

June 16, 2017

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Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
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Subject: Comments of NW Energy Coalition regarding PacifiCorp's  
2017 Integrated Resource Plan, Docket No. UE-160353.

NW Energy Coalition ("NWECC") appreciates the opportunity to comment on PacifiCorp's 2017 Integrated Resource Plan ("IRP") in response to the Commission's notice dated December 9, 2015 and the Commission's notice of comment dated April 26, 2017.

In general, NWECC appreciates the improvements in the process leading to the 2017 IRP. Considerable advances were made in system modeling, the development of scenarios and sensitivities, and the thoroughness of presentations and exchange of views in the stakeholder review process. In certain areas, for example, the assessment of the capacity value of solar and wind resources, important new technical advances have been made.

As always, NWECC believes the foundation of the Preferred Portfolio in the IRP should be the acquisition of all cost-effective energy efficiency. Not only is energy efficiency the least cost of all available resource classes, it is an increasing resource due to technological innovation, program improvements and market changes. Furthermore, the capacity value of energy efficiency has become clearer, for example in recent analysis by the NW Power and Conservation Council.

To its credit, PacifiCorp has generally achieved its overall energy efficiency (DSM Class 2) targets in recent years. However, NWECC continues to have concerns that achievement of the targets is starting to slip outside of Oregon (where delivery is accomplished through program management by the Energy Trust of Oregon). It is important that energy efficiency be acquired in a consistent manner across all parts of the Company's service territory, recognizing differences for example in building stock and climate zone, so that shortfalls in acquiring all cost effective energy efficiency do not occur, resulting in higher system costs that must be paid for by all PacifiCorp customers.

Additionally, we are concerned by the reduction in energy efficiency goals in the 2017 IRP relative to the 2015 IRP. This reduction in identified cost-effective energy efficiency is not a trend we see in any other utility that we work with throughout the region. Indeed, the Northwest Power and Conservation Council's 7<sup>th</sup> Plan shows cost-effective energy efficiency opportunities growing, rather than receding. We encourage PacifiCorp to reexamine its energy efficiency analysis, with an emphasis on the technical aspects such as avoided cost calculations, ramp rates

and other factors that could be erroneously influencing the energy efficiency analysis. We believe opportunities for energy efficiency across PacifiCorp's service territories should be growing rather than diminishing.

The remainder of our comments focus on three major and interrelated developments in the 2017 IRP.

First, the 2017 IRP includes numerous refinements relating to analysis of the coal fleet. Responding in part to directives from this and other Commissions, as well as stakeholder input, PacifiCorp has made improvements to the scope and depth of the coal resource analysis.

Second, the Company proposes taking a major step to acquire a large amount of wind resources during the five-year Action Plan period, in order to capture the benefits of the remaining federal production tax credits (PTC). This includes both repowering of over 900 MW of existing wind facilities (potentially adding about 20% to net energy generation at those sites) and the addition of 1100 MW or more of new wind by the end of 2020.

Third, the Company requests acknowledgement for accelerated construction and placement into service by the end of 2020 for a new 140-mile transmission line in Wyoming, primarily to accommodate repowered and new wind and to improve transmission network performance in that area.

The economic case presented by PacifiCorp regarding the benefits of repowering and new wind procurement is convincing. NWEC's concern is that the three major elements of the 2017 IRP are not effectively aligned. There is relatively little proposed change in coal fleet deployment and retirement for the next 20 years compared to the 2015 IRP. At the same time, the addition of well over 1000 MW of repowered and new wind in the same area as a large part of the coal fleet raises questions about duplication of generation resources and the actual need for new transmission.

What is missing from the 2017 IRP is an assessment of whether alternative approaches to supply and transmission could provide a truly least cost, least risk outcome.

The question NWEC poses is whether the addition of repowered and new wind alongside reduced coal fleet deployment could use existing transmission capacity for new wind, and defer or eliminate the need for an expensive new transmission line, while also reducing overall system emissions. Reduction in coal fleet deployment could involve earlier retirement of individual units, seasonal operation of some units, or shifting the dispatch pattern of the coal fleet as a whole to complement the new wind.

Furthermore, it is important to assess other options PacifiCorp has to address system adequacy and reliability in the context of significant new wind and reduced dispatch or early coal retirement.

For example, the 2017 IRP proposes a significant increase in DSM Class 1 (dispatchable demand response) and Class 3 (price responsive demand response) during the 20-year planning period,

but only starting in 2028, at the same time as the four Dave Johnston coal units are indicated to retire.

In addition, although the PAC-E control area is summer peaking, the Preferred Portfolio shows no eastside solar acquisition until 2031, despite the fact that solar prices have plummeted in recent years, will continue to decline, and the solar resource in the PAC-E area is widely available and high quality.

Finally, the oncoming availability and pricing of storage resources including batteries for time-shifting new renewable resources to align better with daily load shapes is an important consideration.

The modeling approach chosen by PacifiCorp, while providing clearer results than in previous IRPs, is predicated on a static approach to the coal fleet which pushes aside full consideration of alternative resource strategies that could bring in a wider range of new clean energy resources, not just wind, while retaining system adequacy and reliability.

We recognize the time constraint for new wind deployment resulting from the current expiration schedule of the federal PTC, and support taking advantage of that opportunity. However, because of the very substantial investments contemplated by PacifiCorp during the Action Plan period – into the billions of dollars for new wind generation and a new transmission line – the status quo operation of the coal fleet must be re-examined alongside accelerated deployment of demand response, solar and storage resources to determine the true least cost, least risk path forward.

We do not expect that assessing decreased use of the coal fleet or earlier retirement of coal units is a simple matter. But NWEC believes this is a necessity given the substantial capital expenditures at stake and the path dependence of future resource development and system management based on those choices. It will be much harder to achieve our reliability, clean energy, climate and system cost goals over time if the full range of possibilities for transitioning away from coal dependence is not considered now.

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