



NW Energy Coalition
for a clean and affordable energy future

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Attn: Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Lacey, WA 98503

Re: NW Energy Coalition's Comments on PacifiCorp's 2025 Draft Electric Integrated Resource Plan (Docket UE-230812)

Dear Director Killip:

The NW Energy Coalition ("NVEC") appreciates the opportunity to provide comments on the PacifiCorp Draft 2025 Integrated Resource Plan ("IRP") in Utilities and Transportation Commission ("UTC" or "Commission") docket UE-230812, as provided by the Notice of Opportunity to File Written Comments issued January 10, 2025.

NVEC is an alliance of over 100 environmental, civic, and human service organizations, progressive utilities, and businesses. Our mission is to advance clean, equitable, and affordable energy policies in Oregon, Washington, Idaho, Montana and British Columbia. We envision the Northwest comprised of communities that benefit from a carbon-free energy system that equitably meets the needs of people and preserves the region's natural resources.

Overall, NVEC views the 2025 Draft IRP as showing modest signs of improvement from the major setback of its 2023 IRP Update. PacifiCorp must go further in addressing load growth, decarbonization, and system reliability in Washington, especially considering the rapid changes in federal policy, economic and climate uncertainty, and dramatically increasing energy burden and rate pressure on low- and moderate-income customers and highly impacted communities.

We continue to recognize and reiterate the Company's achievements in key areas that are particularly relevant to achieving these goals. We also highlight the recognition in the IRP of an impending and important milestone: the elimination coal-fired resources from PacifiCorp's allocation of electricity to Washington customers by the end of 2025 under the Clean Energy Transformation Act (RCW 19.405.030).

In addition, as summarized below, we also continue to advocate for improvements that PacifiCorp must undertake to assure reliable, clean, affordable and equitable service in Washington.

With the forthcoming final IRP to be filed by PacifiCorp at the end of March, NWEC is conferring with other interested organizations and will present more detailed technical assessments and comments during the Commission’s review of the final IRP.

1. Achievements

PacifiCorp’s commitment to join the EDAM. In Spring 2024, PacifiCorp announced that it would join California ISO’s Extended Day Ahead Market (“EDAM”), building on top of the very successful Western Energy Imbalance Market (“EIM”). In the 2025 Draft IRP PacifiCorp reaffirms this commitment, which will help the Company benefit from market-based resource dispatch.

2025 All-Source Request for Proposals. PacifiCorp plans to issue “one or more all-source Request for Proposals (RFP) to procure resources aligned with the 2025 IRP preferred portfolio that can achieve commercial operations by the end of December 2029”.¹ We are glad to see this. Considering the impact that the terminated 2022 All-Source RFP had on PacifiCorp’s progress toward the Clean Energy Transformation Act’s 2030 standard, it is critically essential that the Company move forward with issuing and selecting resources from 2025 AS RFPs. The cancellation of the 2022 AS-RFP and the more modest expectations for one or more RFPs this year also increases the need for PacifiCorp to accelerate its development of customer energy resources including energy efficiency, and local and behind-the-meter renewable generation, demand response and storage.

Transmission Expansion and Upgrades. We commend PacifiCorp’s ongoing work to expand transmission capacity, including the long-planned Walla Walla to Sunnyside project. However, that project’s projected 2031 operational date continues to raise concern about the Company’s ability to deliver energy to its Washington customers during high demand stress periods.

Load Forecast’s Consideration of Climate Change. Like the 2023 IRP Update, the 2025 IRP details steps taken to include climate change in the Company’s load forecast (pg 104 and Appendix A). We urge PacifiCorp to continue this practice given the variability and uncertainty of climate impacts in the IRP’s scope.

While we appreciate the inclusion of climate change in load forecasting, we are uncertain as to why PacifiCorp is predicting that annual variation in hydro, wind, and solar will

¹ PacifiCorp Draft 2025 IRP, Volume 1, pg 261.

become more normal from 2025 to 2030 compared to 2019 to 2025 (pg 318, Appendix O). We are concerned that this assumption may lead PacifiCorp to rely heavily on unbundled renewable energy credits in order to be CETA compliant come 2030. We look forward to seeing a more detailed analysis in the final IRP filing.

Behind the Meter Distribution Study. PacifiCorp worked with a third-party vendor, DNV, to produce a Behind the Meter Distribution Study in November 2024. We look forward to digging into this study more before the Final IRP is released.

Finally, we list recommendations for the Commission and PacifiCorp to consider. We note that many of these recommendations come directly from our comments on PacifiCorp's 2023 IRP Update as we have not seen progress or changes that have addressed many of the topics below.

2. Areas of Concern and Recommendations

Load Forecast

PacifiCorp produced only a baseline load forecast for the Draft 2025 IRP. A more complete load forecast including a full range of sensitivities for differing future conditions is not only important for any IRP, it is exceptionally important now given the very wide range of potential pathways for average and peak load growth in the coming years, including in the Company's Washington service territory.

That expanded range of uncertainty raises fundamental issues concerning the scale, diversity, and flexibility of new resources needed over the coming years, and particularly the potential for a rapid acceleration in customer energy resources to help reduce overall demand and manage system peaks.

Indications of rapid shifts within the PacifiCorp system can already be seen in the Draft IRP, for example Volume II, Table A.3. There, comparing the Company's May 2022 and May 2024 load forecasts, we see a slight overall reduction in overall system demand for the next several years, and a slight decrease for Washington in 2025-26 and a slight increase thereafter. However, Oregon is projected to have major reductions for the near- and mid-term while Utah will have nearly as large load growth, likely representing a shift in the location of new data centers and industrial loads, in part due to transmission constraints in central Oregon.

Demand Response - Flexible Load Plan

We recommend that the Commission direct PacifiCorp to develop a flexible load plan that fully describes a comprehensive strategy for developing DR delivery including both program components and rate design. It is especially important to have primary guidance

from an effort to identify in detail the interests and preferences of various customer segments potentially participating in DR programs.

Proposed Natrium Nuclear Project

PacifiCorp still has not provided sufficient information and justification for inclusion of the proposed Natrium projects in the IRP Preferred Portfolio. No project of this specific type has ever been constructed and operated on any grid.

In the context of IRP review by the Commission, therefore, it is not possible to compare the availability, cost, and performance of this resource type with no empirical history to other resources considered for the IRP portfolio which all have demonstrated cost and performance metrics.

NWEC observes that the Natrium project:

- Has no public cost and performance data even on an estimated basis.
- Is not included in IRP planning as the result either of an RFP or a contract with the developer (although such a written arrangement is projected by the end of 2025 in the draft Preferred Portfolio).
- Has no license from the Nuclear Regulatory Commission to construct or operate.
- Does not for the foreseeable future have a commercially available source of the new type of nuclear fuel required for the project.

These factors place ongoing cost, resource adequacy and reliability risk on customers because PacifiCorp continues to force the Natrium project into its portfolio assessment and there is no evident backup plan.

It is not appropriate for PacifiCorp to continue developing a speculative project under the cover of IRP acknowledgement, first and foremost because the implications of a cost shift to customers cannot be resolved with currently available information. NWEC continues to recommend that the Natrium facilities be removed from the Preferred Portfolio.

Life Cycle Methane Emissions

Substantial recent peer reviewed research shows that upstream greenhouse gas emissions, especially carbon dioxide, from natural gas (methane) extraction, production and transmission, are considerably larger than has previously been assumed. Current peer-reviewed estimates show that life cycle GHG emissions from methane, including from wellhead to power plant combustion in the electric sector, may be much closer to coal than the direct combustion emissions factors suggest. Some of this is due to more accurate assessments of “fugitive emissions” from the natural gas supply chain generally, and some from specific issues with poorly maintained facilities (“super-emitters”). This is

especially important considering PacifiCorp's plans to convert several coal generators to gas over the next few years.

With guidance from the Commission, PacifiCorp should reassess the full life cycle of methane emissions for natural gas used in its gas-fired generation as well as market purchases.

Wholesale Gas Pricing

Overall, the Henry Hub wholesale gas price projection is lower than the 2023 IRP. Whereas in the 2023 IRP Update the gas price trend from 2024-2029 was steady around \$5, the 2025 IRP now shows a steep increase in this time range increasing from about \$2.20 in 2024 to \$5.60 in 2029.²

The west, especially along the Pacific coast, had a lengthy period of highly elevated wholesale natural gas and power market prices during the winter of 2022-23 and again in January 2024.

In addition to volatile event-based market prices, additional uncertainty may impact gas prices. We caution the Commission and PacifiCorp to consider the potential effect of federal tariffs and their price impacts on Canadian gas imports that are imminent as of this writing. While PacifiCorp gas power plants are mostly located near the gas supply basins in the Rockies, the price pressure from tariffs and rising US and Canadian LNG exports foreshadows significant increases in gas power plant costs and also wholesale power market prices in the immediate future and going forward.

Importantly, the new LNG Canada export terminal in British Columbia is expected to ship its first cargo in July and by the end of 2025 to export about 12% of all gas production from the Western Canadian Sedimentary Basin in northeast British Columbia and western Alberta to Asia. This will also have a significant impact on United States market prices including domestic supplies sources by PacifiCorp.

NWEC welcomes PacifiCorp's commitment to the EDAM, which will help mitigate our region's overdependence on gas fired generation. However, further action will be needed to prepare for further occurrences of extended scarcity pricing.

We recommend the Commission initiate a review— including the participation of PacifiCorp and the other jurisdictional electric utilities, along with all stakeholders— of the winter 2022-23 and 2024 events and address the underlying causes, potential for reoccurrence of extended scarcity pricing at any point throughout the year, and potential measures to respond. We also recommend that the variability from tariffs on gas and oil

² Figure 3.11 - Henry Hub Futures, PacifiCorp Draft 2025 IRP, Volume 1, pg 37.

imports and the new British Columbia export terminal be incorporated into utility planning and the UTC oversight process.

Federal incentives

The 2025 IRP assumes federal incentives will continue to exist but there is considerable uncertainty under the new Federal administration. We encourage the Commission and PacifiCorp to continue to plan for these incentives but to also look for opportunities to consider alternative financing where possible and consider how the lack of incentives may impact resource selection.

Solar and Wind

In the draft IRP, PacifiCorp refined its new resource acquisitions across all categories including wind, solar, and storage. The Company has brought forth further information in its stakeholder process since the draft IRP was filed and we will present more detailed comments on the final IRP. At this time, we continue to underline the importance of close review of the final IRP and the direction of its proposed RFP process to acquire new renewable and storage resources for compliance with the 2030 requirements of CETA.

Thank you for considering our comments.

Respectfully submitted,

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