

September 13, 2016

***VIA ELECTRONIC FILING
AND HANDELIVERY***

Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City UT 84111

Attention: Gary Widerburg
Commission Secretary

Re: 16-035-19 In the Matter of RMP Fossil Fuel Energy Efficiency Standard Plan
06-999-03 In the Matter of Consideration of the Amendment of 16 U.S.C. Section
2621

On August 29, 2016, in the above referenced matter the Division of Public Utilities (“Division”) filed comments recommending Rocky Mountain Power’s annual Fossil Fuel Heat Rate Improvement Plan (“HRIP”) be discontinued. Further, the Division recommends that if the Utah Public Service Commission (“Commission”) believes that the report has merit, that the HRIP be included as an appendix to the Integrated Resource Plan (“IRP”). With regard to the recommendations made by the Division the Company provides the following comments.

Background

Since 2009, Rocky Mountain Power (“RMP”), a division of PacifiCorp (“PacifiCorp” or the “Company”) has filed annually, a Heat Rate Improvement Plan with the Commission providing information about heat rate improvement efforts at its existing fossil fuel generation plants, including the owned and operated coal fired plants and gas fired combined cycle plants. The HRIP was a result of the Energy Policy Act of 2005 that amended the Public Utility Regulatory Policies Act (“PURPA”) of 1978. The amendments included a requirement that each electric utility develop and implement at 10-year plan to improve the efficiency of its fossil fuel generation. On August 10, 2007, the Commission adopted the PURPA Fossil Fuel Generation Efficiency Standard.¹

2016 Heat Rate Improvement Plan

The Commission acknowledged RMP’s 2016 HRIP on June 16, 2016. At that time the Commission also sought comment on the value of the annual HRIP and whether the requirement to file an annual HRIP should be modified or discontinued. On August 29, 2016, the Division filed its recommendation that the HRIP be discontinued and included as an appendix to the IRP if the Commission believes the report has merit. The support provided for this recommendation by the Division draws a loose connection between the report itself and the IRP stating that the IRP already provides information related to heat rate such as the operating characteristics of the average full load heat rate of each plant. The Division notes that for the last couple of years, they have been

¹ See *In the Matter of the Consideration of the Amendment of 16 U.S.C. § 2621 – Consideration and Determination Respecting Certain Standards for Electric Utilities by the Energy Policy Act of 2005*, Determination Concerning the PURPA Fossil Fuel Generation Efficiency Standard, Docket No. 06-999-03 (August 10, 2007).

the only stakeholder to file comments on the HRIP and that including it in the IRP will make it available and noticed by more parties.

Response

The Company's HRIP has met the Commission's requirement over the last eight years. The Company agrees with the Division's recommendation to discontinue the requirement of the annual HRIP filing going forward. Regarding a continued requirement to produce the HRIP and include it as an appendix to the IRP, PacifiCorp does not support this recommendation or believe it adds value to the IRP, the function of which is to assess PacifiCorp's load and resource balance and identify a resource portfolio that will reliably meet customer demand on a least cost, adjusted for risk basis. PacifiCorp disagrees with the Division's suggestion that merely including it in a different forum will result in more interest or activity related to the HRIP which is made publicly available through the Commission's website. The IRP is a voluminous document, nearly 1,000 pages in total, and PacifiCorp believes it already sufficiently addresses heat rate improvement as part of its long-term resource planning.

Improving fuel efficiency of PacifiCorp's fossil generation is currently contained in the bi-annual IRP filed with the Commission. Fuel efficiency is improved in three primary areas by 1) emphasizing continuous improvement in operation of existing generating units, 2) adding new fossil fuel generation with improved efficiency, and 3) in the long-term, retiring old, less efficiency fossil units. The combined effect of these three factors results in improving fossil fleet efficiency. The IRP addresses each of these three areas. First, improvements in heat rate efficiencies of existing units are captured in the heat rate data input into the IRP modeling. Second, new fossil fuel generation is modeled as potential supply-side resources using heat rate assumptions for new and clean facilities if a new resource were to be selected for the IRP preferred portfolio. Lastly, PacifiCorp does rigorous analysis as part of its Confidential Volume III of the IRP considering early retirement or fuel conversion of existing plants.

Recommendation

The Company therefore, respectfully, recommends that in light of the fact that the HRIP has satisfactorily complied with the requirement of the Commission since 2009, and the report generates little interest among parties to which it is available, and further that the IRP currently addresses fossil fuel efficiency of the Company's generation fleet, that the requirement for the HRIP be discontinued in its current form and that it not be included as an appendix to the IRP.

Informal questions should be directed to Bob Lively at (801)-220-4052.

Sincerely,



Jeffrey K. Larsen
Vice President, Regulation

cc: Division of Public Utilities
Office of Consumer Services