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 PacifiCorp Initial Brief

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1 PacifiCorp d/b/a Pacific Power (PacifiCorp) submits this Initial Brief for the Washington Utilities and Transportation Commission's (Commission) consideration, and respectfully requests the Commission approve PacifiCorp's 2023 Biennial Clean Energy Implementation Plan (CEIP) Update (CEIP Update).

I. SUMMARY OF ARGUMENT

2 From an evidentiary perspective, this case is routine. Washington statutes and regulations require PacifiCorp to comply with the Clean Energy Transformation Act (CETA) with the lowest reasonable cost, after considering risk, strategies.[1] PacifiCorp updated its 2021 CEIP, as allowed by Commission rules,[2] to incorporate four assumptions that resulted from the company's most recent long-term resource supply plan. Each of these assumptions reduced PacifiCorp's interim targets through 2029.

Three of these assumptions are uncontested. No party contests that PacifiCorp correctly used its cost allocation methodology, the Washington Inter-Jurisdictional Allocation Methodology (WIJAM), to inform resource allocations. No party contests that PacifiCorp incorporated actual, as opposed to planned-for, resources from the 2020 All Source Request for Proposals (2020AS RFP). No party contests that PacifiCorp used its most recent retail sales forecast. No party contests that each of these issues lowered PacifiCorp's interim targets in the CEIP Update.

3 And what appears to be PacifiCorp's single contested justification for reduced interim targets (the re-allocation of several greenhouse gas emitting resources to serve Washington customers beyond 2023), merely reflects the company's currently approved

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[1] *E.g.*, RCW 19.280.030(1)(j); WAC 480-100-620(11)(a).
[2] WAC 480-100-640(11).

revenue requirement. There can be no serious argument that PacifiCorp's CEIP Update should ignore the resources that are currently serving Washington customers, especially when parties supported these decisions in the 2023 rate case, and which lowered net power costs in Washington by approximately $70 million. As a practical matter, PacifiCorp represents this issue is moot.

4 On these four issues the Commission lacks substantial record evidence—indeed any evidence on the first three issues—to conclude anything other than that PacifiCorp's CEIP Update is consistent with Washington's various statutory and regulatory mandates that utilities must plan to comply with CETA consistent with least-cost, least-risk planning principles.[3] And it should not be lost on the Commission that even with these reduced near-term interim targets, the CEIP Update indicates that PacifiCorp will meet CETA's 2030 greenhouse gas neutrality requirement, and will comply with the law's 2045 requirement more than a decade early.

5 The parties decline to engage with each of these primary justifications that lowered PacifiCorp's interim targets. Instead, they focus on matters not relevant to the determinations the Commission is required to make.

6 Several parties are concerned that PacifiCorp's cancellation of the 2022 All Source Request for Proposals (2022AS RFP) materially frustrates the company's ability to "demonstrate progress" complying with CETA. This is despite: (1) PacifiCorp cancelled the 2022AS RFP over a year after modeling was completed for the 2021 Two-Year Progress Report; (2) the 2022AS RFP would not have resulted in resources coming

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[3] *In re Electric Lightwave, Inc.*, 123 Wash.2d 530, 543, 869 P.2d 1045, 1052 (1994) (findings of fact will be upheld "if sufficient evidence would persuade a fair-minded person that the Commission's findings are correct.").

online before 2026; (3) that it would have been imprudent—if not reckless—for PacifiCorp to procure resources from the 2022AS RFP given the seismic shift in the planning landscape that removed the need for many of these resources; and (4) that PacifiCorp has procured an additional 2,600 MWs of CETA-compliant resources that will come online by 2026.

7 If procuring 2,600 MWs of CETA-compliant resources is not adequate progress for complying with CETA,[4] it is unclear what would be.

8 Several parties are also concerned with PacifiCorp's updated renewable resource cost assumptions in the 2021 Two-Year IRP Update. It is unclear how PacifiCorp could procure almost 2 gigawatts from the 2020AS RFP at these higher costs—which are now serving Washington customers—and at the same time disregard these same costs in the CEIP Update. Yet even if PacifiCorp declined to incorporate these higher costs, there is no evidence that indicates how these updated assumptions would impact PacifiCorp's interim targets one way or another.

9 Several parties also contest PacifiCorp's reliance on non-emitting peaking facilities to comply with CETA, including the TerraPower Natrium generation facility. While PacifiCorp is sensitive to these concerns, the company remains optimistic that these technologies will continue to develop in the next half decade, and will be commercially viable to help meet PacifiCorp's compliance obligations. Yet if they do not, as explained by Company witness Dr. Rohini Ghosh during the evidentiary hearing, because these resources only comprise 3 to 5 percent of PacifiCorp's forecasted

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[4] RCW 19.405.060(1)(b)(iii).

compliance position, there would be no material impact to the company's ability to comply with CETA if these resources do not come online.[5]

10 Finally, Public Counsel offers a collateral attack: In fact, because the company's recent net power costs have increased over the past several years, PacifiCorp has failed to comply with CETA, and as a consequence should be subject to an unbounded administrative penalty that continues to accrue until PacifiCorp submits a CEIP that complies with CETA.

11 The Commission must reject these concerns, among others, and to the extent the Commission has reservations about PacifiCorp's CEIP Update, it should revisit these issues in the 2025 CEIP which is due in less than a year.

12 PacifiCorp's arguments follow.

II. STATEMENT OF THE CASE

A. The Commission requires PacifiCorp to develop a CEIP based on a prior IRP, and the 2021 Revised CEIP was based on the 2021 IRP.

13 PacifiCorp is required to develop an integrated resource plan (IRP) every four years, and provide progress reports on that plan each intervening two-year period.[6] An IRP must evaluate resource strategies using "lowest reasonable cost" as a criterion generally,[7] and specifically when complying with CETA,[8] and when evaluating the

[5] Hr'g Tr. at 332-334.
[6] RCW 19.280.030(1).
[7] RCW 19.280.030(1)(d); WAC 480-100-620(1), (7).
[8] RCW 19.280.030(1)(j) (IRPs must consider implementing CETA "at the lowest reasonable cost and risk to the utility and its customers, while maintaining and protecting the safety, reliable operation, and balancing of its electric system"); WAC 480-100-620(11)(a) ("Each utility must provide a narrative explanation of the decisions it has made, including how the utility's long-range integrated resource plan expects to . . . Achieve the clean energy standards . . . at the lowest reasonable cost"); RCW 19.280.020(11) requiring utilities to comply with CETA "in a timely manner and at the lowest reasonable costs"); WAC 480-100-600 (same).

procurement of renewable and energy storage resources.[9] "Lowest reasonable cost" is a defined term, which means the "lowest cost mix of generating resources and conservation and efficiency resources determined through a detailed and consistent analysis of a wide range of commercially available resources."[10] As the Commission has stated, "CETA obligates utilities to meet the requirements of the law at the lowest reasonable cost."[11] The Commission "expect[s] utilities to propose reasonable interim targets" and comply with CETA "in a cost-effective manner."[12]

14 PacifiCorp is required to develop a clean energy action plan (CEAP) based on the IRP, again detailing the company's strategies to comply with CETA "at the lowest reasonable cost, and at an acceptable resource adequacy standard, that identifies the specific actions to be taken by the utility."[13]

15 Based on the IRP and CEAP, PacifiCorp must file a CEIP every four years that details how the utility plans to comply with CETA.[14] Among other things, a CEIP must propose interim targets for meeting CETA's greenhouse gas neutrality goal,[15] and that demonstrate PacifiCorp "has made progress towards" CETA's standards "at the lowest reasonable cost."[16]

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[9] WAC 480-100-620(11)(e) ("Each utility must provide a narrative explanation of the decisions it has made, including how the utility's long-range integrated resource plan expects to . . . In the acquisition of new resources constructed after May 7, 2019, rely on renewable resources and energy storage, insofar as doing so is at the lowest reasonable cost").
[10] WAC 480-100-605.
[11] *In re Commission CETA Rulemaking*, Docket Nos. UE-191023 and UE-190698, General Order 601, ¶ 102 (Dec. 28, 2020).
[12] *Id.* ¶ 105.
[13] RCW 19.405.060.030(1)(l); WAC 480-100-620(12)(a).
[14] RCW 19.405.060(1)(a); WAC 480-100-640(1).
[15] RCW 19.405.060(1)(a)(ii); WAC 480-100-640(2).
[16] WAC 480-100-610(5).

16 Consistent with these authorities, PacifiCorp filed its 2021 IRP with the Commission September 21, 2021,[17] and its 2021 CEIP with the Commission on December 31, 2021.[18] The 2021 IRP was the result of a multi-year stakeholder process that began in early 2020.[19] After additional Commission proceedings resulted in a revised 2021 CEIP (2021 Revised CEIP), the Commission approved PacifiCorp's then-current plan to comply with CETA on October 25, 2023.[20]

17 Relevant here, the 2021 Revised CEIP included interim targets for years 2022 through 2030 of 31, 31, 40, 60, 67, 67, 73, 73, and 84 percent, respectively. These targets were based on: (1) forecasted retail electric sales from the 2021 IRP;[21] (2) allocations of seventeen different resources that PacifiCorp assumed it would be able to procure form the 2020AS RFP;[22] (3) an assumed post-2020 Multi-State Protocol (MSP) allocation methodology;[23] and (4) assumptions that various greenhouse gas emitting resources would no longer serve Washington customers after 2023 and 2025.[24]

18 When approved by the Commission on October 25, 2023, these interim targets were based on modeling information that was two years old, and from a modeling exercise that had begun three years prior.

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[17] *In re PacifiCorp's 2021 IRP*, Docket No. UE-220420, 2021 Final IRP (Sept. 1, 2021).
[18] *In re PacifiCorp's 2021 CEIP*, Docket No. UE-210829, Final 2021 CEIP (Dec. 30, 2021).
[19] *In re PacifiCorp's 2021 IRP*, Docket No. UE-220420, 2021 IRP Work Plan (Mar. 20, 2020).
[20] *In re PacifiCorp's 2021 CEIP*, Docket No. UE-210829, Order 06 (Oct. 25, 2023).
[21] *E.g.*, 2021 Revised CEIP Table 1.1.
[22] *E.g.*, *Id.* at Table 3.2 (assumed procurement included shares of Anticline, Cedar Springs IV, Rock Creek I, Rock Creek II, Boswell Springs, Two Rivers, Cedar Creek, Freemont, Rush Lake, Parowan, Rocket Solar II, Hornshadow I and II, Green River I and II, Haymaker, Hayden 2, Dominguez 1, and Glen Canyon).
[23] *E.g.*, *Id.* at 14-15, notes 16, and 17.
[24] *E.g.*, *Id.* at 19 (noting Colstrip Unit 4, Jim Bridger Units 1-4, and Hermiston would be removed from Washington's allocation of electricity by the end of 2023).

B. The Commission allows PacifiCorp to update its CEIP to incorporate changes from the most recent IRP, and the CEIP Update is based on the 2021 Two-Year IRP Progress Report.

19 PacifiCorp must update its CEIP in the intervening two year period between filing CEIPs (CEIP Update).[25] This CEIP Update can be limited to only addressing Washington's Biennial Conservation Plan (BCP) requirements, or it can more broadly "modify targets" in the prior CEIP or "other proposed changes to the CEIP as a result of the integrated resource plan progress report."[26] As the Commission has stated, this allows PacifiCorp "to update a CEIP based upon any changes included in an IRP progress report."[27]

20 Consistent with these authorities, PacifiCorp filed its 2021 IRP Two-Year Progress report with the Commission on March 31, 2023, which included updates to PacifiCorp's CEIP assumptions.[28] This plan reflected the company's more-current planning environment—including an updated retail sales forecast, modified state and federal policies, actual procurement efforts, and other economic and technological assumptions. The 2021 IRP Two-Year Progress report was the result of a years-long stakeholder process to inform the company's 20-year planning document that began two years prior.

21 PacifiCorp filed its 2023 CEIP Update, based on the 2021 IRP Two-Year Progress Report, with the Commission on November 1, 2023.[29] Relevant here, the 2023

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[25] WAC 480-100-640(11).
[26] *Id.*
[27] General Order R-601, ¶ 68.
[28] *In re PacifiCorp's 2021 Two-Year Progress Report*, Docket No. UE-200420, 2021 Two-Year Progress Report, Volume II, Appendix O (Mar. 31, 2023).
[29] *In re PacifiCorp's 2021 CEIP*, Docket No. UE-210829, 2023 CEIP Update (Nov. 1, 2023).

CEIP Update resulted in interim targets for years 2023 through 2030 of 26, 25, 33, 40, 39, 53, 62, and 82 percent, respectively.

22 The CEIP Update reflected PacifiCorp's then-current, lowest-cost after consideration of risk strategy to comply with CETA. And yet, thee CEIP Update reduced PacifiCorp's anticipated CETA-compliant generation resources by almost 1.862 gigawatt-hours (GWh).[30] This, in turn, reduced PacifiCorp's interim targets in the CEIP Update as indicated below.

Renewable Energy Interim Target Percentages		
Year	Revised CEIP[31]	CEIP Update[32]
2022	31	31
2023	31	26
2024	40	25
2025	60	33
2026	67	40
2027	67	39
2028	73	53
2029	73	62
2030	84	82

C. While the CEIP Update reduces PacifiCorp's interim targets, it remains the company's lowest reasonable cost, after consideration of risk, plan to comply with CETA.

23 The CEIP Update: (1) included an updated retail sales forecast;[33] (2) reflected actual, as opposed to planned-for, procurement efforts from the 2020AS RFP;[34] (3) reverted back to the WIJAM;[35] and (4) assumed that various greenhouse gas emitting

[30] Ex. RG-1T, at 16, Table 1.
[31] 2021 Revised CEIP, at 11, Figure 1.1.
[32] CEIP Update, at 8, Figure 1.1.
[33] *E.g.*, CEIP Update, at 8, Table 1.2.
[34] *E.g.*, *Id.* at 11.
[35] *E.g.*, *Id.* at 6-7.

resources would continue to serve Washington customers after 2023.[36] PacifiCorp also updated its renewable resource costs, and discussed its plans to rely on non-emitting peaking technologies, including the TerraPower Natrium generating facility, to comply with CETA. Each of these issues are detailed below.

i. PacifiCorp relied on the WIJAM, as opposed to the Post-MSP Methodology.

24 As discussed by Company witness Matthew McVee, the 2020 Protocol was set to expire December 31, 2023, which would have required a successor allocation methodology to fairly allocate the costs and benefits of PacifiCorp's six-state integrated system to Washington customers.[37] To develop this successor methodology, several parties were discussing possible solutions in the Framework Issues Workgroup under the 2020 Protocol, and had been meeting approximately six times per year for several years.[38] The Revised CEIP reflected then-current strategies on a successor allocation methodology, that assumed Washington customers would be served with a higher fixed allocation of new renewable or non-emitting energy and capacity resources, compared to what Washington received under the WIJAM.[39] This meant that the Post-Interim Period methodology "would increase the amount of CETA-compliant energy that would be used by Washington retail customers compared to the WIJAM."[40]

25 Yet for various reasons, the Framework Issues Workgroup could not agree on a successor methodology. The CEIP Update reflects these developments, and reverted back to the WIJAM when determining what share of PacifiCorp's resources should be used to

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[36] *E.g.*, *Id.* (discussing how the continued use of Jim Bridger and Colstrip Unit 4 was expected to save Washington customers $72 million; and discussing further realignment of Chehalis and Hermiston).
[37] Ex. MDM-1T, at 16.
[38] *Id.* at 17.
[39] *Id.*
[40] *Id.*

serve Washington customers.[41] This decreased the amount of CETA-compliant energy that would be allocated to Washington, and a result, reduced the interim targets in the CEIP Update.[42]

ii. PacifiCorp incorporated its most recent retail sales forecast.

26 As Dr. Ghosh notes, under the WIJAM, while "retail sales increased, forecasted Washington load growth, relative to other jurisdictions, decreased."[43] This means that "the forecast of the dynamic system share allocation for Washington is decreasing, which helps contribute to a lower allocation of existing and new REC-generating resources."[44] Specifically, the Revised CEIP assumed that PacifiCorp would need to serve 16,288,439 MWh over the first CEIP compliance period (2022-2025), yet the CEIP Update assumed 16,427,372 MWh over the same period.[45] This is "almost a full percentage increase in retail sales over a single four-year period."[46]

27 This sales forecast increased the amount of CETA-compliant energy that PacifiCorp requires to comply with CETA, and as a result decreased the interim targets in the CEIP Update.

iii. PacifiCorp incorporated actual, as opposed to planned-for, procurement from the 2020AS RFP.

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[41] *Id.* at 18.
[42] *E.g.,* Ex. RG-1T, at 18-19 ("Rather than receiving a higher fixed allocation factor of any renewable resources added in 2024-2025, Washington customers are assumed to only receive a dynamic system-share factor. Additionally, existing system renewable resources are also no longer assumed to be allocated by a fixed share based on historical load but are allocated by the same dynamic system share factor as defined under the 2020 Protocol and WIJAM. This change in the allocation assumptions generally resulted in lower allocations of all system renewable and non-emitting resources for Washington customers.").
[43] Ex. RG-1T, at 19.
[44] *Id.*
[45] *Id.* at 17.
[46] *Id.* at 18.

28 The CEIP Update incorporated actual procurement efforts from the 2020AS RFP. This included Washington's allocated shared of: 43 MWs of Foote Creek II-IV; 590 MWs of Rock Creek I and II; 50 MWs of Rock River; 101 MWs of Anticline; 320 MWs of Boswell; 350 MWs of Cedar Springs IV; and 280 MWs from Two Rivers.[47] The majority of these resources are currently serving Washington customers, and are included in PacifiCorp's revenue requirement.[48]

29 These actual procurement efforts are contrasted with the fourteen additional resources that PacifiCorp had initially included in its supply-side resource table in the 2021 Revised CEIP.[49] Altogether, PacifiCorp procured one gigawatt fewer resources in the 2020AS RFP that what the company has initially proposed, and what was reflected in the prior CEIP. This reduced the volume of CETA-compliant resources in PacifiCorp's resource portfolio, and because the resources that PacifiCorp had originally planned to procure would have all had commercial operation deadlines prior to 2026, this reduced PacifiCorp's interim targets over the current four-year compliance period (2022-2025).

iv. PacifiCorp re-allocated several greenhouse gas emitting resources to serve Washington customers.

30 After completing initial modeling from the 2021 Two-Year IRP Update, PacifiCorp determined that market prices over the near-term forecast period were anticipated to be much higher than previous forecasts. PacifiCorp began researching alternative strategies to mitigate this market exposure. After investigating the issue PacifiCorp determined that re-allocating several greenhouse gas emitting resources to

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[47] 2021 Two-Year Progress Report, Volume I, Tables 6.4 and 6.5, at 148-149 (Mar. 31, 2023).
[48] *In re PacifiCorp's 2023 Rate Case,* Docket Nos. UE-230172 and UE-210852, Order 06 (Mar. 19, 2024).
[49] 2021 Revised CEIP, Table 3.3, at 66-67.

serve Washington, compared to what the 2021 Revised CEIP had assumed, would save customers over $70 million.[50]

31 These re-allocated generation units included: (1) serve Washington with Colstrip Unit 4 and Jim Bridger Units 3 and 4 through 2025 (as opposed to 2023 as assumed in the CEIP Update); (2) serve Washington with Jim Bridger Units 1 and through 2029 after conversion to natural gas (as opposed to 2023 as assumed in the CEIP Update); and (3) that Washington would retain a system share of Chehalis and Hermiston (as opposed to removing these resources in 2023).[51]

32 PacifiCorp proposed these adjustments in the 2023 rate case, which Commission Staff (Staff) supported, and the Commission ultimately approved—again resulting in approximately $70 million in forecasted net power cost savings.[52]

33 Although these re-allocated resources result in material savings for our customers, because each resource is an emitting resource, they reduce PacifiCorp's interim targets in each respective year that these units operate.

v. PacifiCorp updated its renewable resource cost assumptions to reflect current prices, and plans to rely on non-emitting peaking technologies, including Natrium, to comply with CETA.

34 When PacifiCorp began assembling information for the 2021 Two-Year IRP Progress Report, the company initially relied on renewable resource cost information from the National Renewable Energy Lab's 2022 Annual Technology Baseline (NREL

[50] *E.g.*, Exh. MDM-2T, at 7.
[51] *Id.* at 5.
[52] Exh. MDM-2T, at 7; *Id.* at n. 9 (citing *In re PacifiCorp's 2023 Rate Case*, Docket Nos. UE-230172 and UE-210852, Order 08 (approving forecast net power costs that include initially estimated savings of approximately $72 million for customers); *see also* PacifiCorp Direst Testimony in Docket Nos. UE-230172 and UE-210852, Exh. MDM-1T, 11-12 and RJM-1CT (R), at 34).

ATB).[53] However this data set only included historical renewable resource cost information through 2020.[54] As a result, it did not incorporate any of the cost impacts caused by, among other things, the COVID-19 pandemic, federal and state supply chain policies, or rates of inflation that had not been experienced for several decades.

35 At the same time, the company was in contract negotiations with developers from the 2020AS RFP final shortlist (which extended well into the summer of 2022). These circumstances contributed to "all counterparties requesting price increases to continue moving forward" with their specific bids, yet "even despite material price increases due to the extraordinary events of 2020-2022, some projects were still unable to secure equipment and execute contracts."[55] PacifiCorp eventually procured over 1,900 MWs of new renewable resources at these heightened prices,[56] and as stated above, these resources are now serving Washington customers, and are reflected in PacifiCorp's revenue requirement.[57]

36 Given these circumstances, PacifiCorp updated the renewable resource costs in the 2021 Two-Year IRP Progress Report to reflect PacifiCorp's actual contracting experiences. By taking a simple average of all bids by technology type received in the 2020AS RFP, PacifiCorp added this technology-specific increase to the NREL ATB forecast.[58] This increased renewable resource costs from the 2022 NREL ATB by the

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[53] Exh. RG-2T, at 23.
[54] *Id.*
[55] *Id.* at 23.
[56] Ex. RG-2T, at 12.
[57] *In re PacifiCorp's 2023 Rate Case,* Docket Nos. UE-230172 and UE-210852, Order 06 (Mar. 19, 2024).
[58] *E.g.*, Bench Request No. 2 (PacifiCorp response to Staff Data Request 54); RG-18X (PacifiCorp Response to Staff DR 59).

following: 34.47 percent for solar, 27.31 percent for wind, and 5.06 percent for battery storage.[59]

37 This means that PacifiCorp's modeling in the CEIP Update reflects the simple average of renewable resource costs from actual bids that PacifiCorp experienced in the 2020AS RFP—prices that are similarly reflected in the 1,900 MWs of resources that PacifiCorp contracted for from the same RFP, and that are now included in Washington rates.

D. Despite reduced interim targets, PacifiCorp will bring over 2,600 MWs of CETA-compliant resources online prior to 2026, and is considering additional procurement for the 2025 CEIP.

38 PacifiCorp "is sensitive to concerns regarding its lowered interim targets," but remains confident that "it is on-track to comply with CETA's 100 percent clean energy requirements almost a decade early."[60] As Dr. Ghosh noted, this is because of two reasons.

39 First, PacifiCorp has contracted to bring 1,900 MWs of new renewable energy online prior to 2026,[61] which will increase PacifiCorp's progress towards meeting interim targets by 9 percent.[62] In addition, at the time PacifiCorp filed testimony in this proceeding, PacifiCorp was in advanced negotiations with third parties for another 755 MWs of battery storage capacity (PacifiCorp has since completed these transactions).[63] Dr. Ghosh noted at the hearing that battery resources, while not REC-generating resources themselves, nonetheless contribute to complying with CETA because they: (a)

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[59] *Id.*
[60] Ex. RG-1T, at 20.
[61] Ex. RG-2T, at 12.
[62] Ex. RG-3.
[63] Ex. RG-1T, at 20. These resources have now been procured.

allow for CETA-compliant resources to keep generating when they would otherwise be curtailed for lack of need (e.g., wind turbines blowing in the middle of the night; solar generators in the middle of the day); and (b) due to a lower marginal cost, storage resources can displace emitting resources in PacifiCorp's generation portfolio that would otherwise lower PacifiCorp's actual compliance position.[64]

40 Second, because PacifiCorp "has been on an independent trajectory to serve Washington customers with renewable and non-emitting resources over the last several planning cycles," PacifiCorp has a relatively small need for additional CETA-compliant resources to meet CETA's 2030 goal.[65] For example, the CEIP Update indicates PacifiCorp only needs an additional 240 MWs of Washington-allocated CETA-compliant resources above what system procurement is expected to provide.[66] PacifiCorp remains confident it can achieve this modest increase in the next half decade.

41 That said, the 2025 IRP and CEIP "will be an important update to identify resource needs."[67] And if supported "by then-relevant modeling, PacifiCorp intends to issue a 2025 RFP based on both system and state-specific needs identified through the 2025 IRP, with resources than can come online before 2030."[68] Based on PacifiCorp's

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[64] Hr'g Tr. at 274-275 ("So typically we might have wind power plants in Wyoming that are very productive in the middle of the night. Power is not very valuable in the middle of the night, because there's not that much demand. And so even though the battery's not colocated, if the batteries are placed around the system with adequate transmission access to the rest of our system, those wind power plants that are typically curtailed might be able to continue to generate and actually charge those batteries that will discharge it, you know, in during the next day at 5 p.m. when that's highly valuable."); *Id.* at 277 ("But our natural gas generators are not typically generating as much during kind of a low-value hour. So the economics are such that batteries typically get charged when power is very, very, very cheap. That's typically when there's an excess of wind or an excess of solar."); *Id.* at 278 ("we can never track exactly what goes into the battery, but again, the economics tell us that its likely to be charged by this excess wind or excess solar.").
[65] Eg. RG-1T, at 21.
[66] *Id.*
[67] Ex. RG-2T, at 15.
[68] *Id.* at 27.

"knowledge of interconnection and project development timelines, the company expects an RFP initiated in 2025 to result in a wide variety of offers for renewable resources coming online in 2028-2030."[69]

42 Together, PacifiCorp will bring over 2,600 MWs of CETA-compliant resources online prior to 2026—almost 50 percent more resource capacity than what Puget Sound Energy has sought for summer capacity in its recent 2024 All-Source RFP.[70]

E. All told, the CEIP Update demonstrates that PacifiCorp plans to be the first Washington utility to serve customers with 100 percent clean energy.

43 Together, PacifiCorp's CEIP Update demonstrates that PacifiCorp plans to serve its Washington customers with 100 percent clean energy by 2032.[71] PacifiCorp "will substantially decarbonize its system and achieve CETA's 2045 requirements almost a decade early."[72] To PacifiCorp's knowledge, this remains the most ambitious plan to transition to a 100 percent clean energy portfolio of all Washington utilities.

44 Despite this fact, parties fault PacifiCorp for its reduction in near-term interim targets—in effect, seeking to further accelerate PacifiCorp's 100 percent clean energy transition in advance of 2032. PacifiCorp responds to these arguments below.

III. STANDARDS OF DECISION

45 The Commission may "approve, reject, or approve with conditions" PacifiCorp's CEIP Update.[73] The Commission may "recommend or require more stringent targets than

[69] *Id.* at 11.
[70] *In re PSE's 2024 Voluntary All-Source RFP*, at 1 (Jul. 1, 2024) (indicating PSE seeks up to 1,755 MWs of summer capacity).
[71] CEIP Update, at Figure 1.1.
[72] *Id.* at 9.
[73] RCW 19.405.060(1)(a)(iii).

those proposed by the investor-owned utility."[74] The Commission may "adjust or expedite timelines" if interim targets or compliance timelines can nonetheless still be achieved under various circumstances.[75] Accelerated targets or timelines need to ensure that PacifiCorp is planning to comply with CETA "at the lowest reasonable cost, considering risk;"[76] ensure customers benefit from the clean energy transition through "long-term and short-term public health and environmental benefits and reduction of costs and risks;"[77] and ensure that no customers are "unreasonably harmed by any resulting increases in the costs of utility-supplied electricity as may be necessary to comply with the standards."[78]

46 In adjudicated proceedings, Commission findings of fact need to be supported by substantial evidence,[79] conclusions of law must be correct,[80] and decisions must be neither arbitrary or capricious.[81] Washington Courts give "substantial deference to agency decisions," [82] and findings of fact will be upheld "if sufficient evidence would persuade a fair-minded person that the Commission's findings are correct."[83]

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[74] *Id.*
[75] RCW 19.405.060(1)(c)(i)-(iv).
[76] RCW 19.405.060(1)(c)(ii).
[77] RCW 19.405.060(1)(c)(iii).
[78] RCW 19.405.060(1)(c)(iv).
[79] *US West Communications, Inc. v. WUTC,* 134 Wash.2d 48, 56, 949 P.2d 1321, 1328 (1997).
[80] *Judd v. American Tel. and Tel. Co.,* 152 Wash.2d 195, 203, P.3d 337, 341 (2004) (quoting *Waste Mgmt. of Seattle, Inc. v. WUTC,* 123 Wash.2d 621, 627, 869 P.2d 1034 (1994); *In re Electric Lightwave, Inc.,* 123 Wash.2d 530, 543, 869 P.2d 1045, 1052 (1994) ("Substantial evidence is 'evidence in sufficient quantum to persuade a fair-minded person of the truth of the declared premises.'").
[81] *ITT Rayonier, Inc. v. Dalman,* 122 Wash.2d 801, 809, 863 P.2d 64 (1993) ("Agency action is arbitrary and capricious if it is willful and unreasoning, and taken without regard to the attending facts or circumstances. This court has explained that "[w]here there is room for two opinions, an action taken after due consideration is not arbitrary and capricious even though a reviewing court may believe it to be erroneous.").
[82] *US West Communications, Inc. v. WUTC,* 134 Wash.2d 48, 56, 949 P.2d 1321, 1328 (1997).
[83] *In re Electric Lightwave, Inc.,* 123 Wash.2d 530, 543, 869 P.2d 1045, 1052 (1994)

IV. ARGUMENT

A. No party contests that PacifiCorp correctly used the WIJAM.

47 Neither Staff,[84] Public Counsel,[85] nor Renewable Northwest and Northwest Energy Coalition (RNW-NWEC)[86] contest that PacifiCorp correctly used the WIJAM in its CEIP Update. In fact, both Staff and RNW-NWEC recommend the Commission order PacifiCorp to do so.[87] This reduces the numerator when calculating PacifiCorp's interim targets in the CEIP Update compared to the Revised CEIP. This is the only record evidence in this proceeding regarding what resource allocation methodology PacifiCorp should use for the CEIP Update, and consistent with Staff and RNW-NWEC's position, contradicts the assumptions from the Revised CEIP.

48 Without any evidence to the contrary, it would be unreasonable to reject the CEIP Update without acknowledging that the WIJAM reduces PacifiCorp's interim targets compared to the Revised CEIP.[88] It would be arbitrary and capricious to decide otherwise: There can be no "room for two opinions," where only one side of the issue is supported by record evidence.[89]

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[84] Exh. RG-4 (Staff response to PacifiCorp Data Request No. 1 – "Staff confirms that the Company used allocation percentages from WIJAM in the BCEIP update, filed November 1, 2023.").
[85] Hr'g Tr. at 356 ("I want to be clear. I don't contest that you use the WIJAM correctly as it applies to shared resources.").
[86] Exh. RG-4 (RNW-NWEC response to PacifiCorp Data Request No. 21 and 22).
[87] Exh. JNS-1HCT, at 14) (Staff witness Simmons recommending Commission require PacifiCorp to rely on WIJAM in its alternative recommendations); Exh. KW-1T (RNW-NWEC witness Ware recommending PacifiCorp rely on the current Commission-approved allocation methodology).
[88] *In re Electric Lightwave*, 123 Wash.2d at 543 ("Substantial evidence is 'evidence in sufficient quantum to persuade a fair-minded person of the truth of the declared premises.'").
[89] *ITT Rayonier*, 122 Wash.2d at 809.

B. No party contests that PacifiCorp correctly updated its retail sales forecast.

49 Neither Staff,[90] Public Counsel,[91] nor RNW-NWEC[92] contest that PacifiCorp correctly updated the CEIP Update to reflect more current load and sales forecasts. As Dr. Ghosh indicated, the Revised CEIP assumed that PacifiCorp would need to serve 16,288,439 MWh over the first CEIP compliance period (2022-2025), yet the CEIP Update assumed 16,427,372 MWh over the same period.[93] This is "almost a full percentage increase in retail sales over a single four-year period."[94] This is the only record evidence in this proceeding regarding what retail sales information PacifiCorp should use when calculating the denominator of PacifiCorp's interim targets, and directly contradicts the assumptions from the Revised CEIP.

50 Without any evidence to the contrary, it would be unreasonable to reject the CEIP Update without acknowledging that PacifiCorp's revised sales forecast is almost a full percent higher compared to the Revised CEIP.[95] It would be arbitrary and capricious to decide otherwise: There can be no "room for two opinions," where only one side of the issue is supported by record evidence.[96]

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[90] Exh. RG-4 (Staff response to PacifiCorp Data Request No. 6).
[91] *E.g.*, Ex. RLE-1T (no discussion of retail sales forecast).
[92] *E.g.*, Ex. KW-1T (no discussion of retail sales forecast).
[93] Ex. RG-1T, at 17.
[94] *Id.* at 18.
[95] *In re Electric Lightwave*, 123 Wash.2d at 543 ("Substantial evidence is 'evidence in sufficient quantum to persuade a fair-minded person of the truth of the declared premises.'").
[96] *ITT Rayonier*, 122 Wash.2d at 809.

C. No party contests that PacifiCorp incorporated actual, as opposed to planned-for, procurement from the 2020AS RFP, and that these resources are currently serving Washington customers.

51 Neither Staff,[97] Public Counsel,[98] nor RNW-NWEC[99] contest that PacifiCorp correctly incorporated actual, as opposed to planned-for, procurement from the 2020AS RFP, resulting in almost 1,000 MWs fewer renewable resources than what PacifiCorp had planned for in the Revised CEIP. Each of these resources are currently included in Washington rates.[100] This leads to a reduction in the numerator when calculating PacifiCorp's renewable energy interim target by a full gigawatt. This is the only record evidence in this proceeding regarding what resources PacifiCorp should incorporate in its supply portfolio for the CEIP Update, and directly contradicts the assumptions from the Revised CEIP.

52 Without any evidence to the contrary, it would be unreasonable to reject the CEIP Update without acknowledging that PacifiCorp's actual procurement from the 2020AS RFP is 1,000 MWs less than what was planned for in the Revised CEIP.[101] It would be arbitrary and capricious to decide otherwise: There can be no "room for two opinions," where only one side of the issue is supported by record evidence.[102]

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[97] Exh. RG-4 (Staff response to PacifiCorp Data Request No. 4 – "Staff assumes the Company means the Biennial CEIP update, when referring to CEIP Update, with that assumption, yes.").
[98] *E.g.,* Hr'g Tr. at 356.
[99] Exh. RG-4 (RNW-NWEC response to PacifiCorp Data Request No. 22).
[100] *In re PacifiCorp's 2023 Rate Case,* Docket Nos. UE-230172 and UE-210852, Order 06 (Mar. 19, 2024).
[101] *In re Electric Lightwave,* 123 Wash.2d at 543 ("Substantial evidence is 'evidence in sufficient quantum to persuade a fair-minded person of the truth of the declared premises.'").
[102] *ITT Rayonier,* 122 Wash.2d at 809.

D. Because Staff supported PacifiCorp's thermal resource decisions in the 2023 Rate Case, and no party contests that these resources currently serve Washington customers, this issue is moot.

53 Neither Staff,[103] Public Counsel,[104] nor RNW-NWEC[105] contest that PacifiCorp's revised thermal resource decisions in the CEIP Update correctly reflect what the Commission recently approved in PacifiCorp's 2023 rate case.

54 These include: (1) that Washington will continue to receive electricity from Jim Bridger Units 1 and 2 through 2029 after both are converted to natural gas in 2024, as opposed to no longer receiving service from these units after 2023 as assumed in the Revised CEIP; (2) that Washington retains a system share of Chehalis and Hermiston natural gas plants, as opposed to no longer receiving service from these units after 2023 as assumed in the Revised CEIP; and (3) that Washington will continue to receive service from Colstrip Unit 4 and Jim Bridger Units 3 and 4 through 2025, as opposed to no longer receiving service after 2023 as assumed in the Revised CEIP.[106]

55 As a result, it is uncontested that PacifiCorp's CEIP Update reflects the thermal resources that are currently serving Washington customers, and over the time periods that each resource is forecasted to do so. Overall, these thermal resource decisions, combined with impacts from using the WIJAM, and actual procurement efforts, lowered Washington-allocated REC-generating resources by roughly 1,862,000 MWhs over the current four-year compliance period.[107]

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[103] *E.g.*, Hr'g Tr. at 341; Staff Comments, Docket No. UE-210820, at 5, Table 1 (Jan. 11, 2024).
[104] *E.g.*, Hr'g Tr. at 357-358.
[105] *E.g.*, KW-1T (no discussion on issue).
[106] *E.g.*, CEIP Update, at 7, 10.
[107] RG-1T, at 18; *Id.* at Table 1.

56 PacifiCorp represents this issue is moot. The Commission generally adheres to Washington mootness precedent,[108] and has held that an issue is moot when they "have become academic or dead, has already been resolved, and the issue is not a recurring one likely to be raised again between the parties."[109] In Washington, cases are moot if a court "can no longer provide effective relief,"[110] and the issue is otherwise not subject to an exception to mootness.[111]

57 Respectfully, the fact that each of these resources are currently serving Washington customers and are included in PacifiCorp's revenue requirement should render this issue academic. The Commission's decision in the 2023 rate case confirms that whether PacifiCorp's CEIP Update should incorporate the same resources when determining how to comply with CETA "has already been resolved."[112] To do otherwise would appear to put the Commission cross-wise with itself: It would have concluded that it was just and reasonable for these resources to serve Washington customers, but at the same time it would not result in a lowest reasonable cost, after consideration of risk, strategy to comply with CETA. The Commission should avoid this result.

58 Parties advance alternative arguments. None have merit.

59 First, Staff appears to advance a timing argument: It was unreasonable for PacifiCorp to incorporate these thermal resource assumptions in its CEIP Update, when the Commission had yet to make a decision on these assumptions in the rate case.

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[108] *E.g., In re Hungry Buzzard Recovery, LLC et. al,* Docket TG-072226, Order Denying Motion to Dismiss, at 2 (Apr. 7, 2008) (generally discussing Washington mootness doctrine as applied to complaint); *Waste Connections v. Environ/Con,* Docket TG-071104, Order Granting Petition for Administrative Review, at 3 (Oct. 7, 2008) (similar).
[109] *Hungry Buzzard,* at 2.
[110] *Id.* (*citing Orwick v. City of Seattle*, 103 Wn.2d 249, 253, 692 P.2d 793 (1984)).
[111] *Id.* (*citing In re Marriage of Horner,* 151 Wn.2d 884, 891, 93 P.3d 124 (2004)).
[112] *Id.*

PacifiCorp disagrees. It would have been unreasonable to, on one hand, request rate recovery of these thermal resources because they resulted in significant reductions in Washington rates (the rate case was filed April 19, 2023),[113] while on the other, build an IRP (and CEIP Update), assuming other than these thermal resources would serve Washington (the 2021 IRP Two-Year Progress Report was filed May 31, 2023).[114]

60 Staff supported these demonstrated rate reductions in the rate case,[115] and now seeks to discredit these assumptions. Staff cannot have it both ways. Either Staff supports the demonstrated rate reductions created by these revised thermal resources to save customers money in the rate case, or instead it seeks to advance accelerated clean energy targets in this proceeding. Staff's execution of the Multiparty Settlement supporting these resource assumptions, and the Commission's approval of these resource assumptions,[116] should put this question to rest.

61 Additionally, RNW-NWEC argues these assumptions were based on "questionable reasoning."[117] Yet they do not provide any analysis which indicates that our decisions were incorrect, unreasonable, or otherwise imprudent. Because this argument is unsupported, the Commission should disregard RNW-NWEC's concern on this point.[118]

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[113] *In re PacifiCorp's 2023 Rate Case,* Docket No. UE-230172, Revised Application (Apr. 19, 2023).
[114] *In re PacifiCorp's IRP,* Docket No. UE-200420, Amended 2023 IRP (May 31, 2023).
[115] *In re PacifiCorp's 2023 Rate Case,* Consolidated Docket Nos. UE-230172 and UE-210852, Multiparty Agreement (Dec. 14, 2023).
[116] *In re PacifiCorp's 2023 Rate Case,* Docket Nos. UE-230172 and UE-210852, Order 06 (Mar. 19, 2024).
[117] Exh. KW-1T, at 12.
[118] *E.g., Grant County v. Bohne,* 577 P.2d 138 (1978) ("We therefore do not consider points unsupported by argument or law.").

E. It was correct to revise renewable cost assumptions in the CEIP Update to reflect actual bids from the 2020AS RFP.

62 RNW-NWEC argues that the Commission should reject PacifiCorp's renewable resource cost assumptions that informed the 2023 IRP (and CEIP Update), because they are not consistent with the 2022 NREL ATB renewable resource cost assumptions.[119]

63 The Company disagrees. No party contests that COVID-19 led to unprecedented supply chain and inflationary pressures during the 2020AS RFP, resulting in increased bid prices.[120] No party contests that even with significantly higher bids, many resources were still unable to commit to coming on-line because it would have been uneconomic to do so, and as a result dropped out of the 2020AS RFP all together.[121] No party contests that PacifiCorp procured less resources from the 2020AS RFP, and at higher prices, largely due to these significant cost pressures (Public Counsel would have preferred PacifiCorp procure even more resources at these higher rates[122]).[123] No party contests that PacifiCorp is now serving customers with these resources, as approved by the Commission in the 2023 rate case.[124]

64 No party argues that the NREL ATB incorporates these heightened price trends; nor could they, because the NREL ATB is based on transactions and information only up to 2020—events that occurred prior to PacifiCorp's actual procurement efforts and the start of the COVID-19 epidemic.

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[119] *E.g.*, Exh. KW-1T at 6-7
[120] Exh. RG-2T, at 23.
[121] *Id.*
[122] Hr'g. Tr. at 356 ("I think that's one of the problems, that PacifiCorp did not follow through, as Mr. McVee said in his testimony—paraphrasing here—that they didn't want to go through the analytical exercise for the rest of the resources in the 2020 RFP.").
[123] *Id.*
[124] *In re PacifiCorp's 2023 Rate Case,* Docket Nos. UE-230172 and UE-210852, Order 06 (Mar. 19, 2024).

65 Most importantly, no party contests that PacifiCorp's renewable resource adjustments in the CEIP Update are merely a simple average of bids received from the 2020AS RFP.[125] As Dr. Ghosh has stated, it would be unreasonable to on one hand, require Washington customers to pay for almost 2 GWs of resources procured from the 2020AS RFP at these heightened prices (as approved in the 2023 rate case), and yet on the other, ignore these actual procurement efforts and resulting prices, and instead rely on the pre-pandemic NREL ATB resource costs (for the CEIP Update).[126]

66 That cannot be the Commission's position. Especially when RNW-NWEC's argument is inconsistent with its previous position on this exact issue, where RNW-NWEC advocated for a two-year update to a utility's resource cost assumptions based on the utility's best available information.[127] In the words of the Commission, it adopted WAC 480-100-625(4)(a)(iii) to address concerns "that utility data may lag behind the best available technology and pricing."[128] The Commission adopted this regulation "to address [NWEC's, among other parties] concern that resource cost data will become

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[125] *E.g.,* Bench Request No. 2 (PacifiCorp response to Staff Data Request 54); RG-18X (PacifiCorp response to Staff Data Request 59).
[126] Hr'g Tr. at 329-330 ("I don't think ti would have been reasonable, because I think the problem is, you know, we run the risk of running an IRP that has near-term renewable resource costs that are artificially low. And based on that, we might select a lot of stuff in the near term and then go out and realize we can't get this at this price. And so I believe it was a reasonable assumption based on very significant repricing that we were seeing in the market.").
[127] *In re CETA Rulemaking,* Docket No. UE-190698, RNEW Comments, at 3-4 (Dec. 20, 2019) (In response to Commission questioning regarding what components of an IRP should be updated every two years, NWEC stated it "would consider proposals that addressed the following concerns: . . . Provides critical information and analysis that needs to be updated more frequently than every four years including: demand side resource assessments (including energy efficiency and demand response), some aspects of distribution system planning, recent data and pricing for renewable resources, availability and pricing of emerging technology (currently various forms of storage, hydrogen fuels, automated metering technology) and market price forecasts and how they relate to utility procurement needs.") (emphasis added).
[128] General Order R-601, ¶ 169.

stale, proposed WAC 480-100-625(4)(a)(iii) requires the utility to update its resource costs during the two-year progress report."[129]

67 Staff attacks this issue from a different direction: PacifiCorp's resource cost assumptions were based on too small of a sample size, because it was only based on a single RFP.[130] This argument is unreasonable, because it would likely not be possible to conduct more than one RFP within a single IRP planning period. PacifiCorp submits an IRP or Two-Year Progress Report every two years in Washington.[131] PacifiCorp is required to seek Commission approval of an RFP if its IRP demonstrates the need for resource within four years.[132] Yet to use only PacifiCorp's most recent example, it took over a year and a half from the first request for an independent evaluator of the 2022AS RFP (filed Oct. 7, 2021),[133] to receive that evaluator's review of market and benchmark bids (finalized March 13, 2023).[134] PacifiCorp would still have had to engage in negotiations of actual bids or procurement of any resources thereafter. Given the exactly year-length process envisioned by Washington regulations regarding IRP-supported procurement efforts,[135] and given how long it actually takes to procure resources beyond this one-year period, Staff faults PacifiCorp for doing something the company could not accomplish, and despite Staff conceding that PacifiCorp's 2023 CEIP Update provides

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[129] General Order R-601, ¶ 170.
[130] *E.g.*,
[131] RCW 19.280.030(1); WAC 480-100-640(11).
[132] WAC 480-107-009.
[133] *In re PacifiCorp's IE Evaluator,* Docket No. UE-210779, Petition (filed Oct. 7, 2021) (requesting approval of independent evaluator consistent with WAC 480-107-023).
[134] *E.g.*, "PacifiCorp's 2022AS RFP" (available here: https://www.pacificorp.com/suppliers/rfps/2022-all-source-rfp.html).
[135] WAC 480-107-017 (allowing for up to seven months of Commission proceedings to approve an RFP prior to any utility solicitation of bids); WAC 480-107-035 (5), (7) (allowing two months to summarize bids and provide any executed bids to the Commission for approval); WAC 480-104-145(2) (requiring a utility RFP summary within three months of concluding nay RFP).

"more recent data and updated assumptions, which reflect current market conditions and technological advancements that differ from those in 2020 and 2021."[136]

68 The Commission should disregard this argument. It would be unlikely for PacifiCorp, or any other Washington utility, to conduct multiple RFPs within a single two-year period to inform the utility's renewable resource cost assumptions in an IRP or CEIP.[137]

69 Further, as Dr. Ghosh testified at the hearing, because PacifiCorp does not have more recent procurement information to base its renewable resource cost assumptions on for the 2025 IRP and CEIP (because the company has not conducted an RFP since the 2020AS RFP), PacifiCorp has committed to using the NREL ATB.[138] To the extent parties are concerned about this issue, it will be resolved in the 2025 CEIP.

F. The 2022AS RFP is no longer relevant to this proceeding, and even if it was, PacifiCorp's 2,600 MWs of recently procured CETA-compliant energy demonstrates reasonable progress.

70 PacifiCorp filed its 2021 Two-Year Progress Report on March 31, 2023, suspended the 2022AS RFP on September 29, 2023,[139] filed its CEIP Update November 1, 2023, and cancelled the RFP several months later on April 3, 2024.[140]

71 As a practical matter, the cancellation of the 2022AS RFP is not relevant to this proceeding, because it occurred five months after PacifiCorp filed its CEIP Update, and a full year after the company finalized the 2021 Two-Year IRP Update. PacifiCorp's CEIP

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[136] Exh. RG-4 (Staff response to PacifiCorp Data Request No. 19(a)).
[137] *In re Electric Lightwave*, 123 Wash.2d at 543 ("Substantial evidence is 'evidence in sufficient quantum to persuade a fair-minded person of the truth of the declared premises.'").
[138] Hr'g Tr. at 271-272.
[139] *In re PacifiCorp's 2022AS RFP*, Docket No. UE-210979, Notice of Cancellation of PacifiCorp's 2022 All-Source Request for Proposals (Apr. 3, 2024).
[140] *In re PacifiCorp's 2022AS RFP*, Docket No. UE-210979, Update to PacifiCorp's 2022 All Source Request for Proposals Schedule (Sept. 29, 2023).

Update should only be judged based on information that it possessed at the time that it developed its plans to comply with CETA. And both the suspension and cancellation of the 2022AS RFP occurred well after PacifiCorp's modeling from the 2021 Two-Year Progress Report was completed.

72 Said another way, it would not have been possible for PacifiCorp to develop a CEIP Update that addressed alternative procurement strategies, when the only information available to the company at the time supported the need for the 2022AS RFP. So while the CEIP Update discusses in detail the 2022AS RFP, as RNW-NWEC correctly notes,[141] the cancellation of this procurement effort after the CEIP Update was filed means this issue is not relevant to a determination of whether PacifiCorp's CEIP Update was based on then-reasonable information.

73 Various parties argue otherwise. Staff believes that cancellation of the procurement effort "is a significant setback for the Company's ability to obtain resources promptly," and questions PacifiCorp's justification for doing so.[142] Overall, this contributes to Staff's finding that PacifiCorp has not demonstrated "reasonable progress" complying with the law.[143] Similarly, RNW-NWEC argues that cancelling this RFP "eliminated the prospect of renewable resource acquisition by 2025, thereby making it impossible for the Company to achieve its interim targets."[144]

74 PacifiCorp respectfully disagrees. As noted by Company witness McVee, "procurement from the 2022AS RFP would have almost immaterial impacts of PacifiCorp's compliance during the first compliance period," because no resources would

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[141] Exh. KW-1T, at 15-17.
[142] Exh. JNS-1HCT, at 9.
[143] *Id.* (citing WAC 480-100-640(2)(a)).
[144] Wxh. KW-1T, at 15.

have come online prior to 2026.[145] More importantly, as Dr. Ghosh mentioned, "it would have been imprudent and unreasonable" to procure resources from this RFP, "when the company's economic analyses no longer supported the need for the significant volume of resources that the RFP called for," and "especially the case given PacifiCorp's credit downgrades at the time."[146] Yet aware of its clean energy obligations, and acknowledging that resources from the 2022AS RFP "would impact credit metrics without contributing to near-term capacity and reliability requirements,"[147] PacifiCorp continued to contract for CETA-compliance resources, amounting to 2,600 MWs of new CETA-compliant energy that will come online prior to 2026.[148] Together, the 2022AS RFP would not have impacted PacifiCorp's interim targets until after 2026, PacifiCorp was more than justified in cancelling the RFP, and by 2026, these concurrent procurement efforts will increase the percentage of electricity serving Washington customers with clean energy *by 9 percent.* [149]

75 PacifiCorp represents that these efforts demonstrate adequate "progress" for purposes of compliance with the law.[150]

76 Though, as noted above, the 2025 IRP and CEIP "will be an important update to identify resource needs."[151] And if supported "by then-relevant modeling, PacifiCorp intends to issue a 2025 RFP based on both system and state-specific needs identified through the 2025 IRP, with resources than can come online before 2030."[152] Based on

[145] Exh. MDM-2T, at 21.
[146] Exh. RG-2T, at 11-12.
[147] Exh. MDM-2T, at 17.
[148] Ex. RG-2T, at 12.
[149] Ex. RG-3.
[150] RCW 19.405.060(1)(b)(iii).
[151] Ex. RG-2T, at 15.
[152] *Id.* at 27.

PacifiCorp's "knowledge of interconnection and project development timelines, the company expects an RFP initiated in 2025 to result in a wide variety of offers for renewable resources coming online in 2028-2030."[153]

G. Over the course of this proceeding, PacifiCorp has agreed with several party positions, and no party contests PacifiCorp's CBI-related updates.

77 While not conceding that its CEIP Update is fully supported, after review of party testimony, PacifiCorp has agreed with several positions advocated by Staff, RNW-NWEC, and the Columbia River Inter-Tribal Fish Commission (CRITFC).

78 These include: (1) Staff's first alternative condition regarding PacifiCorp's Public Participation Plan;[154] (2) Staff's seventh alternative condition, though because "actual customer participation is outside the company's control," PacifiCorp recommended this target be "non-binding and failure to meet the target would not be a violation of Washington law," and the "allocation of costs among customer rate classes shall be determined in future Commission proceedings;"[155] (3) Staff's eighth alternative condition regarding capacity calculations;[156] (4) RNW-NWEC's recommendations on minimum designations and distributed energy resource program design (though requesting a minimum of 27 percent of the benefits from these programs to named communities, as opposed to RNW-NWEC's recommended 30 percent; and similar to Staff's seventh alternative condition, because customer participation is outside PacifiCorp's control, the target "should be non-binding and failure to meet the target should not be found to be a violation of Washington law" and the allocation of costs should be determined in a future

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[153] *Id.* at 11.
[154] RG-2T, at 4-5; MDM-2T, at 11-12.
[155] Ex. MDM-2T, at 12.
[156] Ex. MDM-2T, at 12.

Commission proceeding);[157] and (5) generally CRITFC's recommendations 1, 2, and 4, which PacifiCorp believes align with already underway in the current CEIP Community Benefits & Impacts Advisory Group, Community Benefits Indicators, BCP, and Tribal Nation outreach activities.[158]

79 After additional investigation, PacifiCorp also has limited concerns with Staff's fifth alternative condition regarding a potential 2025 RFP. In discovery and during the hearing, Staff confirmed that it "is not recommending that the Commission require PacifiCorp to procure resources; that the recommendation to issue an RFP is limited to only if the 2025 IRP demonstrates a resource need within four years; and that Staff is not recommending either a state specific or system-specific RFP."[159] However PacifiCorp remains concerned with the reasonableness that would prevent PacifiCorp from canceling, suspending, or terminating an RFP based on material changed circumstances. As should be clear from discussions during the evidentiary hearing, PacifiCorp needs to retain the ability to do so if there is no longer a demonstrated need to procure resources,[160] and Staff believes PacifiCorp has the ability to request the Commission amend this condition if necessary.[161]

80 Additionally, with slight caveats, PacifiCorp has limited concerns with Staff's sixth alternative condition that would establish a 73 percent interim target for 2029. As Witness McVee stated, "relying on outdated modeling data exposes PacifiCorp to material disallowance risks, and will harm our customers through increased compliance

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[157] MDM-2T, at 28.
[158] MDM-2T, at 29-30.
[159] *E.g.*, MDM-2T at 18.
[160] Hr'g Tr. (at 343-346) (asking Staff several hypotheticals that should reasonably support the ability to cancel, suspend, or terminate an RFP based on then-current facts and circumstances).
[161] *Id.* at 343 ("PacifiCorp already has the ability to be able to file anything with the Commission and request an exemption from an order. So there's already that ability build in.").

costs."[162] However the company would agree to this figure, "but only if PacifiCorp can revise this interim target in future CEIPS or CEIP Biennial Updates, and if the Company can get some sort of certainty for cost recovery for procurement of resources to meet this figure given the disallowance concerns discussed above."[163] This would be consistent with Washington law that allows PacifiCorp to update its CEIP,[164] and would "also be reasonable to ensure Washington customers do no should the cost of unnecessarily increased compliance costs."[165]

81 Finally, no party challenges PacifiCorp's CBI-related updates.[166] To the extent the Commission agrees with these concessions, it should approve each in PacifiCorp's CEIP Update.

V. RELIEF REQUESTED

82 PacifiCorp requests the Commission approve PacifiCorp's CEIP Update. Most importantly, PacifiCorp requests the Commission approve the interim targets for CETA's first four-year progress period, including years 2022-2025. PacifiCorp's CEIP Update effectively did not request the Commission to lower the interim target for 2022, because the progress report for that year was due prior to when PacifiCorp filed the CEIP Update.[167] Instead, the CEIP Update retained the interim target from the 2021 Revised CEIP (31 percent from both documents).[168] Because the CEIP Update was filed almost nine months prior to the filing of the 2024 CEIP Progress Report (for compliance year

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[162] MDM-2T, at 19.
[163] MDM-2T, at 19.
[164] WAC 480-100-640(11).
[165] MDM-2T, at 19.
[166] *E.g.*, CEIP Update, at 14-16 (discussing CBI updates).
[167] *Compare* PacifiCorp's 2023 CEIP Progress Report (filed Jul. 3, 2023), *with* CEIP Update (filed Nov. 1, 2023).
[168] *E.g.*, CEIP Update, at Table 1.1.

2023), PacifiCorp maintains that interim targets for years 2023-2025 are ripe for resolution in this proceeding (in addition to years 2026 and beyond).

VI. CONCLUSION

83 PacifiCorp respectfully requests the Commission approve PacifiCorp's CEIP Update.

Respectfully submitted November 12, 2024,

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