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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>In the Matter of PacifiCorp’s 2021 Integrated Resource Plan</p>	<p>Docket No. 21-035-09 Reply Comments from Utah Clean Energy</p>
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Thank you for the opportunity to provide reply comments on PacifiCorp’s 2021 Integrated Resources Plan (“IRP”). PacifiCorp filed the 2021 IRP on September 15, 2021, and supplemental sensitivity studies on October 1, 2021. Western Resource Advocates (“WRA”), the Sierra Club, Interwest Energy Alliance (“IEA”), and Fervo Energy Company were some of the parties who filed comments with the Public Service Commission (“Commission”) in this docket on March 4, 2022. Utah Clean Energy’s reply comments will respond to statements made in each of these organizations’ comments. Specifically, Utah Clean Energy supports: 1) WRA’s and the Sierra Club’s recommended changes to assumptions regarding the Jim Bridger plant and Bridger mine respectively; 2) Fervo Energy’s recommendation that the cost assumptions for geothermal be updated to maintain a consistent and comparable comparison of resources; and 3) IEA’s recommendation that PacifiCorp’ provide information and analysis on the Infrastructure Investment and Jobs Act (“IIJA”) programs related to transmission. Regarding this last

recommendation, UCE also recommends that this reporting extend to all programs of the IIA that may affect resource planning.

I. FUTURE IRP’S REQUIRE DIFFERENT ASSUMPTIONS FOR THE JIM BRIDGER TAKE-OR-PAY CONTRACTS AND THE BRIDGER MINE

a. The Jim Bridger coal units should not have take-or-pay contracts assumed after current obligations expire, consistent with other coal units.

PacifiCorp modeled coal units in the 2021 IRP without any assumed take-or-pay agreements in place after the current contract expires, except for Jim Bridger.¹ Sierra Club notes that “PacifiCorp has inappropriately assumed that future coal supply agreements to supply Jim Bridger would be required through 2037 and that these agreements would contain provisions corresponding to its assumed minimum take volumes, without providing any supporting information.”² They go on to say “[t]he large amount of assumed take-or-pay quantities is particularly problematic for the Jim Bridger fuel sources because there is currently no contract in effect that establishes any take-or-pay volumes after 2022.”³ This is concerning because, as WRA states, “take-or-pay contracts can artificially support coal-fired generation, resulting in excess costs for customers and excess emissions.”⁴

As discussed in Utah Clean Energy’s initial comments, the Utah IRP Guidelines (“Guidelines”) are very clear that all resources must be evaluated on a consistent and comparable basis.⁵ Further, cost is not the only factor that is relevant to the modeling process—regulatory

¹ Docket No. 21-035-09, Western Resource Advocates Confidential Initial Comments, Filed on March 4, 2022, page 15.

² Docket No. 21-035-09, Sierra Club Confidential Initial Comments, page 27.

³ *Id.* at 27.

⁴ Western Resource Advocates Confidential Initial Comments, page 12.

⁵ Public Service Commission Docket No. 90-2035-01, Order issued on June 18, 1992, page 41.

and environmental risk are explicitly cited as necessary considerations in the Guidelines and in previous Commission orders.⁶

By maintaining a take-or-pay contract for coal units at Jim Bridger beyond current obligations, PacifiCorp has not allowed this plant to be compared to other resources on a consistent and comparable basis. This assumption precludes the modeling from identifying the true least cost, least risk portfolio. Moving forward, the Commission should direct PacifiCorp to refrain from baking in take-or-pay contracts for any of its coal units beyond the current contract terms.

b. PacifiCorp should identify the optimal operation plans for the Bridger mine.

Regarding the modeling assumptions for the Bridger mine, WRA states that PacifiCorp “should develop an alternative mine plan with lower “minimum-takes” that reflects the economics of the fuel supply and plant consistent with customers’ interests.”⁷ The assumptions as they appear in the 2021 IRP include a “high volume of BCC coal that drives generation at Jim Bridger from 2021 until the mine’s closure in 2028[, and] is not in the economic interest of customers, but may reflect shareholders’ interests.”⁸

Utah Clean Energy agrees that PacifiCorp should develop and include in the base case an optimized Bridger mine plan that is designed to satisfy the standards that govern the IRP process—least cost, and least risk for the utility *and its customers*, “*in a manner consistent with the long-run public interest.*”⁹ The Bridger mine is a PacifiCorp rate-based asset.¹⁰ “[A]s the owner and operator of the Bridger mine, which primarily supplies the Jim Bridger plant, the

⁶ *Id.* at 20; Docket No. 07-2035-01, Public Service Commission Order issued on February 6, 2008, pages 22-24;

⁷ Western Resource Advocates Confidential Initial Comments, page 22.

⁸ *Id.* at 18.

⁹ Utah IRP Guidelines, page 41 (emphasis added).

¹⁰ Western Resource Advocates Confidential Initial Comments, page 17.

Company has complete control over production levels at the mine.”¹¹ Since PacifiCorp ratepayers in Utah pay a significant share of the costs from the Bridger mine, customers are entitled to have these costs subject to the same standard of analysis as any other resources in the IRP—least cost, least risk, with consideration of the long-run public interest. We support WRA’s recommendation and request the Commission to order PacifiCorp to include an optimized mine plan in the base case analysis in the 2023 IRP that reflects the most cost-effective operation of the mine with the least risk for customers.

It is important to note that the standard above requires an evaluation of the “long-run public interest.” The Commission concluded that consideration of “the long-run public interest requires consideration of environmental ramifications of the production and consumption of electric energy services. All other things being equal, the Company will be expected to pursue resource acquisitions that minimize adverse environmental impacts as a method of reducing risk.”¹² The new optimized Bridger mine plan, therefore, must also consider the risk of relying on coal resources at a time when PacifiCorp must act to mitigate the consequences of climate change and an increasingly volatile regulatory environment for emitting resources.

II. FERVO ENERGY’S RECOMMENDATION TO UPDATE GEOTHERMAL COST INFORMATION IS NECESSARY TO MAINTAIN COMPLIANCE WITH IRP GUIDLELINES

Fervo Energy Company (“Fervo”) sates that the 2021 IRP used “outdated information on the cost and resource potential of geothermal energy development in Utah.”¹³ Specifically, Fervo said that geothermal cost information in the supply side table is based on a study from 2011.¹⁴

¹¹ Sierra Club Confidential Initial Comments, page 28.

¹² Utah IRP Guidelines, page 20.

¹³ Docket No. 21-035-09, Fervo Energy’s Initial Comments, page 1.

¹⁴ *Id.* at 2-3.

Since the cost of geothermal resources has lowered since 2011, it is no longer reasonable to use this information in the IRP because it puts geothermal resources at a material cost disadvantage to other supply side resources, precluding a consistent and comparable analysis.¹⁵ UCE supports Fervo’s request that PacifiCorp update the cost information for geothermal to ensure a consistent and comparable comparison of all supply side resources.

The Commission has previously said that the IRP is not the forum to use proxy resources and costs to identify the amount of resources needed in the future.¹⁶ “While it is reasonable the Company will carry forward its analytical process in selecting among actual, rather than proxy, resources in a competitive solicitation, this does not replace the importance of the IRP in understanding the expected costs and risks of different types, amounts and timing of resources that serve the public interest in the long run.”¹⁷ In order for the IRP model to understand “the expected costs and risks of different types, amounts and timing of resources,” accurate and updated cost information must be used. The Commission should direct PacifiCorp to update its inputs, including the cost inputs, for geothermal resources for the 2023 IRP.

III. INFORMATION REGARDING HOW THE IJJA AFFECTS RESOURCE PLANNING IS TIMELY AND IMPORTANT FOR UNDERSTANDING LOWEST COST, LOWEST RISK RESOURCE PLANNING

IEA recommends that “PacifiCorp [] fully identify, analyze, and report on availability of federal Infrastructure Investment and Jobs Act (“IJJA”) benefits that may be available for new transmission interties and provide an analysis of any opportunities.” UCE supports this recommendation, and further suggests that PacifiCorp provide the same information and analysis

¹⁵ *Id.*

¹⁶ Docket No. 07-2035-01, Public Service Commission Report and Order issued on February 6, 2008, page 23.

¹⁷ *Id.*

for additional IIJA programs that may support grid reliability and resiliency. These programs, and the resources they can enable, could change the overall costs and resources selected in the preferred portfolio. If any benefits can be derived from the IIJA programs, they should be evaluated in the IRP.

Thank you for the opportunity to provide reply comments.

DATED April 7, 2022.

Respectfully submitted,

/s/ Hunter Holman

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CERTIFICATE OF SERVICE

Docket No. 21-035-09

I hereby certify that a true and correct copy of the foregoing was served by email this 7th day of April 2022, on the following:

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