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STATE OF UTAH

Public Service Commission

In the Matter of PacifiCorp's 2017 Integrated Resource Plan	Docket No. 17-035-16

Reply Comments on PacifiCorp 2017 IRP

Sierra Club appreciates the opportunity to present a final set of comments in the 2017 Integrated Resource Plan ("IRP"). On October 24, 2017 Sierra Club filed detailed comments on the 2017 IRP of PacifiCorp ("Company"), which concentrated on the disposition of the Company's existing coal generators. These comments provide a summary of parties' positions with respect to the assessment of avoided coal generation and capital, and an update of the process and final requirements in Oregon's concurrent IRP review docket LC 67.

The Oregon Public Utilities Commission's ("OPUC") final order on the PacifiCorp IRP is relevant here because it will require a detailed economic assessment of the Company's coal fleet on June 30, 2018 as a condition of acknowledgement. Sierra Club encourages the Utah Commission to either require that this analysis be filed concurrently in Utah, or to avail itself of this analysis, and the underlying workpapers to assess if PacifiCorp has met its burden of providing a least-cost plan to meet ratepayer needs.

Sierra Club's initial comments presented a detailed economic assessment of PacifiCorp's coal-fired generators based on data provided by the Company, and found that over 40% of the coal-fired generation used to serve customers today is not in the short or long-term best interests of customers. The IRP is the Commission's exclusive opportunity to assess whether the Company's coal units represent the least-cost alternative for the provision of energy services to present and future ratepayers (outside of individual resource decisions which are largely voluntary in Utah). Sierra Club, multiple other intervenors, and even other state Commissions believe that PacifiCorp has not met the evidentiary burden to demonstrate that the existing fleet is in the interests of the Company's customers, or if coal plants can or should be retired as an alternative to substantial transmission investments.

Sierra Club is not the only party concerned about the economics of PacifiCorp's existing coal fleet. Five other parties to this case expressed direct concern that the Company had chosen a non-optimal preferred portfolio based on fundamentally flawed coal modeling.

- Utah Association of Energy Users ("UAE") finds that "the process used by PacifiCorp to create and evaluate the Preferred Portfolio as least cost/least risk was flawed and incomplete. The sequence of coal plant retirement modeling done early in the process did not allow coal plant retirements to be considered as an alternative to new transmission."[1]
- Utah Clean Energy ("UCE") leads its comments by asking the Commission not to acknowledge the IRP, stating that "the analysis failed to compare existing coal resources consistently with and comparably to any other present or future supply or demand-side

[1] Comments of Utah Association of Energy Users, October 24, 2017. Page 5.

resources."[2] UCE notes that in the Company's capacity expansion modeling, "coal plants were not "allowed" to compete with other resources in subsequent capacity expansion modeling. The timing and magnitude of run-rate capital and operations and maintenance costs for each coal unit were set within System Optimizer, and new resources were unable to compete with and replace them on a consistent and comparable basis."[3]

- National Parks Conservation Association's ("NPCA") leading comment states that "PacifiCorp failed to reasonably evaluate the economics of its existing coal fleet in its 2017 IRP."[4] NPCA notes that PacifiCorp's "evaluation simply uses a handful of pre-selected retirement dates as inputs to its economic modeling, rather than letting the model identify the lowest cost future for such units." [5] The organization asks that "given PacifiCorp's fundamentally deficient assessment of its existing coal units, the Commission should decline to acknowledge the 2017 IRP."[6]
- Interwest Energy Alliance comments that PacifiCorp "side-step[s] least-cost optimization of its coal units," finding that the "coal unit strategy continues to rely upon negotiations to extend the life of coal units and to resolve litigation rather than least-cost planning related to coal unit transitions."[7]
- Renewable Energy Coalition ("Coalition"), expressing concerns about the date of resource adequacy, states that "PacifiCorp's IRP fails to explain how its plan demonstrates the lowest reasonable cost manner of replacing its coal capacity

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[2] Comments of Utah Clean Energy, October 24, 2017. Page 2.
[3] *Ibid.*, Page 3.
[4] Comments of National Parks Conservation Association, October 24, 2017. Page 3.
[5] *Ibid*., Page 4.
[6] *Id.*
[7] Comments of the Interwest Energy Alliance, October 24, 2017. Page 8.

resources."[8] The Coalition noted that the Company "input coal plan unit retirements rather than allowing the model to determine the most reasonable retirement years," and requests Commission review, stating that "only a non-Company review of the modeling can determine if [retirement optimization] toggles have been used."[9]

The substantial concern with PacifiCorp's coal modeling is not restricted to the majority of intervening parties in Utah. In Oregon, comments and oral notes from Oregon Public Utility Commission staff ("OPUC staff"), Citizen's Utility Board ("CUB"), the Oregon Department of Energy ("ODOE"), Renewable Northwest, Northwest Energy Coalition ("NWEC"), and Renewable Energy Coalition supported a firm requirement for PacifiCorp to conduct an economic analysis of its existing coal fleet.[10]

On September 13, 2017, OPUC staff sent a discovery request to PacifiCorp requesting an economic evaluation of the Company's coal fleet, limited to a single, discrete model run for each coal plant owned or operated by the Company.[11] PacifiCorp objected to the request stating that the analysis would take longer than the allocated time in this docket, but stated that the Company understood the importance of the analysis:

> PacifiCorp recognizes that staff and other parties are interested in developing further analysis of potential coal-unit retirements with improved transparency. Consistent with discussion of these issues at the September 14, 2017 commissioner workshop, PacifiCorp offered to hold a series of stakeholder workshops to define the parameters of future coal-unit retirement analysis, with input and engagement from all interested stakeholders.[12]

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[8] Comments of Renewable Energy Coalition, October 24, 2017. Page 13.
[9] *Ibid*., pages 14-15.
[10] OPUC Staff Report in Oregon Docket LC 67, November 21, 2017. Pages 39-42. Available at http://edocs.puc.state.or.us/efdocs/HAU/lc67hau10111.pdf
[11] OPUC Discovery Request 65, September 13, 2017.
[12] PacifiCorp response to OPUC DR 65. September 27, 2017.

On November 21, 2017, Oregon staff filed recommendations to OPUC formally requesting that the coal analysis be incorporated into the Commission's acknowledgement process and provided to stakeholders by March 30, 2018.[13] OPUC staff explicitly requested the timely provision of this analysis to inform the 2017 IRP Update, and appears to have been aware of the value of this data to the Utah and Wyoming predetermination proceedings on the Energy Vision 2020 projects. In reply comments, PacifiCorp agreed to provide the analysis requested by OPUC, but pushed back the delivery deadline until after the closure of all Energy 2020 proceedings, offering the assessment on June 30, 2018.[14]

On December 11th, the Oregon PUC affirmed that acknowledgement of the 2017 IRP was contingent on the provision of a detailed analysis of PacifiCorp's coal fleet. Specifically, by June 30th, 2018, PacifiCorp must file the results of a study with OPUC examining the economics of each coal unit. The OPUC agreed that the analysis should include twenty-five (25) System Optimizer runs comprising one run per coal unit and a "base case." In each of the non-base case scenarios, an individual coal unit is retired in the year 2022 and replaced optimally by System Optimizer. The resulting analysis should illustrate the relative economic value of each coal unit in PacifiCorp's system.

While it is not expected that this analysis will result in an optimal portfolio, the analysis could be used to inform a discussion of the future of PacifiCorp's coal fleet, irrespective of future environmental compliance obligations. The OPUC has also required that PacifiCorp provide an assessment of the coal units that, if retired, could reduce transmission congestion from the proposed Wyoming wind projects. During the public meeting preceding the OPUC's

[13] OPUC Staff Report. Pages 39-42.
[14] PacifiCorp response to OPUC Staff Report in Oregon Docket LC 67, November 28, 2017. Page 17-18. Available at http://edocs.puc.state.or.us/efdocs/HAC/lc67hac165756.pdf

deliberations, PacifiCorp also pledged to include in the 2017 IRP Update (expected April 2018) a full assessment of the viability, costs, and benefits of retiring Dave Johnston power plant to open transmission access from the central Wyoming wind projects.

The Utah Commission should ensure that its staff and stakeholders are availed of the same information expected by OPUC with respect to PacifiCorp's existing coal fleet, and should require the same analysis to be provided to Utah stakeholders in a timely fashion. The analysis required by the OPUC IRP acknowledgement is achievable in a timeframe that can successfully inform the 2017 IRP Update and this Commission's assessment of the Energy Vision 2020 project in early spring 2018.

Sierra Club recommends that, at a minimum, the Utah Commission require PacifiCorp to simultaneously file the coal valuation and transmission analysis required by the OPUC, and that the analysis be incorporated into the instant docket at that time. Sierra Club further recommends that the Commission require this analysis to be filed timely to appropriately inform the Energy Vision 2020 voluntary pre-approval dockets.

DATED this 15th day of December 2017.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I CERTIFY that on December 15, 2017, a true and correct copy of the foregoing Sierra Club Reply Comments was served upon the following party representatives via electronic mail.

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Dated this 15th day of December, 2017 at Oakland, CA.

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