

**Van Ness**

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LLP

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 73**

In the Matter of  
PORTLAND GENERAL ELECTRIC CO.,  
2019 Integrated Resource Plan.

COMMENTS OF SWAN LAKE  
NORTH HYDRO, LLC AND THE  
GOLDENDALE ENERGY STORAGE  
PROJECT ON STAFF’S REPORT

The companies working to develop the Swan Lake and Goldendale pumped hydro storage projects (“Swan Lake and Goldendale”) appreciate Commission Staff’s Report (the “Staff Report”) on the Portland General Electric Company’s (“PGE”) 2019 Integrated Resource Plan Update,<sup>1</sup> which report was filed in the above-referenced proceeding on April 6, 2021. Swan Lake and Goldendale provide these brief comments in support of certain findings contained in the Staff Report.

**I. Swan Lake and Goldendale’s Comments**

Swan Lake and Goldendale generally support the findings and recommendations from Commission Staff that are contained in the Staff Report. Swan Lake and Goldendale would like to specifically emphasize the following findings and recommendations:

- *Staff Report at p. 4 – “Staff encourages PGE to fully allow and consider all non-emitting capacity types in its upcoming RFP, including long lead-time resources like pumped hydro storage.”*

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<sup>1</sup> *In the Matter of Portland General Electric Co., 2019 Integrated Resource Plan, Staff Report, Docket LC 73 (April 6, 2021), available at: <https://edocs.puc.state.or.us/efdocs/HAU/lc73hau16955.pdf> (“Staff Report”).*

Swan Lake and Goldendale strongly support this recommendation. As Swan Lake and Goldendale have repeatedly emphasized to the Commission through their comments, certain long-lead time resources like pumped storage are not well-suited to the traditional IRP/RFP processes and, therefore, the Commission, Commission Staff, and utilities must tailor their IRPs and RFPs in order for these resources to be fully and fairly considered.

- *Staff Report at p. 6 – “PGE’s updated market price forecast does not appear to have been adjusted to reflect decreased availability of market purchases. Staff is interested in discussing the implications of limited market capacity on market prices with PGE going into the 2021 IRP.”*

Swan Lake and Goldendale support Staff’s concern that PGE may not be adequately reflecting the decreased availability of market purchases in its IRP analysis. Swan Lake and Goldendale emphasized this point in their comments filed in this proceeding on March 4, 2021 (“March 4 Comments”).<sup>2</sup>

- *Staff Report at p. 8 – “Staff requests that PGE compute ELCC values by year and present the findings with its next IRP. Staff and stakeholders can use the findings to determine whether the impact of resource retirements and additions, and other changes in the load and resource balance, significantly change the ELCC values.”*

Swan Lake and Goldendale also support this recommendation from Commission Staff. As Swan Lake and Goldendale noted in their March 4 Comments,<sup>3</sup> PGE’s Sequoia model does an excellent job of modeling pumped storage resources’ ELCC values; however, Swan Lake and Goldendale continue to have concerns about the ELCC values assigned to battery storage resources in PGE’s IRP process. Swan Lake and Goldendale believe that producing yearly ELCC values may further refine these figures and produce even more accurate results across technologies and classes of resources.

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<sup>2</sup> See *Comments of Swan Lake North Hydro, LLC and the Goldendale Energy Storage Project on Portland General Electric Co.’s 2019 IRP Update*, OPUC Docket LC 73 (filed March 4, 2021) at pp. 8-9, available at: <https://edocs.puc.state.or.us/efdocs/HAC/lc73hac143921.pdf> (see Section III entitled, “Concerns Regarding Reliance on Capacity Market Purchases”).

<sup>3</sup> *Id.* at pp. 2, 10.

- *Staff Report at p. 11 – “In order to identify the extent to which the IRP model selection of near-term renewables is dependent on assumptions about increasing market prices and imminent PTC expiration, PGE should work with Staff to develop sensitivities for analysis in the RFP. PGE should use these sensitivities to inform its final shortlist and its choice between dispatchable, non-emitting capacity and near-term renewable resources for meeting its capacity needs. Staff requests that PGE collaborate with Staff in developing low market price and PTC extension sensitivities and reporting for inclusion with the Final Shortlist in the upcoming RFP.”*

Swan Lake and Goldendale are interested in the outcome of these sensitivities, particularly because Swan Lake and Goldendale agree with Commission Staff that PGE’s IRP seems to focus on near-term renewables acquisition to the detriment of dispatchable, non-emitting capacity resources like pumped storage. Thus, Swan Lake and Goldendale would appreciate a more robust explanation and analysis of why PGE’s IRP selected these resources, including further evaluation of market prices, PTC expiration, etc., as Commission Staff suggests.

- *Staff Report at p. 13 – “Staff finds that actions taken thus far are good and that the actions would appear to be in keeping with the acknowledged IRP. Nonetheless, Staff repeats that it notes the change in the 2019 IRP Update preferred portfolio so that it has less near-term dispatchable capacity than the 2019 IRP preferred portfolio, and it includes additional renewables in 2023. Staff’s requested sensitivities will further explore this change in the RFP.”*

Similar to the comments immediately above, Swan Lake and Goldendale agree with Commission Staff’s note that there has been a change from the 2019 IRP in terms of focusing more on renewables acquisition to the detriment of dispatchable capacity resources like pumped storage. As the March 4 Comments note,<sup>4</sup> Swan Lake and Goldendale have continued concerns about such an approach because it continues to ignore the significant need for large, grid-scale capacity resources looming in the Pacific Northwest. Absent market signals from utilities to begin constructing the large amount of capacity resources needed to meet the region’s looming capacity deficits, grid-scale capacity resources like pumped storage will not be able to make the investment

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<sup>4</sup> *Id.* at pp. 3-8.

decisions and capital commitments needed in order to ensure these resources get constructed in time to meet the region's needs. Thus, while Swan Lake and Goldendale appreciate certain drivers like expiration of the PTC may push for earlier acquisition of renewable resources in PGE's IRP, continuing to ignore the timing requirements associated with longer lead-time capacity resources is likely to leave PGE (and the region) significantly short on capacity with little practical ability to get new resources built in the timeframe needed to meet looming capacity needs.

## **II. Conclusion**

Swan Lake and Goldendale appreciate the opportunity to provide these comments on the Staff Report. Swan Lake and Goldendale support Commission Staff's findings and recommendations and look forward to continued involvement in the upcoming PGE RFP proceeding.

Respectfully Submitted,

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