

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of	DOCKET UE-230890
PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY,	ORDER 01
Schedule QF Tariff Revisions and Request for Exemption from WAC 480-106- 040(1)(b)	GRANTING EXEMPTION FROM WAC 480-106-040(1)(b); ALLOWING TARIFF TO GO INTO EFFECT BY OPERATION OF LAW

BACKGROUND

- 1 On November 1, 2023, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to Tariff WN U-76, Schedule QF, Small Power Production and Cogeneration, which governs the avoided cost rates paid to qualifying facilities (QFs) with a nameplate rating of five (5) megawatts or less within the meaning of the Public Utility Regulatory Policies Act of 1978 (PURPA).
- 2 On the same day, PacifiCorp also filed a petition requesting a five-year exemption from WAC 480-106-040(1)(b) (Petition), which requires utilities to file a schedule of estimated avoided costs that includes specific items based on the utility's most recently acknowledged Integrated Resource Plan (IRP). PacifiCorp requests the five-year exemption because on July 25, 2023, the Commission issued a Notice of Change to the Electric Integrated Resource Plan Process (Notice) stating "As part of the Commission's effort to reduce unnecessary administrative burden and duplicative processes, we are discontinuing our practice of issuing acknowledgment letters for electric IRPs in all cases."¹ A five-year extension was suggested by Commission Staff (Staff) ahead of the filing, in the hope that rulemaking will be completed within this timeframe to eliminate this requirement and need for annual waiver requests.
- 3 For purposes of estimating the avoided cost of capacity in this 2023 tariff revision, PacifiCorp requests to use information from the Company's most recently filed IRP, which was submitted to the Commission on May 31, 2023, in Docket UE-200420 (2021 IRP Progress report) but has not been acknowledged.

¹ Commission letter referenced in dockets UE-200420, UE-200305, and UE-200301

- 4 Of the annual avoided cost tariff revisions required from Washington’s three electric investor-owned utilities (IOUs),² PacifiCorp’s avoided cost methodology has changed the most compared to its 2022 filing.³ These changes were made to include a peaking capacity value in all years with a capacity deficit based on the lowest-cost frame peaking gas unit identified in its IRP.
- 5 PacifiCorp reviewed Avista’s last Avoided Cost filing in 2022 and proposed that it would be in the public interest to include a Clean Energy Premium Value related to the incremental cost of the additional recourses (Wind and Solar) needed to meet the Clean Energy Transformation Act (CETA) compliance targets starting in 2030. The Clean Energy Premium Value reflects the fixed costs of these resources, less production tax credit revenue, the capacity, and energy value applicable to each resource under the proposed Schedule QF.
- 6 Regarding the Company’s proposed 2023 methodology, as established in rates and consistent with Commission rule,⁴ Staff believes that the incorporation of a “clean energy premium value,” as laid out in its 2023 avoided cost methodology, PacifiCorp will now effectively pay for and receive from QFs the environmental attributes (*e.g.*, renewable energy credits) of the QF’s production. While Washington avoided cost rules make such environmental attributes transfers *optional* at the discretion of the IOU,⁵ PacifiCorp understood that in Avista’s 2022 avoided cost docket both Northwest & Intermountain Power Producers Coalition and Renewable Energy Coalition (NIPPC/REC) and Staff recommended Avista include such a clean energy premium, as determined in the Company’s 2021 IRP, in its QF payment.⁶
- 7 Staff reviewed PacifiCorp’s Petition and recommends the granting of the Company’s request for exemption and allowing the tariff filing to go into effect by operation of law.

² Due by November 1 of each year per [WAC 480-106-040](#)(1).

³ For comparison, *see Avista docket* [UE-230870](#), *PSE docket* [UE-230880](#)

⁴ Per [WAC 480-106-030](#)(1).

⁵ Per [WAC 480-106-050](#)(4)(c).

⁶ UE-210815, [Order 01](#), ¶¶ 6, 8.

DISCUSSION

8 We grant PacifiCorp's request for a five-year exemption from WAC 480-106-
040(1)(b). Under WAC 480-106-003, the Commission may grant an exemption from
the provisions of any rule in WAC 480-106 if doing so is consistent with the public
interest, the purposes underlying regulation, and applicable statutes.

9 Similarly, we appreciate PacifiCorp undertaking a similar company's (Avista) approach
to adding in the Clean Energy Premium to the Company's avoided cost calculations. It
is a move towards a more comprehensive methodology that better reflects Washington's
post-CETA planning environment.⁷ Accordingly, we find that granting the Company's
request for an exemption is in the public interest and consistent with both the purposes
underlying the rule and applicable statutes. We further agree the tariff filing should be
allowed to go into effect by operation of law.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute
with the authority to regulate the rates, rules, regulations, practices,
accounts, securities, transfers of property and affiliated interests of public
service companies, including electric companies.
- 11 (2) PacifiCorp is engaged in the business of providing electric services within the
state of Washington and is a public service company subject to Commission
jurisdiction.
- 12 (3) PacifiCorp is subject to WAC 480-106-040(1)(b), which requires electric
companies to calculate the avoided cost of capacity based on its most recently
acknowledged IRP.
- 13 (4) Under WAC 480-106-003, the Commission may grant an exemption from the
provisions of any rule in WAC 480-106 if doing so is consistent with the
public interest, the purposes underlying regulation, and applicable statutes.
See also WAC 480-07-110.

⁷ This is particularly noteworthy as the Commission's Purchases of Electricity from QF rules
took effect July 13, 2019, per [WAC 480-106-002\(1\)](#), nearly 18 months *before* the Commission's
CETA planning rulemaking concluded (*see* [UE-191023](#)).

- 14 (5) This matter came before the Commission at its regularly scheduled meeting on December 21, 2023.
- 15 (6) After review of the tariff revision and request for exemption filed in Docket UE- 230890 by PacifiCorp on November 1, 2023, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted. The tariff should be allowed to go into effect by operation of law.

ORDER

THE COMMISSION ORDERS:

- 16 (1) PacifiCorp d/b/a Pacific Power & Light Company's request for an exemption from WAC 480-106-040(1)(b) is granted.
- 17 (2) PacifiCorp d/b/a Pacific Power & Light Company's tariff filed on November 1, 2023, is allowed to go into effect by operation of law.
- 18 (2) The Commission retains jurisdiction over the subject matter and PacifiCorp d/b/a Pacific Power & Light Company to effectuate the provisions of this Order.
- 19 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective December 21, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER
Acting Executive Director and Secretary