

Utah Clean Energy (UCE) and Western Resource Advocates (WRA)

July 18, 2008 letter to PacifiCorp

General Comments:

1. Collectively UCE and WRA believe the Quantec Study underestimates the amount of DSM that is truly achievable.

Company Response: Quantec based the achievable assumptions on three principle efforts; benchmarking of other utility program participation, PacifiCorp's program participation and surveys. Penetration assumptions were made at the individual measure level for energy efficiency resources and at a program level for demand response resources. This approach is consistent with industry practice used in the development of resource potential studies of this nature. On page 7 of the study, Quantec defines achievable potential "...as the portion of economic potential that might be assumed to be reasonably achievable in the course of the planning horizon..." Also on page 7 Quantec notes "...the planning process is ultimately dynamic, reflecting changing market conditions. Therefore, it is important the study findings be considered "indicative", rather than "conclusive". Inevitably, much of the study's data will have to be updated, and many of it underlying assumptions will need to be revisited periodically." The study is not intended to be a resource plan but rather foundational data to be used in assisting PacifiCorp with the program and resource planning processes. PacifiCorp continues to review the Quantec assumptions and intends to amend these estimates as appropriate to account for changing market conditions, program designs and new legislation.

2. UCE and WRA support the comments made by Dr. Howard Geller of the Southwest Energy Efficiency Project.

Company Response: See company responses to Dr. Howard Geller's comments.

3. UCE and WRA believe the restrictions place on the Study potentials by the "conservative nature of the assumptions used by Quantec in developing its estimates" won't result in an optimal level of DSM within the Company's resource plan.

Company Response: See the Company's response to comment #1, the use of the Study data by PacifiCorp isn't restricted by Quantec's achievable or timing assumptions. As communicated at PacifiCorp's February 29, 2008 integrated resource plan public input meeting, initial adjustments were made to these assumptions in the development of PacifiCorp's 2007 10-year business plan, where the average assumed achievable potential for energy efficiency resources was increased from the 55% assumed in the study to 70%. At the May 22, 2008 integrated resource plan public meetings, PacifiCorp explained how the Quantec study data would be incorporated into the resource planning process. At that

meeting it was noted that the assumed achievable potential was increased to 85% of the technical potential for the development of the energy efficiency supply curves in order to not overly constrain the selection of these resources in the planning process.

Energy Efficiency Comments

4. UCE and WRA propose that because the size of the energy efficiency load decrement is determined outside of the IRP modeling process, it is not possible for the IRP model to determine which energy efficiency programs are economic.

Company Response: PacifiCorp believes UCE and WRA may be referring to the manner in which energy efficiency resources were modeled in PacifiCorp's integrated resource plans prior to the completion of the Quantec study. As explained at the May 22, 2008 integrated resource plan public input meeting the only adjustment made to the technical potential for energy efficiency resources was the amount assumed unachievable through utility programs, 15%.

5. UCE and WRA make comment to Itron's involvement in the Company's load forecast and a comment on Itron having included "energy efficiency estimates in the new 20-year load forecast" and that they (UCE and WRA) have yet to evaluate the methodology and results.

Company Response: This doesn't appear to be study related comment as Itron had no direct involvement in the development of the Quantec study and Itron's work with PacifiCorp on the load forecast is part of the development of the 2008 integrated resource plan.

6. UCE and WRA question Quantec's assumption that customer interest in and demand for energy efficiency programs will not change over time.

Company Response: As noted in the company's response to comment #1, Quantec makes no such assumption but rather states "...it is important the study findings be considered "indicative", rather than "conclusive". Inevitably, much of the study's data will have to be updated, and many of its underlying assumptions will need to be revisited periodically."

Demand Response Comments

7. UCE and WRA raised concerns with the manner that supply curves were developed for demand response products for modeling within the IRP. Specifically that in the development of the supply curves the resource technical potentials were adjusted by the assumed "market potential" and that by doing this it limits the resources that can be selected by the IRP model to this market potential limit.

Company Response: As noted in the study on page 15, “For capacity-focused options, it is theoretically possible to shed all loads during an event, but the resource potential would then equal system load, which is not useful for planning purposes and not practically feasible. Therefore, technical potential is estimated by first adjusting the load basis to account for customer sectors and segments eligible for the program and the load level that meets eligibility requirements (e.g. many commercial programs target large customer with loads over 250kW).” In the study, Quantec derived the market potential for these resources from multiple secondary sources, including evaluation reports and technical studies of participants in existing programs. Through this approach Quantec was able to provide a best estimate of amount, by program, of what PacifiCorp might realistically expect to acquire and retain for the resource planning process.

Additionally, estimates were developed for the actual end uses and the fraction of the end-use loads likely to be achievable. It is important to recognize that the notion of “technical potential” is less relevant to resources such as capacity-focused programs and distributed generation since most end-use load may be subject to interruption through load curtailment or displacement by on-site generation from a strictly “technical” point of view.”

8. Another concern was that since the supply curves for demand response resources are essentially a stack of bundles of programs with fixed participation rates at fixed prices, that as price assumptions rise, more expensive programs will be chosen by the model while the level of participation in any given program will remain fixed at previously assumed rates.

Company Response: This is true not only for demand response but energy efficiency resources as well. By the very nature of supply curves, changes in price assumptions screen in or out all resources based on the cost of those resources. Assumption changes in avoided costs don’t impact a programs level of participation, only whether a program is cost effective or not. The main difference in how capacity focused resources were studied was that given the limited number of end use loads available for load management these resources were looked at and supply curves developed based on known programs as opposed to energy efficiency where potentials were analyzed on a measure by measure basis.

Solar PV Comments

9. UCE and WRA support the comments raised by Elizabeth Brown of the National Renewable Energy Lab to Dan Swan and Diane Lozovoy of PacifiCorp dated June 16, 2008.

Company Comments: See company responses to Elizabeth Brown’s comments.