

Agenda Date: February 15, 2019  
Item Number: A1

Docket: **UE-180259**  
Company: Pacific Power & Light Company

Staff: Kyle Frankiewicz, Regulatory Analyst

### **Recommendations**

Issue an order granting Pacific Power & Light Company a temporary exemption from rule, extending the 2019 Integrated Resource Plan filing deadline from March 31, 2019, to August 1, 2019, subject to the condition that the company file a supplement to its 2019 Integrated Resource Plan no later than December 15, 2019. This supplement must include, at minimum, a preferred portfolio and action items inclusive of any substantive changes to the company's regulatory environment.

### **Background**

Pursuant to WAC 480-07-110, the Utilities and Transportation Commission (commission) has the authority to grant a petition for exemptions to its rules. The commission may grant petitions for exemptions or modifications of its rules in individual cases if such petitions are "consistent with the public interest, the purposes of underlying regulations, and applicable statutes."<sup>1</sup> WAC 480-07-110 is also directly referenced for the chapter governing filing requirements for electric Integrated Resource Plans (IRPs) at WAC 480-100-008.

On January 29, 2019, Pacific Power & Light Company (Pacific Power or company) filed a petition in this docket to extend the deadline for submission of its electric 2019 IRP from March 31 to August 1, 2019. In response to stakeholders and commissions in its service area, Pacific Power is undertaking an economic analysis of its coal units. This requires extensive modeling runs and raises complicated questions about reliability. Pacific Power is requesting a four-month extension of its IRP filing deadline to complete this analysis, which has become a foundational part of building the company's least-cost, least-risk preferred portfolio.

### **Discussion**

Pacific Power informed stakeholders of the possible need for an extension at its public input meetings on December 3 and 4, 2018. On January 24, 2019, the company informed stakeholders of its proposed IRP extension. Staff did not hear any objections. Pacific Power representatives also discussed the need and merits of the time extension with staff prior to filing its petition, and filed as part of its petition an updated work plan aligned with the company's proposed August 1 due date. Staff supports the company's request; extra time to complete the economic coal analysis is warranted and is in the public interest.

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<sup>1</sup> WAC 480-07-110(1).

However, in view of the number and variety of bills being considered by the Washington legislature during this year's legislative session, staff is concerned that an IRP premised on the regulatory regime currently in effect could be stale by the time it is filed on August 1.

- The Washington legislature is considering bills which would eliminate coal as a generation fuel by 2025, mandate 80 percent carbon-free energy serving Washington customers by 2030, and require 100 percent carbon-free energy by 2045.
- Greenhouse gas targets may also be proposed during this session, bringing with them the possibility of cap and trade mechanisms and other carbon pricing schemes.
- Legislative action by Montana and Oregon may also affect the Colstrip plant's operation, if passed.

If enacted, these bills would turn the premises of an IRP filed on August 1 into a fiction, and the IRP's resulting action items would be misaligned with the company's new regulatory landscape. The situation would necessitate an overhaul of Pacific Power's modeling assumptions and a renewed suite of modeling runs to account for the dramatic changes in the company's regulatory environment.

Staff therefore recommends that approval of Pacific Power's petition be granted with the condition that the company file a supplement to its IRP on or before December 15, 2019. This supplement should present analysis based on the regulatory environment after this legislative session, including, at minimum, an updated preferred portfolio and action items. In the event that no significant legislation is enacted, staff would welcome a petition from Pacific Power asking the commission to rescind this condition.

*Biennial Conservation Plan Impacts.* The analysis in the company's 2019 IRP is premised on a regulatory environment that could be dramatically altered by November 1, which is the due date for the company's biennial conservation plan. The supplemental filing should include an updated selection of cost-effective conservation resources, as cost-effective conservation resources are a part of any preferred portfolio. Staff expects Pacific Power to consult with its demand side management advisory group to determine whether updating the 2020-2021 biennial conservation target is appropriate.

*Public Comments.* No interested parties filed comments regarding Pacific Power's petition.

## **Conclusion**

The petition filed by Pacific Power to extend its IRP deadline is consistent with the public interest. Pursuant to WAC 480-07-110, staff recommends the commission issue an order for a one-time extension of the 2019 electric IRP deadline for submittal to August 1, 2019, subject to the condition that the company file a supplement to their 2019 IRP no later than December 15, 2019.