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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket U-240013—PacifiCorp’s Comments for the Commission-led workshop on the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)

On January 18, 2024, the Washington Utilities and Transportation Commission (Commission) noticed a workshop and a deadline for comments “to discuss how investor-owned energy utilities are researching, evaluating, and incorporating IRA [Inflation Reduction Act¹] and IIJA [Infrastructure Investment and Jobs Act²] opportunities into their planning processes, programs, and future filings.”³ Through this notice, a list of questions were provided to provide a foundation for the discussion. PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or the Company) now files these comments to provide additional context on the Company’s efforts in pursuing these opportunities. PacifiCorp looks forward to fully participating in this proceeding and providing context around the opportunities that the Company is pursuing to benefit our customers.

1. What is the utility’s current evaluation process for IRA/IIJA opportunities? Who in the utility is responsible?

It is important at the outset of this process to identify that the processes for the IRA and the IIJA will be different because they are significantly different opportunities that impact different parts of the Company’s business. IRA opportunities are generally tax benefits that impact the economics of acquiring different types of resources. As a result, IRA tax benefits are evaluated as inputs to the Company’s Integrated Resource Planning (IRP) process, which allows those economic impacts to inform the Company’s resource planning decisions.

IIJA opportunities undergo evaluation by various business teams, contingent upon their relevance to respective operations. Primary business segments where IIJA opportunities are assessed include Distribution and Transmission Grid Upgrades, Electric Vehicle Infrastructure, Renewables and Clean Energy, and Energy Efficiency initiatives. Federal funding prospects undergo scrutiny by cross-functional teams to ascertain their pertinence to PacifiCorp, alignment with ongoing programs, and are assessed based on required effort and potential federal funding support.

¹ Pub. L. No. 117-169 (Jan. 3, 2022).

² Pub. L. No. 117-58 (Nov. 15, 2021).

³ *Commission-led workshop on the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA)*, Docket No. U-240013, Notice of Workshop at 2 (Jan. 18, 2024).

2. *Recent resources and draft IRS guidance have been provided (although still in the comment period); does the company believe there is adequate guidance to move forward?*

PacifiCorp is moving forward with the statutory and regulatory guidance presently available. Uncertainties exist with respect to both issued and yet-to-be issued guidance and will be evaluated by PacifiCorp as they are encountered when planning and making qualified investments.

3. *What resources are you currently utilizing or relying on?*

The Company utilizes the latest guidance from the federal government, industry forums, and other professional resources to gain knowledge on the application of the statute, areas of uncertainty, and emerging issues. Additionally, the Company reviews stakeholder input through the IRP's public process to inform the IRP.

4. *What opportunities are you currently pursuing?*

PacifiCorp was selected for awards on two major, competitive infrastructure grants from the U.S. Department of Energy's Grid Deployment Office.⁴ Together, the grants total \$150 million and are funded by the IJA. Approximately \$100 million will support the Company's Equity-aware Enhancement of grid Resiliency (PEER) project. This project seeks to reduce the impact of extreme weather events on portions of the grid serving disadvantaged communities in areas at the highest risk for wildfire through upgrades to grid resiliency in those regions. The remaining \$50 million will support the Company's Resiliency Enhancement for Fire mitigation and Operational Risk Management (REFORM) project. This project enhances control center capabilities and situational awareness to improve forecasting capacity for wildfire risk management. Both grants include community benefits managed in collaboration with labor unions and local organizations. Notably, 100 percent of the infrastructure upgrades in the PEER project and 50 percent of those in the REFORM project will benefit underserved and Tribal communities across Washington and in PacifiCorp's other jurisdictions.

While it is currently pending before the Commission, PacifiCorp has committed in the stipulation that was reached in the Company's most recent general rate proceeding to report on all IRA and IJA benefits for which the Company has applied during the annual capital review filing for the multi-year rate plan.⁵

⁴ *PacifiCorp selected for federal infrastructure funding to enhance wildfire mitigation*, PacifiCorp (Oct. 18, 2023) (available at <https://www.pacificorp.com/about/newsroom/news-releases/selected-for-federal-infrastructure-funding.html>).

⁵ *WUTC v. PacifiCorp d/b/a Pacific Power & Light Co.*, Docket No. UE-230172, Settlement Stipulation at ¶25 (Dec. 15, 2023).

5. *How does your utility intend to maximize the benefits of the IRA/IIJA for its customers and system?*

For the IIJA, the Company is focused on targeting opportunities that will best leverage existing programs. The expansion of existing programs is particularly important since the funding opportunities also require matching funding to be provided by the utility. This approach aims to create the best value for customers by further leveraging planned spending rather than launching entirely new programs, which would require matching funding (and thus would create incremental costs).

With regards to IRA opportunities evaluated in the IRP, it is the core function of IRP modeling and the IRP process to optimize the benefits for consumers inclusive of all the inputs including assumptions around the IRA.

6. *Are you collaborating with other utilities (in WA or national) or organizations?*

The Company actively seeks the support of many organizations when pursuing IIJA opportunities. Wherever applicable, the Company collaborates with organizations including tribal partners to seek feedback and identify opportunities for partnerships.

7. *How/Are you building these opportunities into the 2025 Integrated Resource Plan (IRP) or next Clean Energy Implementation Plan (CEIP)?*

The Company updates inputs and modifies resource availability (including transmission options) to incorporate the impacts of the IRA into the IRP and CEIP. IRP and CEIP modeling will adopt updated inputs representing identified opportunities which impact resource costs or possibly performance. If the impacts of the IRA point toward new and expanded resource opportunities, appropriate additional options will be represented in the modeling as well.

8. *Have you considered how these opportunities can help offset utility customer costs embedded in rates for energy justice and reducing energy burden/insecurity?*

As noted above the Company is actively pursuing opportunities that benefit tribal and underserved communities. The Company identifies and pursues opportunities in the best interest in our customers, and as multijurisdictional utility we consider the needs of all our customers to lower rates.

9. *What barriers remain to pursuing/successfully obtaining these opportunities?*

There are separate stages for identifying potential opportunities, selecting opportunities to pursue and then actually procuring/obtaining identified opportunities. The pursuit of opportunities is embedded in procurement processes and program execution not available except on a proxy or estimated basis in the context of IRP or CEIP model planning. To the extent that IRA/IIJA credits or savings reduce costs to development, resource or program execution, these factors can be reflected in IRP and CEIP modeling. However, some opportunities will have costs and barriers determined downstream from the IRP and CEIP as part of procurement or execution processes. For example, loan programs or rebates will be pursued, but cannot be casually assumed in long-term planning. Under the IRA and IIJA, flexibility and adaptability remain central to obtaining the best outcomes for compliance and for customers.

10. Does the utility believe the Energy Infrastructure Reinvestment (EIR) loan program is a viable option? Please be prepared to provide the rationale for your response.

PacifiCorp continues to learn and explore opportunities under the EIR program. The Company is in discussions with US Department of Energy to better understand the benefits, requirements and applicability of the program. PacifiCorp will consider these opportunities to ensure the company is well informed about the opportunities and if pursued, is in the best interest of its customers and communities.

11. Do you believe the utilities can claim savings that result from federal rebates?

To the extent this question is with respect to home energy rebates, the rebates incentivize both energy efficiency and electrification. The net effects of these rebates will play out on the demand side, thereby informing the supply side and delivery projects undertaken by utilities.

12. How should utilities treat federal rebates and tax credits in cost-effectiveness calculations?

In terms of model planning, inputs for federal rebates and tax credits will be developed from best-available information. These determinations will then be used as appropriate to modify the inputs and options available for capacity expansion planning. The determination of cost-effectiveness for every modeled resource is core functionality of resource planning applications. All modeled inputs, constraints and requirements are mathematically considered to optimize least-cost least-risk portfolios.

13. Some of the federal incentives focus on fuel-switching. How do utilities account for these savings when it comes to the EIA targets?

Currently, savings from fuel-switching are determined on BTU/hour basis and then converted to equivalent kWh units. Measures from fuel-switching are identified and tracked distinctly so they can be identified in our data and annual reporting. Building electrification is embedded in the Company's load forecast used for the conservation potential assessment leading to increased future energy efficiency potential resulting from building electrification.

PacifiCorp appreciates the opportunity to provide these comments and looks forward to participating in the Commission's workshop.

Sincerely,

/s/

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