MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO:	Commissioners Brown, Carlson, Barofsky, McRae and Schlossberg
FROM:	Brian Booth, Chief Energy Resources Officer, Megan Capper, Energy Resources Manager
DATE:	July 26, 2023 (August 1, 2023, Board Meeting)
SUBJECT:	Adoption of 2023 Integrated Resource Action Plan
OBJECTIVE:	Action – Approval of Resolution No. 2315

Issue

Management is seeking adoption of the Action Plan associated with the 2023 Integrated Resource Plan as submitted at the July 11 and August 1, 2023, Board Meetings.

Background & Discussion

In December 2022, staff completed a public draft of an Integrated Resource Plan (IRP), outlining a potential future resource portfolio for EWEB's long-term energy needs. Since then, staff have performed additional sensitivity and risk analysis, completed the 2023 IRP report, and developed a recommended 2023 IRP Action Plan.

At the July 2023 Board meeting, staff provided a draft of the 2023 Integrated Resource Plan (IRP), outlining a potential future resource portfolio for EWEB's long-term energy needs. In addition, staff provided a recommended Action Plan in Appendix A of the 2023 IRP document, which identifies actions that the organization can take in the next three years to make progress on long-term strategic goals specific to EWEB's power supply.

Board Policy GP7, Board Parliamentary Procedures requires formal resolutions for certain board actions, including the "adoption" of an Integrated Electric Resource Plan. At this time, Management is seeking adoption of the 2023 Integrated Resource Plan, defined as the acknowledgement of the analytical results and the approval of actions to be taken during the next three years in support of the plan.

EWEB's Integrated Resource Planning has evolved to a more frequent iterative process. Management will be reviewing and recommending updates to Board Policy GP7 to better reflect the Utility's current improved practice as part of the Board's annual review in December.

Recommendation and Requested Board Action

Management requests approval of Resolution No. 2315 adopting the 2023 Integrated Resource Plan (IRP). Adoption is defined as the acknowledgement of the analytical results and approval of the actions and strategies identified in Appendix A, Action Plan.

Recommended Motion…*"move to approve Resolution 2315 adopting the 2023 Integrated Resource Plan (IRP), acknowledging the published analytical results and approving the actions identified in Appendix A".*

Attachment(s)

A – Resolution 2315; 2023 Integrated Resource Plan Adoption
B – Appendix A from 2023 Integrated Resource Plan

RESOLUTION NO. 2315
AUGUST 2023

EUGENE WATER & ELECTRIC BOARD
2023 INTEGRATED RESOURCE PLAN ADOPTION

WHEREAS, the Eugene Water & Electric Board (EWEB) has completed the 2023 Integrated Resource Plan (2023 IRP) as a means to assist in the plans and decisions ensuring an adequate and affordable supply of electricity for its customers; and

WHEREAS, the Action Plan proposed by staff in Appendix A of the Final 2023 IRP identifies recommended actions that the organization can take in the next three years to make progress on long-term strategic goals specific to EWEB's power supply; and

WHEREAS, the Action Plan includes recommended strategies to offset most of the forecast growth in customer sales with conservation and energy efficiency, and procure market-based energy products to meet needs prior to 2028 as governed by existing Power Risk Management Policies; and

WHEREAS, the Action Plan also recommends that EWEB continue to engage in the regional BPA contract negotiations, study the potential for conservation and demand response programs, engage with existing local resource contracts, develop a resource acquisition strategy, analyze the impacts of market evolution in the West, and continue to update and refine IRP modeling assumptions; and

WHEREAS, the Board has reviewed the 2023 Integrated Resource Plan's Final Report and Action Plan at its July 11, 2023, and August 1, 2023, Board Meetings; and

WHEREAS, Board Policy GP7 requires the Board to formally adopt an Integrated Resource Plan (IRP) or update upon completion.

WHEREAS, EWEB has an iterative Integrated Resource Planning process which shall be reviewed and revised prior to the next adoption of an Integrated Resource Plan.

WHEREAS, the Board has determined that the near-term actions contained in the Action Plan are appropriate and necessary to ensure EWEB continues to provide reliable, affordable, and environmentally responsible energy resources into the future.

NOW, THEREFORE, BE IT RESOLVED by the Eugene Water & Electric Board that the Board hereby adopts (acknowledges the published analytical results and approves the Action Plan as reflected in Appendix A) the 2023 Integrated Resource Plan.

DATED this 1st day of August 2023.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

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President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its August 1, 2023 Regular Board Meeting.

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Assistant Secretary

ACTION PLAN

In the context of the 20-year perspective provided by the 2023 IRP (and upcoming iterations), staff have identified recommended actions that the organization can take in the near term to make progress on long-term strategic goals specific to EWEB's power supply. This roster of recommended action items was developed based on themes from the 2023 IRP analysis, ongoing strategic initiatives, and the planning environment beyond EWEB's control. The roster identifies eight key areas for the organization to focus on in the next 2-3 years.

Recommended Roster of Actions

1. Bonneville Power Administration (BPA)
    a. BPA-2028 Contract Engagement: Through 2025, continue to actively engage in BPA's "Provider of Choice" regional negotiations to define (and ultimately make decisions on) future BPA contract options.
    b. BPA Modeling Update(s): To aid with decisions regarding future BPA contract options, incorporate BPA product and service details into IRP modeling and future IRPs, as information becomes available.
2. Conservation/Energy Efficiency
    a. Conservation/Energy Efficiency Potential Assessment: Commission a study in 2024 to quantify the amount and cost of available time-based (seasonal, peak and off-peak) energy efficiency and conservation within EWEB's territory through 2045. Wherever feasible, segment information within residential, commercial, and industrial customer classes to enhance use of the data for future program design.
3. Demand-Response
    a. Demand Response (DR) Value Study: Commission a study in 2024 to assess the availability and value of demand response, based on avoided costs of supply-side resources and DR program implementation costs, environmental and social benefits, efficacy of DR options (products) and applications (e.g. electric vehicle charging) through 2045.
    b. Demand Response (DR) Product Plan: Based on results on the DR Value Study, identify DR options with the most potential value and create an initial roster of DR programs. The initial roster should consider target markets, expected participation and penetration rates, promotional strategies, consumer requirements, pricing and rates, and appropriate success and reporting measures.
4. Existing Energy Resource Contracts
    a. Existing Energy Resource Contracts Evaluation: Based on the uncertainty of future BPA-2028 contract details and Pacific Northwest market developments, engage with existing local resource contracts (e.g. Sierra Pacific, International Paper, University of Oregon, etc.), to negotiate to improve terms and conditions where applicable, and identify future generation opportunities that facilitate flexibility and resiliency.
5. Future Energy Supply Resource(s)
    a. Resource Acquisition Strategy and Decision Framework: Develop a resource acquisition strategy and process that includes an expanded triple-bottom-line decision framework

allowing future energy resource investment decisions to be benchmarked and aligned with EWEB strategic priorities, policies, and values.

6. Western Markets Analysis and Engagement
    a. Market Evolution Impact Analysis: As potential market options evolve in the Pacific Northwest, identify the gaps and investments required in systems, processes, and resources EWEB will need in order to participate in new market constructs, including but not limited to, the Western Resource Adequacy Program and a day-ahead market, as well as limited resource-specific participation in California Independent System Operator Energy Imbalance Market (CAISO EIM).
7. Ongoing Integrated Resource Planning Refinements
    a. Update the modeling inputs and assumptions to incorporate the impacts of current and future trends, including supply chain impacts and incentives, specifically the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA), as details become available.
    b. Continue to monitor trends and update modeling assumptions related to high-potential supply-side resource technologies including, but not limited to, small modular nuclear reactors (SMR), wind turbines, and storage technologies including batteries and hydrogen or intermediate chemistries.
    c. Update load forecast assumptions based on actual consumption, observed trends, and external influences such as policy and legislative and regulatory changes, including local ordinances.
    d. Continue to acquire, develop, and improve workforce analytical capabilities in support of the strategic plan, specifically supporting the integrated resource planning efforts guiding the organization's significant energy resource decisions.
8. Preparation for the 2025 Integrated Resource Plan
    a. Prepare to publish the next iteration of an Integrated Resource Plan, expected mid-2025, including, but not limited to, the following updates:
        i. BPA-2028 Contract Engagement
        ii. BPA Modeling Update(s)
        iii. Conservation/Energy Efficiency Potential Assessment
        iv. Demand Response (DR) Value Study

2023 Integrated Resource Plan Strategies

Conservation Strategy

In the next 5 years, the additional load increase caused by electrification is anticipated to remain relatively small. However, EWEB's load forecasting analysis found that load growth (including electrification) is likely to outpace EWEB's expected conservation acquisitions starting around 2028 as load growth accelerates. Prior to 2028, it is likely that EWEB's conservation programs will be able to offset much of the increased demand for electricity currently forecasted.

Between now and the next IRP iteration, staff recommend that EWEB maintain stable, sustainable conservation targets and budgets while doing further analysis on the potential availability, market

segmentation, benefits, and costs of conservation. In addition to studying the potential energy, capacity, and environmental benefits of conservation programs, staff recommend that EWEB evaluate how it determines cost-effectiveness of programs and as well as the potential equity considerations that can be incorporated into EWEB's demand-side customer program offerings. This work will clarify the role of conservation in EWEB's future least-cost portfolio and can be incorporated into future IRPs.

Resource Acquisition Strategy

In the 2023 IRP, the analysis has found that EWEB is likely to need resources as soon as 2026 due to existing, long-term resource contracts expiring. In addition, growing loads driven substantially by electrification and EWEB's participation in the Western Resource Adequacy Program (WRAP) indicate that EWEB's needs for long-term resources will be greater in the future. The vast majority of EWEB's power will likely come from the Bonneville Power Administration after 2028 (when the existing BPA contract expires). However, the future products offered by BPA and the amount of energy and capacity BPA products may offer will remain undefined until 2025. As a result, there is lower confidence in EWEB forecasts for non-federal peaking capacity resource needs beyond 2028.

Between this 2023 IRP and the next iteration, staff recommend EWEB continue to procure market-based energy products to meet needs prior to 2028 as governed by existing Power Risk Management Policies (Board Policy SD8). In addition, staff recommend that EWEB develop a formal Resource Acquisition Strategy and propose resource acquisition policy amendments to prepare for future long-term resource acquisitions. To prepare for the next IRP, EWEB staff will engage with existing local generating resource contract stakeholders to evaluate potential future contract opportunities and conduct additional research on long-term resource options (including commercially available wind and energy storage options) to be included in future modeling.