

Regulatory Assistance Project Electric Resource Long-range Planning Survey¹

State: **Oregon** Date: September 11, 2003
Name of Agency: Oregon Public Utility Commission (“PUC”)
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Policies

1. Is any form of long-range electrical resource and/or investment planning required?

Yes

2. What is it called?

Least cost plan (“LCP”) and/or integrated resource plan (“IRP”).

3. What is the process?

Investor-owned gas and electric utilities file individual LCPs, including action plans, with the PUC every two years. The utilities provide (often extensive) opportunities for public input prior to filing. The PUC staff participates in pre-filing activities. Draft plans are often circulated prior to filing. Each LCP is formally docketed upon filing. The PUC holds public meetings on plans. The PUC staff reviews and analyzes the plans and public comments, issues comments and recommendations, and drafts an Order. The draft Order is sent to parties, and there may be another round of comments and public meetings. PUC staff may work with utility staff to come to agreement on action plan modifications. The PUC holds a final special public meeting to consider acknowledgement of the LCP. The LCP process is almost continuous, since the public meetings for the next LCP generally begin within 6 months after the current LCP is filed.

Public participation has increased recently after decreasing during the late 90’s. Issues of interest beyond rates presently include independent power producers (IPPs), access, fuel sources, and risk balancing. The usual parties to the electric utility LCP process include industrial, residential and environmental stakeholders, as well as the state Energy Office.

¹ All responses written from notes compiled and edited by Cathie Murray for RAP. Corrections to the draft document, suggested by the contact persons, have been incorporated.

4. Describe the analysis required by the regulatory body.

The analysis is defined by the 1989 Order establishing the LCP process as follows:
Evaluate resources on a consistent and comparable basis;
Consider uncertainty;
Make the primary goal of the process a resource plan that is least cost to the utility and its ratepayers and consistent with the public interest; and
Create a plan that is consistent with the energy policy of the state of Oregon.

The utility must make assumptions about future variables and compare the present value revenue requirements of different resource portfolios to meet utility load forecast requirements.

5. Is it statewide or utility-specific planning? What types of entities are required to participate?

All investor-owned gas and electric utilities must participate in the LCP process. There are presently three electric utilities that must participate: Idaho Power, PacifiCorp and Portland General Electric (“PGE”).

6. This form of planning has been required since what date?

LCP has been required since 1989.

Required Elements

7. Which of the following resources must be evaluated/included:

Generation	Yes
Transmission	Yes, but only as it impacts the cost of energy and capacity, or if it can compete with generation resources as a least cost option.
Distribution	No
Energy efficiency	Idaho Power is required to include it. PacifiCorp and PGE are no longer required to evaluate it as a resource in Oregon, but they must include its impact on load forecasts.
Load Management	Yes, but it is not always done well.
Other	The PUC has asked utilities to take a better look at distributed resources.

8. Is a comparison of supply and demand side options/resources required?

Yes, but recent restructuring legislation (SB 1149) minimized this requirement since it created a public benefit fund and removed responsibility for energy efficiency from the two major electric utilities, PGE and PacifiCorp.

9. The plans' objectives, from the regulatory perspective:

The primary goal is to acquire resources at the least cost to the utility and ratepayers in a manner consistent with the public interest. The plan should provide a reasonable balance between least cost and risk.

10. The plans' objectives, from the utility perspective:

The utilities hope to avoid disallowances in future cost recovery proceedings. Although acknowledgement of a utility's LCP does not guarantee favorable ratemaking treatment, acquisitions consistent with an acknowledged LCP are given considerable weight. Utilities have to explain actions inconsistent with acknowledged plans, and address changes *vis a vis* the reasonableness of options that occurred after LCP plans were filed.

11. Are alternative scenarios analyzed as part of the plan? Yes
If so, what factors are considered?

Since the utility must consider uncertainty, risk factors are examined such as prices, price volatility, costs of current and potential federal regulations (including regulation that might address externalities such as CO2 emission standards), and weather. Recently, non-quantifiable issues impacting planning have been considered including potential changes in market structure, establishment of renewable portfolio standards, changes in transmission operation and control, and the effect of PacifiCorp's multi-state process on regulation and cost-recovery.

12. Are externalities considered?

Economic	No
Environmental	Yes, if quantifiable as costs or potential costs.

13. What is the planning horizon? 20 years
Length of Energy and Demand forecasts: 20 years
Length of Short-term Action Plan: 2 years

14. How often do utilities have to file plans? Update plans? What actually happens?

Utilities file are required to, and do, file plans every two years. In practice, they update action plans more frequently, but are not required to.

15. What monitoring or other processes are used to determine consistency of investments with plans?

Consistency of investments with plans is reviewed in the context of rate cases or other proceedings related to recovery. In addition, when the PUC reviews RFPs for resource acquisition, they look for consistency with the LCP.

16. Are environmental issues considered in the planning process? Yes

As described in 11 and 12, above, environmental costs are considered in the process. In addition, by Order, each LCP needs to be consistent with state energy policy. Presently state energy policy, as stated in ORS 469.010, raises some environmental issues since it calls for the promotion of the efficient use of energy resources and the development of permanently sustainable energy resources. Environmental factors are considered more fully in the RFP Order, where actual risk factors are assigned to various technologies.

Agency Process

17. Agency holds public hearings on utility plans

Yes, but these are collegial public meetings that are recorded only if two or more commissioners are present. They are not the formal hearings, with sworn witnesses, cross-examination, etc., that are held in some other states. Formal hearings would be held if the LCP docket was contested. However, this has never happened, presumably due to extensive opportunities for pre-filing interactions.

18. Other ways public participates and comments on plans are:

The public is invited to participate in any and all pre-filing meetings/workshops hosted by the utilities. This is when most of the work is done. The PUC uses a service list, including participants at utility meetings and other interested parties, to inform the public of filings. Most LCPs are presented to the Commission at bi-weekly public meetings. Members of the public are always invited to make comments at all PUC public meetings.

19. What action does the Commission take on each plan?

The PUC reviews each plan and acknowledges it, acknowledges it in part, or does not acknowledge it. If the plan is acknowledged in part, it is often accompanied by modifications to the plan that have been agreed to by the utility and the PUC staff. These modifications often address most or all of the portions of the plan that were not acknowledged.

20. Have resource acquisition decisions changed as a result of the planning process?

Yes. In LC-31, the acquisition of a coal plant by PacifiCorp was delayed. Also many changes are made during the informal, pre-filing phase of the LCP process.

21. Are competitive processes used to acquire new resources?

Yes. Although competitive bidding is not required, it is the usual practice. Competitive bidding guidelines are outlined in Order 91-1383. It would be difficult for utilities to convince the PUC in cost-recovery proceedings of the least-cost nature of acquisitions unless they were competitively bid. The PUC reviews all RFPs for resource acquisition to make findings regarding whether the RFP process itself is in compliance with Order No. 91-1383, and could reasonably be expected to result in acquisition of the least-cost resource. Cost recovery for an asset acquired in an RFP process that was found to be noncompliant with the Order would be doubtful.

22. Do utilities file an energy efficiency or DSM plan?

Only Idaho Power must file an energy efficiency plan; it is integrated with the LCP. Since the passage of SB 1149, the other two electric utilities do not have to file energy efficiency plans. However, they may choose to include energy efficiency, especially PacifiCorp, since it files a multi-state LCP. All three utilities include load management as part of their LCPs.

23. Is competitive bidding used to acquire EE resources?

Idaho Power is the only electric utility required to evaluate EE resources. It does not usually use competitive bidding to acquire them.

24. Does the regulatory agency have open dockets, or is it considering opening a docket investigating any long-range electrical investments? Yes

25. Citation and description:

LC-33-PGE-IRP: PGE's most recent LCP.

UM-1056: This docket is presently on hold, but it will open an investigation into potential changes in the LCP process, including consideration of T&D issues, distributed generation, and broader issues.

UM-1066: This docket will consider the treatment of new resources in rates and related issues, such as appropriate incentives.

LC-31: This docket concerning PacifiCorp's LCP was closed recently. The PUC's Order may be seen at <http://www.puc.state.or.us/orders/2003ords/03-508.pdf>

26. Are filed plans available on-line?

The PUC does not post the plans on-line. However, the utilities usually do. Three recent LCPs can be seen at:

<http://www.pacificorp.com/Navigation/Navigation23807.html>;
http://www.portlandgeneral.com/about_pge/regulatory_affairs/filings/2002_resource_plan.asp; and
<http://www.idahopower.com/aboutus/regulatoryinfo/irp.htm>.

27. Citation and description of State policies governing planning:

PUC Order 89-507: requires least cost planning.
PUC Order 90-365: clarifies environmental costs and LCP.
PUC Order 91-1383: outlines competitive bidding guidelines.

28. Do you anticipate any changes to this process in the near future?

Yes, either of the investigations, UM-1056 and UM-1066, is likely to result in changes to the LCP process. Among other things, the planning horizon may be shortened, the time between LCP filings may be lengthened, and action plans may be updated annually.

29. Does your state do performance-based regulation?

Although Oregon's electric utilities were subject to performance-based regulation in the past, they are not presently. This will be an issue considered in UM-1066.

State Energy Plan

30. Is there a State Energy Plan? Yes

31. Is it connected to the planning described above? Not directly

32. If yes, who is responsible for the Plan? The state Energy Office

33. What is included in the Plan, apropos of long-range electrical planning?

The plan does include recommendations and action plans for the state around issues of adequacy of electricity resources, conservation, price, siting and renewables. It can be seen at <http://www.energy.state.or.us/pubs/EnergyPlan.pdf>