

PacifiCorp - Stakeholder Feedback Form

2019 Integrated Resource Plan

PacifiCorp (the Company) requests that stakeholders provide feedback to the Company upon the conclusion of each public input meeting and/or stakeholder conference calls, as scheduled. PacifiCorp values the input of its active and engaged stakeholder group, and stakeholder feedback is critical to the IRP public input process. PacifiCorp requests that stakeholders provide comments using this form, which will allow the Company to more easily review and summarize comments by topic and to readily identify specific recommendations, if any, being provided. Information collected will be used to better inform issues included in the 2019 IRP, including, but not limited to the process, assumptions, and analysis. In order to maintain open communication and provide the broader Stakeholder community with useful information, the Company will generally post all appropriate feedback on the IRP website unless you request otherwise, below.

Date of Submittal 10/3/2018

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Address: 2334 Broadway, Suite A

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State: CO

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Public Meeting Date comments address: 8/30/2018

Check here if not related to specific meeting

List additional organization attendees at cited meeting:

Kevin Emerson, Utah Clean Energy; Wendy Gerlitz, NVEC

***IRP Topic(s) and/or Agenda Items:** List the specific topics that are being addressed in your comments.

DSM Stochastic Risk Reduction Credit

Check here if any of the following information being submitted is copyrighted or confidential.

***Respondent Comment:** Please provide your feedback for each IRP topic listed above.

Investment in DSM measures reduces a number of risks for a utility such as fuel price volatility risk, load forecast risk, market price risk, risks from unanticipated capital cost increases, and climate change risk. Investments in DSM measures made today at a fixed and known cost serve as hedge against these future risks.

During the August IRP Public Input Meeting, PacifiCorp presented its draft energy efficiency risk reduction credit of \$4.74/MWh to account for the risk reduction benefit of DSM.

ACEEE recently published a study to quantify the value that electric utilities are willing to pay to avoid electricity price volatility risks, only one of the risks that investments in DSM reduces. According to this study the risk premium for price volatility risk is equal to 14%-25% of wholesale market prices. According to this analysis, the PacifiCorp risk reduction credit would undervalue the benefit of energy efficiency in avoiding price risk (assuming an average market price of approximately \$50-\$60/MWh). I encourage PacifiCorp to adopt a risk reduction credit of at least \$7.50/MWh for energy efficiency measures to account for this new data on the value of risk reduction from DSM investments.

PacifiCorp Response:

The stochastic risk reduction credit is intended to reflect the value energy efficiency provides in terms of reducing portfolio risk for the PacifiCorp system, by comparing a portfolio with and without energy efficiency, all other assumptions being the same. In this way, the risk reduction credit is specific to PacifiCorp's system (resources, loads, transmission constraints).

In addition, to account for the uncertainty around the value of risk reduction from DSM, I suggest PacifiCorp run an IRP Portfolio with a risk reduction credit of 25% of the average base case wholesale electricity market price. This Portfolio

* Required fields

would help ensure that the company is properly evaluating the ability of investments in DSM to avoid price volatility and other risks and provide a useful comparison against other Portfolios.

PacifiCorp Response:

PacifiCorp does not plan to run this sensitivity at this time but is open to exploring options for the stochastic risk reduction credit in future IRPs.

Data Support: If applicable, provide any documents, hyper-links, etc. in support of comments. (i.e. gas forecast is too high - this forecast from EIA is more appropriate). If electronic attachments are provided with your comments, please list those attachment names here.

Brendon Baatz, et. al. "Estimating the Value of Energy Efficiency to Reduce Wholesale Energy Price Volatility." ACEEE Report U1803. April, 2018.

Recommendations: Provide any additional recommendations if not included above - specificity is greatly appreciated.
[Click here to enter text.](#)

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- Check here if you do **not** want your Stakeholder feedback and accompanying materials posted to the IRP website.

Thank you for participating.