

PacifiCorp's 2023 IRP, Comments by the Utah Division of Public Utilities, June 7, 2022

In its February 25, 2022, IRP Public Input Meeting, PacifiCorp (PacifiCorp or the Company) presented slides covering updates to the Supply Side table, as well as slide 49 which shows the thermal resources to be selected as proxy resources in the 2023 IRP. PacifiCorp lists a hydrogen peaker (100% hydrogen) and a gas peaker frame F (30% hydrogen). No new natural gas-fueled resources are listed as a proxy resource for Plexos to select.

The Division of Public Utilities (Division or DPU) commented on the lack of natural gas alternatives in its February 8, 2021, IRP stakeholder feedback form and in its Comments to the Utah Public Service Commission (Utah PSC) dated March 4, 2022. The Company's upfront decision to exclude natural gas-fueled resources from the modeling makes it otherwise impossible to know what least-cost, least-risk portfolio Plexos would have selected prior to the Company eliminating those potential resources based on other policy and resource considerations. In addition, renewable resources have since experienced supply chain concerns, delays, and cost increases.¹ This further illustrates why PacifiCorp needs to model all resources—the future is uncertain and unpredictable.

Because PacifiCorp has issued Renewable RFPs and has signaled to the market in its All Source RFPs that it is not considering natural gas-fueled resources, it does not surprise the Division that no gas bids were received. The Company has not issued a natural gas-fueled RFP or indicated that natural gas fuel resources would be considered, so it cannot know with certainty what response it may receive from the market. The Company needs to update its Supply Side table with the current operating characteristics, capital and O&M costs, and performance data for 100% natural gas-fueled generating resources. This information could potentially be obtained by third-party engineering studies, developers, EPC contractors, and other sources listed on slide 42 of the Company's February 25, 2022, Public Input Meeting slides. The other option is for the Company to issue a Natural Gas, rather than a Renewable or All Source, RFP.

¹ "Supply-chain squeeze: Solar, storage industries grapple with delays, price spikes as demand continues to grow," Utility Dive, March 31, 2022. See <https://www.utilitydive.com/news/solar-storage-delays-price-supply-chain/620537/>. Also see <https://www.tdworld.com/renewables/article/21239588/supply-challenges-push-renewables-prices-higher-due-dates-later>, "Supply Challenges Push Renewables Prices Higher, Due Dates Later," T & D World, April 30, 2022.

In response to DPU's February 25, 2022 feedback form, the Company stated: "There is very limited development activity for new natural gas facilities. This was most recently evident in the 2020 All Source Request for Proposals (RFP) which did not result in a single bid for new natural gas resources." In its 2021 IRP, the Company offered siting, permitting, and stranded costs risks as other reasons for excluding new gas-fired resources as proxy resources. These risks, as well as others, can be assessed once the first optimization portfolios are selected by the model. This allows the model to be the analytical tool that the IRP should be based on, rather than basing the IRP upon subjective and pre-determined outcomes.

The Division's concerns are recognized in the Utah PSC's recent PacifiCorp's 2021 IRP Order that states, "PacifiCorp failed to comply with Guidelines 4(b) and 4(i) by unilaterally constraining its model to preclude selection of new natural gas resources."² Furthermore, Utah PSC's Order states:³

We conclude PacifiCorp's unilateral decision to exclude a resource type that has long been a staple of IRP planning was an unambiguous failure to evaluate "all present and future resources" and "all technically feasible technologies" that resulted in "premature foreclosure" of a potentially viable resource option. We further conclude this failure constitutes a violation of Guidelines 4(b) and 4(i).

Consequently, the Division requests that the Company update its Supply Side table with current operating and cost characteristics of natural-gas fueled generation resources and allow the model to endogenously select natural gas generating resources as proxy resources, as it has done in the past. The Division believes that PacifiCorp should work with stakeholders to ensure that the risks noted by the Company in its 2021 IRP are appropriately accounted for after the model has selected its top-performing portfolios.

² Docket No. 21-035-09, Order, June 2, 2022, p. 5.

³ Id. at p. 8.