclusion

To allow for a more efficient and cost-effective analysis of near to long-term energy efficiency forecasts with Energy Trust actual achieved savings, Staff recommends that the Commission modify its Order No. 18-138 to amend Action Item 4a as set forth above. In addition, Staff encourages PacifiCorp to summarize the analysis completed per this Action Item at an IRP public meeting or workshop prior to the filing of the 2019 IRP.

PROPOSED COMMISSION MOTION:

Modify Order No. 18-138, by amending the first bullet under Action Item 4a in Order No. 18-138, at 21, as recommended by Staff.

[3] A technical conference was held on June 29, 2018, with a follow-up webinar on July 23, 2018. Additional follow-up sessions were included on the August 30, 2018 and September 28, 2018 public input meetings.