IRP Participants:

PacifiCorp has been planning to summarize final model results, a proposed draft preferred portfolio, and a proposed draft action plan at the July 18-19, 2019 meeting. In the final stages of preparing for this meeting, PacifiCorp identified a problem with the modeling of cost assumptions associated with the Jim Bridger generating assets that is influencing the relative cost among cases. While the company has confirmed the data issue is isolated to the modeling treatment of cost assumptions for Jim Bridger and has initiated the process of recasting model runs to correct the problem, this process cannot be completed before the July 18-19, 2019 public-input meeting.

Consequently, PacifiCorp will not be hosting the July 18-19, 2019 public-input meeting as originally scheduled and, as applicable in each jurisdiction, the company is planning to file a notice or a request for extension of the 2019 IRP filing deadline to October 18, 2019, to ensure that the analysis supporting the 2019 IRP preferred portfolio and associated action plan is accurate. PacifiCorp will host a conference call beginning 9:00 AM pacific (10:00 AM mountain) on July 18, 2019, to discuss and answer stakeholder questions related to the cost assumptions for Jim Bridger, the planned approach to remedy this problem, and the implications for the 2019 IRP schedule. PacifiCorp will also discuss additional cases that it has been planning to evaluate based on stakeholder feedback.

Summary of the Modeling Issue

In its on-going efforts to review and validate model results, the IRP modeling team discovered that coal-cost assumptions for Jim Bridger units, which drive variable fuel costs, included forward-looking fixed-cost assumptions required to fund mine reclamation. While costs to fund mine reclamation are included in fuel costs as an element of net power costs in rates, combining these mine-reclamation funding costs in the Jim Bridger coal cost can influence modeled dispatch of the Jim Bridger units. By including a fixed cost (mine-reclamation funding) in a variable cost model input (coal costs), the System Optimizer and Planning and Risk models can avoid the funding cost for mine reclamation by reducing dispatch of the Jim Bridger units even though these costs are unavoidable in reality.

Historically, the dispatch cost of the Jim Bridger units has been low enough relative to market prices that the coal-cost adder intended to capture the costs to fund mine reclamation has not significantly altered generation levels and, consequently, has not lead to a potential understatement of costs to fund mine reclamation. However, base case assumptions adopted in the 2019 IRP for natural gas prices and power prices are relatively low, and the modeling team confirmed that the Jim Bridger units are reducing dispatch in a manner that understate the cost to fund mine reclamation. Considering that early retirement assumptions for Jim Bridger units vary among cases, mine closure assumptions and associated mine reclamation funding assumptions vary by case as well. Consequently, the impact of this issue will vary from one case to the next, which could affect the comparative analysis of the costs and risks of each portfolio that is used to select the preferred portfolio.

Plan to Remedy the Modeling Issue

PacifiCorp will remedy this modeling issue by changing how it applies coal costs and mine-reclamation costs in the System Optimizer and Planning and Risk models. This will be achieved by removing the costs to fund mine reclamation from Jim Bridger coal costs and by concurrently adding these costs as a fixed cost that will be constant for a given case regardless of unit dispatch. Because this remedy will affect Jim Bridger dispatch, it cannot be accurately calculated as an out-of-model adjustment, because a change in dispatch can influence the dispatch and associated operating costs at other generating facilities,
market purchases and market sales. Most, if not all, cases will need to be re-run through both modeling tools.

2019 IRP Filing Extension

PacifiCorp has spent that last couple of months developing modeling analysis for over 50 different portfolios. For any given market price and CO₂ price scenario, the development of system cost and risk metrics requires two System Optimizer model runs, three one-year deterministic Planning and Risk model runs, and one 20-year stochastic Planning and Risk model run. Over the past couple of months, the company has been able to complete approximately 10 to 12 cases per week. Considering the need to re-run at least 50 cases, the need to complete sensitivities, the need to allow time for rescheduled public-input meetings, and the need to draft the 2019 IRP document, PacifiCorp will be filing a notice or a request for extension, as applicable by jurisdiction, to file the 2019 IRP by October 18, 2019. In the interim, the company proposes to host additional public-input meetings on September 5-6, 2019, to provide stakeholders an update on modeling progress and results completed at that time and on October 3-4, 2019, to present final modeling results, a draft preferred portfolio, and a draft action plan.

In the process to re-run and finalize the modeling analysis for the 2019 IRP, PacifiCorp will also incorporate updates consistent with feedback and discussion during the June 2019 public-input meeting. Specifically, the model runs will be updated to enable selection of Energy Gateway South in January 2024 (as a proxy for year-end 2023) with a consistent set of assumptions for cost, interconnection capability, and transfer capability across all cases. The updated model runs will also be configured to enable selection of solar resources in northern Utah.

IRP Public Input Meeting – CONFERENCE CALL ONLY
Date: Thursday, July 18, 2019
Time: 9:00am – 10:30am pacific / 10:00am – 11:30am mountain
Place: Conference Call

Conference Call-in Information:
+1 (503) 813-5252 [Portland, Ore.]
+1 (801) 220-5252 [Salt Lake City, Utah]
+1 (855) 499-5252 [Toll Free]
July 18 CONF CALL ID: 778161
• Please place your phone on “Mute” when not speaking
• Please do not use the “Hold” function on your phone

Regards,
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