

April 22, 2022

VIA ELECTRONIC FILING

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket UE-210183—PacifiCorp’s Response to Question in Notice

UE-210183

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) provides the following response to the question set forth in the Notice of Opportunity to file written comments on draft rules and Notice of Proposed Rule Adoption Hearing issued on March 23, 2022, related to Electricity Markets and Compliance with the Clean Energy Transformation Act (CETA).

Although the Company appreciates the opportunity to respond, the Company continues to have material concerns with the Commission’s assumed dispatch of utility generation portfolios generally, and the impact that those assumptions will have on market prices and customer rates specifically.

- 1. Washington state utilities with hydroelectricity generation will, to the extent the hydroelectric generation resource has the pondage or coordinated dispatch with other hydroelectric generation facilities, purchase off system power during lower load or lower price time periods to meet their load obligations and in turn use the reserved water in hydroelectric generation facilities to facilitate peak hour or peak price off system power sales, including, at times, electricity from their own hydroelectric generation facilities. The Commission requests commenters explain the frequency, magnitude, economic significance, and contribution to reliability of this market driven dispatch to the utility and Washington state’s load service.**

PacifiCorp uses its hydroelectric resources and its share of the Mid-Columbia (Mid-C) hydroelectric system to serve its retail load obligation. Similar to other investor-owned utilities in the region, PacifiCorp optimizes its portfolio of resources and dispatches strategically to ensure that system obligations are met in the most reliable and cost-efficient manner. While market purchases are, at times, made during off-peak hours, the intent is to store water for ultimate system obligations in future higher priced hours—not to make off-system market sales. Hydro resources represent only one resource type, and thus, PacifiCorp would like to emphasize that focusing on hydro alone does not provide a complete picture of how the entire system is operated and balanced.

For example, in compliance with its hydro licensing requirements, contractual limitations, and within the limitations of its summer-time recreational constraints, PacifiCorp is able to utilize a level of flexibility from its available hydro resources to shape output typically within a 24-hour period for meeting system obligations and helping to provide the lowest cost retail load delivery.

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Due to the fact that PacifiCorp does not, as a course of business, make off-peak purchases for off-system hydro peak sales, PacifiCorp can state that the frequency, magnitude, economic impact, and contribution to reliability are all low to negligible as related to PacifiCorp merchant actions. While peak hour market sales may occur from time to time in a limited quantity and duration, it is solely due to load and resource uncertainty from day-ahead set up to real time delivery to load.

In effect, isolating one generator from a diverse fleet of resources obscures the complementary energy or capacity provided by the dispatch of varying resources, and if implemented, would cause material distortions in the wholesale market for both off-peak and on-peak hours (to the detriment of customers). This skewed view of economic dispatch runs counter to the utility's actual dispatch of its diverse fleet of resources—resources that are already optimized to provide customers with rates at the lowest total cost.

If you have any questions about these comments, please contact Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

Sincerely,

 /s/

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