



RENEWABLE ENERGY COALITION

June 16, 2017

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 written comments of the Renewable Energy Coalition in the above-referenced docket. We appreciate the opportunity to participate in this proceeding and look forward to the public meeting.

Sincerely,

/s/ John Lowe
John R. Lowe
Executive Director
Renewable Energy Coalition

**BEFORE THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

UE-160353

In the Matter of)	
)	
Pacific Power & Light Company's 2017)	RENEWABLE ENERGY COALITION
Integrated Resource Plan)	COMMENTS
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I. INTRODUCTION

1. The Renewable Energy Coalition (“REC”) submits these comments regarding Pacific Power & Light Company’s (“Pacific Power” or the “Company”)¹ 2017 integrated resource plan (“IRP”) for electric service. REC questions Pacific Power’s claim that 2029 is the date for its first planned major resource acquisition, based upon its three contrary plans to: 1) repower 905 megawatts (“MW”) of wind immediately; 2) acquire 1,200 MW of Wyoming wind by 2021; and 3) rely upon approximately 700 MW of front office transactions (“FOTs”) per year over the next ten years. Significant uncertainties call into question a planned date so far in the future.

2. REC was established in 2009, and is comprised of nearly 40 members who own, operate, or are developing over fifty qualifying facilities (“QFs”) in Washington, Oregon, Idaho, Montana, Wyoming, and Utah. REC’s members have power purchase agreements with many of the Northwest utilities, including Pacific Power. REC actively participates in numerous regulatory proceedings and legislative processes related to renewable

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”.

energy, the Public Utility Regulatory Policies Act, competitive bidding and power markets. Pacific Power currently has only a few Washington QFs selling power to the Company, which total about 4 MWs all together. Two of these QF projects, Yakima-Tieton Irrigation District's Orchard and Cowiche, belong to REC members.

II. COMMENTS

A. Pacific Power Is Likely to Acquire a Major Baseload Capacity Resource Well Before 2029

3. Pacific Power's 2017 IRP is not a least cost and risk plan because it is inaccurate. Although it acknowledges that the Company will lose significant amounts of capacity in the near future, it does not address how those reductions are accounted for. Specifically, Pacific Power states that Naughton 3 will retire in 2019 (losing 100 MW), and Cholla 4 will retire in 2021 (losing another 100 MW); then in 2028 all four Dave Johnson units will retire (losing 400 MW). Perhaps the wind repowering, which may happen immediately, or new Wyoming wind, which must happen before 2020 to take advantage of federal tax credits, make up for those capacity reductions, but the plan to not acquire a major resource until 2029 is both vague and suspect.
4. The Washington IRP requirements from WAC 480-100-238 state that "Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of energy supply resources and conservation. In furtherance of that responsibility, each electric utility must develop an 'integrated resource plan.'" That section defines an IRP as "a plan describing the mix of energy supply resources and conservation that will meet the current and future needs at the lowest reasonable cost to the utility and its ratepayers." Pacific Power's IRP fails to explain how its plan demonstrates the lowest reasonable cost.

5. For example, Pacific Power has taken the position in its current resource planning that it will not acquire a major new resource until 2029. Pacific Power's IRP fails to recognize a major new thermal resource or other capacity resource acquisition is likely well before 2029 because the Company is adding new renewable resources, relying extensively on short-term energy and capacity contracts, and will be needing to replace major coal plants much earlier than it is currently projecting.
6. Moreover, Pacific Power has a huge need for new capacity resources over its planning period. Pacific Power's preferred portfolio calls for a new SCCT (300 MW) resource in 2029, a new CCCT (436 MW) resource in 2030, another new SCCT (200 MW) resource in 2033, and another new CCCT (477 MW) resource in 2033. This portfolio includes retirements of Naughton 3 in 2019, Cholla 4 in 2021, Craig 1 in 2036, all four Dave Johnston units in 2028, Naughton 1 and 2 in 2030, Hayden 1 and 2 in 2031, Gadsby 1 through 6 in 2033, and Craig 2 in 2035. It also includes new demand side management ("DSM") investment, and significant annual FOTs (around 700 average MW over the next 10 years).
7. The Commission has previously recognized that Pacific Power is likely to acquire significant energy and capacity resources. As noted in the final order of UE-144160, quoting the Staff testimony, "In other words, PacifiCorp is, on average, approximately two utility-scale power plants short of meeting its capacity needs every single year for the next ten years." This is because it planned on acquiring an average of 843 MW of FOTs each year for the next ten years in its 2015 IRP. Pacific Power's claim that it will not add a major new resource until 2029 runs counter to the fact that it is adding significant wind

repowering immediately, more wind by 2021, and significant FOTs beginning immediately.

8. Several additional uncertainties raise questions about Pacific Power's claim that 2029 is the next year that a major new non-renewable resource will be added:

- Federal clean air rules under the Clean Power Plan are currently unknown and could require early closure of some coal plants and acquisition of replacement power.
- Federal Regional Haze regulations may also require earlier coal plant retirements. This is now the major environmental rule driving near-term coal plant decisions. It has been finalized by EPA for Utah and Wyoming. If allowed to operate within the model, it would require earlier shut-down of some of the Company's coal units and acquisition of replacement power.
- State clean air rules are in flux, but will require additional renewable resources and perhaps retirement of some coal plants which would lead to the acquisition of a major resource much sooner than 2029.
- Adequate transmission may not be available. It is already constrained in northeast Wyoming, Oregon, and southern Utah.
- The Company may have difficulties achieving its aggressive demand side management targets.
- There will be increasing, uncertain amounts of distributed generation in the coming 20 years.
- There is pending litigation regarding certain emission control equipment on Hunter 1 and 2, Huntington 1 and 2, Craig 1, and Wyodak.
- The wholesale market may become constrained, leading to volatile pricing. In the 2017 IRP the Company identifies 400 MW available at Mid-Columbia, 400 MW at DOB, 100 MW at NOB, and 300 MW at Mona. Still, Pacific Power acknowledges that there may be a Pacific Northwest deficit around 2021, and all of the Western Electricity Coordinating Council's sub-regions may be sufficient only through the 2025 winter and summer seasons. Additionally, coal plant retirements in the region may lessen the availability of wholesale market purchases and trading hub liquidity.

B. Pacific Power Should Use a Neutral Third Party Gas Forecast

9. Aside from the Company's questionable assumptions underlying its projected year of acquisition of a major new resource, a second major objection to Pacific Power's IRP is the gas price forecast comes from the Company's own expert instead of a widely recognized and accepted gas price forecast like the Energy Information Administration ("EIA"). Although there may be arguments for a Company-paid expert, the use of such an expert raises questions of bias and objectivity that have not been resolved. The IRP discusses the development of the natural gas price forecast only briefly, and never mentions EIA. And the figures show little variation between low, medium and high forecasts. Pacific Power should explain why and how it has deviated from its past gas forecasts.

C. Stakeholders and Staff Should Have Reasonable and Low Cost Access to Pacific Power's Models

10. Finally, the Company's use of a capacity expansion model is opaque to interested parties, unless they have the means and expertise to acquire the model and use it to verify the Company's results. It seems imprudent that major resource decisions are made without requiring reasonable access to the tools that establish the IRP's results. The second stage of IRP modeling is the stochastic investigation to determine production costs under changing input assumptions. It is also opaque to stakeholders. We encourage the Commission to authorize the necessary funding to the Commission Staff to acquire these models and run them to verify the veracity of the inputs. In Pacific Power's 2015 IRP review, Sierra Club's expert acquired the capacity expansion model and identified modeling constraints that the Company never advised the stakeholder group about, such as inputting coal plan unit retirements rather than allowing the model to determine the

most reasonable retirement years. There are toggles within the model that allow or restrict certain behaviors that must be verified. Only a non-Company review of the modeling can determine if those toggles have been used. Given the size of the investment at stake, Pacific Power's modeling needs third-party auditing.

III. CONCLUSION

11. Thank you for the opportunity to provide comments in this proceeding. We look forward to the next phase of this investigation into Pacific Power's 2017 IRP.

Dated this 16th day of June 2017.

Respectfully submitted,

/s/ John Lowe
John R. Lowe
Executive Director
Renewable Energy Coalition

/s/ Nancy Esteb
Nancy Esteb
Renewable Energy Coalition