

**EUGENE WATER & ELECTRIC BOARD
WORK SESSION
November 15, 2022
5:30 P.M.**

Commissioners Present: John Brown, President; Sonya Carlson, Vice President; John Barofsky, Matt McRae, Mindy Schlossberg, Commissioners

Others Present: Frank Lawson, General Manager; Megan Capper, Energy Resources Manager; John Crider, Senior Energy Resource Analyst; Ben Ulrich, Interim Power Planning Supervisor

President Brown called the Work Session to order at 5:30 p.m.

Agenda Check

There were no changes or additions to the agenda.

Goal #5: Integrated Resource Planning - Reference Modeling Results in the 2022 Integrated Resource Plan (IRP)

Ms. Capper, Mr. Crider, and Mr. Ulrich offered the Board a report and PowerPoint presentation on Goal #5: Integrated Resource Planning - Reference Modeling Results in the 2022 IRP.

Commissioner Barofsky asked for reasoning behind not including Seneca and International Paper (IP) in the model past 2025. He also inquired if power generated from Seneca was considered carbon free.

Mr. Lawson said it is considered renewable by the state standard, and it does generate Renewable Energy Credits, however it does have some carbon content because it is a combusted process.

Mr. Ulrich said the model did have the option to select a new biomass facility, which he characterized as an affordable biomass facility, but the model did not choose to do so in the reference case run, instead the model chose to build batteries and wind.

Commissioner Barofsky asked about battery storage. He wondered if EWEB would build and store the batteries on EWEB property or would someone else build the batteries thus requiring transmission.

Mr. Ulrich replied EWEB did not assume any transmission build costs for the batteries; the assumption was the batteries would be sited either next to a renewable generator, or otherwise sited locally.

Commissioner Barofsky asked whether western regional resource planning would result in EWEB being required to procure additional energy to serve load elsewhere in the region.

Mr. Lawson explained the goal of the Western Resource Adequacy Program (WRAP) was for individual utilities to share and leverage resources across the region to meet excess demand, consequently resource plans for individual utilities could have a lower safety margin. He said that EWEB is part of Bonneville's balancing authority, therefore BPA would impose the requirements of the program on its member utilities, or possibly charge a penalty to utilities if they violate their requirement or need to access additional energy. He added that the financial implications are not yet known.

Vice President Carlson wondered about the Western Regional Adequacy Program's (WRAP) excess requirement, and how that would work for utilities that did not generate power.

Mr. Lawson said those utilities' balancing authority would take care of that issue.

Vice President Carlson wondered if EWEB would be able to replace such expired contracts as Seneca and IP in a timely fashion.

Mr. Ulrich said their assumption in this modeling was that Bonneville Power Administration (BPA) would not be able to grow with EWEB, but it was only an assumption at this point as staff wanted to see what the model would select in such a scenario.

Vice President Carlson asked about the IRP's timeline.

Mr. Crider said the IRP was a 20-year look-out, and there was a five-year action window, in which the utility would take physical action relative to the IRP.

Vice President Carlson asked if the window of action was five years, how would EWEB fill the gap of the expiring Seneca and IP contracts beginning in just over two years—in 2025.

Mr. Ulrich assured the Board that these were merely calculations based on their assumptions thus far.

Ms. Capper added that EWEB would not need a new resource until 2026.

Commissioner Schlossberg asked about the current state of BPA in regard to EWEB.

Mr. Lawson said if EWEB decided it needed more from BPA, the latter would ask the utility for a commitment, so BPA could go out and find resources to meet EWEB's needs.

Commissioner Schlossberg asked if—in the modeling assumptions—Leaburg was considered running at full capacity, even though it is not functional now.

Mr. Ulrich answered yes.

President Brown asked what would happen if the peak demand changed during the IRP modeling period.

Ms. Capper said EWEB held generated power in reserve, in order to prepare for unpredictable peaks in winter and summer. She added EWEB could also buy power on the open market in the event of a power shortfall.

President Brown asked about how EWEB's IRP modeling treated the dams on the Snake River.

Mr. Ulrich said EWEB used an outside company called Energy and Environmental Economics (E3) to help them generate a market price forecast, and he would have to check with them on the Snake River specifics.

President Brown asked how staff modeled the resources of coal and gas, which make up 40% of Oregon's current electricity usage.

Ms. Capper assured the Board that E3 had taken the absence of coal and gas into consideration in their modeling, as well as replacing both of those energy sources.

President Brown asked how the expiration of the Seneca contract factored into the IRP

Mr. Ulrich explained the utility did not explicitly model for Seneca or IP, rather they offered the model an affordable biomass facility as a prototype. Staff wanted to see what resources would be selected by the model, and the model did not choose biomass thematically.

Commissioner McRae asked if EWEB's reserves cost the utility, or did EWEB sell off its reserves at the last minute.

Mr. Ulrich said the model assumes any excess hourly generation would be automatically sold back to the market.

Commissioner McRae asked, in terms of sensitivities, if EWEB was consistent with state and local electrification goals.

Mr. Ulrich said EWEB used likely electrification, which was based on economics, as the jumping off point, but the utility could choose a higher scenario to test.

Commissioner McRae wondered at what point it would be appropriate to begin the conversation about locally available resources.

Ms. Capper said that could be part of the final IRP process next year.

Commissioner Barofsky asked if hydrogen had been taken into consideration in the IRP modeling.

Mr. Ulrich said no.

Commissioner Barofsky said information about why solar is not a part of the IRP discussion would be helpful for him, so he could pass that information on to his constituents.

Ms. Capper said staff was planning on providing IRP tools in the month of December, as well as adding specific things to their background reports on IRP agenda items.

Vice President Carlson wondered if EWEB was considering talking with Seneca operators regarding the cost assumptions for the biomass plant.

Mr. Ulrich said this question speaks to the difference between the IRP process, which is a philosophical strategic approach, and the actual procurement of resources. He said one of his key takeaways from the IRP process was that EWEB has identified a need in 2026 and would be interested in new resources at some point. He added that staff would start bringing in more detailed data to the model so EWEB can select the least cost and best fit for its portfolio.

Mr. Lawson reiterated that EWEB did not input the cost for Seneca that exists today, instead a reference cost, that was consistent with the market across the region, was used.

Vice President Carlson asked if BPA dealt only in nuclear and hydropower, or if they had other resource options.

Regarding renegotiating the next contract with BPA, Ms. Capper said there is discussion around an option they are calling augmenting Bonneville – to possibly increase the system size and allocate those resources across BPA’s customer base.

Mr. Lawson said EWEB would need to determine the best business model for the utility going forward; currently EWEB is a vertically integrated utility that generates, has transmission, purchases power, and delivers it to load. He said discussions around the business model would begin in the late 2023-2024 timeframe.

Ms. Capper added that the next IRP would model the products offered by BPA and the associated costs which will also inform the aforementioned discussion.

Vice President Carlson said it would be helpful if staff could parse out resiliency in the IRP modeling.

Mr. Ulrich said that type of resiliency study was typically done through qualitative analysis, where a Board would contrive scoring matrices where they consider other criteria outside of just the modeling – similar to a triple bottom line analysis.

Vice President Carlson asked for clarification on staff's battery modeling.

Mr. Ulrich explained their battery modeling was based on the assumed cost of building a new utility scale battery. He added utilities that build large battery banks, publish the banks' data, so EWEB is able to draw on said data.

Commissioner Schlossberg said she would like to see more conversation surrounding local resources—something more significant as an internal memo.

President Brown adjourned the Work Session at 6:48 p.m.

Recorded by Rodney Cimburke

Assistant Secretary

President