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 11/27/2018

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City: Salem State: Oregon Zip: 97301

Public Meeting Date comments address: ☐ Check here if not related to specific meeting

List additional organization attendees at cited meeting: Click here to enter text.

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

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

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

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

Noting the brief Class 1 DSM update provided as part of the 2019 Conservation Potential Assessment presentation at the August 30 Public Input Meeting (PIM), Staff would like to better understand how the Company will model demand response in the 2019 IRP, as well as how the Company expects to further develop demand response resources over the next several years. Specifically in relation to Senate Bill 1547.

In 2016, through the passage of SB 1547 the legislature signaled a new emphasis on demand response. Section 19 of the law created, in effect, a loading order requiring investments in cost effective demand response:

> (3) For the purpose of ensuring prudent investments by an electric company in energy efficiency and demand response before the electric company acquires new generating resources, and in order to produce cost-effective energy savings, reduce customer demand for energy, reduce overall electrical system costs, increase the public health and safety and improve environmental benefits, each electric company serving customers in this state shall:
>
> (a) Plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible…[1]

[1] Senate Bill 1547 Section 19.

* Required fields

The notion that demand response can offset the need for new resources was mirrored in the Northwest Power and Conservation Council's (NWPCC) Seventh Power Plan. The second priority of Seventh Power Plan's Action Plan resource strategy for the region, second only to energy efficiency, was the acquisition of a minimum of 600 MW of demand response by 2021:

> The Council's analysis indicates that a minimum of 600 megawatts of demand response resources would be cost-effective to develop under all future conditions tested across all scenarios that don't rely on increased firm capacity imports. Moreover, even if additional firm peak power imports during winter months are assumed to be available, developing a minimum of 600 megawatts of demand response resources is still cost-effective in over 70 percent of the futures tested.[2]

Staff recognizes that the NWPCC's power plan is not necessarily a plan for an individual utility but it does provide guidance on the types of resources that should be considered and their priority.[3] Staff views the time between now and before the Company asks for acknowledgement of any significant long-term supply-side capacity addition-to be a critical opportunity for PacifiCorp to more aggressively develop demand response as a resource to address its capacity needs

Please provide a description and comparison of the cost-effectiveness methodology used by the Company in this IRP to identify demand response resources to that of the cost-effectiveness tests used by the NWPCC in the 7th power plan and the California Public Utility Commission's (CPUC) 2016 Demand Response Cost-Effectiveness protocols used by other utilities operating in California.

PacifiCorp Response:

For the 2019 Conservation Power Assessment (CPA), PacifiCorp applied the cost methodology from the California Public Utility Commission's (CPUC) 2016 Demand Response Cost-Effectiveness protocols for Oregon. The alignment to the CPUC methodology accounts for incentive costs rather than the Northwest Power and Conservation Council's (NWPCC) methodology, which does not account for incentives. PacifiCorp has also incorporated a Distribution Deferral Credit, which is not accounted for in the NWPCC's 7th Plan. PacifiCorp commented on these items in the 7th Plan and is working with the NWPCC for the 8th Plan.

Please describe if a new approach to assessing the cost-effectiveness demand response could be adopted in time to impact the resource selection in the 2019 IRP.

PacifiCorp Response:

No; however, PacifiCorp has adapted the cost methodology for the 2019 Integrated Resource Plan (IRP), as discussed and described in the 2019 IRP public-input process.

The changes adopted for the 2019 IRP include:

1. Modified costs to align with the California Public Utility Commission's 2016 Demand Response Cost-Effectiveness protocols.
2. Added state-specific Distribution Deferral Credit to demand response.
3. Modified peak planning contribution factor consistent with the capacity contribution methodology used for energy storage resources, accounting for the daily and annual limits on interruptions.
4. Applied an operating reserve credit to account for the system dispatch benefits of dispatchable resources, rather than just their energy output.
5. Expanded the seasonal and hourly availability of demand response to cover more than just peak conditions and better align with expected program parameters.

PacifiCorp has also identified Intra-Hour Flexible Resource Credits that would apply to demand response programs, though in light of stakeholder concerns these values are being considered as an after-the-fact sensitivity, rather than as part of resource selection.

* Required fields

Could PacifiCorp model a portfolio in System Optimizer, as part of the 2019 IRP that utilizes the cost-effectiveness approach of either the NWPCC or the CPUC, in place of PacifiCorp's current methodology, to determine the extent to which demand response may be selected as a resource in the future.

PacifiCorp Response:

The method being utilized is the best reflection of the costs and benefits to PacifiCorp's system and customers, incorporating state-specific guidance where available. As discussed above, PacifiCorp has attempted to align with the CPUC and NWPCC. PacifiCorp is not in agreement with the Council's 7th Plan methodology, but are part of the Council's Demand Response Advisory Committee for the 8th Plan.

PacifiCorp is open to exploring alternative approaches that may inform future studies, provided that the IRP continues to treat demand response on par with other options as required by state-specific guidance, including Oregon Public Utility Commission Order 07-002, which requires PacifiCorp's plans to evaluate demand response resources "on par with other options for meeting energy, capacity, and transmission needs."

Please describe how demand response is modelled by System Optimizer and when demand response becomes more cost-effective how it is treated relative to other capacity products like Front Office Transactions.

PacifiCorp Response:

Demand response is a demand-side resource that competes against other supply-side resources including front-office transactions (FOTs). All resources, whether demand-side resources, supply-side resources, or FOTs are entered into the System Optimizer (SO) model as portfolio alternatives that can be selected in the model's determination of the least-cost mix of resources for a given set of parameters that define a specific case (i.e., market price assumptions, CO_2 price assumptions, etc.). The SO model accounts for the overall cost-and-performance characteristics of each resource option, which influences selection of these resources, including demand response, for any given case. Cost-and-performance characteristics for the resources in any given portfolio are further evaluated for risk in the Planning and Risk model.

[2] Northwest Power and Conservation Council Power Plan Chapter 4: Action Plan, P. 4-2

[3] The Commission has a long history of taking into account and finding guidance from the Power Council's Power Plan. See for example Order 89-507, p. 7, where the Commission stated, "The Northwest Power Planning Council's Plan may be a useful model for the utilities."

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.

Click here to enter text.

Recommendations: Provide any additional recommendations if not included above - specificity is greatly appreciated.

Click here to enter text.

Please submit your completed Stakeholder Feedback Form via email to IRP@Pacificorp.com

Thank you for participating.

* Required fields