

**Exh. ASR-11
Docket UE-220376
Witness: Andrew Rector**

**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-220376

**EXHIBIT TO
TESTIMONY OF**

ANDREW RECTOR

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PacifiCorp Responses to Select UTC Staff Data Requests

October 21, 2022

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October 3, 2022
WUTC Data Request 1

WUTC Data Request 1

(a) Please explain, in detail, the steps PacifiCorp took to incorporate the social cost of greenhouse gases (SCGHG) into its Clean Energy Implementation Plan (CEIP) preferred portfolio, and to which resources it was applied. Please attach any supporting files necessary that would help clarify or illustrate the Company's SCGHG methodology. Staff expects the Company's response to this request to be more detailed than the high-level explanation offered in the CEIP as currently filed.

(b) On page 93 of the CEIP, it states:

“The preferred portfolio of resources was evaluated with the SCGHG dispatch adder included as a factor in energy efficiency selections and SCGHG was considered in the totality of portfolios examined throughout the IRP process”.

Please explain, in as detailed and specific a manner as possible, how the SCGHG was considered “in the totality of portfolios examined throughout the IRP process”.

(c) Is it PacifiCorp's position that including the SCGHG dispatch adder as a factor in energy efficiency selections is, on its own, sufficient to meet the statutory requirement to include the SCGHGs as a cost adder under RCW 19.280.030(3)(a)(ii) and (iii)? Please answer yes or no followed by an explanation.

Response to WUTC Data Request 1

As an initial matter, the Company notes that subpart (c) of this data request appears to assume there is a better, or more appropriate, analytical method that the Washington Utilities and Transportation Commission (WUTC) has required of utilities when they incorporate the social cost of greenhouse gases (SCGHG) in their respective Clean Energy Implementation Plan (CEIP) preferred portfolios. Issues regarding how the Company incorporated the adder are beyond the scope of WUTC staff's complaint, because the complaint only alleged that the Company did not include the SCGHG in its CEIP preferred portfolio at all, not how well the Company included the SCGHG. PacifiCorp objects the request as not relevant to the extent it seeks information beyond the scope of the Complaint, and is not reasonably calculated to lead to the discovery of admissible evidence.

To the extent these requests seek information regarding whether (and not how well) the Company included the adder, the Company responds as follows:

(a) For supply-side resources, the SCGHG dispatch adder was applied as an input in the PLEXOS model to all emitters in the SCGHG price-policy cases. The preferred portfolio was derived by assessing the least-cost, least-risk path to meeting Clean

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Energy Transformation Act (CETA) targets using economic non-emitting resources from the SCGHG case run. In the model run where the SCGHG dispatch adder was included in the capacity acquisition step, i.e. in the long-term (LT) model run, several differences arose in the final portfolio choices as compared to the P02-MM portfolio that was evaluated as the top-performing portfolio. These differences were assessed for the purpose of meeting Washington's clean energy goals.

As shown with the Company's response to WUTC Data Request 7, specifically Attachment WUTC 7-1, there were no meaningful or accelerated resource acquisition decisions that could be attributed to Washington and incorporated into the preferred portfolio, other than the higher levels of energy efficiency (EE). All accelerated renewables built out under the SCGHG planning assumption were brownfield resources – a direct result of the high cost of carbon triggering economically efficient early coal-retirements. However, none of these coal-fueled resources are assumed to be allocated to Washington in the years leading up to early-retirement, and thus the resource decision and any brownfield resource replacements were not considered for allocation to Washington customers. No other states currently require the company to plan under the SCGHG planning assumption, and thus would not accept resource decisions that are only economic under the SCGHG.

Please refer to Confidential Attachment WUTC 1, specifically file "Compare_21IRP 20yr_P02-SC (29923) less 21IRP 20yr_P02-MM-CETA (18609) CONF" which provides the system-level comparison of the P02-SCGHG and P02-MM-CETA LT portfolios, and please refer to the Company's response to WUTC Data Request 7, specifically Attachment WUTC 7-1, for a more-detailed Washington-allocated comparison of the portfolio resource selections.

- (b) For details on the cost-effectiveness of preferred portfolio resources under SCGHG conditions, please refer to Confidential Attachment WUTC 1, specifically file "P02-MM-CETA Under SCGHG Resource Cost-effectiveness CONF".

The Company ran many SCGHG and non-SCGHG portfolios. As all new resources selected in these portfolios are non-emitting and emissions costs are relatively high in the relevant cases, the available resources are de facto economically competitive. When considering SCGHG outcomes, the Company opted to implement certain resources in the preferred portfolio according to the "P02-MM" expected case outcomes to meet its required obligations to customers in other states, while still meeting the objectives of CETA for resources that could be allocated to Washington. Please refer to the Company's response to subpart (a) above for additional discussion.

- (c) No. The Company was required to include SCGHG costs in its selection of resources under the broad guidelines provided in General Order R-601, and did so. This process resulted in the Company modeling the SCGHG as a dispatch adder under various

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scenarios, and eventually incorporating selected resources including increased Washington-specific EE resources. Please refer to the Company's response to subparts (a) and (b) above for detail on this process.

Confidential information will be provided to parties subject to the WUTC granting PacifiCorp's motion for a standard protective order pursuant to WAC 480-07-420(1).

PREPARER: Randy Baker

SPONSOR: Randy Baker

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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WUTC Data Request 2

WUTC Data Request 2

Staff's understanding is that PacifiCorp utilized a medium carbon price as its base greenhouse gas price assumption for Washington-allocated resources other than energy efficiency (EE) in its CEIP preferred portfolio.¹

- (a) Does PacifiCorp believe that using a medium carbon price as its base greenhouse gas price assumption is consistent with the requirement to incorporate the SCGHGs as a cost adder? If yes, please explain the Company's reasoning in as detailed and specific a manner as possible.
- (b) Did the Company model the SCGHG in the CEIP preferred portfolio using any of the methods enumerated in paragraphs 38 and 39 of the General Order R-601?²

Response to WUTC Data Request 2

- (a) The Company objects to this request to the extent it seeks legal analysis, opinions, and/or conclusions. Subject to and without waiving the foregoing objection, the Company responds below.

To the extent that "cost" adder is intended here to mean a fixed cost adder, PacifiCorp disagrees with the assumption that the social cost of greenhouse gases (SCGHG) is required to be used as a "cost adder", or indeed in any particular manner. Washington Administrative Code (WAC) 480-100-605 requires the SCGHG to be included "in the resource acquisition decision" but is silent on how PacifiCorp must do so. And while Revised Code of Washington (RCW) 19.280.030(3)(a) requires the utility to incorporate the SCGHG as a cost adder in certain circumstances, "cost adder" is not defined in statute, and Washington Utilities and Transportation Commission's (WUTC) General Order R-601, after considering the various and competing party proposals,³ interpreted this exact language and provided utilities broad discretion to incorporate the SCGHG:

The variety of proposals demonstrates the lack of statutory direction concerning the incorporation, or modeling, of the SCGHG emissions in IRPs. Accordingly, the rules we adopt by this Order do not require a specific modeling approach at this time. . . . How the utility chooses to model the SCGHG emissions in its preferred portfolio in the IRP will inform its CEAP and ultimately its CEIP⁴

¹ PacifiCorp 2021 Clean Energy Implementation Plan at 93.

² Dockets UE-191023 and UE-190698, General Order R-601 at ¶¶ 38-39.

³ General Order R-601, ¶ 36.

⁴ General Order R-601, ¶ 37; *Id.* ¶ 38 (discussing considerations that the WUTC would like to see if utilities incorporate the SCGHG as either a planning adder, fixed cost adder, or in modeling dispatch costs).

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This understanding is further reflected in Order 01 in Docket UE-210829, which is silent on how to incorporate the SCGHG: “Finally, we agree with Staff’s recommendation and require PacifiCorp to include in its final CEIP both an Alternative LRCP and a preferred portfolio that incorporates the SCGHG as required by WAC 480-100-605 and RCW 19.3280.030(3)(a).”⁵

WUTC authorities directed utilities to incorporate the adder, but also provided utilities broad discretion for how to do so, especially for multi-state utilities that have service territories that do not require a similar adder.

That said, PacifiCorp also disagrees with the assumption on the merits, that utilizing SCGHG in place of the Company’s medium carbon price is a reasonable or proper suggestion. The two concepts are not related. SCGHG as required by the Clean Energy Transformation Act (CETA) does not assume that an operational cost change will actually occur. In contrast, the base case assumption is that operational costs will manifest as a consequence of the trend toward future regulation. That understanding is consistent across PacifiCorp, Puget Sound Energy (PSE), and Avista Utilities’ CEIPs.⁶

Instead, the Company’s base greenhouse gas (GHG) assumption, resulting in a medium carbon price, was used to determine the most cost-effective implementation of resources selected in both the P02-MM and P0-SCGHG cases across the Company’s six-state service territory. This was determined by examining the expected case (including the medium price of carbon as a dispatch adder that simulates system-wide dispatch conditions in thousands of portfolios), and the SCGHG case (including the price as a dispatch adder in nine portfolios that simulates dispatch conditions that are not expected to occur). After reviewing the results of all portfolios, based on least-cost, least-risk principles, the Company incorporated one of the SCGHG portfolios into the Clean Energy Implementation Plan (CEIP) preferred portfolio (resulting in substantially increased energy efficiency (EE) targets for Washington).

As explained in various meetings with WUTC staff, this produces a substantially more cost-effective approach to achieving CETA’s objectives. P02-SCGHG, on a risk-adjusted present value of revenue requirements (PVRR) basis, would cost the system nearly \$13 billion more than the preferred portfolio P02-MM-CETA. Even in

⁵ Docket UE-210829, ¶ 11.

⁶ See *In re PSE’s CEIP*, Dkt. UE-210795, Final Corrected CEIP, at 174 (Feb. 1, 2022) (“CETA requires utilities to consider SCGHG when deciding whether to acquire a resource, not as a variable cost in deciding whether to run a unit once it has been acquired.”); See *In re Avista’s CEIP*, Dkt. UE-210628, Final CEIP, at 5-3 (Oct. 1, 2021) (“Avista’s portfolio optimization includes the SCGHG in the resource decision process, with emissions priced using the SCGHG for expected dispatch of those resources.”)

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the case where we consider the SCGHG-developed portfolio, dispatched under the more realistic MM price curve, the portfolio is \$182 million more expensive than the optimal, CETA-compliant preferred portfolio.

If the Company had pursued a SCGHG portfolio without consideration of expected operational impacts, not only would it improperly conflate two unrelated concepts (SCGHG with carbon pricing), costs would have been significantly higher with only modest gains in emissions reductions, and would have likely hit the cost cap before those gains could have been realized.

- (b) Yes. The Company modeled all of the suggested methods in General Order R-601, paragraph 38 and paragraph 39 when determining what data was appropriate to inform the preferred portfolio.

First, while the Company did not ultimately select a portfolio that incorporated the SCGHG as a fixed cost adder in all modeled cases, as one of the possible suggested approaches in paragraph 38 of General Order R-601, the Company included the analysis necessary to calculate a fixed cost adder in every case. Instead, the Company provided an analysis of, and ultimately selected in the preferred portfolio, cases that incorporated the SCGHG as a dispatch adder as suggested by paragraph 38 of General Order R-601. This resulted in nine portfolios that included the SCGHG as a dispatch adder where, consistent with paragraph 39 of General Order R-601, the Company performed “a resource analysis in which it increases the input cost of each fossil fuel by an amount equal to the SCGHG emissions into the value of that fuel.”⁷ This aligns with the Company’s preference for incorporating the SCGHG dispatch adder which the Company has strived to make clear throughout Integrated Resource Plan (IRP) and CEIP discussions.

Second, consistent with paragraph 39 of General Order R-601, the Company conducted “a resource analysis in which the alternative resource portfolios are compared across multiple scenarios on the basis of cost, risk, and other relevant factors, and the aggregate SCGHG emissions is added to the cost of each resource portfolio.”⁸ The Company evaluated costs, risk, and other relevant factors in all studies in the 2021 IRP, and for the specific studies relevant to the CEIP. The Company considers this suggested method to be one of the core functions of the Company’s IRP and CEIP analyses and modeling tools, and ultimately IRP and CEIP reporting.

Finally, consistent with paragraph 39 of General Order R-601, the Company also modeled the SCGHG with the broadly defined “other analytical approach,” that should include “a comprehensive accounting of the difference in greenhouse gas

⁷ General Order R-601, ¶ 39.

⁸ *Id.*

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emissions and the SCGHG emissions between resource alternatives.”⁹ This provision includes considering both an SCGHG and non-SCGHG selection of resources in the determination of a preferred portfolio. The Company performed this comparison to arrive at a portfolio that incorporated the SCGHG as a dispatch adder as a driver for its selection and ultimately implementation of Washington-specific EE resources.

PREPARER: Randy Baker

SPONSOR: Randy Baker

⁹ *Id.*

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WUTC Data Request 3

WUTC Data Request 3

- (a) Please explain whether and how the CEIP preferred portfolio incorporated the SCGHG as the base greenhouse gas price assumption for Washington-allocated resources other than energy efficiency.
- (b) Please explain how the Company modeled the SCGHG in the CEIP preferred portfolio using any of the methods enumerated in paragraphs 38 and 39 of the General Order R-601.
- (c) If the Company did not model the SCGHG in the CEIP preferred portfolio using one of the methods listed in paragraphs 38 and 39 of the adoption order, please explain the method that was used and how that method is consistent with the SCGHG requirements outlined in the adoption order.
- (d) Paragraph 38 of the adoption order states that “[u]tilities should also consult with their advisory groups regarding how to model the SCGHG in their IRP, CEAP, and CEIP.” Did PacifiCorp consult with its advisory groups regarding how to model the SCGHGs? If yes, please provide a summary of the feedback the company received from its advisory groups, and whether that feedback resulted in any changes to how the company modeled the SCGHGs in the Final CEIP.
- (e) Paragraph 38 of the adoption order states:

“If a utility treats the SCGHG as a planning or fixed cost adder in its determination of the optimal portfolio, including retirements and new plant builds, we expect the utility to model at least one other scenario or sensitivity in which the SCGHG is reflected in dispatch. Similarly, if a utility incorporates the SCGHG in modeling dispatch costs, we expect the utility to provide an alternative scenario or sensitivity analysis, such as the planning adder approach, to determine the optimal portfolio, including retirements and new builds. Such modelling will help to inform how best to implement CETA’s requirement to include the SCGHG emissions as a cost adder.”

Is it the Company’s position that it treated the SCGHG as a planning or fixed cost adder? If yes, did it model at least one sensitivity or scenario in which the SCGHGs is reflected in dispatch? If the Company’s position is that it incorporated the SCGHG in modeling dispatch costs, did it provide alternative scenario or sensitivity analysis of a planning adder approach?

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Response to WUTC Data Request 3

As an initial matter, the Company notes that these requests assume there is a better, or more appropriate, analytical method that the Washington Utilities and Transportation Commission (WUTC) required of utilities when they incorporate the social cost of greenhouse gases (SCGHG) in their respective Clean Energy Implementation Plan (CEIP) preferred portfolios. Issues regarding how the Company incorporated the adder are beyond the scope of WUTC staff's complaint, because the complaint only alleged that the Company did not include the SCGHG in its CEIP preferred portfolio at all, not how well the Company included the SCGHG. PacifiCorp objects the request as not relevant to the extent it seeks information beyond the scope of the Complaint, as it is not reasonably calculated to lead to the discovery of admissible evidence.

To the extent these requests seek information regarding whether the Company included the adder (and not how well), the Company responds as follows:

- (a) As a multi-state utility, the Company is required to analyze and incorporate state specific policies for its Integrated Resource Plan (IRP) and CEIP processes. This means that the Company did not include the SCGHG as either a cost or dispatch adder in its IRP or CEIP for resource decisions that are not allocated to Washington, but did evaluate using a carbon dioxide (CO₂) price. However to meet Washington policies, the Company analyzed the SCGHG in various scenarios as a dispatch adder when considering Washington-allocated resources. This means that the Company ran two separate studies and created an integrated preferred portfolio meeting all Washington and non-Washington requirements, though Washington-allocated resource selections were evaluated in both studies.

All Washington resources included in the preferred portfolio were economic in both portfolios and were selected in both portfolios, although they were implemented differently. This means that Washington-allocated resources that were economic in portfolios that included the SCGHG were also economic in portfolios that did not include the SCGHG. This resulted in selecting substantial energy efficiency (EE) targets from a portfolio that incorporated the SCGHG as a dispatch adder for Washington-specific resource decisions, and including those targets in the Company's preferred portfolio. This amounted to an additional \$2.12 million in Washington-specific annual EE expenditures, compared to the same Washington-specific targets that resulted from the Company's P02-MM portfolio without SCGHG. The Company notes that in the absence of the SCGHG dispatch adder, the resource decisions were selected under the expected case medium CO₂ cost assumption.

There were initially a few apparent exceptions to the above congruency in Washington-allocated resource selections between cases. However as these were

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driven by coal retirements which could not be supported for coal-allocated states in long-term planning, they do not appear in the preferred portfolio.

In addition to the explicit modeling of an SCGHG dispatch adder, the Company pursued its approach based on General Order R-601, paragraph 39 that allows the Company to use “another analytical approach that includes a comprehensive accounting of the difference in greenhouse gas emissions and the SCGHG emissions between resource alternatives.”¹ Please refer to Attachment WUTC 3 that details the difference in allocations between the two underlying studies for the preferred portfolio.

- (b) Please refer to the Company’s response to WUTC Data Request 2 subpart (b).
- (c) Please refer to the Company’s response to WUTC Data Request 2 subpart (b).
- (d) The IRP public input meeting series, as an advisory group per the CEIP 2022 Public Participation Plan, was the venue for discussing SCGHG modeling. PacifiCorp received eight stakeholder feedback forms relevant to SCGHG modeling during the 20-month development process, beginning with the handling of SCGHG in modeling in the 2019 IRP, pre-dating the Clean Energy Transformation Act (CETA), and included discussions: (1) of the advantages and disadvantages of including SCGHG as a dispatch adder; (2) development of SCGHG cost and inflation calculations; (3) including SCGHG methodological discussion in the draft 2021 IRP; (4) applying the SCGHG to business as usual cases and scenarios; and (5) discussing the challenges of incorporating SCGHG in resource selection decisions. Most of the forms were received from WUTC staff, who participated in the multi-year public input meeting series.

While the Company continued SCGHG strategy discussions throughout the IRP and CEIP processes, no stakeholders provided alternative methods (either in feedback forms or discussions) to the Company’s proposal that were workable, legal, or provided optimal benefits to customers.

- (e) Please refer to the Company’s response to WUTC Data Request 2 subpart (b). The Company notes that General Order R-601, paragraph 38 equates “fixed cost adder” and “planning adder.” The Company is not clear what a “planning adder” is, but incorporated a fixed cost adder as a post model calculation of Washington’s share of CO₂ emitting resources priced at SCGHG, and is provided in Confidential Attachment WUTC 3. The other suggested alternative allows utilities to incorporate the SCGHG as a “dispatch cost”. The Company modeled scenarios with the SCGHG as a dispatch adder, and modeled the scenarios necessary to provide data for a fixed

¹ General Order R-601. ¶ 39.

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cost adder calculation, the latter of which presumably aligns with WUTC's understanding of a "fixed cost adder". The fixed cost adder would be applied by multiplying tons of emissions by the SCGHG cost per ton (\$/ton).

The Company's fundamental approach to SCGHG modeling was to include it as a dispatch adder for the selection of Washington-allocated resources, an approach that the Company has strived to make clear throughout IRP and CEIP discussions.

In the absence of any SCGHG treatment that could impact resource selection (resource dispatch), a fixed cost adder is a post-model consideration. This means that the emissions reported in the non-SCGHG model runs do not include the dispatch adder, and rather provide the data that the "fixed cost adder" could then be applied to. Preparing the fixed cost adder calculation, the SCGHG study using an SCGHG CO₂ price reported a \$6.7 million increase in present value of revenue requirements (PVRR) over the study period for Washington allocated share, or 0.5 percent, over the CEIP preferred portfolio. The Company considers this an inferior resource selection mechanism as the model has no opportunity, in any given study, to influence individual resource selections. Rather the model engages in individual resource selections, and the SCGHG is added as an additional cost after the fact; the adder does not inform the resources to which the adder is applied.

This is contrasted with incorporating the SCGHG as a dispatch adder where individual resource selections in the PLEXOS model are driven by the adder, not applied post hoc.

The preferred portfolio did not select proxy resources with CO₂ emissions, other than converting Jim Bridger Unit 1 and Jim Bridger Unit 2 coal resources to run on natural gas. These resources were not assigned to Washington, consistent with CETA objectives, though they are cost-effective under the SCGHG despite their emissions as shown in the Company's response to WUTC Data Request 1, specifically Confidential Attachment WUTC 1, file "P02-MM-CETA Under SCGHG Resource Cost-effectiveness CONF". Effectively the fixed cost adder is zero for proxy Washington resources in the CEIP.

Confidential information will be provided to parties subject to the WUTC granting PacifiCorp's motion for a standard protective order pursuant to WAC 480-07-420(1).

PREPARER: Randy Baker / Dan Swan / Jackie Wetzsteon

SPONSOR: Randy Baker

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WUTC Data Request 5

In its CEIP Comments and Responses workbook circulated with interested parties on August 22, 2022, PacifiCorp stated, “In the 2021 IRP analysis that informed the 2021 CEIP, incremental resources that were cost-effective under the Social Cost of Greenhouse gases were brought back to medium CO₂ conditions that are intended to be reflective of the actual operating conditions, where the Social Cost of Greenhouse gases are not expected to be used in resource dispatch.” (see cell E49 of Company circulated workbook)

- (a) Please explain this statement.
- (b) Please also explain how the Company’s statement reconciles with the WA requirement that the SCGHG must be incorporated as a cost adder in preferred portfolio resource selection, pursuant to RCW 19.280.030(3)(a)(iii) and per WAC 480-100-620(11)(j). In its response, the Company should consider the Commission’s guidance that the SCGHG be incorporated as a planning adder for all resources, regardless of resource dispatch (see CETA adoption order, par. 38, p. 17, UE-191023 & UE-190698).

Response to WUTC Data Request 5

- (a) While resources can be selected or analyzed under any array of price and emissions policy assumptions, the Company presents its preferred portfolio under the “expected case” which most reflects circumstances that the Company anticipates for actual future operations. The medium gas, medium carbon dioxide (CO₂) price-policy assumption reflects where the Company expects trends to lead over the modeling horizon. The Company does not expect the modeling horizon to include the social cost of greenhouse gases (SCGHG) across its six-state service territory.

Regardless of the study assumptions and requirements that would drive resource selections, any preferred portfolio candidate will be evaluated under expected future conditions. To do otherwise would needlessly de-optimize the selection of the preferred portfolio, resulting in both higher expense and risk to customers. Therefore, although the Company ran necessary studies to determine resource selections with the SCGHG, the final costs and benefits of the portfolios were evaluated in the medium gas, medium CO₂ price-policy scenario to reflect expected operational costs (though of course, the heightened energy efficiency (EE) targets for Washington driven by SCGHG as a dispatch adder were economic in both scenarios).

- (b) The Company objects to this request to the extent it seeks legal analysis, opinions, and/or conclusions. Subject to and without waiving the foregoing objection, the Company responds below.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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Similar to the Company's response to WUTC Data Request 2 subpart (a), to the extent that "cost" adder is intended here to mean a fixed cost adder, PacifiCorp disagrees with the assumption that the SCGHG is required to be used as a "cost adder", or indeed in any particular manner. Washington Administrative Code (WAC) 480-100-605 requires the SCGHG to be included "in the resource acquisition decision," but is silent on how PacifiCorp must do so. And while Revised Code of Washington (RCW) 19.280.030(3)(a) requires the utility to incorporate the SCGHG as a cost adder in certain circumstances, "cost adder" is not defined in statute, and General Order R-601, after considering the various and competing party proposals,¹ interpreted this exact language and provided utilities broad discretion to incorporate the SCGHG:

The variety of proposals demonstrates the lack of statutory direction concerning the incorporation, or modeling, of the SCGHG emissions in IRPs. Accordingly, the rules we adopt by this Order do not require a specific modeling approach at this time. . . . How the utility chooses to model the SCGHG emissions in its preferred portfolio in the IRP will inform its CEAP and ultimately its CEIP²

This understanding is further reflected in Order 01 in Docket UE-210829, which is silent on how to incorporate the SCGHG: "Finally, we agree with Staff's recommendation and require PacifiCorp to include in its final CEIP both an Alternative LRCP and a preferred portfolio that incorporates the SCGHG as required by WAC 480-100-605 and RCW 19.3280.030(3)(a)."³

The Company also disagrees with Washington Utilities and Transportation Commission (WUTC) staff's representation that General Order R-601, paragraph 38 requires utilities to incorporate the SCGHG "as a planning adder for all resources, regardless of resource dispatch."

First, General Order R-601 paragraph 38 allows utilities to adopt the SCGHG as either a "planning or fixed cost adder," or "in modeling dispatch costs;"⁴ the Company is not required to only incorporate as a "planning adder."⁵

Second, General Order R-601 paragraph 38 only provides suggested methods, and does not require any specific approach.

¹ General Order R-601, ¶ 36.

² *Id.* ¶ 37; *Id.* ¶ 38 (discussing considerations that the WUTC would like to see if utilities incorporate the SCGHG as either a planning adder, fixed cost adder, or in modeling dispatch costs).

³ Docket UE-210829, Order 01, ¶ 11.

⁴ General Order R-601, ¶ 38

⁵ And as noted in the Company's response to WUTC Data Request 3 subpart (e), the Company is unclear what a planning adder is, as opposed to a fixed cost adder.

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Third, General Order R-601 does not require utilities to apply the SCGHG “for all resources, regardless of resource dispatch,” nor any other language or requirement for how multi-state utilities that serve states that do not require the SCGHG should incorporate the adder. Instead, General Order R-601 provides explicit latitude for utilities to determine how to incorporate the SCGHG.⁶

That said, the Company’s preferred portfolio was selected on the basis of analyzing numerous resource portfolios in the 2021 Integrated Resource Plan (IRP), including portfolios which incorporated the SCGHG dispatch adder. The preferred portfolio was created on the basis of the “PO2-MM” and the “PO2-SCGHG-MM” studies. The Company’s position is that this clearly meets the requirements of the Clean Energy Transformation Act (CETA), and is in fact either encouraged or required based on General Order R-601 paragraph 39, under the option to include “a comprehensive accounting of the difference in greenhouse gas emissions and the SCGHG emissions between resource alternatives”. “PO2-MM”, as the least-cost, least-risk portfolio prior to consideration of the development of the preferred portfolio, provides the basis for the analysis of greenhouse gas (GHG) emissions to be compared to SCGHG emissions. The Company determined in the Clean Energy Implementation Plan (CEIP) that the “PO2-MM” implementation of selected resources created the least-cost, least-risk approach consistent with Washington-allocated resources and considering the necessary constraints of a multi-state portfolio.

Please refer to the Company’s response to WUTC Data Request 1 subpart (a) for further discussion that details how the Company’s preferred portfolio resources are economic under SCGHG.

PREPARER: Randy Baker
SPONSOR: Randy Baker

⁶ *Id.* ¶ 37 The variety of proposals demonstrates the lack of statutory direction concerning the incorporation, or modeling, of the SCGHG emissions in IRPs. Accordingly, the rules we adopt by this Order do not require a specific modeling approach at this time”.

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WUTC Data Request 7

WUTC Data Request 7

Please provide an Excel workbook native file format comparing the results of the P02-SCGHG portfolio to the preferred portfolio (P02-MM-CETA). Staff expects to see a comparison showing which units are selected in each portfolio to serve Washington customers, how much of each resource is allocated to Washington (0-100%), and the cost of each portfolio.

Response to WUTC Data Request 7

Please refer to Attachment WUTC 7-1, file “Compare - P02-SCGHG-MM less P02-MM-CETA CONF”. All data in this workbook are sourced from confidential work papers supporting PacifiCorp’s Clean Energy Implementation Plan (CEIP) that were previously filed with the Washington Utilities and Transportation Commission (WUTC) on December 30, 2021, in Docket UE-210829. Specifically, data is sourced from the following files:

- 210829-PAC-WP-P02-MM-CETA WA Allocation Target Development-12-31-21(C);
- 210829-PAC-WP-ST Cost Summary -P02-SCGHG-MM ST WA Alloc 12-31-21 (C);
- 210829-PAC-WP-ST Cost Summary -P02-MMGR-CETA ST Split Run Cost Data LT 18609 ST 19709 12-31-21 (C); and
- 210829-PAC-WP-ST Cost Summary -P02-SCGHG-MM Split Run Cost Data LT 29923 ST 30180 12-31-21 (C).

Please refer to Confidential Attachment WUTC 7-2 which provides copies of the top three confidential work papers referenced above that were previously provided to WUTC in Docket UE-210829. Please refer to the Company’s response to WUTC Data Request 6, specifically Confidential Attachment WUTC 6-1 which provides a copy of the fourth confidential work paper referenced above.

One confidential work paper was corrected in the errata / refiled work papers to PacifiCorp’s CEIP, previously filed with the WUTC on April 19, 2022, in Docket UE-210829, specifically file “210829-PAC-WP-ST-Cost-Summary-4-19-22-(C)-CORRECTED”. Please refer to Confidential Attachment WUTC 7-3 which provides a copy of the above referenced confidential work paper that was previously provided to WUTC in Docket UE-210829.

Additionally, data is sourced from Confidential Attachment WUTC 7-4, file “210829-PAC-WP-P02-SCGHG-MM WA Allocation Target Development-9-22-2022 (C) CONF”.

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Confidential information will be provided to parties subject to the WUTC granting PacifiCorp's motion for a standard protective order pursuant to WAC 480-07-420(1).

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SPONSOR: Randy Baker

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

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WUTC Data Request 8

Following the Commission's issuance of UE-210829 Order 01 on December 13, 2021, did PacifiCorp reach out to Staff for technical assistance as to how to apply the SCGHGs to its portfolio development prior to the Company filing its final CEIP on December 30? If so, please provide documentation of this specific outreach (e.g., email communication, meeting minutes, etc.). If the Company did not initiate such outreach following Order 01, please explain why PacifiCorp did not seek such additional technical assistance.

Response to WUTC Data Request 8

Given that WUTC staff's complaint alleges that the Company did not include the SCGHG in its preferred portfolio, and the WUTC's Order 01 in Docket UE-210829 only discussed the Company's alternative portfolio, PacifiCorp is unclear how this data response falls within the scope of WUTC staff's complaint. To the extent it seeks information beyond the scope of the Complaint, the Company objects as the information is not relevant and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objection, the Company responds below.

The Company participated in regularly scheduled bi-weekly meetings with Washington Utilities and Transportation (WUTC) staff over the course of approximately two years prior to the WUTC's December 13, 2021, decision. These discussions, along with WUTC's interpretations in General Order R-601, and relevant statutes and regulations, informed how the Company incorporated the social cost of greenhouse gases (SCGHG) in PacifiCorp's Integrated Resource Plan (IRP) and Clean Energy Implementation Plan (CEIP). However the Company notes that when it asked WUTC staff for guidance for how to incorporate the SCGHG in the Company's preferred portfolio for Washington-specific resources, WUTC staff only directed the Company to incorporate the adder as required by law, without specific directions for how to include the adder (as a dispatch or cost adder, for example, or how to incorporate given the Company's six-state service territory).

The Company filed its draft CEIP with the WUTC on November 1, 2021. Of note, the draft CEIP incorporated the SCGHG in the preferred portfolio exactly how the Company eventually incorporated the adder in its final CEIP. However the Company's draft alternative lowest reasonable cost portfolio did not include the SCGHG because it would have resulted in counter-intuitive results: negative incremental costs because the Company's preferred portfolio almost entirely meets Clean Energy Transportation Act's (CETA) decarbonization goals without requiring significant additional investments. Negative incremental costs are counter-intuitive, because customers would not be paid or credited for utility expenditures to purchase additional resources to meet CETA targets. But that is what results when the incremental cost analysis compares an alternative

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portfolio with the SCGHG not expected to manifest in operational reality, and a preferred portfolio with SCGHG selections implemented under an expected case strategy that is built to serve six-states, five of which do not require the SCGHG, and considering all include significant amounts of planned non-emitting and renewable resources (several gigawatts (GW)).

Because the incremental cost analyses cannot adequately capture the cost impacts that PacifiCorp would incur but-for CETA, the Company requested a waiver to exempt it from including the SCGHG in its alternative portfolio. The WUTC denied the waiver.

Given WUTC staff's consistent reluctance to provide specific guidance for how to incorporate the SCGHG, and that the WUTC's decision in Order 01 did not provide explicit direction how to do so (for alternative portfolio purposes), and that the final CEIP was required to be filed in approximately two weeks, the Company determined that it had the appropriate data, information, and WUTC-provided discretion to determine how best to incorporate the SCGHG in its alternative portfolio. The Company communicated with WUTC staff at the bi-weekly meeting after the December 13, 2021 decision, and explained that the Company believed that no additional direction from WUTC staff was needed beyond the WUTC denying the Company's waiver. Importantly, and to reiterate, the Company's approach to incorporate the SCGHG for the CEIP preferred portfolio has remained unchanged since the 2021 IRP preferred portfolio was developed.

The Company subsequently incorporated the SCGHG in its final CEIP alternative portfolio by including all relevant SCGHG selected resources, and then implementing those resources under expected operational realities. The final CEIP included three incremental cost comparisons: (1) P02-MM-CETA and P02-SCGHG-MM, (2) P02-MM-CETA and P02-MM, and (3) P02-MM-CETA-SC and P02-MM-SC.

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