

# 2006 Integrated Resource Plan

## Public Input Meeting Presentation

February 1, 2007



Pacific Power | Rocky Mountain Power | PacifiCorp Energy

## Agenda

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- Status of the Integrated Resource Plan
- Status of the 2012 Request for Proposal
- Conclusions resulting from stakeholder feedback
- Proposed path forward
- Impact on the current Integrated Resource Plan
- Discussion and comments

## Status of the Integrated Resource Plan

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- The Integrated Resource Plan results, which were used in developing the company's draft business plan, are based on the following:
  - ▶ Expanded IRP modeling using the new Capacity Expansion Module (CEM)
  - ▶ Adherence to IRP Standards and Guidelines of each state
  - ▶ Public input meetings
  - ▶ Technical workshops
  - ▶ Business planning analysis
  - ▶ Monitoring legislative initiatives such as renewable portfolio standards and carbon related legislation
- In addition, the company has received feedback from various stakeholders through review of the company's draft business plan, the RFP approval process, and updated standards and guidelines

## Status of the Integrated Resource Plan (Continued)

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- The Integrated Resource Plan process has provided the company the following feedback:
  - ▶ Some stakeholders are most concerned about the risk of relying on markets and natural gas, while other stakeholders are most concerned about carbon risk
  - ▶ Some stakeholders are concerned that the company has not fully considered certain issues (i.e., new technologies, market risk, carbon risk, impact of current and future state policies)
  - ▶ Stakeholders appear to be generally supportive of the IRP modeling approach

## Status of the 2012 Request for Proposal

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- The RFP approval process provided the company the following feedback:
  - ▶ Washington – East side resources are not needed to serve Washington customers
  - ▶ Oregon – The company does not need new baseload resources on the east side of its system in 2012-2013; rather it should focus on a carbon reduction bridging strategy
  - ▶ Utah – The company needs up to 1,700 MW of baseload resources on the east side of its system in 2012-2014
- Wyoming, Idaho and California do not require approval of the RFP

## Status of the Request for Proposal (Continued)

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- The Request for Proposal will be filed in Utah on February 19, 2007
- The company is disappointed with Oregon's denial of the Request for Proposal
- The company has amended the Request for Proposal to include the following modification consistent with the Utah Order
  - ▶ Include language that communicates to bidders the company's intent to contract for power up to 1,700 megawatts
  - ▶ Fully consider any bid through 2014
  - ▶ Provide an indexing option for up to 50 percent of the capital costs
  - ▶ In the initial short list evaluation process, select resources by fuel type within each eligible resource category for advancement to the next steps of the evaluation process. Identify the opportunity cost of complying with alternative carbon dioxide (CO<sub>2</sub>) cost scenarios for each portfolio modeled in steps 2 (capacity expansion model) and 3 (risk analysis) of the evaluation process
- The company's current resource need, and the obligation to provide least-cost resources considering risk, support issuing the Request for Proposal

## Conclusions from Stakeholder Feedback

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- The states served by PacifiCorp have significantly divergent views on how the IRP should meet the “long-run public interest”
- These divergent views reflect differences in state energy policies
- The company position is that the current draft business plan meets the current IRP standards and guidelines and is based on a single system planning approach; however, it does not satisfy the diverse energy policies of all states
- Based on the above, the company does not expect the IRP to be acknowledged in all states

## Proposed Path Forward

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- We have prepared a forecast of load for the period through 2026 and identified the resources available in the system portfolio to serve that load.
- We have identified the resources that we would propose to add to the system portfolio during the period to satisfy the current state least-cost standards, if there were no state restrictions upon the resources that could be selected. We refer to this as the "base case."
- However, there are state restrictions that have been imposed upon the system portfolio and these unavoidably impact the IRP:
  - ▶ California and Washington require that a certain amount of renewable energy be included in the portfolio
  - ▶ California restricts the use of new coal facilities to serve California load
  - ▶ Oregon is expected to enact legislation to require that a certain amount of renewable energy be included in the portfolio
  - ▶ Oregon and Washington may enact legislation to restrict the use of new coal facilities to serve load in those states

## Proposed Path Forward (Continued)

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- We are analyzing alternatives to the base case that recognize the existing state restrictions and restrictions that we can reasonably anticipate.
- We are analyzing alternatives to the base case that would:
  - ▶ allow us to continue to do IRP on a system-wide basis but have different portfolios serving different states or
  - ▶ do IRP on something other than a system-wide basis
- In either case, states will need to pay for the new resources in their portfolio
- We will not have all of the analyses completed by February 19, and the states will not have completed their legislative sessions by that date
- For the IRP process to be meaningful, it must recognize the significant changes in state energy policy that may occur in the next few months
- As a result, we believe that administrative efficiency can best be achieved by delaying the IRP filing

## Impact on the Current IRP

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- Additional time is needed to determine the best path to achieve an acknowledged IRP and action plan, and perform the needed analysis
- The company would like to use the remainder of this meeting to discuss the process and schedule associated with developing such plans that will result in acknowledged plans in each state
- To the extent the plans are different, the company would then work with stakeholders to develop an appropriate cost allocation method that is consistent with the differing state plans