

PacifiCorp - Stakeholder Feedback Form

2023 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 2023 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 2022-07-21

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Public Meeting Date comments address: 7/14/22

Check here if not related to specific meeting

List additional organization attendees at cited meeting:

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

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.

PacifiCorp has noted there are considerable stranded-cost risks associated with planning a system that is reliant on new natural gas resources with depreciable lives ranging between 30 to 40 years (i.e., a new gas-fired resource placed in service in 2030 would be depreciated as late as 2070). Further, when considering current state policies, it is not feasible to assume new natural gas resources can get the permits needed to site and operate such a facility in many parts of PacifiCorp's service territory. Finally, PacifiCorp has observed that there is very limited development activity for new natural gas facilities. This was most recently evident in the 2020 All Source Request for Proposals, which did not result in a single bid for new natural gas resources. Nonetheless, PacifiCorp anticipates producing a sensitivity to allow new natural gas proxy resources.

DPU Comments:

The Division of Public Utilities' (Division) July 21, 2022 comments reiterate what it has stated on multiple occasions in the 2023 IRP process as well as in the 2021 IRP¹: PacifiCorp (or the Company) should include in core cases, and allow the Plexos model the option to select, all proven resource types. This includes natural gas peaking and combined-cycle baseload generating plants in the IRP's initial portfolio optimization.

¹ See *DPU Stakeholder Feedback Form*, August 3, 2021. See *DPU Comments on PacifiCorp's 2021 IRP*, Docket No. 21-035-09, March 4, 2022, pp. 31-41. See *DPU Stakeholder Feedback Form*, June 7, 2022.

* Required fields

The Division submitted its initial Stakeholder Feedback comment on this issue on August 3, 2021, where the Division clearly and unambiguously stated the following:

PacifiCorp should not dismiss natural gas as an option for future generation resources. PacifiCorp should allow the model to select natural gas plants as a resource option. While challenges exist, all resource types have permitting challenges and federal policy is always changing. Gas plants have been a key part of a reliable portfolio. Given recent reliability concerns throughout the western US, dismissing gas plant additions in the IRP process is imprudent. This upfront decision to exclude gas plants from the modeling risks not illuminating a least-cost, least-risk portfolio and appears to reflect other policy and resource considerations that PacifiCorp has not adequately explained and that are not obvious.

The Division brought this issue up verbally at PacifiCorp's 2023 Public Input Meeting (PIM) on February 25, 2022 and noted that the Company's Supply-Side Resource Table (slide #49), showed a hydrogen peaker (100 percent hydrogen) and a gas peaker frame F (30 percent hydrogen), but no 100 percent natural gas generation resources were presented. The Division understands that the Company might be considering a hybrid plant as a response to the Company's perceived risk of a traditional gas plant. The Division initially stated that a hybrid plant, absent a 100 percent gas generating plant, may not meet the Utah Public Service Commission's (Commission) IRP Guidelines,² particularly as discussed in the Commission's recent 2021 IRP Order.³

The Division followed its verbal comments with another set of Stakeholder Feedback comments on June 7, 2022, stating that the core cases in the 2023 IRP need to consider an assessment of all present and future resources, and technically feasible technologies, on a comparable basis--including known and proven natural gas baseload and peaker plants.⁴

The Division further explained the importance of this issue in its June 7, 2022 Comments:

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.

Known and proven gas generating plants (supplied with 100 percent natural gas) should be included as core cases for Plexos to select in PacifiCorp's *initial* portfolio optimization selection in the 2023 IRP. The Division stresses that this inclusion needs to be made upfront, in core case definitions as proxy resources for Plexos to endogenously select.

The Division put forth its reasoning in its 2021 Stakeholder Feedback Comments, as well as in its ten-page explanation in its Comments on PacifiCorp's 2021 IRP.⁵ Besides the overriding fact that the Company's decision to unilaterally exclude natural gas-fueled generation resources from core or base portfolios violates the Commission's IRP Guidelines,⁶ the Company failed to provide any concrete or explicit supporting documentation justifying its decision in the 2021 IRP. The Division explained that the

² See *In the Matter of Analysis of an Integrated Resource Plan for PacifiCorp*, Docket No. 90-2035-01, Report and Order on Standards and Guidelines (Standards & Guidelines), issued June 18, 1992 (IRP Guidelines).

³ *Order on PacifiCorp's 2021 IRP*, Docket No. 21-035-09, June 2, 2022,

⁴ *Report and Order on Standards and Guidelines*, Docket No. 90-2035-01, June 18, 1992 (IRP Guidelines), p. 43.

⁵ *DPU Comments on PacifiCorp's 2021 IRP*, Docket No. 21-035-09, March 4, 2022, pp. 31-41.

⁶ *Report and Order on Standards & Guidelines*, Docket No. 90-2035-01, June 18, 1992.

* Required fields

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.

The Company's July 8, 2022 Response to the Division mentions the possibility of future greenhouse gas emissions risk, as well as the Company's concerns over whether it could obtain permitting and transmission interconnection.⁷ These would be concerns for many new types of resources and are not specific to gas plants. The Company also alludes to the fact that the bids from the 2020 All Source Request for Proposals (2020 AS RFP) did not result in any bids for natural gas resources, a fact that the Division rebutted in its March 4, 2022, Comments to the Commission in the 2021 IRP. PacifiCorp provides legitimate concerns over pipeline access, the ability to obtain necessary permits, and the risk of stranded resources. These are all risks that the Division agrees should be considered and evaluated. However, the Company has not provided any specific or concrete evidence demonstrating that these types of risks exist to the point of justifying gas plants' exclusion from the modeling altogether.

Therefore, subjective elimination of a typical gas plant (or any resource for that matter) not only violates the Guidelines but is contrary to what PacifiCorp has stated on various occasions that its IRP objective is: To select the portfolio that best achieves the least-cost, least-risk mix of resources to serve customers reliably.⁸ The Division points out that it is only after the Company determines the least cost/least risk portfolio, that additional stochastic risk analysis, and further refinement are performed. After each of the previous steps, the Company should then assess and determine to what degree that portfolio meets individual state objectives, and then layer in any necessary changes to satisfy unmet state needs.

The Division previously stated in its IRP comments, that subjectively eliminating resources undermines our confidence that the model optimization found, or started with, the unconstrained least-cost, least-risk portfolio. And this undermines the integrity of the IRP process.

The Division also notes that this behavior undermines the Division's confidence in the Company's assurances in the Multi-State Process (MSP) discussions that states will be responsible for their own policy choices. It undermines this confidence because it obscures the state policy choices behind the Company's preliminary judgment. When the Company's preliminary judgments imbed state policy choices, those policies' consequences become virtually invisible, no matter how accurate the Company's judgments might be.

PacifiCorp stated in its July 8, 2022 Response that the Company is still assessing viable options for how and what options it will include with respect to new gas in its base modeling. The Division reminds the Company of the recent Commission's Order on the 2021 IRP that gave clear guidance on this issue⁹:

PacifiCorp failed to comply with Guidelines 4(b) and 4(i) by unilaterally constraining its model to preclude selection of new natural gas resources.

⁷ *PacifiCorp's Response to the Division's June 7, 2022, Stakeholder Feedback Comments*, provided on July 8, 2022.

⁸ See *PacifiCorp's 2021 IRP, Volume 1*, September 1, 2021, p. 38. See *PacifiCorp's 2019 IRP, Volume 1*, Introduction, October 18, 2019, p. 36.

⁹ *Order on PacifiCorp's 2021 IRP*, Docket No. 21-035-09, June 2, 2022, p. 5.

* Required fields

Furthermore, the Commission states in its Order¹⁰:

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).

The Division notes that it is not promoting gas-generating resources over any other generating resource. What the Division is stressing is adherence to the purpose of the IRP as an analytical tool and adherence to the Commission's IRP Guidelines governing the IRP, as well as the integrity of the IRP and MSP.

The Division is hopeful that in the upcoming months the Company will recognize the need to let the Plexos model select "all technically feasible technologies"¹¹ from the available proxy resources, as directed by the Commission. The risks, other state policy mandates, and other concerns can be modeled in the stochastic risk analysis or sensitivity analysis, only after the initial portfolio optimization has been performed. The Division and Commission have clearly explained what is expected in the 2023 IRP with respect to modeling natural gas generating plants in the Supply Side options in 2023 IRP.

PacifiCorp Response (08-19-2022)

Considering additional feedback from DPU, the Company intends to model new natural gas resources in the 2023 IRP using an approach that is being finalized. The IRP must also consider alternative fuels such as discussed in detail at the Company's June 10, 2022 public input meeting for the 2023 IRP. The Company notes that hydrogen-ready new gas resources might be easily converted to green hydrogen generation as markets for that fuel mature. The modifications during initial construction necessary to be hydrogen ready are expected to represent a relatively small incremental cost versus natural gas-only equipment and will reduce the risk of reduced operating life associated with carbon-emitting resources. The Company is also reviewing the implications of tax credits within the recently enacted Inflation Reduction Act of 2022 on non-carbon generating resources and energy storage resources. The Company will continue to receive and assess feedback on this issue as it develops the 2023 IRP.

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.

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

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

Thank you for participating.

¹⁰ Id at p. 8.

¹¹ Id.

* Required fields