

December 20, 2019

**VIA ELECTRONIC FILING**

Mark L. Johnson  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

Received  
Records Management  
12/20/19 15:46  
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COMMISSION

**Re: Docket UE-190698—PacifiCorp’s Comments in the Rulemaking Relating to Integrated Resource Planning**

PacifiCorp dba Pacific Power and Light Company (PacifiCorp), appreciates the opportunity to provide comments as part of the Clean Energy Transformation Act (CETA) rulemaking process at the Washington Utilities and Transportation Commission (Commission) and specifically on rules regarding integrated resource planning.

On November 7, 2019, the Commission provided notice of a filed Pre-proposal Statement of Inquiry (CR-101) to update the integrated resource plan (IRP) rules in WAC 480-100-238, to consider whether additional rules were necessary to implement recent legislation, to clarify how recent advances in the energy industry should be treated in IRPs, and to consider other improvements in the process and policies involved in utility preparation and Commission review of IRPs.

To assist the consideration of these improvements in the processes and policies involved in utility preparation and Commission review of IRPs, the Commission requested responses to a set of 15 questions that can be generally divided into the major subject areas of **procedural questions, equitable distribution of benefits, and content of the IRP**. In addition to responding to the 15 questions below, PacifiCorp also provides a summary of the company’s views by topic area:

**Procedural responses:** PacifiCorp advocates for an approach that balances transparency and public engagement with reduced administrative burden to maximize the value of the Commission’s review and regulatory proceedings. PacifiCorp is not opposed to a four-year cycle for the IRP that includes filing of an IRP progress report two years after a full-IRP filing together with a Clean Energy Implementation Plan (CEIP), so long as mechanisms are in place for a utility to seek acknowledgement should there be changes between four-year cycles for which the company would want to seek Commission acknowledgment. Under this process, it appears the Clean Energy Action Plan (CEAP) and CEIP will create a “plan and verify” cadence; *e.g.*, the CEAP included with the full IRP will be the plan for implementation of CETA and the CEIP will provide a status update/verification of progress towards completion of the CEAP. PacifiCorp would welcome a workshop with parties to discuss how this proposed process would work in practical application and other perspectives on this proposed approach. As discussed in more detail below, the company does not support a requirement to file a draft IRP four months

prior to filing the final IRP due to practical realities that would make it impossible to file such a document while also ensuring meaningful stakeholder input.

**Equitable distribution of benefits:** The company is open to consideration of Commission rules on this topic; however, as discussed above there will need to be flexibility built into any requirements. For this reason it will be important *not* to incorporate a penalty for failure to meet the aspirational targets contained in any assessment. The IRP is a planning analysis that is meant to determine potential long-term outcomes for the utility system on a risk-adjusted, least-cost basis based on proxy resources, and does not represent actual procurement and/or specific resource decisions or acquisitions that would follow a request for proposal process as needed. As such, it would not be appropriate to incorporate or helpful to comment on the equitable distribution of benefits within an IRP. The IRP is also not a ratemaking plan nor does it contemplate impacts on specific customer rates.

**Content of the IRP:** PacifiCorp recommends that the Commission allow flexibility with regard to the content of the IRP to account for the unique characteristics of each utility. In particular, flexibility as to how the social cost of carbon is treated in resource portfolio modeling (and the ability to change resource adequacy determinations to match a multi-state service area) is critical for a utility like PacifiCorp that operates in six states and models a large number of portfolios as part of its IRP development.

PacifiCorp's responses to the Commission's specific questions are as follows:

### **Procedural Responses**

- 1. RCW 19.280.030(1) requires a utility to develop an IRP at least every four years, and, at a minimum, a progress report reflecting changing conditions every two years. The Commission's rules require that investor-owned utilities file a full plan every two years (WAC 480-100-238(4)). CETA requires a utility to file a CEIP for approval by the Commission, informed by its Clean Energy Action Plan (CEAP) which itself is an output of the IRP, every four years. CETA's additional requirements will necessitate a lengthier and more time consuming administrative process for all parties. In the discussion draft, Staff is proposing to require utilities to file IRPs every four years, with a limited progress report every two years.**
  - a. Should the Commission only require a full IRP every four years, with a limited IRP progress report every two years? Why or why not?**

PacifiCorp is not opposed to a four-year cycle for the IRP so long as mechanisms are in place for a utility to seek acknowledgement should there be changes between four-year cycles for which the company would want to seek Commission acknowledgment. PacifiCorp prepares and files a full IRP every two years. PacifiCorp develops its resource plans on an integrated system-wide basis, consistent with how it operates its system. Due to the unique multi-jurisdictional nature of PacifiCorp's planning process, and state-specific standards and guidelines governing the biennial nature of the planning process, PacifiCorp will continue to develop its resource plan on a biennial basis

In light of this, PacifiCorp is not opposed to the concept of a four-year cycle for IRPs and a two-year cycle for IRP progress reports for Washington.

The filing of a full IRP every four years could provide an appropriate time horizon for the IRP to include a meaningful analysis and discussion of the actions to be taken in response to the energy transformation outlined in the CETA legislation. The IRP will serve as a policy-setting document, and development will include stakeholder engagement through the company's robust public-input process. As the Commission recognizes, this is a lengthy and time-consuming process for all stakeholders.

The use of an IRP progress report every two years will allow for the full IRP to serve as a policy-setting proceeding, with the interim progress reports allowing for data updates and a check-in regarding how the utility is accomplishing the policy actions acknowledged in the full IRP. This pared-down process would serve as the regulatory confirmation that the utility is on the right track following the acknowledgment of the last IRP, and will begin to identify areas of focus for the next IRP.

**b. If the Commission were to require only a progress report every two years, filed two years after the full IRP, which components of an IRP do you think should be updated? Which components do you think only need to be updated every four years?**

The currently proposed rules would require an update of the load forecast, demand-side resource assessments, the preferred portfolio, and portfolio analysis. This list of proposed updates is adequate, and PacifiCorp does not have any additional suggestions for inclusion in the IRP progress report as it will continue to develop a full IRP on a biennial basis.

**2. The discussion draft proposes that a utility must file a work plan at least fifteen months prior to the due date of its IRP, and a completed draft IRP four months prior to the due date. Does this proposed schedule allow sufficient time for a thorough IRP with robust public engagement? If not, please provide a preferred timeline.**

Utilities currently file a work plan 12 months before filing the IRP, which serves as the first opportunity for public input as part of the IRP regulatory process. PacifiCorp supports keeping the 12-month requirement, as it is more than sufficient for PacifiCorp's IRP public-input process, which typically spans nine months. To avoid the need to refile work plans when changes occur, PacifiCorp requests that the Commission allow utilities to include a link to the company's website with up-to-date meeting information within the work plan.

The proposed requirement to file a draft IRP four months before the due date is not feasible for PacifiCorp, and may diminish the ability of the public to provide meaningful input during the IRP development process – much of which occurs at the very start and over a progression of technical studies and analysis. PacifiCorp has a robust public-input process that starts with state-specific input meetings and monthly public-input meetings

open to all stakeholders. PacifiCorp revisits its assumptions and makes adjustments in its approach and methodologies as reasonable through the public-input process in response to stakeholder feedback received throughout the IRP development process. Public-input meetings are noticed on PacifiCorp's IRP webpage and through its stakeholder distribution list, are held in multiple physical locations to facilitate ease of participation among stakeholders connected by video conference, and are connected via a phone line for remote participation. Outside of the monthly public-input meetings, feedback and input is also facilitated through a robust stakeholder feedback form process. All public-input meeting materials including IRP supporting studies, public-input meeting presentations, and stakeholder feedback forms with the company's response are available on the PacifiCorp's IRP webpage.<sup>1</sup> PacifiCorp takes this public feedback and input seriously, and works to include public input into the IRP results whenever possible.

The timeline of PacifiCorp's roughly nine month IRP public-input process typically begins with an overview of changes since the last IRP in the planning environment and development and results of studies that inform base inputs and assumptions for IRP modeling. PacifiCorp then works with stakeholders in the portfolio development phase where it develops and analyzes many portfolios — typically over 100 unique resource portfolios. It presents its draft preferred portfolio and action plan at the second-to-last or last public-input meeting with only a few weeks to prepare the written document for filing. Requiring a draft four months ahead would not only lead to a prolonged and delayed IRP development process, it would minimize the value of public input, as key planning assumptions are developed and vetted with the public much earlier in the development process. It would also be less effective because once the preferred portfolio and report are at a point where a full draft is available, there is limited ability to incorporate feedback and comments from stakeholders without duplicating much of the work already performed throughout the stakeholder process. This is a key driver to PacifiCorp's receptiveness and responsiveness to making adjustments as reasonable in response to stakeholder feedback throughout the IRP development process.

As discussed above, PacifiCorp makes all of its public-input meeting materials available on its IRP webpage and would be open to filing these in advance or possibly throughout the IRP public-input process, including its draft preferred portfolio and action plan before filing the IRP document.

### **3. Please describe:**

#### **a. An ideal timeline on when a utility files an IRP and CEIP**

PacifiCorp's understanding from Section 6(b)(i) of CETA is that an investor-owned utility must develop and submit a CEIP to the Commission every four years. These plans must:

- Be informed by the investor-owned utility's clean energy action plan as developed under RCW 19.280.030;

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<sup>1</sup> <https://www.pacificorp.com/energy/integrated-resource-plan.html>

- Be consistent with requirements under Section 6(3) of CETA regarding the two percent incremental cost cap over the four-year compliance period; and
- Identify specific actions to be taken by the utility over the next four years, consistent with the utility's long-range IRP and resource adequacy requirements.

While Section 6 seems to indicate that the CEIP and IRP are quite closely related, subsection 6(c) indicates that the Commission may – after a hearing – approve, reject, or approve with conditions the CEIP and interim targets. Additionally, the Commission may recommend or require more stringent targets than those proposed by the utility.

Because there appears to be a separate review and approval of the CEIP (in addition to the standard IRP review process), PacifiCorp recommends that the CEIP be filed as part of the IRP progress report every two years following a full IRP filing, as a policy-based supplement to the progress-report data provided to stakeholders. This would allow for review by the Commission, and time to integrate Commission feedback into the next full IRP filing, as needed.

#### **b. The relationship between the IRP and CEIP**

PacifiCorp's understanding of the CEIP is that it is to be filed consistent with the actions and plans of the utility's IRP, but the CEIP is subject to "approval" rather than "acknowledgement." As detailed in response to question 3(a) above, the company suggests filing of the CEIP with the IRP progress report in order to allow time for any Commission directives regarding to the CEIP to be implemented into the subsequent full-IRP filing. It appears from the language in Section 6 of CETA that the CEIP is intended to inform the IRP. PacifiCorp would welcome a workshop with parties to discuss how this proposed process would work in practical application and other perspectives on this proposed approach.

#### **c. How the CEAP in the IRP will inform the CEIP**

It is PacifiCorp's understanding from Section 14(2) of CETA that for an investor-owned utility, the CEAP must:

- Identify and be informed by the utility's ten-year cost-effective conservation potential assessment as determined under RCW 19.285.040;
- Establish resource adequacy requirements;
- Identify the potential cost-effective demand response and load management programs that may be acquired;
- Identify renewable resources, non-emitting electric generation, and distributed energy resources that may be acquired and evaluate how each identified resource may be expected to contribute to meeting the utility's resource adequacy requirement;
- Identify any need to develop new, or expand existing bulk transmission and distribution facilities; and

- Identify the nature and possible extent to which the utility may need to rely on alternative compliance options.

The CEAP – filed with the IRP and setting resource adequacy and transmission requirements – appears to be an upstream deliverable to the CEIP based on the CEIP’s requirement to “identify actions... consistent with the utility’s long-range IRP and resource adequacy requirements.”

**4. The discussion draft proposes holding a public hearing on the draft IRP rather than the final IRP, as has been the Commission’s historic practice. One benefit of this proposal is that the utility could make changes to its final IRP based on the feedback it receives from its stakeholders and the public.**

**a. Should the Commission move the public hearing to a date between the utility’s submission of its draft IRP and the final IRP? Is there any other point in time that public comment hearings are most beneficial to public engagement?**

No, the Commission should not hold a public hearing for review of a draft IRP. As noted in the company’s response to question 2 above, filing a draft IRP multiple months in advance is not feasible for PacifiCorp, and could greatly reduce the amount of public participation and engagement in the IRP process. In addition, the company’s robust stakeholder input process provides multiple opportunities for comment and input on each iteration (or “draft”) of the company’s final, preferred portfolio and to inform inputs, assumptions, and methodologies applied throughout the IRP development process. Through the existing public-input process stakeholders, including members of the public, are provided with an opportunity to review the company’s progress and request additional information in a more interactive setting than can be facilitated by a formal public hearing.

**b. Given the integration of the IRP, the CEAP, and the CEIP, is there any other point in time that public comment hearings are most beneficial to public engagement?**

PacifiCorp does not have a recommended time for public comment hearings at this time, but reserves its right to provide additional comments on this topic in the future.

**5. Draft WAC 480-100-615(2) states that a utility must file a draft of its integrated resource plan four months prior to the due date of the final plan. Are there requirements in WAC 480-100-610 that are not necessary or which reduce a utility’s flexibility in their preparation of a draft IRP?**

PacifiCorp invites public input throughout the IRP development process as part of its public-input meetings and via the stakeholder feedback form process, beginning a year ahead of each filing. The stakeholder feedback forms are made public on PacifiCorp’s website, as are the company’s responses. PacifiCorp summarizes this process in the final IRP. As PacifiCorp already makes this information public, it does not seem necessary to include it in the suggested draft IRP.

- 6. Historically, the Commission has used an acknowledgment letter with comments to affirm that the utility has met the legal and regulatory requirements for filing an IRP. Given the advent of the CEIP, which is informed by the IRP and approved by the Commission, should the Commission consider a different type of response to an IRP, including but not necessarily limited to a compliance letter, an acknowledgment letter with comments, or Commission approval? Please explain your reasoning.**

PacifiCorp recommends that the Commission continue to provide acknowledgement letters as a confirmation that an IRP complies with all requirements. As noted by the Commission, the CEIP will be approved and as part of this approval process the Commission will provide feedback or directives to make changes to the utility's proposal. Under the company's proposed timeline above, the CEIP would be filed together with the IRP progress report, which would allow any Commission feedback or directives to be incorporated into the next full IRP filing. PacifiCorp believes that this staggered filing and review process will allow sufficient oversight without unnecessary administrative burdens on the Commission and stakeholders.

### **Equitable Distribution of Benefits**

- 7. Should the requirements for assessments in RCW 19.280.030(1)(k) and the requirements to ensure all customers benefit in RCW 19.405.030(1)(k) be connected in Commission rules? If so, how might this integration work?**

The company is open to consideration of Commission rules on this topic; however, as discussed above there will need to be flexibility built into any requirements. For this reason it will be important *not* to incorporate a penalty for failure to meet the aspirational targets contained in any assessment.

- 8. What types of information should a utility provide in its IRP to document that the utility is ensuring all customers are benefitting from the transition to clean energy?**

The IRP is a planning analysis that is meant to determine potential long-term outcomes for the utility system on a risk-adjusted, least-cost basis based on proxy resources, and does not represent actual procurement and/or specific resource decisions or acquisitions that would follow a request for proposal process as needed. As such, it would not be appropriate to incorporate or helpful to comment on the equitable distribution of benefits within an IRP. The IRP is also not a ratemaking plan nor does it contemplate impacts on specific customer rates.

A workshop to discuss how equitable distribution of benefits could be shown by utilities may be helpful.

**9. What level of guidance do utilities need from the Commission to implement the equitable distribution of benefits in the IRPs?**

**a. How should the Commission guide the type of information included in the utility's assessment (e.g., rule, policy statement, or some other method)?**

PacifiCorp requests a workshop to discuss potential guidance regarding information potentially included in utility assessments.

**b. How should the Commission guide how utilities incorporate the assessment into the IRP (e.g., rule, policy statement, or some other method)?**

Please see PacifiCorp's response to part a, above.

**10. RCW 19.280.030(9) prohibits using IRPs as a basis to bring legal action against electric utilities. That is, an IRP cannot be adjudicated before the Commission. Considering this statutory prohibition, where and when should a utility report compliance ensuring all customers are benefitting from the transitions to clean energy?**

PacifiCorp recommends a workshop to discuss this further. Pursuant to CETA, Section 6(c), the CEIP is subject to Commission approval separate from the IRP acknowledgement process. The review of the CEIP already anticipates an administrative process that includes a hearing; this process could be used as an opportunity to evaluate customer benefits and direct changes to the CEIP if targets are not being met as anticipated or intended. This process is appropriate given the likely need for adjustments as the utilities begin implementation because customer benefits may be difficult to measure and can be subjective. PacifiCorp repeats its concerns raised above regarding the need for flexibility as CETA is implemented; flexibility will allow for changes to be made in response to lessons learned.

**Content of the IRP**

**11. In the portfolio analysis and preferred portfolio section of draft WAC 480-100-610(11), should the Commission include criteria in the narrative explanation in addition to those listed in subsections (a) through (f)?**

PacifiCorp will address the requirements detailed in WAC 480-100-610(11) in future IRP filings, and has nothing to add to this criteria at this time.

**12. Should the Commission provide more specific guidance in these rules on how and where a utility incorporates the social cost of greenhouse gases? See draft WAC 480-100-610(6) and WAC 480-100-610(12)(j). Why or why not?**

As a multi-state utility, PacifiCorp must conduct resource planning as an integrated system, consistent with how it operates and including differing regulatory requirements. In order to balance these planning requirements, the company will continue to address the social cost of greenhouse gas emissions as a sensitivity it applies to top portfolios, and



not as a built in cost that would not be consistent across states. The social cost of greenhouse gas emissions will be applied to top portfolios and the preferred portfolio. These portfolios, including the social cost of greenhouse gas emissions, will inform the Clean Energy Action Plan.

**13. The draft rules mirror statutory language requiring utilities to assess resource adequacy metrics and identify a specific metric to be used in the IRP, but the draft does not provide any specific guidance to utilities. See draft WAC 480-100-610(7), (8), and (12)(d).**

- a. Should the Commission address resource adequacy metrics in rule by identifying the scope of allowed metrics or identifying the specific metric utilities should use? Alternatively, should the Commission allow utilities the flexibility to change their resource adequacy requirement to meet current best practices without going through a rulemaking? Please explain why one method is preferred over the other.**

PacifiCorp plans to maintain its planning reserve margin input as part of ensuring reliable portfolios developed during the IRP development process. In addition, PacifiCorp is participating in regional efforts to establish a voluntary resource adequacy program and does not believe the Commission should address any further resource adequacy metrics and should instead allow the regional program development to continue to progress.

- b. If the Commission does not establish specific guidelines in rule, it is possible different utilities will use different resource adequacy metrics, which may make effective comparisons among utilities more difficult. If not by rule, should the Commission provide more specific guidelines through another process, such as a policy statement?**

See the company's response to Question 13(a), above.

**14. Should the Commission provide additional guidance regarding cost-effective demand response and load management? See WAC 480-100-610(2)(b) and (12)(e).**

Additional Commission guidance is not necessary. PacifiCorp's IRP process compares alternate resources and its model makes optimal selections among available supply-side resources on a cost-effective basis, including demand response and load management. These resources are by definition cost-effective. Additional specificity may generate unintended model or selection constraints or impacts.

**15. Draft WAC 480-100-610(12) includes a requirement for utilities to identify in the IRP the CEIP's four-year energy efficiency, demand response, and renewable energy goals in the CEAP. This is the only listed requirement of a CEAP that is not in statute. Is it necessary and appropriate for the utility to identify proposed four-year CEIP targets in the CEAP?**

PacifiCorp would appreciate any clarification around the requirements and timing of CEIP and CEAP, including how the plans relate to one another and welcomes a workshop to discuss further.

Pacific Power appreciates the opportunity to provide comment at this early stage, and it looks forward to continued collaboration with stakeholders throughout the CETA implementation process.

It is respectfully requested that all communications related to this proceeding be sent to the following:

By Email: [WashingtonDockets@pacificorp.com](mailto:WashingtonDockets@pacificorp.com)  
[IRP@pacificorp.com](mailto:IRP@pacificorp.com)

Please direct informal inquiries to Jacob Goodspeed, Regulatory Affairs Project Manager, at (503) 813-6840.

Sincerely,

\_\_\_\_/s/\_\_\_\_  
Etta Lockey  
Vice President, Regulation  
Pacific Power  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
[etta.lockey@pacificorp.com](mailto:etta.lockey@pacificorp.com)