PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

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VIA ELECTRONIC FILING

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive, S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Attn: Steven V. King
Executive Director and Secretary

RE: Docket UE-131723, Rulemaking For Energy Independence Act, WAC 480-109

Dear Mr. King,

In response to the Washington Utilities and Transportation Commission's (Commission) September 5, 2014 Notice of Opportunity to File Written Comments and Notice of Proposed Rule Adoption Hearing (Notice), Pacific Power & Light Company (Pacific Power or Company) submits the following written comments. The Notice contained the draft rule language proposed by the Commission (the Draft Rules) and the Company appreciates the opportunity to provide formal comments on these Draft Rules.

The Company previously filed formal comments in this proceeding on November 26, 2013 and May 9, 2014. In addition, Pacific Power worked closely with Staff of the Commission to respond on an informal basis to Staff's inquiries. Pacific Power commends Staff for its efforts at working collaboratively with stakeholders informally to develop the Draft Rules. The Company provides general comments on aspects of the Draft Rules below. As requested in the Notice, Pacific Power is providing detailed comments on specific language contained in the Draft Rules in the attached Comment Form for EIA Rulemaking (Comment Form). The Company's general comments and recommendations are contained below.

Energy and Emissions Intensity Metrics Rules

The Company continues to have significant concerns with this section of the Draft Rule. The Draft Rules should not include a new section imposing metrics and reporting requirements regarding energy and emissions intensity and the Company recommends proposed WAC 480-109-300 be removed from the Draft Rules in its entirety. It will be a significant undertaking to develop emissions reports as outlined in the Draft Rules. The Company would be required to develop in essence ten separate emission reports for the previous ten years that relies on data that was collected for a different purpose then this type of reporting. Due to the multi-jurisdictional nature of the Company, this type of reporting is extensive. The Company urges Staff to consider alternative methods of soliciting emissions information from investor owned utilities that do not require the promulgation of a burdensome rule that is not required by law.

Proposed WAC 480-109-300 is highly problematic and lacks appropriate statutory support or authorization. As the Company explained in its August 11, 2014, response to Staff's request for informal comments on this section of the Draft Rules, proposed WAC 480-109-300

exceeds the scope of I-937. Issues related to carbon emission levels from fossil-fueled resources located outside the state of Washington are simply not contemplated in the statutory language. Reliance on a broad policy to "protect clean air and water" in order to expand the scope of I-937 beyond what was originally contemplated and codified is inappropriate. I-937 already includes explicit language describing the type of information to be included in conservation and renewables reporting. This language does not include carbon emissions reporting. If I-937, approved by voters, had intended to include within Washington's RPS a carbon emissions reporting component, it would have done so clearly and explicitly.

Moreover, it is not clear to the Company what the end use of the emissions intensity reporting will be, especially given that emissions are not a metric for compliance with I-937. If the Commission is interested in better understanding the Company's emissions levels, the Company is willing to work with Staff to explore informal possibilities for providing the necessary information.

Furthermore, the rule does not apply to a variety of other sources of emissions that are relevant for accurately tracking Washington's emissions, such as public utility districts. WAC 480-109-300 is therefore unlikely to achieve the goal of providing a comprehensive and state-wide view of emissions but is likely to create confusion (if reporting metrics differ from metrics used by the Departments of Commerce or Ecology) and a high administrative burden on a select group of emitters (investor owned utilities).

If the Commission does continue with the adoption of proposed WAC 480-109-300, it should clarify certain ambiguities and the problematic use of non-utility data. The Company recommends changes as outlined below. WAC 480-109-300 requires reporting on a per capita basis. The Company does not routinely collect or have information about is customers on a per capita basis. Therefore, requiring the use of census data or other population data (which is not necessarily reported by utility service territory) could result in differing interpretations of such data. This may also require burdensome parsing of census data in order to identify the population in a particular service territory or area. Furthermore, because population data is publicly available and is not utility data, it may be more efficient for the Commission to compile utility emissions data from each of the investor-owned utilities and determine its desired per capita metric. If the Commission continues to require data on a per capita basis, it should specify in the rule the source of the data to be used to calculate this metric.

The Company also recommends that the Commission clarify what is intended by proposed WAC 480-109-300(2)(a)-(b). As proposed, these sections would require megawatt-hours per residential customer and per commercial customer. It is not clear whether the Commission is seeking an average usage number (i.e., total megawatt-hours for the state divided by total residential and total commercial customers) or a list of usage by each residential and each commercial customer. As the latter would be very burdensome and voluminous, the Company recommends that the language be clarified to specify an "average MWh per residential customer" and "average MWh per commercial customer."

Conservation and Energy Efficiency Rules

The Draft Rules significantly change the existing framework for conservation and efficiency in Washington. The Company continues to support efforts to clarify the rules and

conform the rules to existing practices. However, several of the changes contained in the Draft Rules are significant and the Company is concerned that the rationales for these changes have not been identified. For example, in newly-proposed WAC 480-109-060(18), the definition of "pro rata" has been changed but no explanation has been provided and the new definition contains a calculation that is inconsistent with the methodologies used by the Northwest Power Planning Council. Pacific Power recommends that, to the extent no issue with existing rules or processes has been identified, that the existing rules not be amended.

Renewable Portfolio Standard (RPS) Rules

The Draft Rules relating to the RPS strike an appropriate balance between the need for guidance and the need for flexibility. The Company is particularly pleased to see that utilities retain the flexibility to choose from one of three methods for the calculation of incremental hydropower. In addition, the Company supports the use of a five-year historical period for method two (proposed WAC 480-109-200(7)(b)(i)); the use of a five-year historical period produces accurate results while limiting the administrative burden on the calculating utility.

The Draft Rules set forth a new process for the calculation of incremental cost of compliance with the RPS. In general, the Company is supportive of the Draft Rules and the clarifying guidance for calculation of incremental cost. In particular, the Company appreciates the efforts of Staff to address an issue raised in PacifiCorp's July 17, 2014, informal comments regarding WAC 480-109-210(2)(i)(E) and the use of the depreciable life of the eligible resource as the time period for calculating the levelized capacity cost of the non-eligible resource. In its comments, PacifiCorp raised the issue of changes in the depreciable life of the eligible resource and whether and how the incremental cost calculation would need to be updated. The current Draft Rules appear to address this by instead using "facility life" in place of "depreciable life." However, the Company continues to be concerned that, because the Draft Rules contemplate a one-time calculation of incremental cost, it is unclear what action, if any, will need to be taken in order to update the incremental cost calculation if the underlying inputs change.

In addition, as the Company expressed in its July 17, 2014 response to Staff's July 10, 2014 request for informal comments, the Draft Rules appear tailored to reflect acquisition of a utility-owned eligible renewable resource. The Draft Rules should address acquisition of eligible renewable resources through a power purchase agreement (PPA) or eligible incremental hydro upgrades. For example, WAC 480-109-210(2)(i)(E) of the Draft Rules would require the utility to calculate the levelized capacity cost for the noneligible resource using a time period equal to the facility life of the eligible resource. But if the eligible resource is a PPA, the rule should be clear that the life of the facility should be set equal to the term of the PPA.

Finally, the Company continues to recommend that proposed rule section WAC 480-109-210(2)(f), which would require utilities to report information related to the sales of renewable energy credits (RECs), specify that the reporting requirement applies only to the sales of RECs allocated to Washington. Requiring a multi-jurisdictional utility such as PacifiCorp to report on the sales of ***all*** RECs would create a significant administrative burden for the Company. In addition, the Company questions the value to the Commission of adopting a rule requiring the Company to report on RECs generated from facilities that are not paid for by Washington customers.

Conclusion

Pacific Power appreciates the opportunity to provide these comments and looks forward to the upcoming rulemaking hearing. Please direct inquiries to Natasha Siores, Director of Regulatory Affairs, at (503) 813-6583.

Sincerely,

R Bryce Dalley /NCS

R. Bryce Dalley
Vice President, Regulation

COMMENT FORM OF PACIFIC POWER

UTC Comment form for Energy Independence Act Rulemaking, WAC 480-109, Docket UE-131723

Comment 1	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-060 (18)	"Pro rata" means the calculation dividing the utility's projected ten-year conservation potential into five equal proportions to establish the minimum biennial conservation target.	Do not change existing WAC language.	The calculation is inconsistent with methodologies used by the Northwest Power Planning Council in the development of the 6th Regional Power Plan. The calculation does not recognize the differences in availability of resources potential within the forecast period (i.e. lost opportunity versus discretionary), the rate at which emerging technologies become available in the market, or the barriers to ramping up in hard-to-reach markets. The draft rule language also does not reflect that some measures captured within the forecast may not be economic within the first two years of the forecast period.
Comment 2	Current Proposed Text	Proposed Text	Rationale for proposed change
Regarding WAC 480-109-060(30)	"Transmission voltage" means an electric line normally operated at or above 100,000 volts.	Delete the proposed text in its entirety.	It is unclear why this definition is being proposed, as it may be inconsistent with classification of transmission voltage used for FERC rates.
Comment 3	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-100 (1)(i)	Identify potential. Identify the cost-effective, reliable and	Identify potential. Identify the cost-effective, reliable and feasible	The draft rule language combines identification of all cost-effective,

	feasible potential of possible technologies and conservation programs and measures in the utility's service territory.	conservation potential in the utility's service territory.	reliable and feasible conservation with how such conservation is pursued (e.g., through programs and other actions).. These are separate concepts and should not be combined into a single compliance obligation.
Comment 4	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-100 (2)(c)	The projection must include a list of each measure used in the potential, its unit energy savings value, and the source of that value.	The projection must include a list of each measure category used in the potential and the source of that value.	Pacific Power questions whether this rule change will be effective in improving the practical implementation of Energy Independence Act (EIA),. Currently, the Company provides extensive detail on end uses, unit energy consumption, unit energy savings and data sources in the Conservation Potential Assessment CPA (Appendices B and C). Appendix C-6 provides a Washington-specific Explicit comparison between CPA and regional savings values. The Biennial Conservation Plan BCP filing includes the CPA as an Appendix. In addition, the Company provides an Appendix in our BCP that shows which measures were selected by the IRP for the current biennial period. The information provided in the company's BCP and CPA illustrates that a robust all-sector CPA utilizes more than UES values (contextually

			described in the proposed rule as savings per piece of equipment). CPA's also incorporate energy savings per building, per sq. ft., per linear foot of refrigerated case, as a percent of end use by industry, etc. While the draft rule requirements may be satisfied by re-configuring or re-arranging the existing information available, it may also require additional detail in the form of access to third party models or work papers which could increase costs. If this rule change is adopted, the timing of its implementation should be considered to allow utilities to incorporate changes to the scopes of work for future CPAs (those that will be used to inform the 2018-2019 conservation forecast) to ensure utilities have the information needed to fully comply (provide the information in the specific format requested) and minimize the potential cost of this new requirement (avoid having to redo or re-configure current work products).
Comment 5	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-100 (3)(b)	The biennial conservation target must be no lower than a pro rata share of the utility's ten-year cumulative achievable conservation potential.	The biennial conservation target must be no lower than a pro rata share of the utility's ten-year cumulative achievable conservation potential. Each utility	See Pacific Power's rational for proposed change – Comment 1. The full description in the draft rule language here is needed if no change is made to the Pro rata definition.

		must fully document how it prorated its ten-year cumulative conservation potential to determine the minimum level for its biennial conservation target.	
Comment 6	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rationale for proposed change
Regarding WAC 480-109-100(5)	A utility must use unit energy savings values and protocols approved by the regional technical forum or by commission order. The commission will consider a unit energy savings value or protocol that is: (a) Based on generally accepted impact evaluation data or other reliable and relevant data that includes verified savings levels; and (b) Presented to its advisory group for review. The commission retains discretion to determine an appropriate value for this protocol	When making program changes or proposing new measures, a utility must use the unit energy savings values and standard protocol savings estimation methodologies approved by the regional technical forum or by commission order or provide an explanation for why not. The commission will consider a unit energy savings value or protocol that is: (a) Based on generally accepted impact evaluation data or other reliable and relevant data that includes verified savings levels; and (b) Presented to its advisory group for review. The commission retains discretion to determine an appropriate value or protocol	Consider adding "When making changes …." This change would clarify the requirement relates to new work commencing after the rules are adopted. Consider qualifying "protocols" with "standard" to make it clearer which protocols are being referenced. Consider adding "savings estimation methodologies "to delineate the savings calculations from the regional work research plan included in the protocol. Consider adding "or provide an explanation for why not". The ability to propose an alternate unit energy savings value or approach for savings estimation provides needed flexibility in cases where the savings values or protocol may not apply to all program measures or where the utility has equally reliable savings value or savings estimation methodology

			Consider minor language change "or" in place of "for this" that may more appropriately reflect the intended commission action.
Comment 7	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-100 (8)(a)	Portfolio. A utility's conservation portfolio must pass a cost-effectiveness test consistent with that used in the Northwest Conservation and Electric Power Plan. A utility must evaluate conservation using cost-effectiveness tests consistent with those used by the council, and as required by the commission, except low-income conservation programs.	Portfolio. A utility's conservation portfolio must pass a cost-effectiveness test consistent with that used in the Northwest Conservation and Electric Power Plan. A utility must evaluate conservation using cost-effectiveness tests consistent with those used by the council, and as required by the commission.	See explanation to Comment 7, striking "…except low-income conservation programs." From current text.
Comment 8	Current Proposed Text	PacifiCorp's Proposed Changes to Text	Rational for proposed change
Regarding WAC 480-109-100 (8)(b)	A utility must evaluate low-income conservation programs for cost-effectiveness using the savings-to-investment ratio, as described in the Weatherization Manual For Managing the Low-Income Weatherization Program. A utility may also evaluate low-income conservation programs using a cost-effectiveness test consistent with that used by the council.	Remove article (8)(b) and its sub-parts (i)(ii)and (iii).	Pacific Power suggests striking all references to evaluating the cost-effectiveness of low-income conservation programs in a manner inconsistent with other forms of conservation in the state. While the Company understands the challenges in delivering low-income conservation under the current cost-effectiveness evaluation criteria, until a review of the possible ramifications of this change is conducted, it is most prudent to continue to apply the same cost-effectiveness tests to all programs. For example, low-income sector conservation opportunities are

			not analyzed separately in completing a utility CPA and therefore cannot be screened separately in a utility IRP for economics. It is possible to evaluate prospective and actual low-income program performance under the savings-to-investment criteria, but it is not possible to use this screening for measures that may be applicable in this sector within the CPA and IRP planning phases, suggesting a utility would not be in compliance in how it derives its ten-year forecast and biennial target (some residential measures might be cost-effective if installed in a low-income home verses a non-low-income home.) If adopted as proposed, challenges with strict compliance of this rule and those related to the identification of "all cost-effective" conservation should be considered. Also, as currently proposed, the Company points out possibly conflicting language in in (8)(b)(i), which reads "A utility must evaluate low-income conservation programs for cost-effectiveness using the savings-to-investment ratio, as described….." and also later reads "A utility may also evaluate low-income conservation programs using a cost-effectiveness test consistent with that used by the council." This language

			suggests a utility has the choice of the two methodologies.