

PacifiCorp - Stakeholder Feedback Form

2021 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 2021 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 1/19/2020

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*Organization: Oregon Public Utility Commission

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Public Meeting Date comments address: **12/3/2020** 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.

Supply side resources

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.

1. Please explain why in the IRP, solar will be assumed to have no terminal value when the RFP clearly shows that the terminal value is substantial.

For context, in the recent PacifiCorp RFP, the Oregon Independent Evaluator explained that resource bids for PacifiCorp-owned solar were estimated to get 6.5% of their total value from the terminal value inherent in owned solar resources:

The terminal value of the initial investment is representative of the fully depreciated asset value adjusted for inflation and decommissioning expenses. Given that PAC models all owned resources as being sold or salvaged at the end of their useful life and therefore fully depreciated with only the remaining decommissioning cost, this first component of terminal value is negative.

The calculation of the terminal value of non-transmission infrastructure follows the same calculation, however in this case, carries a useful life of 30 years. However, these assets (such as roads) retain terminal value as such costs would not be duplicated by the subsequent owner. As a result, for a generation resource with a useful life of 25 years for example, the asset basis of the non-transmission infrastructure will not be fully depreciated and therefore hold positive value upon sale. Based upon operational history, this component of the terminal value represents roughly 6% of the total.

The final component of terminal value are the development rights. Based upon multiple conversations with PAC on this subject, the development rights represent an estimated value that a future developer

* Required fields

would be expected to pay for the rights to develop a similar project in the future. To be certain, this does not represent any form of future cashflow in perpetuity but is simply an estimate of the how valuable the access to the land right, the permitting, and the insulation or wind is, among other considerations of value.¹

The IE also indicated that PacifiCorp may have been underestimating terminal value by not considering life extension and recontracting options:

PAC also did not attribute any operational value to fully depreciated BTA resources. They did not assume a “run-to-failure”, life extension or other operational strategy, instead assuming the plant would be decommissioned at the end of its useful life, realizing “brownfield” terminal value.²

PacifiCorp Response:

It is standard practice in the IRP to assume no terminal value. Especially for assets with long lives, the present value of terminal value is well within the accuracy range of the resource cost estimates. A 6.5% terminal value discounted back 25 years is approximately 1.2%. On the other hand, the confidence in the accuracy of RFP bids is much higher and selection of a winning bid could be determined by fractions of a percent of cost, therefore it is prudent to include terminal value in evaluation of RFP bids.

Supply Side Resources

2. Is PacifiCorp planning to include the effects of take-or-pay provisions in coal contracts in Plexos modeling? Please explain why or why not.

PacifiCorp Response:

Yes. Take-or-pay provisions of coal contracts are included in Plexos modeling to accurately forecast coal costs by unit.

3. Which CCUS inputs were taken from the WY CCUS Report? Please list and describe each such input.

PacifiCorp Response:

The CCUS inputs informed from the WY CCUS Study or similar to, relate to the following:

- Post-combustion technology
- 85% capacity factor
- Naughton Units 1 and 2 flue gas streams are combined
- 45Q tax credit, as a revenue stream, and associated assumptions to receive the tax credit
- CO₂ sales for use in EOR, as a revenue stream
- CO₂ revenue price forecast (using the WY CCUS study’s relationship between natural CO₂ prices and crude oil prices)

4. One or more portfolios in the 2021 IRP modeling should consider the option of 2023 retirement dates for Naughton 1 and 2.

PacifiCorp Response:

Thank you for your feedback. PacifiCorp will consider this request balanced with other stakeholder requests and time constraints.

¹ Independent Evaluator’s Updated Status Report on PacifiCorp’s 2020AS RFP. November 20, 2020. P 9 – 10.

² Independent Evaluator’s Updated Status Report on PacifiCorp’s 2020AS RFP. November 20, 2020. P 9 – 10.

* Required fields

5. There is reportedly over 20 GW of 50+% capacity factor offshore wind potential on the West coast near Oregon.³ Would PacifiCorp consider including offshore wind and associated transmission as an option in at least one 2021 portfolio? If not, then please state any barriers that prevent the company from doing so, and whether offshore wind could be included in the next IRP after 2021.

PacifiCorp Response:

PacifiCorp did not include offshore wind in the 2021 IRP because the resource has not shown itself to be cost competitive in our market. PacifiCorp will include offshore wind in future IRPs if there is demonstrable development activity and/or market price information that indicates offshore wind in the Pacific Ocean would be a cost competitive generation resource for our customers.

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.

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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.

³ [Oregon Renewable Energy Siting Assessment Overview](#). October 2020. Page 31

* Required fields