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January 8, 2019

### **MEMORANDUM**

**TO: Power Committee**

**FROM: Ben Kujala**

**SUBJECT: Summary of Comments on Mid-term and Proposed Responses**

### **BACKGROUND:**

Presenter: Ben Kujala

Summary: This presentation will summarize the comments received and solicit feedback from the Power Committee on proposed responses. That feedback will then be used to revise the Draft Mid-term Assessment and draft direct responses to each comment received. These drafts will be included in the February packet for final approval by the Council.

Workplan: A.6. Mid-term Assessment

Background: The Draft Mid-term Assessment was issued for public comment on October 12, 2018. Written comments were submitted by 11 different commenters.

# Midterm Assessment Comments

## Response to Comment

- **Not every comment is highlighted in this presentation, but every comment will receive a response posted with the final Mid-term Assessment**
  - **Proposed responses will be included in the February packet**
- **Comments highlighted in this presentation are intended to get initial feedback from the Power Committee to assist in drafting responses for February**

## Purpose of Mid-Term Assessment

- *Mid-term Assessment is **not** an amendment to the Seventh Power Plan*
- *RES-8: [...] Mid-Term Assessment of **Plan Implementation and Planning Assumptions***
  - Plan Implementation substantially covered by action plan review (Section 2)
  - Plan Assumptions updated in Section 3 to 7
- In the mid-term assessment the Council will determine if the region has made sufficient progress towards acquiring cost effective demand response or confirming import capability sufficient to provide the region with a minimum additional peaking capacity of 600 MW
  - Assessment covered in Section 5: Demand Response

## EE Targets Comments

- Achieving somewhat less or more than exactly 1,400 aMW of energy efficiency by 2021 does not necessitate higher costs
- The Council's concern about not meeting future efficiency goals leading to resource adequacy problems, or higher costs, does not consider the effects of declining loads
- Given low gas prices, low costs for supply side resources, lower avoided costs for EE, EE target may be too high
- Discuss key factors that add uncertainty around EE targets, and how it's changed since 7P

## EE Targets Comments (cont.)

- Incorporate BPA's Resource Program findings into regional goals for EE
- Identify how 1400 aMW is likely to be achieved across acquisition mechanisms
- Language too negative on EE plans
- The Mid-term Assessment should sound the alarm more strongly that reductions in energy efficiency budgets and weakening of programs is not in the interest of the region

## Proposed Response: EE Targets

- Change executive summary to say “If savings fall **noticeably** short of the 7th Plan targets, other sources will be needed to fill the gap or the region will **likely** face adequacy problems or higher costs.”
- Council considered a wide range of uncertainty setting the EE target but there was not uncertainty around the target for EE. The midterm should not be interpreted as amending the plan to indicate there is uncertainty around the target.
- Balancing consideration for the current EE achievement and the potential indications of problems with future acquisition was a key consideration in the draft Mid-term assessment.
- Council didn't specify acquisition mechanism in the 7<sup>th</sup> Plan target.

## Other EE Comments

- Add more discussion on MCS-1 and activity around that
- Highlight "soft" sources of savings by NEEA, others (e.g. advance standards, beyond code measure analysis, City of Portland clean energy fund)
- Highlight that momentum savings are a consequence, not a replacement, for EE program activity

## Proposed Response: Other EE

- Add "MCS-1" to second paragraph with more context for clarity and add a sentence on continued work in this area.
- Add language around NEEA and codes and standards to acknowledge these efforts that will lead to savings in the future
- Add sentence in Chapter 4 on momentum savings reliance on programs.

## Resource Adequacy Comments

- **Note that the resources needed for adequacy tomorrow have not been expressly identified today.**
- **Council should revisit whether it is reasonable to assume greater transmission import capabilities are available to help meet the region's capacity needs, particularly in the winter months**

## Proposed Response: Resource Adequacy

- **Resources needed to maintain adequacy post 2021 have not been explicitly identified because it is beyond the scope of the adequacy assessment and of the midterm assessment to do so. Add language to indicate this.**
- **Import capabilities will continue to be examined by the RAAC and will be considered in the 8<sup>th</sup> plan**

## Generation Resources Comments

- Encourage the Council to add combination renewable/storage projects
- Publish estimates of greenhouse gas and particulate matter emissions associated with future Power Plans

## Proposed Response: Generating Resources

- Note that combo renewable/storage projects are emerging and being proposed in the PNW and will be considered with all other new resources as options in the development of the 8P
- Updated the language in RES-7 to say "The Council will continue to monitor regional actions taken to reduce CO2 emissions **and track and publicize the impacts of these policies on the regional carbon emissions.**"

## Natural Gas Price Forecast Comments

- The October 2018 rupture [...] yet is not among the circumstances that the Council considered in the gas price forecast
- Should depart from the past practices which have continually and substantially overestimated future natural gas prices and subsequently wholesale electric market prices
- The Mid-term Assessment should include discussion of these recent experiences with natural gas pricing and the ramifications of more volatile pricing
- Is it prudent to revise the forecast of natural gas prices down from the Seventh Plan's forecast?

## Proposed Response: Natural Gas Price Forecast

- Add a high level overview of the natural gas price forecast process (NGAC, qualitative, quantitative, hub differentials) along with a graphic of historic gas price since the 7th plan with RPM stochastics overlaid.
- We also suggest brief discussion of the price impact of the pipeline rupture

## Electricity Price Forecast Comments

- The document currently reads “...the prices trend slightly lower on average...” as compared to the 7th Plan, which is an understatement given that the prices are 30% to 40% lower
- Feedback from SAAC on RPS in California

## Proposed Response: Electricity Price Forecast

- The medium price forecast from the midterm forecast is roughly 30% lower than the 7th Plan forecast on an annual basis. Change the language to “...the prices trend lower on average....”
- Update forecast based on California solar build, prices went slightly up in general, but the variability of prices around different hydro conditions increased. Also the daily shape tends to have the duck curve shape throughout the study instead of just in the beginning.

## Electric Vehicles Comments

- **Recommends that the Council update their electric vehicles peak impact estimate**
- **"Another area not getting needed attention in the draft Assessment is transportation electrification"**

## Proposed Response: Electric Vehicles

- **Transportation module of council's long-term model is undergoing enhancement for the 8th Plan. Working with advisory committee we will evaluate update to the peak load impact from EV.**

## Other Comments

- **Why not update costs for demand-side resources**
- **So many factors change during the course of a 5-year that its usefulness and relevance declines substantially over time.**
- **Some utilities do 2-year updates on forecasts, so EE acquisition more realistic than 7P and may not be aligned**

## More for the 8<sup>th</sup> Plan

- **Look at more zero GHG portfolios and reference plants**
- **Include repowered wind, wind/solar + onsite storage, dual fuel or renewable NG**
- **DR barriers and costs updates/discussions**
- **Encourage specific actions that help the region improve progress toward achieving all cost effective conservation**