CLEARING UP
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PGE Modifies IRP, Potentially Opens Door for Pumped Storage

Portland General Electric has modified its 2019 integrated resource plan, potentially opening the door for the development of a pumped storage project in the region.

The utility's preferred portfolio initially called for the acquisition of 200 MW of pumped storage in 2024 and 2025, with plans to release a request for proposals for "non-emitting resources" after it concluded bilateral negotiations with hydroelectric suppliers in the region and released an RFP for renewable resources.

The company's updated 2019 IRP forecast shows a capacity deficit of about 240 MW starting 2021, and potentially ballooning to nearly 700 MW 2025 *[LC 73]*.

National Grid, developer of the 393 MW Swan Lake and 1,200 MW Goldendale pumped storage projects, argued that the initial RFP process didn't consider the long lead times needed to develop a pumped storage project and consequently would only attract battery storage projects.

Oregon PUC staff supported an RFP that should consider what it called a "unique generation product that can address both PGE and the region's capacity needs with no direct emissions" and "assist with the integration of more renewables as part of a long-term decarbonization plan."

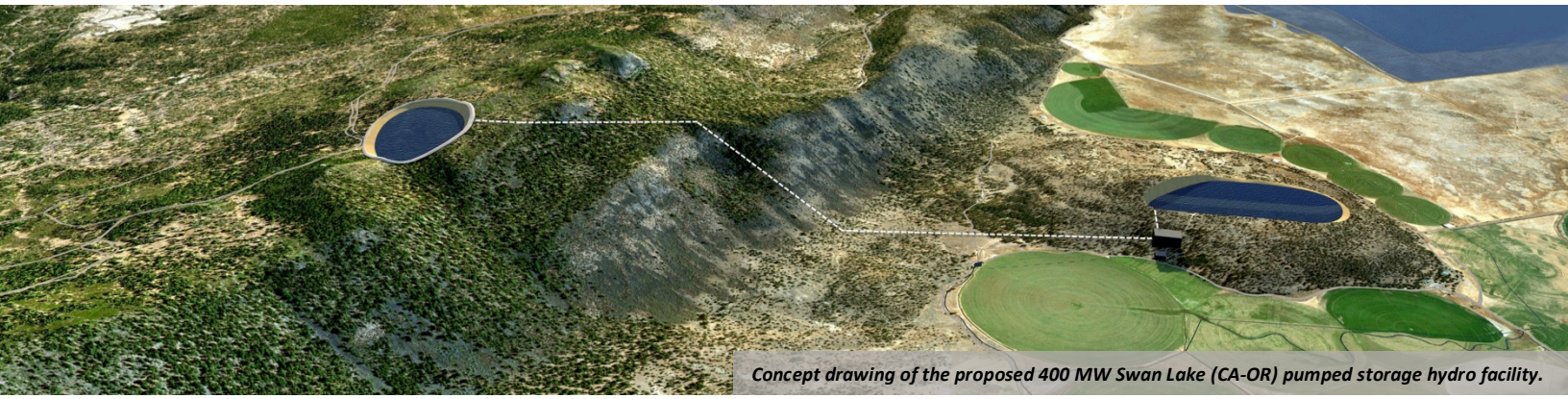
The utility agreed in a Jan. 17 filing to pursue negotiations for existing capacity in the region, while also issuing an RFP for "non-emitting dispatchable resources" that would take into consideration the long lead times needed to develop a pumped storage project.

Steve Corson, spokesman for PGE, said the release of the RFP will depend on what action OPUC takes after it reviews the IRP, currently scheduled for next month, but PGE is "evaluating timing for both RFPs, including whether to kick off the processes in 2020."

"The modified [IRP] Action Plan allows the company to consider long lead-time resources, like pumped storage, if they are cost competitive, while also allowing the company the flexibility to pursue short lead-time resources, like battery storage, more incrementally over time based on information from the market," PGE said in testimony.

While the RFP won't be specifically for pumped storage projects, the proposed RFP would be the first in the region aimed at attracting bids from a pumped storage project.

There are nine pumped storage projects proposed for the Northwest, but only the Swan Lake project, proposed near Klamath Falls, Ore., along the California/Oregon Intertie, has been granted an operating license from FERC and could be on line by 2025.



Concept drawing of the proposed 400 MW Swan Lake (CA-OR) pumped storage hydro facility.

The $800 million project sits in an ideal location for not only meeting the region's forecasted capacity deficits, which is projected to be 3,000 MW by 2030, but would also help balance solar generation being imported from California.

National Grid Ventures and Rye Development, developers of the Swan Lake project, echoed OPUC staff and intervenors arguments that PGE's projected capacity deficits require quicker action.

National Grid suggested the commission grant a waiver in the state's competitive bidding process to allow it to negotiate directly with PGE. Staff said that wasn't necessary, but expressed concerns about the speed at which the utility was moving to acquire capacity.

PGE's updated reference case shows a capacity need of about 240 MW beginning in 2021, increasing to about 270 MW in 2023 and reaching 697 MW as contracts begin expiring at the end of the Action Plan window in 2025, staff said in testimony.

"Yet, PGE's plans to address this near-term need are not concrete, and staff finds PGE's choice to delay its proposed capacity RFP, while pursuing renewable generation as an economic opportunity is concerning, especially in a time when the regional capacity availability is uncertain," staff said in testimony.

Staff also said that "PGE has not yet provided modeling to show that its system will be reliable prior to 2025 if more capacity is not acquired."

Nathan Sandvig, director of U.S. strategic growth for National Grid Ventures, said the IRP modification allows engineering and preconstruction work to continue on the Swan Lake project with an eye to being operational in 2025.

"It's one step at a time, but this allows us to continue to take steps with more certainty to deliver the project when it's needed," Sandvig said. "While it's an ultra-mature technology, it's not an off-the-shelf solution. It's a customized solution that requires a fair amount of engineering and preconstruction work tailored to this site."

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***—Nathan Sandvig**, Director of U.S. Strategic Growth, National Grid Ventures*

PGE also modified the timing of its proposed acquisition of 150 aMW of renewable energy. Initially, the utility wanted that energy in service in 2023, but extended the in-service deadline to the end of 2024, in the wake of Congress approving a one-year extension to the federal production tax credit.

"The extension of the PTC strengthened the role of tax credit-eligible resources in meeting PGE's near-term capacity needs, as it has aligned the optimal timing of a new renewable addition that qualifies for the 60 percent PTC with the timing of PGE's increasing capacity needs," the utility said in testimony.

OPUC is scheduled to hold a hearing on the IRP Feb. 20.