GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: Utah Public Service Commission

From: Office of Consumer Services
Michele Beck, Director
Béla Vastag, Utility Analyst
Alex Ware, Utility Analyst

Date: April 7, 2022

Re: PacifiCorp's 2021 Integrated Resource Plan - Docket No. 21-035-09
Reply Comments

Background

On September 1, 2021, Rocky Mountain Power (RMP) filed PacifiCorp's 2021 Integrated Resource Plan (IRP) with the Public Service Commission of Utah (PSC). The PSC issued a Scheduling Order on September 20, 2021 setting a schedule for comments on the IRP, with initial comments due March 4, 2022 and reply comments due April 7, 2022. In addition to the Utah Office of Consumer Services (OCS), the following parties filed initial comments on March 4:

- Fervo Energy Company
- Interwest Energy Alliance
- Renewable Energy Coalition
- Salt Lake City Corporation
- Sierra Club
- Snowsports Industries America
- Southwest Energy Efficiency Project (SWEEP)
- Utah Association of Energy Users (UAE)
- Utah Clean Energy (UCE)
- Utah Division of Public Utilities (DPU)
- Western Resource Advocates (WRA)

Pursuant to the PSC's Scheduling Order, OCS submits these reply comments on PacifiCorp's 2021 IRP.

OCS Response to Parties' Comments

OCS Support
The OCS supports the following issues raised by other parties:

- **Sierra Club** recommends that PacifiCorp be required to explicitly and transparently identify all instances when it manually forces a subjective change into IRP modeling scenarios (Topic 2: Recommendation 4). Sierra Club highlights one example where it identified through a data request that PacifiCorp manually forced (versus economically selected) a second nuclear plant into variant modeling that resulted in significant costs added to the portfolio. Sierra Club states that this forced modeling change and its base assumptions were not disclosed to stakeholders in PacifiCorp's IRP or written analyses even though it "undoubtedly had significant implications for each portfolio, including the preferred portfolio."[1] OCS agrees with Sierra Club's concerns and recommends that the PSC require PacifiCorp to clearly identify all resources manually selected for any portfolio as compared to those selected by the modeling.

- **WRA** recommends that PacifiCorp be required to update the modeling of its coal fleet by 1) developing an alternative Bridger coal mine plan with lower "minimum-takes", and 2) removing the assumed projected take-or-pay contracts for the Bridger coal mine. WRA states that Jim Bridger is the only plant with dispatch modeling that PacifiCorp artificially supported with projected take-or-pay assumptions. According to WRA, this results in uneconomic over-dispatch of the plant. Also, the current minimum-take requirement in the IRP modeling results in the Jim Bridger plant receiving dispatch priority over other more economic resources.[2] OCS appreciates WRA raising these issues and intends to monitor how the issues interrelate with other ongoing issues and dockets. OCS also recommends that the PSC require PacifiCorp to provide alternative modeling for the Jim Bridger coal take-or-pay contracts.

- **DPU** recommends that PacifiCorp should exercise caution in putting too much weight on small deltas in portfolio PVRRs to make expensive resource decisions that are many years out because the forecasts used in modeling can prove unreliable over time. DPU conducted analysis showing that forecasted modeling can vary considerably between PacifiCorp's biannual IRP processes because small changes in inputs can have large impacts on resource planning. DPU provided examples such as how retail sales growth rate forecasts have not proven accurate and how gas price forecasts have been consistently overstated since 2008. Overall, DPU warns that "using a forecast to derive a PVRR as a measure of potential cost or savings of one resource over another may be unwise" – especially for long-lived and high cost projects.[3] OCS agrees with these DPU concerns.

[1] Sierra Club March 4, 2022 Comments, p. 2, 7, 18 - 20.
[2] WRA March 4, 2022 Comments, p. 16 – 22.
[3] DPU March 4, 2022 Comments, p. 41 – 54.

- **Interwest and UAE** both recommend that PacifiCorp be required to provide additional information during the IRP process regarding its long-term transmission planning activities. Interwest recommends that PacifiCorp be required to participate in and report on all regional transmission planning processes with a focus on interconnections to maximize lowest-cost resource dispatch, reduction of renewable curtailment, and reduction of transmission rates and costs.[4] UAE recommends that RMP be required to provide information during the IRP process on potential transmission alternatives which would allow stakeholders to be engaged in the transmission planning process.[5] Both parties indicate that transmission planning needs more attention in the IRP process to ensure the best possible combination of new resources is identified. OCS agrees with these concerns and the UAE recommendation.

OCS Opposition to Sierra Club Recommendation Regarding Utah's CRP

In their March 4, 2022 comments, the Sierra Club argues that the Community Renewable Energy Act requires that the communities that opt into the Community Renewable Energy Program (CRP) receive 100% of their energy from new renewable resources. In support of this contention, the Sierra Club relies on the language of the statute whose definition states that '"[r]enewable electric energy supply" means incremental renewable energy resources.'"[6] However, just because the definition of "renewable electric energy supply" includes the term "incremental" does not necessarily mean 100% new resources are required under the act. Rather, the ordinary meaning of the word "incremental" simply means "relating to or denoting an increase or addition."[7] Therefore, "renewable electric energy supply" simply means additional renewable energy resources, which could be in addition to existing renewable resources.

More importantly, though the Sierra Club relies on the statutory definition of "renewable electric energy supply.", this defined term is not repeated in the body of the CRP statute or the rules promulgated under the statute. It is simply a stand-alone definition. The actual operative terms of the CRP statute are "renewable electric energy resource," which is only defined by the type of resource involved, e.g. wind, solar, etc., and "community renewable energy program," which only requires the communities acquire their energy from "renewable electric energy resources."[8] There is no requirement in these terms that the community receive their energy from 100% new resources. The PSC should reject the Sierra Club's recommendation that PacifiCorp revise its IRP modeling assumptions for Utah's CRP to assume 100% of the resources for the program need to be new renewable resources.

---

[4] Interwest March 4, 2022 Comments, p. 25-26.
[5] UAE March 4, 2022 Comments, p. 5.
[6] Sierra Club March 4, 2022 Comments at 10; Utah Code § 54-17-902(13).
[7] https://www.dictionary.com/browse/incremental
[8] Utah Code §§ 54-17-902(3) and (14); 54-17-903(2)(a).

<u>New Issue Regarding the Modeled Cost of the Gateway South Transmission Line</u>

This issue arose as a result of the OCS preparing its initial comments in the PacifiCorp 2022AS RFP proceeding (Docket No. 21-035-52) which were prepared after the OCS filed its initial comments in this docket. On March 31, 2022, the OCS received a discovery response from RMP confirming that the Gateway South transmission line (GWS) "is modeled net of the cost offset for the 230 kilovolt (kV) transmission project to accommodate PacifiCorp obligation to provide firm point-to-point (PTP) transmission service to a third party transmission customer" and that the modeled cost of GWS was being reduced by $1.4 billion. The referenced discovery response, OCS 3.1, is attached to the end of these comments. By reducing the cost of GWS by $1.4 billion, the model sees GWS as an artificially cheap resource. This would affect whether the model selects GWS, including the resources that depend on GWS or may be affected by capacity on GWS (such as the Natrium nuclear plant). This would also affect whether other resources located in other parts of the system are selected. Certainly, the PVRRs of cases containing GWS would be artificially low and hide the true cost impact on ratepayers.

The OCS does not believe PacifiCorp's approach is the appropriate way to model the capital costs of GWS in the PLEXOS IRP model to determine least cost portfolios. As discussed in testimony filed in the GWS CPCN proceeding (Docket No. 21-035-54)[9], parties disagree with PacifiCorp that retail ratepayers would be forced to pay the $1.4 billion cost of this 230 kV line if GWS was not built. In the OCS's opinion, the 500 MW PTP transmission customer, who is not serving PacifiCorp retail load, is the one who should be required to pay the $1.4 billion if GWS is not constructed. If this were to be required, the OCS speculates that this "third party transmission customer" would withdraw its transmission service request.

The OCS recommends that the PSC order PacifiCorp to rerun at least two cases, the preferred portfolio (P02-MM-CETA) using the actual total forecasted capital costs of GWS and the no GWS variant portfolio (P02c-No GWS) without the $1.4 billion adder for the disputed 230 kV line, and provide the results as an update filing in this docket.

Summary and Recommendations

As explained in our initial comments, this IRP does not comply with Guidelines 1., 4.b., 4.b.ii. 4.g., and 4.h. As a result, the preferred portfolio contains a resource mix (both due to what was included and what was excluded) that carries an unsupported and unacceptable risk for Utah customers.

Due to these deficiencies and the additional issues described in these reply comments, the OCS now recommends the following:

- the PSC <u>not</u> acknowledge PacifiCorp's 2021 IRP,

[9] See direct testimonies of Justin Bieber for UAE and David Williams for the DPU, January 25, 2022, Docket No. 21-035-54.

- the PSC order PacifiCorp to provide sufficient rate impact analyses for the 2021 IRP and all future IRPs,
- the PSC require PacifiCorp to clearly identify all resources manually selected for any portfolio as compared to those selected by the modeling for all future IRPs,
- the PSC require PacifiCorp to provide alternative modeling for the Jim Bridger coal take-or-pay contracts for all future IRPs,
- the PSC require PacifiCorp to include additional information and opportunity for stakeholder feedback in the IRP process on long-term transmission planning and alternatives analysis for all future IRPs,
- the PSC should reject the Sierra Club's recommendations regarding different planning assumptions for the Community Renewable Energy Program, and
- the PSC require PacifiCorp to provide modeling results that include the full actual forecasted cost of the GWS transmission line (except for the No-GWS variant which should exclude costs for the disputed 230 kV line) and file these results as an update to the 2021 IRP.

CC: Chris Parker, Division of Public Utilities
Joelle Steward, Rocky Mountain Power
Distribution List

21-035-09 / Rocky Mountain
Power March 31, 2022
OCS Data Request 3.1

OCS Data Request 3.1

For each resource in the 2021 IRP preferred portfolio, including each new transmission facility, please provide their capital costs as modeled in PLEXOS. Please provide these costs by resource and by year for each year of the portfolio. If any offsets or credits reduced or increased any resource's capital costs, please provide detail on how this was done and explain why it was appropriate to make these reductions and/or increases.

Response to OCS Data Request 3.1

Please refer to the confidential work papers accompanying PacifiCorp's 2021 Integrated Resource Plan (IRP), folder "Preferred Portfolio CONF.zip_Preferred Portfolio CONF\LT", and file "18609_21IRP 20yr_P02-MM-CETA CONF .xlsx" which will provide each resource's capital investment costs; specifically (1) tab "Generator Annual Data", sort on column v (Build Cost), (2) tab "Battery Annual Data", sort on column y (Build Cost), and (3) tab "Transmission Annual Data", sort on column u (Build Cost).

In PacifiCorp's 2021 IRP, the Energy Gateway South transmission project is modeled net of the cost offset for the alternative 230 kilovolt (kV) transmission project to accommodate PacifiCorp obligation to provide firm point-to-point (PTP) transmission service to a third party transmission customer. The 230 kV is not available if Energy Gateway South is not built. The $1.4 billion cost assumed for the alternative is the minimum cost for the upgrades required to grant a single transmission service request (TSR).