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June 16, 2017

Via E-filing

Mr. Steven V. King
Executive Director
Washington Utilities & Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Attn: Records Center

RE: Pacific Power & Light Company's 2017 Integrated Resource Plan
Docket No. UE-160353

Dear Mr. King:

Please find the Comments of the Northwest and Intermountain Power Producers Coalition in the above-referenced docket.

Thank you for your assistance. Please do not hesitate to contact me with any questions.

Sincerely,

Irion Sanger

Irion A. Sanger

BEFORE THE WASHINGTON UTILITIES AND

TRANSPORTATION COMMISSION

UE-160353

In the Matter of Pacific Power & Light Company's 2017 Integrated Resource Plan	)))))))	NORTHWEST AND INTERMOUNTAIN POWER PRODUCERS COALITION COMMENTS

I. INTRODUCTION

1. The Northwest and Intermountain Power Producers Coalition ("NIPPC") submits these comments regarding Pacific Power & Light Company's ("Pacific Power" or the "Company")[1] 2017 integrated resource plan ("IRP") for electric service. NIPPC supports Pacific Power's decision to move forward with early acquisition of renewable resources, but not the Company's decision to limit renewable resource acquisitions to only Wyoming wind. The Washington Utilities and Transportation Commission (the "Commission") should encourage Pacific Power to move forward with its planned renewable request for proposal ("RFP") after IRP acknowledgment, but it should be open to all renewable generation types and at any location that can cost effectively deliver the power to the Company's system.[2] It is fundamentally unfair to ratepayers for Pacific

[1] PacifiCorp operates in Washington, Oregon and California as Pacific Power, and Rocky Mountain Power in Idaho, Utah and Wyoming. For consistency, these comments refer to all three business names as "Pacific Power".

[2] NIPPC understands the Commission is in the process of potentially making significant changes to its competitive bidding rules to mitigate against utility bias to acquire more expensive and riskier utility owned generation. Those rules will not be adopted prior to Pacific Power moving forward with its renewable RFP; however, there is no reason why Pacific Power cannot incorporate NIPPC's

Power to acquire new resources without rigorously testing the market, unrestricted by geography or renewable resource type.

2. Pacific Power's IRP appropriately identified a need for renewable resources that could meet the Company's current and future energy demands at the lowest reasonable cost to ratepayers. Specifically, Pacific Power's IRP shows that the acquisition of 1,100 megawatts ("MW") of renewable resources by 2020 is the least cost and least risk strategy to serve its customers energy and capacity needs. NIPPC is encouraged that Pacific Power has been responsive to requests by the independent power community and has provided focused procurement information regarding its resource plans. Therefore, NIPPC supports the IRP's Action Plan's proposal to acquire renewable resources.

3. While NIPPC is supportive of Pacific Power identifying its preferred resources and location; however, the Company has not demonstrated that Wyoming wind resources and the associated Aeolus to Bridger/Anticline transmission line are the least cost and risk mix of resources to meet the Company's upcoming renewable resource needs. First, Pacific Power has not performed adequate, transparent analysis to support its plan to only acquire Wyoming generation and new transmission. Renewable resources in other geographic areas should be provided an opportunity to serve Pacific Power's customers more immediately, if they are more reasonably priced and less risky than Wyoming projects. Second, Pacific Power should not discriminate against other potentially lower cost generation types, which Pacific Power does not plan to consider until the 2028 to

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suggested changes to ensure that the Company actually acquires the least cost and risk resources.

2036 timeframe.[3] All renewable resource types regardless of location should be compared to the total all-in costs of Wyoming wind and associated incremental transmission to ensure that customers are served with the lowest reasonable cost generation and transmission resource mix. Pacific Power's plan appears to propose to meet its need for renewable resources with a fleet of mostly or entirely Company owned wind generation resources to help justify the construction of a new transmission line.

4. Pacific Power's IRP should be partially acknowledged because the Company has not proposed to "meet its system demand with a least cost mix of energy supply resources and conservation."[4] Pacific Power's IRP is required to describe "the mix of energy supply resources and conservation that will meet current and future needs at the lowest reasonable cost to the utility and its ratepayers."[5] The Commission should recognize that Pacific Power's IRP has appropriately identified that its "current and future" energy needs include over 1,000 MW of renewable generation, but refuse to acknowledge the Company's "mix of energy supply resources" that consist entirely of one type of generation at one specific location designed for one specific owner. There should be a fair competitive procurement process to determine which renewable resources provide the lowest reasonable cost and risk to ratepayers, which may or may not be Wyoming wind.

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3 Pacific Power's IRP identifies potential other renewable generation acquisitions, but not starting until 2028. Therefore, Pacific Power's Action Plan's physical acquisitions only include wind generation. IRP planning periods ten years are essentially best guesses.

4 See WAC 480-100-238(1).

5 WAC 480-100-238(2)(a).

II. COMMENTS

A. Pacific Power Has Identified a Renewable Resource Need that Warrants Early Acquisition

5. Pacific Power appropriately recognizes that the costs of renewable resources have dramatically dropped, and that early acquisition may provide customers with the greatest benefits at the lowest cost. For wind generation at least, the gradual phase down of the production tax credits ("PTC") represents a significant cost savings for ratepayers. As explained by Pacific Power, it is proceeding with the addition of up to 1,100 MW of wind resources by the end of 2020 "to fully achieve the benefits of federal wind production tax credits".[6]

6. While the size of Pacific Power's renewable resource need has increased, the Company identified a significant need for renewable resources in the pre-IRP filing stakeholder process. In the IRP stakeholder process, Pacific Power provided justification for the acquisition of 428 MW of new wind in 2021, with 300 MW in Wyoming and 128 MW in Idaho.[7] While PacifiCorp did not fully analyze increasing the amount of renewable power in the stakeholder process, NIPPC believes it would be reasonable to at least test the market to see if larger amounts of renewable resources would be cost effective, especially in light of the decline in solar prices and the expiration of the PTC.

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6 PacifiCorp 2017 IRP at 2 (Apr. 4, 2017), available at https://www.pacificorp.com/es/irp.html.

7 PacifiCorp General Public Input Meeting 8 Presentation at 7 (Mar. 2-3, 2017), available at http://www.pacificorp.com/es/irp/pip.html.

B. Pacific Power Has Not Demonstrated that a Wyoming Only Resource Strategy Is Reasonable or the Least Cost-Risk for Customers

7. Pacific Power's IRP is proposing to meet its 1,100 MW renewable resource need with only Wyoming wind resources.[8] Pacific Power has not provided sufficient support that potentially low cost Wyoming wind coupled with expensive new transmission is lower cost or less risky than the acquisition of renewable generation in other states. Therefore, the Commission should not acknowledge or provide any weight to the information, analyses and strategies regarding an acquisition plan that relies only upon Wyoming wind.

8. Pacific Power justifies the Wyoming wind approach based on the state's high capacity factor and the expiration of the PTC, and further explains that the "project will provide extraordinary economic development benefits to the state of Wyoming."[9] Pacific Power is already moving forward with its 2017 renewable RFP, which is limited to only accepting Wyoming resources.[10] Pacific Power also links the need for Wyoming wind with the construction of the 140-mile, 500 kV Aeolus to Bridger transmission line that it has been trying to build for years.[11]

9. Pacific Power has not provided sufficient analysis or support demonstrating that Wyoming wind, plus the required transmission construction, is the most reasonable resource option. Pacific Power's 2017 IRP development process did not thoroughly analyze this approach, as it was introduced with the publication of its 2017 IRP. Pacific Power filed its IRP on April 4, 2017, and Pacific Power's last pre-IRP stakeholder

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8 PacifiCorp 2017 IRP at 2-3, 16-17.

9 Id. at 2.

10 Re PacifiCorp dba Pacific Power Application for Approval of 2017 Request for Proposals, Oregon Docket No. UM 1845, Application at 1 (June 1, 2017).

11 PacifiCorp 2017 IRP at 2-3, 17.

meeting on March 2-3, 2017 proposed acquiring only 428 MW of wind by 2021, including 128 MW of Idaho wind. That presentation contemplated an additional 1,030 MW of new wind and 1,157 MW of new solar capacity acquisitions (357 MW in the west and 800 MW in the east), but not until 2036.[12] Despite not adequately analyzing this option (significant and immediate investment in Wyoming wind and transmission) in the planning process, and initially keeping this information from stakeholders, Pacific Power was actively acquiring wind turbines and locking up key sites along the transmission line for Company-owned wind generation projects to be built. The Commission should be highly skeptical of any proposals that were not fully studied in an IRP, especially when they may result in utility ownership of over 1,100 MW of new generation and the construction of a major new transmission line.

10. NIPPC is concerned that Pacific Power may not be fully accounting for the costs and risks of the Aeolus to Bridger transmission line and additional upgrades to the Gateway West transmission plan. There may be insufficient transmission capacity from Bridger west to integrate the new wind capacity that Pacific Power wishes to build in eastern Wyoming, even if the Aeolus/Bridger line is built. The transmission system west out of Bridger is constrained, and may not be able accommodate incremental power flows when the Jim Bridger plant is operating at full load. Consequently, building more transmission from the east to Bridger alone (i.e., the proposed Aeolus/Bridger transmission line) may not have the benefits that Pacific Power claims because it may not relieve the Bridger West transmission constraint. At least at this time, Pacific Power cannot justify building Gateway West in its entirety and has adopted a strategy to build a

[12] PacifiCorp General Public Input Meeting 8 Presentation at 7.

remote segment first, "justified" by building wind capacity interconnected to it. Pacific Power will likely propose in its next IRP to build the next segment of Gateway West (Bridger to Populus) to relieve transmission constraints created by these new wind acquisitions.

11. Pacific Power should be willing to acquire the best renewable resources, regardless of their location or whether they allow Pacific Power to justify the construction of a new transmission line. The Aeolus to Bridger/Anticline transmission line should be considered part of the costs of new, large scale Wyoming wind generation that cannot serve Pacific Power load without the transmission line. The costs of Pacific Power's Wyoming wind plus the cost the Aeolus to Bridger transmission line should be compared to other renewable resource options in other locations (plus any associated incremental transmission needed to deliver that power to Pacific Power's system). If the total all-in costs renewable resources in Washington, Oregon or Utah with lower transmission costs are a better alternative, then they should be acquired and avoid the need to build potentially unnecessary transmission assets. In other words, Wyoming wind may be the least cost and least risk resource; however, Wyoming wind plus the construction of a new transmission line may not be.

12. NIPPC recommends that the Commission's acknowledgment letter to the Company specifically call out and refuse to recognize Pacific Power's plan to exclude potentially lower cost and less risky non-Wyoming generation resources. The Commission should also refuse to allow or provide rate recovery for any resource acquisitions that do not fairly evaluate lower cost resources located outside of Wyoming. NIPPC emphasizes that the Wyoming wind plus the Aeolus to Bridger transmission line

may be the least cost and risk manner of acquiring renewable resources; however, that assumption should be proven, especially given that Pacific Power has an incentive to bolster its long-standing proposal to construct Gateway West.

C. Pacific Power Has Not Demonstrated that a Wind Only Resource Strategy Is Reasonable or the Least Cost-Risk for Customers

13. Pacific Power should consider allowing all resource types to meet its renewable resource needs, and should not reject potentially lower cost renewable resources like solar, biomass, geothermal and renewable storage. Pacific Power should be required to fairly consider the least cost mix of renewable energy supply resources that will meet its system demand and renewable portfolio standard requirements, and not ignore other potentially cost effective resource options.

14. Pacific Power's IRP and its proposed renewable RFP focused solely upon wind generation to the exclusion of all other types of electric generation resources. Given that Pacific Power's preferred plan to acquire 1,100 MW of wind was not included or fully vetted in the IRP planning process, it is impossible to determine if it is reasonable to exclude potentially lower cost solar, biomass, renewable storage and geothermal resources. For example, Pacific Power has twenty-four non-qualifying facility renewable resources, eighteen of which are wind generation located in Wyoming.[13]

15. It is unclear to NIPPC whether Pacific Power has fairly analyzed the impact that adding over a thousand megawatts of the same type of generation in the same geographic area will have on the Company's operations and costs of integration. Further collocation of Pacific Power's wind fleet (owned and contracted) may increase Pacific Power's

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[13] See PacifiCorp Renewable Energy Sources, available at http://www.pacificorp.com/es/re.html.

integration, regulation reserve and other costs. These additional costs should be accounted for in comparing Pacific Power's Wyoming resources with other technologies and locations, including off-system power purchase agreements. In addition, Pacific Power does not appear to have demonstrated that the risks and benefits associated with other resource types and a more diverse generation portfolio would be more beneficial to ratepayers.

16. NIPPC is resource agnostic and does not favor any particular type of technology. It is entirely possible that adding only Wyoming wind may be the least cost and least risk resource due to the potentially uniquely economic, fleeting opportunity presented by the intersection of wind technology gains and the PTC phase-out. This opportunity exists across the West, not just in Wyoming, and can only be confirmed as uniquely economic when compared with other combinations of technology and geography, as adjusted for risk, transmission and other costs. In addition, Pacific Power made a last-minute decision in its IRP to change its resource plans to increase its reliance upon a specific technology in a specific location, and postponed acquiring the more diverse resources that it originally considered in its planning process.

17. In the end, Pacific Power should not discriminate in favor of any particular resource but ensure that its renewable RFP is open to all renewable generation types to truly test the market. Therefore, the Commission should refuse to acknowledge Pacific Power's plan to exclude potentially lower cost and less risky non-wind generation resources or wind farms in other states, and not allow rate recovery for any resources acquired in a process that does not allow all generation types an opportunity to fairly compete.

III. CONCLUSION

18. The Commission should recognize that Pacific Power has identified a significant renewable resource need, but refuse to acknowledge the Company's plans to limit potential resource acquisitions to only Wyoming wind generation. All generation types at any location should be provided an opportunity to compete against Pacific Power's preferred approach of building a transmission line to support new Company-owned generation.

Dated this 16th day of June 2017.

Respectfully submitted,

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