

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: MAY 24, 2013

SUBJECT: PACIFICORP'S 2013 ELECTRIC INTEGRATED RESOURCE PLAN (IRP), CASE NO. PAC-E-13-05

On April 30, 2013, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed its two-volume 2013 Integrated Resource Plan (IRP) with the Commission pursuant to the Commission’s Rules and in compliance with the biennial IRP filing requirements mandated in Order No. 22299.

ROCKY MOUNTAIN’S INTEGRATED RESOURCE PLAN

Rocky Mountain’s 2013 IRP is its “12th plan submitted to state regulatory commissions. . . .” Rocky Mountain 2013 IRP at 1. The Company states that its IRP Application was developed with participation from numerous public stakeholders, including regulatory staff, advocacy groups, and other interested parties. *Id.* The 2013 IRP focuses on a 10-year period, 2013-2022. *Id.*

The Company states that its “projected load forecast in the 2013 IRP is down in relation to projected loads used in the 2011 IRP and 2011 IRP Update.” *Id.* The Company cites industrial self-generation and load cancellation requests in Utah and Wyoming as significant drivers of this decreased load estimate. *Id.* The reduced load forecast has greatly mitigated but not eliminated the Company’s need for new resources. *Id.*

Base case wholesale power and natural gas prices are down significantly from the 2011 IRP and 2011 IRP Update. *Id.* at 2. Rocky Mountain attributes the proliferation of shale gas exploration in North America for these favorable market conditions. *Id.*

The following is a summary of the Company’s 2013 IRP Action Plan:

1. **Renewable Resources**

a. Wind Integration

- i. Complete wind integration study for release in Company's 2015 IRP.

b. Renewable Portfolio Standard Compliance

- i. The Company has achieved RPS compliance through unbundled renewable energy credit (REC) purchases. No incremental renewable resource additions until 2024.
- ii. Continue to pursue REC purchases for state (Washington, Oregon) RPS compliance.

c. Renewable Energy Credit Optimization

- i. Quarterly sale of RECs not needed for state RPS compliance.

d. Solar

- i. RFP in 2013 for Oregon photovoltaic resources to comply with Oregon small solar compliance law.

e. Capacity Contribution

- i. Track and report wind and solar information and statistics.

2. **Distributed Generation**

a. Distributed Solar

- i. Manage the expanded Utah Solar Incentive Program. File annual report with program results, system costs and production data.

b. Combined Heat & Power (CHP)

- i. Pursue acquisition of CHP resources through PURPA contracting process.

3. **Firm Market Purchases:**

a. Front Office Transactions

- i. Acquire economically feasible FO transactions and PPAs as needed through summer of 2017.
- ii. Include progress report in 2013 IRP Update.

4. Flexible Resource

a. Energy Imbalance Market (EIM)

- i. Continue EIM activities and coordination with CISO and Northwest Power Pool.

5. Hedging

a. Natural Gas RFP

- i. Convene workshop by October 2013 to discuss possible changes to Company processes re: future natural gas RFPs.

6. Plant Efficiency Improvements

- a. Complete assessment of plant efficiency opportunities identified in Washington I-937 studies by end of 1Q 2014.
- b. Present Company's recommended approach to public stakeholders prior to 2015 IRP modeling.

7. Demand Side Management (DSM)

a. Class 2 DSM

- i. Acquire 1,425-1,876 GWh by end of 2015 and 2,034-3,180 GWh by end of 2017.
 - 1. Implement program to increase DSM acquisition from business customers, except in Oregon.
 - 2. Accelerate evaluation of waste heat to power opportunities to offset customer requirements.
 - 3. Increase acquisitions from business customers through "Trade Ally Network."
 - 4. Contract w/ 3rd party administrators to increase small business DSM acquisitions.
 - 5. Increase qualifying measures, review/realign incentives, implement direct install feature, and expand residential refrigerator and freezer recycling program to include commercial units.
 - 6. Increase reach of behavioral DSM programs.
 - 7. Increase acquisition of residential DSM resources.

8. Expand refrigerator and freezer recycling to incorporate retail appliance distributors and commercial units.
9. Complete review of impact of accelerated DSM on Oregon by end of 2013. Re-contract in 2014.
10. Include Class 2 DSM decrement values in 2013 IRP Update.

b. Class 3 DSM

- i. Develop Oregon pilot program for irrigation TOU program for 2014 irrigation season as alternative to irrigation load control program. Findings report in 2015 IRP.

8. **Coal Resource**

a. Naughton Unit 3

- i. Continue permit and development efforts re: natural gas conversion project. Currently under review by Wyoming DEQ.
- ii. RFP to procure gas transportation.
- iii. RFP for engineering, procurement, and construction of natural gas retrofit.

b. Hunter Unit 1

- i. Complete installation of baghouse conversion and low NOx burner compliance projects by end of 2014.

c. Jim Bridger Units 3 and 4

- i. Complete installation of selective catalytic reduction (SCR) compliance projects by end of 2015 and 2016 respectively.

d. Cholla Unit 4

- i. Continue evaluation of alternatives to meet EPA Regional Haze compliance obligations, including installation of SCR equipment. Update of analysis to be included in 2013 IRP Update.

9. **Transmission**

a. System Operation and Reliability Benefits Tool (SBT)

- i. Establish stakeholder group workshops to review SBT.

1. 2013 IRP Update to include additional analysis of Energy Gateway West Segment D.
2. For 2015 IRP, continue to refine and develop SBT for additional Energy Gateway segments.

b. Energy Gateway Permitting

- i. Segments D-F, continue funding of required federal agency permitting to achieve final federal permits.
- ii. Segments D-F, continue to support federal permitting process by providing information and participating in public outreach in next 2=4 years.
- iii. Segment H Cascade Crossing, complete benefits analysis in 2013.
- iv. Segment H Boardman to Hemingway, continue project per conditions of Project Joint Permit Funding Agreement, projected through 2015.

c. Sigurd to Red Butte 345 kilovolt Transmission Line

- i. Complete project construction.

10. Planning Reserve Margin

- a. Continue to evaluate System Optimizer portfolio and complete updated planning reserve margin analysis for 2015 IRP.

11. Planning and Modeling Process Improvements

a. Modeling and Process

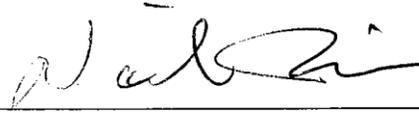
- i. Schedule IRP workshop to discuss potential process improvements within 90 days of this filing. Implement process improvements for 2015 IRP.

b. Cost/Benefit Analysis of DSM Resource Alternatives

- i. Complete CB analysis. Share results with stakeholders early in 2015 public IRP process.

COMMISSION DECISION

Does the Commission wish to process Rocky Mountain's 2013 IRP filing through Modified Procedure with a 28-day comment period and a 7-day intervention deadline?



Neil Price
Deputy Attorney General

M:PAC-E-13-05_np