

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP D/B/A PACIFIC POWER &
LIGHT COMPANY

Respondent.

Docket UE-210829

REDACTED

RESPONSE TESTIMONY OF KATIE WARE

On behalf of

RENEWABLE NORTHWEST

**REDACTED INFORMATION IS HIGHLY CONFIDENTIAL PER PROTECTIVE
ORDER IN UTC DOCKET UE-210829
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UTC DOCKET UE-210829**

August 21, 2024

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2023

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please state your name, business address, and affiliation with Renewable Northwest.**

3 A. My name is Katie Ware, and my business address is 421 SW 6th Ave., Suite 1400,
4 Portland, Oregon, 97204. My business email address is katie@renewablenw.org.

5 Currently I am a consultant representing Renewable Northwest in this proceeding, and
6 formerly I held the internal position of Senior Regulatory & Policy Manager with
7 Renewable Northwest.

8 **Q. Please describe your education and professional experience.**

9 A. I have an M.S. in chemistry with a concentration in analytical chemistry, and an M.S. in
10 environmental science with a concentration in energy, from Indiana University,
11 Bloomington. I also have a B.A. in chemistry from Hanover College in Hanover, Indiana.
12 Prior to joining Renewable Northwest in March 2020, I worked as a project development
13 manager for EDP Renewables in Indianapolis, Indiana. In this capacity I contributed to
14 the strategy and implementation of more than \$250M in wind and solar capital
15 development initiatives, and I oversaw state, regional, and federal permitting for those
16 projects.

17 During my time on staff with and consulting for Renewable Northwest, I have
18 contributed to various rulemakings at the Commission related to the implementation of
19 the Clean Energy Transformation Act (Dockets UE-191023, UE-190837, UE-210183, U-
20 210590, UE-190760) and the related utility Clean Energy Implementation Plan filings
21 (UE-210829, UE-210628, UE-210795). I have also been active across dockets related to
22 utility integrated resource plans (*e.g.*, UE-200304, UE-200301), and utility requests for
23 proposals (*e.g.*, UE-200414, UE-210832, UE-210220).

1 My CV is attached as **Ware, Exh. KW-2**.

2 **Q. Can you further describe your experience working on the implementation of**
3 **Washington’s Clean Energy Transformation Act?**

4 A. Yes. I contributed to Phase 1 of the implementation of the Clean Energy Transformation
5 Act (“CETA”), which included participation in the Electric IRP Updates Rulemaking
6 (UE-190698), the Energy Independence Act Rulemaking (UE-190652), the Clean Energy
7 Implementation Plans Rulemaking (UE-191023), and the Purchases of Electricity
8 Rulemaking (UE-190837).¹ I also contributed to Phase 2 of implementation, which
9 included the Carbon and Electricity Markets Rulemaking (UE-190760). I was also a
10 member of the Transmission Corridors Working Group, a 20-member body which
11 developed a report on the intersection of the state’s clean energy mandates and its
12 transmission needs; the final report to the Governor and the Legislature was filed in
13 October 2022.

14 Currently I am involved in the ongoing rulemaking to consider adoption of
15 Markets and Compliance Requirements for the Clean Energy Transformation Act (UE-
16 210183) and the proceeding to develop a policy statement addressing alternatives to
17 traditional cost of service rate making (U-210590). Finally, I contributed to the dockets
18 related to the first utility Clean Energy Implementation Plans (UE-210829, UE-210628,
19 UE-210795), work which continues through the latest utility submissions of Biennial
20 Updates and the preparations for the 2025 Clean Energy Implementation Plans.

21 **Q. What is the purpose of your testimony in this case?**

¹ Utilities & Transportation Commission 2019-2022 Energy Legislation Implementation Plan, Docket U-190485 (Aug. 2019), available at <https://www.utc.wa.gov/sites/default/files/2021-02/U-190485%202019-2022%20Energy%20Legislation%20Implementation%20Plan.pdf>.

1 A. The purpose of my testimony is to explain how the Company’s Biennial CEIP Update
2 (“Biennial Update”) fails to establish appropriate interim targets toward meeting the
3 clean energy transformation standards and fails to maintain the specific actions necessary
4 to support progress toward these standards. I also outline our issues with the Company’s
5 modeling that informed its Biennial Update and discuss the next steps the Commission
6 should take to enforce compliance in this critical stage of utility target setting ahead of
7 CETA’s 2030 greenhouse gas neutrality mandate.

8 **Q. Do you have a recommendation to the Washington Utilities and Transportation**
9 **Commission in this case?**

10 A. Yes. We recommend the Commission reject the Company’s Biennial Update and uphold
11 the targets proposed in the Company’s Revised 2021 CEIP. We also recommend that the
12 Commission order PacifiCorp to initiate a near-term resource procurement process to
13 fulfill these targets ahead of the 2030 clean energy mandate.

14
15 **II. RENEWABLE NORTHWEST’S INTEREST IN THIS CASE**

16 **Q. Would you please outline what you plan to cover in this section of your testimony?**

17 A. Yes. First I discuss Renewable Northwest’s mission and structure in order to explain the
18 organization’s interest in this case. I then go on to describe how the organization has
19 engaged with PacifiCorp’s resource planning efforts, with a focus on the process
20 underlying the Biennial Update at issue in this case.

21 **A. Renewable Northwest’s Mission and Structure**

22 **Q. Would you please describe Renewable Northwest’s mission and organizational**
23 **structure?**

1 A. Yes. Renewable Northwest is a renewable energy advocacy organization operating in
2 Washington, Oregon, Idaho, and Montana. Our mission is to decarbonize the region by
3 accelerating the transition to renewable electricity. We engage in utility planning
4 processes, a range of regulatory dockets, state policymaking, and ongoing forums around
5 market development and transmission planning. Our work is informed by our members,
6 who represent renewable energy and storage developers, environmental nonprofits, and
7 consumer advocates.

8 **B. Renewable Northwest’s Engagement with PacifiCorp’s Resource Planning**

9 **Q. Can you please describe Renewable Northwest’s engagement with PacifiCorp’s**
10 **resource planning process?**

11 A. Yes. Renewable Northwest has been heavily engaged in PacifiCorp’s resource planning
12 in recent years, including the 2019, 2021, and 2023 integrated resource plan (“IRP”)
13 cycles and the 2021 CEIP process. We engaged in both the development and regulatory
14 review of PacifiCorp’s IRP for these last three cycles. For the 2023 IRP in particular,
15 Renewable Northwest provided several rounds of comments to the Oregon Public Utility
16 Commission (“OPUC”) in LC 82.² Several of Renewable Northwest’s policy and
17 modeling recommendations were directed by the OPUC in the 2023 IRP and are in the
18 process of being implemented by PacifiCorp for the 2025 IRP, for which monthly public
19 input meetings are underway. We will continue to participate in this stakeholder process
20 and the review of the Company’s 2025 IRP.

² See Renewable Northwest’s comments in LC 82, *available at*
<https://apps.puc.state.or.us/edockets/docket.asp?DocketID=23647>

1 **III. CONCERNS WITH PACIFICORP'S BCEIP UPDATE**

2 **A. Overview of Concerns**

3 **Q. Does the Company's Biennial CEIP Update demonstrate progress toward**
4 **Washington's clean energy transformation standards?**

5 A. No. The four-year CEIP filing schedule outlined in RCW 19.405.060(1) directs utilities
6 to "demonstrate progress toward" the clean energy mandates of RCW 19.405.040(1) and
7 19.405.050(1). Progress would be some upward trajectory, presented as interim targets,
8 from one CEIP filing to the next. More specifically, WAC 480-100-640(1) directs that
9 the content of a utility's CEIP be shaped around this forward momentum: "The CEIP
10 describes the utility's plan for *making progress toward* meeting the clean energy
11 transformation standards and is informed by the utility's clean energy action plan"
12 (emphasis added). WAC 480-100-640(2) addresses the purpose of the interim targets,
13 which is to "[d]emonstrate how the utility will make reasonable progress toward meeting
14 the standards identified in WAC 480-100-610(2) and (3)...."

15 PacifiCorp's Biennial Update reduces its interim targets for the 2022-25
16 compliance period by about half as compared to the targets set in the Company's Revised
17 2021 CEIP, targets which were approved by the Commission after a lengthy settlement
18 process. As discussed later in my testimony, the effect of halving these targets is that
19 PacifiCorp plans to increase their interim target by only 2% over the first four-year
20 compliance period, essentially delaying all meaningful and originally forecasted progress
21 until late in the next compliance period (2026-29).

22 In the context of Puget Sound Energy's ("PSE") Biennial CEIP, the Commission
23 determined that backsliding on interim clean energy targets does not demonstrate

1 progress as required by WAC 480-100-640(2). Commission Order 12, which approves
2 PSE’s Biennial CEIP subject to conditions, notes that “the risk of stalled progress
3 towards the 2030 CETA standard [outweighs] the risk that PSE may come up short of its
4 original 2025 interim target.”³ Consequently, the Commission did not approve PSE’s
5 modified interim targets but instead maintained the original targets set in PSE’s 2021
6 CEIP. To apply CETA consistently across its three regulated utilities, the Commission
7 should reject interim target modifications that do not “[d]emonstrate how the utility will
8 make reasonable progress” toward CETA’s standards.⁴

9 In conclusion, PacifiCorp’s proposed interim target reduction, which is dramatic
10 and based on questionable reasoning addressed later in this testimony, does not
11 adequately demonstrate how it will make reasonable progress toward CETA standards.

12 **Q. Beyond the issue of noncompliance, does Renewable Northwest have concerns with**
13 **the modeling that informed PacifiCorp’s Biennial Update?**

14 A. Yes. The interim target reductions proposed in the Biennial Update were informed by the
15 Company’s 2023 Integrated Resource Plan (“IRP”) Update which included questionable
16 inputs and assumptions that presumably contributed to lower interim targets than those
17 filed in the Company’s Revised 2021 CEIP. Notably, PacifiCorp assumes renewable
18 resource costs substantially higher than what can be found in any comparable data source.
19 In its Round 1 Comments on the 2023 IRP filed with the OPUC,⁵ Renewable Northwest
20 demonstrated that PacifiCorp’s cost assumptions for wind, solar, and battery technologies

³ Utilities and Transportation Commission Order 12 Approving CEIP Biennial Update Subject to Conditions (Docket UE-210795), Mar. 25, 2024, at 3.

⁴ WAC 480-100-640(2).

⁵ Round 1 Comments of Renewable Northwest at 31-39 (Oct. 25, 2023).

1 are 15-50% higher than the 2023 IRP cost assumptions for Portland General Electric⁶ and
2 the California Public Utilities Commission (“CPUC”)⁷ through the early 2030s.⁸ The
3 workpapers supporting Renewable Northwest’s cost comparisons are included as **Ware,**
4 **Exh. KW-3.** PacifiCorp’s cost assumptions for the 2023 IRP and the 2021 IRP Two-Year
5 Progress Report filed in Washington on May 31, 2023⁹, were developed by WSP and
6 were primarily informed by the National Renewable Energy Laboratory’s (“NREL”)
7 Annual Technology Baseline (“ATB”), included as **Ware, Exh. KW-4.** However, the
8 Company made manual adjustments to NREL’s ATB based on its own 2022 market
9 observations, claiming these cost assumptions included direct costs not captured in other
10 sources.¹⁰

11 PacifiCorp’s justifications for its manually inflated renewables costs are
12 insufficient. As noted, PacifiCorp’s costs are higher than all sources, even those that
13 include construction financing costs such as the NREL ATB. Moreover, Lazard’s 2023
14 Levelized Cost of Energy+, included as **Ware, Exh. KW-5,** reports total capital costs
15 32% lower than PacifiCorp for solar PV and 25% lower for both land-based and offshore
16 wind, inclusive of direct costs such as construction financing charges.¹¹ There are no

⁶ Portland General Electric 2023 Integrated Resource Plan, Appendix M: Supply-side options. Available at https://downloads.ctfassets.net/416ywc11aqmd/6B6HLox3jBzYlXOBgskor5/63f5c6a615c6f2bc9e5df78ca27472bd/PGE_2023_CEP-IRP_REVISED_2023-06-30.pdf.

⁷ California PUC 2023 IRP Inputs & Assumptions at 65. Available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/integrated-resource-plan-and-long-term-procurement-plan-irp-tpp/2023-irp-cycle-events-and-materials/inputs-assumptions-2022-2023_final_document_10052023.pdf.

⁸ In terms of resource characteristics and cost assumptions, PacifiCorp’s 2023 IRP filed at the OPUC is equivalent to the Company’s 2023 IRP Update filed at the Washington UTC.

⁹ PacifiCorp Washington 2021 Integrated Resource Plan Two-Year Progress Report (May 31, 2023), available at https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023_IRP_Volume_I_Final_WA_5-31-23.pdf.

¹⁰ PacifiCorp response to RNW stakeholder feedback form (SFF 7), May 23, 2024.

¹¹ See Ware, Exh. KW-3.

1 publicly available resources supporting the renewable cost assumptions informing
2 PacifiCorp's 2023 IRP Update and, consequently, its 2023 Biennial Update.

3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED].

15 Until PacifiCorp provides more information to support its assumptions, there is no
16 way to conclude that they are based in reality, and there is no way to support the resulting
17 interim target reductions reflected in the Biennial Update.

18 **Q. Does Renewable Northwest have other concerns regarding the relationship between**
19 **PacifiCorp's 2023 IRP and the Biennial Update?**

20 A. Yes. As addressed, PacifiCorp is artificially inflating the cost of renewable resources in
21 its modeling. But the Company inexplicably remains overly optimistic about the rapid
22 adoption of future technology that has yet to be demonstrated at scale. We are concerned
23 that this skewed forecasting puts the Company at risk of failing to achieve 80%

1 renewable and non-emitting resources by 2030 as required by RCW 19.405.040(1),
2 because the Company’s timeline for adoption of future technology aligns with its
3 projection of a 20% interim target increase – by far the largest delta from one year to the
4 next across the Company’s planning horizon – ahead of the 2030 CETA mandate.¹²

5 PacifiCorp’s 2023 IRP Update presents a preferred portfolio – a portfolio which
6 was not acknowledged by the OPUC¹³ – that includes a 500 MW Natrium small modular
7 reactor (“SMR”) demonstration project in 2030.¹⁴ While recent headlines showcase a
8 ground-breaking ceremony, it is not clear that any progress has been made in resolving
9 key regulatory and commercial hurdles to achieve this optimistic timeline, and the June
10 2024 coverage of the project by The New York Times (“NYT”) reiterated concerns
11 around project delays and cost.¹⁵ In the 2023 IRP, PacifiCorp’s Action Item 1g included
12 finalizing commercial agreements with TerraPower by the end of 2023. However, as of
13 the June release of the NYT article, no agreement had been reached.¹⁶

14 The portfolio development plans shared in PacifiCorp’s 2023 IRP and at its latest
15 Public Input Meeting appear to show this Natrium SMR project as contributing to its
16 2030 Washington load requirements. [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED] Renewable

¹² PacifiCorp’s Biennial Update forecasts an interim target of 62% in 2029 and 82% in 2030. See Fig. 1.1, p. 8.

¹³ OPUC Order No. 24-073, Docket LC 82 (Mar. 19, 2024), *available at*
<https://apps.puc.state.or.us/orders/2024ords/24-073.pdf>.

¹⁴ PacifiCorp IRP Update at 3.

¹⁵ Plumer, Brad. “Nuclear Power is Hard. A Climate-Minded Billionaire Wants to Make it Easier.” The New York Times, Jun. 11, 2024.

¹⁶ PacifiCorp’s May 2, 2024 Public Input Meeting.

17 [REDACTED]

1 Northwest is concerned that the sizable 20% interim target jump from 2029 to 2030 is
2 supported in part by this anticipated Natrium SMR project which OPUC itself notes
3 follows an “overly optimistic timeline.”¹⁸ Considering the impact that the terminated
4 2022 AS-RFP had on PacifiCorp’s progress toward CETA’s 2030 standard, we hesitate
5 to support portfolio development that relies on a technology not proven operationally in a
6 commercial setting to come into compliance with this 2030 mandate.

7 **B. PacifiCorp’s Proposed Interim and Specific Renewable Energy Targets**

8 **Q. What interim and specific renewable energy targets is PacifiCorp proposing in the**
9 **Biennial Update, and how do they compare to those filed in the 2021 Revised CEIP?**

10 A. PacifiCorp’s 2021 Revised CEIP, filed on March 13, 2023, featured a 60% interim target
11 in 2025 based on modeling from the 2021 IRP.¹⁹ On November 1, 2023, PacifiCorp filed
12 its Biennial CEIP Update, which drastically reduced the 2025 interim target from 60% to
13 33% and was based on modeling from the 2023 IRP. Table 1.1 compares the interim
14 targets from the Revised CEIP and the Biennial CEIP Update over each year of 2022-
15 2025 compliance period. PacifiCorp now forecasts that it will serve its Washington retail
16 customers with 29% renewable and non-emitting energy, on average, over the four-year
17 compliance period, instead of the 41% average from the Revised CEIP.²⁰ Figure 1.1
18 illustrates PacifiCorp’s annual interim targets from the Biennial Update, with steep
19 increases after 2025 to meet CETA’s greenhouse gas neutrality target in 2030.

¹⁸ See OPUC Order No. 24-073, at 54.

¹⁹ PacifiCorp’s 2021 Revised CEIP, p. 5, *available at*
https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/ceip/Clean_Energy_Implementation_Plan_Revised_Filed_March_13_2023.pdf

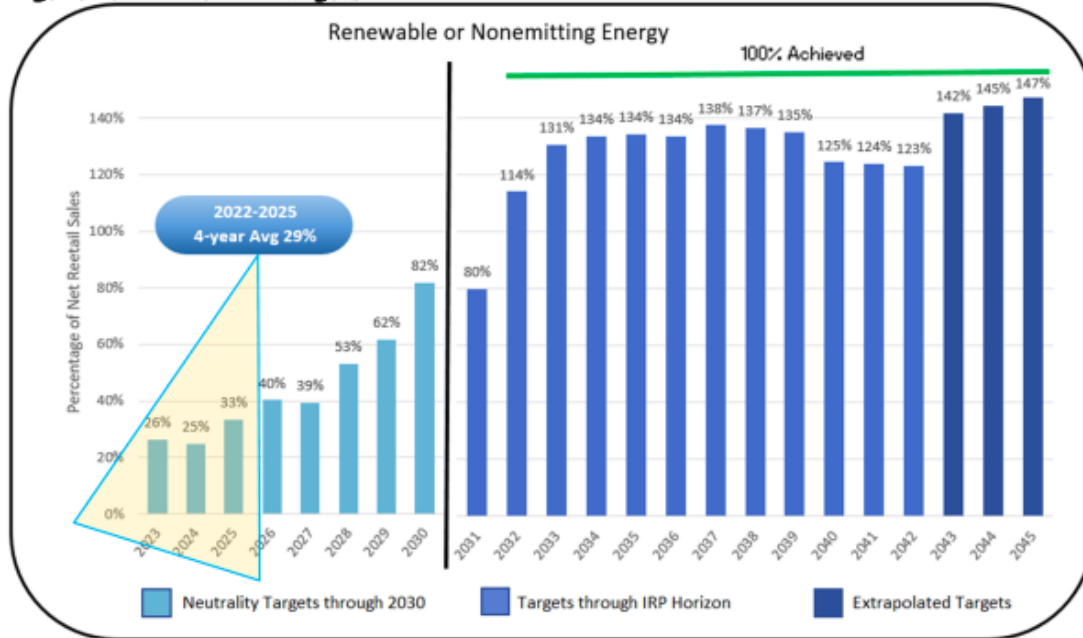
²⁰ PacifiCorp’s 2023 Biennial CEIP Update, p. 6

Table 1.1 – Comparison of Annual and 4-Year Average 2021 CEIP and 2023 CEIP Update Interim Targets

Interim Targets	2022 Projected	2023 Projected	2024 Projected	2025 Projected	Average Projected
2021 CEIP	31%	31%	40%	60%	41%
2023 CEIP Update	31%	26%	25%	33%*	29%

1

Figure 1.1 – Interim Targets



2

3

4

C. Responses to PacifiCorp’s Explanations for the Proposed Targets

5

Q. What are PacifiCorp’s explanations for the proposed targets in the Biennial

6

Update?

7

A. PacifiCorp’s June 17, 2024, testimony outlining the “key developments” driving its

8

reduced interim targets is in some areas hard to reconcile and in others incomplete.

9

Matthew McVee explains in his testimony that the reduced interim targets can be

10

attributed to 1) a delay in securing a new multi-state cost allocation methodology that

11

would potentially have allowed more CETA-compliant resources to be cost-allocated to

1 Washington customers; 2) the “modification of the assumptions regarding thermal
2 resources after 2023 due to the current state of wholesale energy prices,”²¹ and 3) 2020
3 AS-RFP repricing and bid withdrawals.²² I will respond to each of PacifiCorp’s
4 explanations.

5 First, regarding the delayed agreement on a new multi-state cost allocation
6 methodology, Renewable Northwest urges the Commission to direct the Company to rely
7 on the current allocation methodology that is formally approved by the Commission at
8 the time of the CEIP filing. This will help avoid misinformed target setting in future
9 CEIPs. We would also support any effort by the Company to submit an *additional* CEIP
10 using a new methodology for informational purposes.

11 Second, regarding the revised assumptions for thermal resources, Renewable
12 Northwest is concerned that the Company is manually adjusting the final selection of
13 portfolio resources for its Washington customers based on market trends rather than
14 allowing its portfolio modeling tool to use revised inputs to determine the most economic
15 outcome. The Company’s testimony notes that these revised assumptions were
16 “decisions” as opposed to model selections.²³ We remain confused by this explanation for
17 the reduced interim targets, because 1) it appears PacifiCorp is adjusting its resource
18 decisions post-model run based on questionable reasoning, and 2) higher market prices
19 driving extended thermal lifetimes do not adequately explain delayed procurement of
20 renewable and nonemitting resources.

²¹ Direct Testimony of Matthew D. McVee, Exh. No. MDM-IT (Jun. 17, 2024), at 8.

²² *Id.* at 13.

²³ *Id.* at 20.

1 Third, regarding the 2020 AS-RFP repricing and bid withdrawals, Renewable
2 Northwest has engaged extensively with PacifiCorp to better understand how this issue
3 impacted the Company’s portfolio modeling. PacifiCorp appears to have represented
4 these market observations as cost escalators applied to wind, solar, and battery storage
5 resources in its 2023 IRP – despite the resulting deviation from industry-supported cost
6 forecasts.²⁴ Moreover, PacifiCorp also ran a since-terminated 2022 AS-RFP that resulted
7 in more up-to-date bid information than the repriced 2020 AS-RFP bids. Based solely on
8 redacted filings by OPUC Staff, it appears that bids into the 2022 AS-RFP may have been
9 competitive relative to the resources assessed in PacifiCorp’s 2023 IRP. As noted by
10 OPUC Staff, “PacifiCorp had other resource options available to it in 2023 and 2024
11 when it chose to pursue its current de facto strategy of increased reliance on coal power,
12 higher levels of market purchases, and bilateral storage contracts.”²⁵ OPUC Staff also
13 discusses the initial shortlist of the 2022 AS-RFP and provides a cost table. Most of that
14 discussion is redacted as highly confidential, but the implication is that clean resources
15 may have been cost-competitive.

16
17 **D. Other Explanations for the Proposed Targets**

18 **Q. Earlier, you mentioned concerns about PacifiCorp’s treatment of future technology.**

19 **Would you please discuss those concerns?**

²⁴ For a more detailed analysis of PacifiCorp’s deviation from other renewable cost inputs, see the Round 1 Comments of Renewable Northwest at 31-39 (Oct. 25, 2023), *available at* <https://edocs.puc.state.or.us/efdocs/HAC/lc82hac17443.pdf>.

²⁵ OPUC Redacted Staff Report re: Determination of continual progress in the 2023 IRP and CEP, docket LC-82 (Aug. 8, 2024), p. 10-11, *available at* <https://edocs.puc.state.or.us/efdocs/HAU/lc82hau330463025.pdf>.

1 A. Yes. PacifiCorp’s 2023 IRP, upon which the Biennial Update is based, includes
2 optimistic assumptions about future technology that lead to the selection of 1,500 MW of
3 SMRs between 2030 and 2033 and 1,240 MW of non-emitting peakers fueled by
4 hydrogen between 2030 and 2037.²⁶ PacifiCorp’s assumption that SMRs and hydrogen
5 peakers will be available in the early 2030s – and its heavy reliance on these technologies
6 in the preferred portfolio – may have reduced the Company’s near-term interim
7 renewable energy targets, while also potentially jeopardizing the Company’s ability to
8 meet CETA’s 2030 target if these technologies fail to materialize in that timeframe.

9 Both SMRs and hydrogen peakers have yet to achieve commercial availability
10 and face varied but significant obstacles to reaching that milestone. The nuclear
11 industry’s track record of project delays underscores the riskiness of PacifiCorp’s
12 aggressive timeline. Further, and as previously mentioned, PacifiCorp has yet to sign a
13 commercial agreement with Terrapower for the Natrium project, despite its plan to do so
14 by the end of 2023.²⁷ With regard to non-emitting peakers, the feasibility of producing,
15 transporting, and storing green hydrogen at the scale required by PacifiCorp’s portfolio
16 by 2030 is highly uncertain and would require significant infrastructure investment and
17 planning from utilities, which PacifiCorp has yet to demonstrate.²⁸ Moreover, a recent
18 hold on a green hydrogen factory proposed for Centralia, Washington, driven by price
19 uncertainties, signals the “bumpy takeoff” of this industry, as described by the president

²⁶ PacifiCorp’s 2023 IRP, Table 9.31, *available at* https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023_IRP_Volume_I_Final_5-31-23.pdf.

²⁷ PacifiCorp’s May 2, 2024 Public Input Meeting

²⁸ For a more detailed analysis around the costs, timing, and availability of SMRs and hydrogen peakers, see the Round 1 Comments of Renewable Northwest at 21-25 (Oct. 25, 2023) and Renewable Northwest’s Comments on 2023 IRP Update at 9-10 (June 14, 2024), *available at* <https://edocs.puc.state.or.us/efdocs/HAC/lc82hac17443.pdf>.

1 of the Pacific Northwest Hydrogen Association, which must be considered in the risk
2 profile of this resource within utility IRPs.²⁹

3 **Q. Are there any other potential drivers of PacifiCorp’s reduced interim targets that**
4 **you would like to discuss?**

5 Yes. The cancellation of the 2022 AS-RFP, a supply-side resource specific action
6 supporting PacifiCorp’s original targets in the Revised 2021 CEIP,³⁰ eliminated the
7 prospect of renewable resource acquisition by 2025, thereby making it impossible for the
8 Company to achieve its interim targets. The possibility of penalties for the failure to
9 achieve the original interim targets likely played a role in the target reductions reflected
10 in the Biennial Update. Later in my testimony, in Section E regarding PacifiCorp’s
11 specific actions, I discuss in greater detail the timeline of the RFP cancellation, the
12 relevance of the cancellation to the Biennial Update, and the absence of procurement
13 plans in the Company’s current proposal.

14 **E. Specific Actions**

15 **Q. What supply-side resource actions is PacifiCorp proposing in the Biennial Update,**
16 **and how do they compare to those filed in the 2021 Revised CEIP?**

17 A. PacifiCorp’s Revised 2021 CEIP proposed specific actions for renewable energy based
18 on “the 2020AS RFP and 2021 IRP proxy resources to be confirmed by the 2022AS
19 RFP.”³¹ The Company stressed the important relationship between the IRP process that
20 identifies a need and the subsequent launch of an RFP to fulfill the need, noting that
21 “both are highly relevant to meeting CETA targets as the renewable resources identified

²⁹ Banse, T. “High energy costs, delayed tax credit pose hurdles for Pacific Northwest hydrogen hub.” OPB (Aug. 15, 2024), available at <https://www.opb.org/article/2024/08/15/high-energy-costs-pacific-northwest-hydrogen-hub/>.

³⁰ Revised 2021 CEIP at 66-69.

³¹ Revised 2021 CEIP at 66.

1 (or soon to be identified, in the case of the 2022AS RFP) contribute to meeting interim
2 targets.”³² Notwithstanding the latest testimony of Matthew D. McVee in which he
3 claims that PacifiCorp’s cancellation of the 2022 AS-RFP is not a “relevant concern for
4 the current period” of the BCEIP,³³ the Commission-approved 2021 Revised CEIP did
5 rely on that RFP for meeting its targets for years 2022-25:

6 Proxy resources selected in the 2019 IRP were renewable resources. While the
7 2022AS RFP is an “all resource” solicitation, it is anticipated that the least-cost,
8 least risk supply-side resources will be renewable resources which can reach
9 commercial operations *by the end of 2025* and therefore will contribute to
10 PacifiCorp’s renewable energy and greenhouse gas emission goals (emphasis
11 added).³⁴

12
13 At the time of the 2021 Revised CEIP filing, PacifiCorp’s modeling supported an
14 interim target of 60% by 2025.³⁵ On September 22, 2023, PacifiCorp filed testimony
15 calling the 2022 AS-RFP “the bedrock of the Company’s supply-side procurement
16 actions for the Revised CEIP.”³⁶ Several days later, on September 29, PacifiCorp
17 suspended the 2022 AS-RFP. Roughly one month later, on November 1, 2023,
18 PacifiCorp released its Biennial CEIP Update with drastically reduced interim targets. In
19 the filing, PacifiCorp points to bid repricing “during the latest procurement process” –
20 presumably the 2022 AS-RFP – as one of the main drivers of the lower targets.

21 Specifically, PacifiCorp stated:

22 ...[T]here have been significant impacts on near-term resource availability
23 given repricing that occurred during the latest procurement process. For
24 example, several changes to federal regulations (e.g., Ozone Transport

³² Revised 2021 CEIP at 67.

³³ Direct Testimony of Matthew D. McVee, Docket UE-210829 (Jun. 17, 2024), at p. 23.

³⁴ 2021 Revised CEIP at 68-69.

³⁵ The original 2021 CEIP supported a target of 59% renewable and nonemitting which was increased to 60% after settlement negotiations.

³⁶ Joint Settlement Testimony of PacifiCorp, Commission Staff, NW Energy Coalition, Sierra Club, and The Energy Project, Docket UE-210829 (Sept. 2023), *available at* <https://apiproxy.utc.wa.gov/cases/GetDocument?docID=594&year=2021&docketNumber=210829>.

1 Rule, Inflation Reduction Act), delays during the 2020 AllSource Request
2 for Proposal (RFP), and additional supply chain issues (e.g., solar
3 equipment availability as a result of US import restrictions from China; steel
4 availability and pricing impacts on both the wind and solar industry as a
5 result of eastern European instability (Ukraine)) resulted in both bid
6 repricing as well as fewer new resources for 2024 and 2025 than what was
7 originally included in the 2021 IRP and CEIP. These factors lead to a
8 decrease in the available supply of renewable resource capacity that the
9 Company could procure to meet its interim clean energy targets.³⁷

10
11 The problem with this post-hoc explanation is that PacifiCorp had already
12 signaled the drastic reduction in its targets on March 31, 2023, concurrent with and based
13 upon the 2023 IRP, before any changes to the Ozone Transport Rule occurred and before
14 any bid repricing for the 2022 AS-RFP could have realistically occurred.³⁸ Initial non-
15 benchmark bids were due on March 14, 2023 – roughly three weeks prior to the 2023 IRP
16 filing – which means that, if repricing were an issue, it would have to have occurred in an
17 incredibly narrow timeframe to feed into the Company’s reduced targets.³⁹

18 On April 1, 2024, alongside the filing of the company’s IRP Update,⁴⁰ PacifiCorp
19 officially terminated its 2022 AS-RFP.⁴¹ Within the Update, PacifiCorp also noted that it
20 did not plan to issue the 2024 AS-RFP for resources that would have reached commercial
21 operation by the end of 2028, as originally planned in the 2023 IRP (Action Item 2b). The
22 Company explained that any new resource procurement plans would be developed after

³⁷ Biennial Update at 7.

³⁸ PacifiCorp’s 2023 IRP, Volume II, Appendix O, Table O.1, available at https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023-irp/2023_IRP_Volume_II_A-P.pdf

³⁹ PacifiCorp’s 2022 AS-RFP timeline, available at <https://www.pacificorp.com/suppliers/rfps/2022-all-source-rfp.html>

⁴⁰ PacifiCorp 2023 IRP Update, available at https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2023_IRP_Update.pdf.

⁴¹ PacifiCorp’s announcement of its RFP termination, available at <https://www.pacificorp.com/suppliers/rfps/2022-all-source-rfp.html>

1 the 2025 IRP. Effectively, PacifiCorp does not plan to acquire new resources through
2 RFPs before the 2030 CETA target.⁴² In fact, the Biennial Update is void of any supply-
3 side resource specific actions.

4 **Q. Would Renewable Northwest like to comment on any other factors related to**
5 **PacifiCorp’s resource procurement strategy?**

6 A. Yes. Previously I discussed the cost escalators applied to renewable resources in
7 PacifiCorp’s 2023 IRP, which informed the 2023 Biennial Update, and the connection
8 these manual cost adjustments have to the 2022 AS-RFP. I also recalled PacifiCorp’s
9 September 2023 testimony calling the 2022 AS-RFP “the bedrock of the Company’s
10 supply-side procurement actions for the Revised CEIP.”²³ Finally, I recalled the 2022
11 AS-RFP as a specific action supporting PacifiCorp’s interim targets in the Revised 2021
12 CEIP.

13 Given this demonstrated relevance of the 2022 AS-RFP to the Revised 2021 CEIP
14 and by extension the Biennial Update, it is worth noting that PacifiCorp’s 2023 IRP
15 attributed the cancelation of the 2022 AS-RFP to “(1) The stay of EPA’s disapproval of
16 Utah’s state ozone plan; (2) Ongoing rulemaking by the EPA regarding greenhouse gas
17 emissions, with impacts on our system to be determined; (3) Wildfire risk and associated
18 liability across our six-state service area and throughout the West; and (4) Evolving
19 extreme weather risks that necessitate further decision-making regarding PacifiCorp’s
20 operational and resource requirements.”⁴³ The latter two explanations regarding wildfire

⁴² PacifiCorp’s 2023 IRP Update, p.119

⁴³ IRP Update at 67.

1 and extreme weather risks have not been discussed in the context of the Biennial Update
2 despite their relevance to the period in question.⁴⁴

3 It is becoming increasingly clear that changes to PacifiCorp’s resource
4 procurement strategy are being driven by these risks. In the May 30 OPUC Special Public
5 Meeting, PacifiCorp publicly discussed wildfire risk and liability, explaining that the
6 Company is cash-flow constrained and that further credit-rating downgrades could limit
7 its ability to borrow funds. Consequently, PacifiCorp stated that it is reviewing its capital
8 expenditures and is unlikely to build new resources for the next few years. Still, the
9 Company’s Chief Financial Officer noted that “our likely path is going to be power
10 purchase agreements, as those contracts don’t require us to fund the construction of the
11 facility and therefore they don’t have as much of an impact on our credit metrics.”⁴⁵

12 While Renewable Northwest appreciates the real challenge that wildfire risk and
13 liability poses to PacifiCorp and its customers, we must highlight clear inconsistencies
14 between some of PacifiCorp’s recent actions and what the Company has publicly stated.
15 First, if the Company actually prioritized power purchase agreements (“PPAs”) due to its
16 financial position, it could have selected PPAs through its RFP process rather than
17 canceling the RFP. Next, PacifiCorp recently announced that it acquired the development
18 rights to a 300 MW wind and solar-plus-storage project in Idaho. NewsData reported that
19 the “Arco project emerged from the company’s 2022 request for proposals as a

⁴⁴ Regarding the first two explanations, Renewable Northwest responded in Jun. 14, 2024, comments to the OPUC (Docket LC 82): “(1) a stay is not a compelling reason to remove the OTR constraint from planning as it is not a final decision; and (2) PacifiCorp was well aware of the direction EPA was headed as it promulgated new rules to reduce pollution and protect public health. It is unfathomable that PacifiCorp would not have understood as it developed the IRP Update that EPA’s new greenhouse gas emissions rules would further restrict its fossil fuel resources.”

⁴⁵ OPUC Special Public Meeting, May 30, 2024, starting at 1:33:00, available at https://oregonpuc.granicus.com/player/clip/1332?view_id=2&redirect=true.

1 benchmark self-build project.”⁴⁶ If this statement is correct, it undermines PacifiCorp’s
2 claims of lacking capital to pursue self builds. Finally, PacifiCorp projected concern with
3 its ability to access capital, and yet the Company was able to raise \$3.8 billion in debt
4 financing in January 2024, even after a jury found the Company liable for damages
5 related to 2020 wildfires and after the Company received credit downgrades.⁴⁷

6 Regarding PacifiCorp’s fourth reason for canceling the 2022 AS-RFP – extreme
7 weather risk – it is—at best—counterintuitive for PacifiCorp to drastically reduce and
8 delay investment in cost-effective renewable resources as the effects of climate change
9 bear down on its system and its customers.

11 IV. PATH TO COMPLIANCE

12 A. PacifiCorp’s 2030 Obligations

13 Q. What is required of PacifiCorp to achieve compliance with CETA’s 2030 14 greenhouse gas neutrality standard?

15 A. Per RCW 19.405.040, PacifiCorp has an obligation to serve its Washington load with
16 80% renewable and nonemitting resources by 2030, and per WAC 480-100-640(2),
17 PacifiCorp must demonstrate in each CEIP filing how it will “make reasonable progress
18 toward meeting” CETA’s 2030 mandate.⁴⁸

⁴⁶ NewsData, “PacifiCorp Acquires 300 MW Wind and Solar Project in Idaho,” March 1, 2024, https://www.newsdata.com/clearing_up/briefs/pacificorp-acquires-300-mw-wind-and-solar-project-in-idaho/article_ac5f97ca-d7f1-11ee-a70c-7bb46a67cd2f.html; NIPCC DR #8.

⁴⁷ S&P, “PacifiCorp Downgraded To 'BBB+', Outlook Revised To Negative; Berkshire Hathaway Energy Co. Outlook Also Negative,” June 20, 2023; Financial Post, “Berkshire Utility Sells \$3.8 Billion Bond to Pay Wildfire Claims,” January 3, 2024, available at <https://financialpost.com/pmnbusiness-pmn/berkshire-utility-sells-blue-chip-bonds-to-pay-wildfire-claims>.

⁴⁸ WAC 480-100-640(2).

1 **B. Need for New Clean Resources Pre-2030**

2 **Q. What is PacifiCorp’s current standing with regard to the 2030 mandate, and what is**
3 **the resource need to achieve compliance?**

4 A. In PacifiCorp’s 2024 CEIP Progress Report, the Company notes a slight miss of its 2023
5 interim target of 31%, putting the Company at 30.8% renewable and nonemitting by year
6 end 2023.⁴⁹ This gives the Company about six years to decarbonize its Washington retail
7 load by an additional 49.2%.⁵⁰

8 However, PacifiCorp has not demonstrated a procurement plan ahead of the 2030
9 target, meaning there is no current or planned competitive procurement process to acquire
10 CETA-compliant resources ahead of 2030.

11 As noted, PacifiCorp’s 2023 IRP Update canceled plans to issue a 2024 AS-RFP
12 that would have considered resources with commercial operation dates through 2028.

13 One can conclude, then, that any progress toward the 2030 mandate must be facilitated by
14 the very near-term launch of a procurement process to consider resources with
15 commercial operation dates through 2030.

16 **C. Requested Remedy**

17 **Q. What decision are you requesting from the Commission to require the Company to**
18 **demonstrate progress toward meeting interim targets?**

19 A. We encourage the Commission not to approve the interim target reductions proposed in
20 PacifiCorp’s Biennial Update but instead to hold the Company to the approved targets set
21 in the 2021 Revised CEIP. Given the Commission’s emphasis that “per Commission

⁴⁹ PacifiCorp 2024 CEIP Progress Report, *available at*
https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/ceip/210829_PAC_CEIP_2024_Progress_Rpt_7-1-24_fnl.pdf.

⁵⁰ See Table 1 of PacifiCorp’s 2024 CEIP Progress Report, p. 3.

1 rules, interim targets must “[d]emonstrate how the utility will make reasonable progress’
2 towards the 2030 and 2045 CETA standards,” PacifiCorp’s proposed interim target
3 reductions in the Biennial Update should not be considered compliant.⁵¹ We recommend
4 that the Commission maintain consistency with its recent treatment of PSE’s proposed
5 target reductions by rejecting PacifiCorp’s target reductions and upholding the
6 Commission-approved targets out of the 2021 Revised CEIP. The Commission’s Order
7 12 approving PSE’s BCEIP subject to conditions notes that “the Commission has
8 discretion in its assessment of and relief from penalties,” and of course this would extend
9 to PacifiCorp should the Company fail to meet the targets.⁵²

10 **Q. What Commission action may be necessary to direct the Company’s compliance**
11 **with RCW 19.405.040(1)?**

12 A. We recommend that the Commission order PacifiCorp to pursue the near-term
13 procurement of new clean resources on an expedited basis sufficient to put the Company
14 on track to meet CETA’s obligations. We recommend that an all-source RFP be released
15 to the market no later than the anticipated April 2025 filing of PacifiCorp’s 2025 IRP. We
16 also recommend that the RFP follow an accelerated schedule to allow for the possibility
17 of a second procurement designed to bring on resources ahead of the 2030 mandate,
18 especially considering the delay potential of the SMR project anticipated to meet a
19 meaningful portion of PacifiCorp’s final stretch toward compliance in 2030.

⁵¹ Utilities and Transportation Commission Order 12 Approving CEIP Biennial Update Subject to Conditions (Docket UE-210795), Mar. 25, 2024, at 3.

⁵² *Id.* at 3.

1

V. CONCLUSION

2

Q. Does this conclude your testimony?

3

A. Yes.