

ATTACHMENT C: RAMPP 6 COMPARISON

Subsequent to and as part of the preparation of its seventh IRP, PacifiCorp adopted a new set of models, reevaluated its historical approach to modeling DSM, and revamped its IRP staff. In part, this was done in response to the failure of PacifiCorp's first and sixth IRPs, RAMPP-5 and RAMPP-6, respectively, to receive acknowledgement in Utah. In its Order on RAMPP-6 (Docket No. 98-2035-05, Order issued February 23, 2002), the Commission indicated a number of concerns about the IRP process and the ultimate resource plan generated from the process. The following discussion highlights a number of those issues and evaluates to what extent PacifiCorp has responded to these threshold concerns in its 2003 IRP.

Performance on RAMPP-6 Action Plan

Current IRP Standards and Guidelines as established in Docket No. 90-2035-01, require integrated resource plans to include in the current action plan a status report of the specific actions contained in the previous action plan. The status report on the RAMPP-6 Action Plan is contained in Appendix P of the RAMPP-7 report.

The Division found the RAMPP-6 Action Plan to be vague and unrelated to the results of the analysis. The RAMPP-6 Action Plan did not include quantifiable and measurable objectives that could be subject to regulatory review. It discussed possible actions under consideration, but did not commit to any specific plan. The Company maintained that its action plan focused on issues rather than specifics due to its restructuring plan, which would focus planning on a state, by state basis. However, the Commission disagreed and ordered the Company to file an updated Action Plan, which met the current Guideline requirements, was based on an integrated, single-system, least-cost option, and evaluated demand-side management opportunities equally with supply-side options by June 1, 2002 (Docket No. 98-2035-05).

The RAMPP-6 Action Plan contained in the Company's RAMPP-6 report dated June 2001, contained the following specifications:

1. Acquire and implement cost-effective DSM, achieving approximately 16.5 MWa in 2001 and 2002. Continue to work with other parties in the development of public funding mechanisms and alternative implementation strategies for DSM and renewable resources.
2. Continue to make cost effective improvements to the existing generation, transmission, and distribution systems. This includes pursuing cost effective opportunities to relieve transmission constraints through distributed generation. The technology of distributed generation is

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improving in both performance and cost, and the Company will continue to evaluate any opportunities that arise for cost effective use of that technology.

3. Continue to evaluate the regional and system specific needs for new generation. Develop, as appropriate, new generation in either the regulated or unregulated power supply business. The reference indicated a need for 540 MW of summer capacity in 2004. Specific actions under consideration in 2001 and 2002 include the addition of single cycle turbines at the Gadsby site in Salt Lake City and at West Valley City in Utah to meet near term capacity constraints. The Company is also considering building a fourth coal-fired unit at the Hunter site in Utah.

In response to the Commission's order (Docket No. 98-2035-05) on June 2002, the Company filed a short-term action plan outlining actions that had been or were currently being undertaken by the Company including:

1. Re-establishment of an independent IRP Organization within the Commercial and Trading (C&T) organization in the summer of 2001. The creation of an independent organization was intended to make the IRP process more robust and real-time going forward. The placement of the IRP process within the C&T organization was intended to assure that the IRP was an integral component of the Company's business planning process.
2. Construction of the 120 MW Gadsby Peaker.
3. A Director of Demand-Side Management responsible for defining the strategy and coordinating all DSM activities within PacifiCorp was added to the IRP group. The Company's existing DSM programs will be continued as RAMPP-7 is developed. These programs include:
 - a. Energy Exchange – an industrial loan management program.
 - b. Power Forward – a Utah Summer Awareness Program.
 - c. Energy FinAnswer Program – engineering and financial assistance (varies by state) for installation of energy efficient motors, heating & cooling, refrigeration, etc.
 - d. Retrofit Incentive Programs – engineering and incentives for energy efficiency measures (OR, WA and UT). Includes incentives for installation of Vending Mi\$er (a device that turns off vending machines when not in use).
 - e. Energy education and Awareness Campaign – Do the Bright Thing.

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Additional DSM programs had been implemented or were under development including compact fluorescent (CFL) bulb offerings and on-site or web based home energy audits. Other DSM programs were being analyzed in cooperation with the Utah Energy Efficiency Advisory Group including:

- a. Residential and small commercial load control.
 - b. High efficiency residential AC.
 - c. Second appliance recycling.
 - d. Energy Star Appliance Promotion.
 - e. Best practices AC servicing program.
 - f. New commercial/industrial load management – curtailable tariffs.
4. An RFP for an air-conditioning load control program had been released.
 5. In September 2001, the Company issued an RFP for new resources to meet the needs for the summers of 2002, 2003, and 2004. Bids were evaluated in December 2001. This process resulted in a lease with PacifiCorp Power Marketing (PPM), currently PPM Energy, Inc., (PacifiCorp's unregulated marketing affiliate) for a new peaking resource located in West Valley City. On March 20, 2002, the Company e-mailed a solicitation to 13 un-blinded counter-parties for shaped physical power delivered to the East side during the summers of 2003, 2004 and 2005. Responses were received on March 27, 2002 and were being evaluated by the Company. The current IRP interim results were to be used in evaluating the final choices.
 6. On November 2, 2001, the Utah Commission approved an inverted block rate structure for residential customers during the months of May through September. Beginning in May 2002, the rates were 6.3029 cents per kWh for the first 400 kWh and 7.0866 cents per kWh for all additional kWh. The rate structure was designed to encourage efficient energy use during the peak summer months, May through September. In addition to the inverted rate structure the Company also had redesigned the residential Time of Use rate plan, by reducing the basic charge to encourage greater plan participation.

The status report contained in Appendix P is a reiteration of that filed with the Commission in June 2002. The only exceptions being that the CFL offerings and on-site or web based home energy audits are listed as existing DSM programs, the 120 MW Gadsby peakers and the West Valley Plant are operational, and a contractor has been selected for residential and small commercial load control, however a contract is yet to be finalized. The Company reports achieving 20.13 MWa of DSM in 2001 and 17.84 MWa of DSM in 2002.

The status report does not address actions taken to improve the existing system. In the RAMPP-7 report the Company dubs distributed generation as having high capital costs and technological uncertainty, whereas in RAMPP-6 it was considered a “significant event”, an emerging alternative to central station generation that would reduce the need for new transmission lines and large generating plants. The Division recommends that additional evaluation of the local benefits of DSM and distributed generation be performed.

Utilizing DSM to reduce peak load requirements was first introduced in RAMPP-4. In the RAMPP-4 DSM Action Plan Detail the Company stated, “In the past the company expressed program goals in MWa only. A new peak demand DSM goal is new to the company’s RAMPP planning process, but will be expanded in future planning” (page 121). “The company believes that DSM can provide part of this capacity requirement” (page 250). A list was provided of the DSM initiatives that the company planned to evaluate, pilot, or implement during the 1996 to 1998 period to reduce peak loads. Included in the list was direct customer load control in the industrial, commercial and residential markets. The peak demand DSM goal was not pursued until now. Although a contractor has been selected for a residential load control program, a contract has yet to be entered into. Thus, the Company will only be able to implement a limited residential load control program for the upcoming summer.

Although the rate design changes were effective for summer 2002, the Company did not provide any indication or propose any evaluation of the impact these changes had on peak consumption. Thus, the Division recommends that the Company provide an assessment of the potential impacts on peak load consumption associated with the different amounts and types (i.e., load shapes) of Class 2 DSM measures.