BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of PacifiCorp's Final Clean Energy Implementation Plan	**DOCKET UE-210829**

COMMISSION STAFF COMMENTS REGARDING PACIFICORP'S FINAL CLEAN ENERGY IMPLEMENTATION PLAN SUBMITTED IN COMPLIANCE WITH CHAPTER 19.405 RCW and WACs 480-100-640 through -665 <AND UNDER CONSOLIDATED DOCKETS UE-191023 AND UE-190698, Order R-601>

May 6, 2022

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Introduction

In 2019 the Washington Legislature passed the Clean Energy Transformation Act (CETA) to address the impacts of climate change by transforming the energy supply, modernizing the electric system, while ensuring the benefits are shared broadly.[1] The act sets the following mandatory targets:

2025 – All electric utilities must eliminate coal-fired resources serving Washington state customers.
2030 – All electric utilities must be greenhouse gas neutral—for example, remaining carbon emissions are offset by renewable energy, energy efficiency, carbon reduction project investments, or payments funding low-income assistance.
2045 – All electric utilities must supply one hundred percent of retail sales of electricity from renewable or zero-carbon resources.

The Utilities and Transportation Commission (Commission) issued rules implementing CETA on December 28, 2020.[2]

PacifiCorp (d/b/a Pacific Power & Light Company or Company) filed a Public Participation Plan (PPP) for its clean energy implementation plan (CEIP) on May 3, 2021, and filed an updated PPP on July 30, 2021.[3]

On November 1, 2021, PacifiCorp filed a draft CEIP for the 2022-2025 period in this docket and solicited stakeholder comments, which are summarized in the final CEIP. The Company filed the final CEIP on December 30, 2021.[4] On January 7, 2022, the Commission issued a notice of opportunity for comments with a deadline of May 6, 2022.[5] On April 19, PacifiCorp filed several replacement pages and a corrected workpaper to fix a spreadsheet error in the Company's original filing.

In the final CEIP, PacifiCorp describes the following targets:

1) **Interim Target**: 55 percent of retail sales renewable or nonemitting by 2025,
2) **Energy Efficiency Target**: 212,431 megawatt hours (MWh) for 2022–2025, subject to update in 2023 to reflect the 2024–2025 Biennial Conservation Plan
3) **Renewable Energy Target**:
    a. Nearly 3,800 megawatts (MW) of new utility-scale renewables and battery storage

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[1] RCW 19.405.010(1).
[2] *In the Matter of Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act*, Dockets UE-191023 & UE-190698 (Consolidated), General Order 601, p. 58-59, ¶ 168 (CETA Rulemaking Order) (Dec. 28, 2020).
[3] *See* Docket UE-210305.
[4] WAC 480-100-640(1) requires the final CEIP by October 1, 2021. The Commission granted PacifiCorp's request for an extension in Order 01, Docket UE-210223.
[5] Docket UE-210829, *Notice of Opportunity to File Written Comment* (Jan. 7, 2022).

b. 92 MW of repowered wind resources

4) **Demand Response Target**: 37.4 MW by 2025

Staff Assessment of Final Clean Energy Implementation Plan (Docket UE-210829)

Staff reviewed the final CEIP for compliance with the rules and statute. The 2022-2025 cycle is the first CETA implementation period for each utility. Staff acknowledges that the new rules and associated timing challenges related to the 2021 integrated resource plan (IRP) cycle posed challenges to the complete implementation of CETA's directives through a fully compliant CEIP. Staff understands these challenges, expects an adjustment period for each utility to comply and fully implement the rules and believes achieving a fully compliant CEIP, based on an appropriate IRP, will be an iterative process. Staff fully expects that any recommendation for approval of the CEIP will be accompanied by a list of conditions addressing any shortcomings.

Overview

PacifiCorp's CEIP lists a series of interim targets that get it to 55 percent clean energy by 2025, and 89 percent by 2030. This is shown in Figure 1 below.

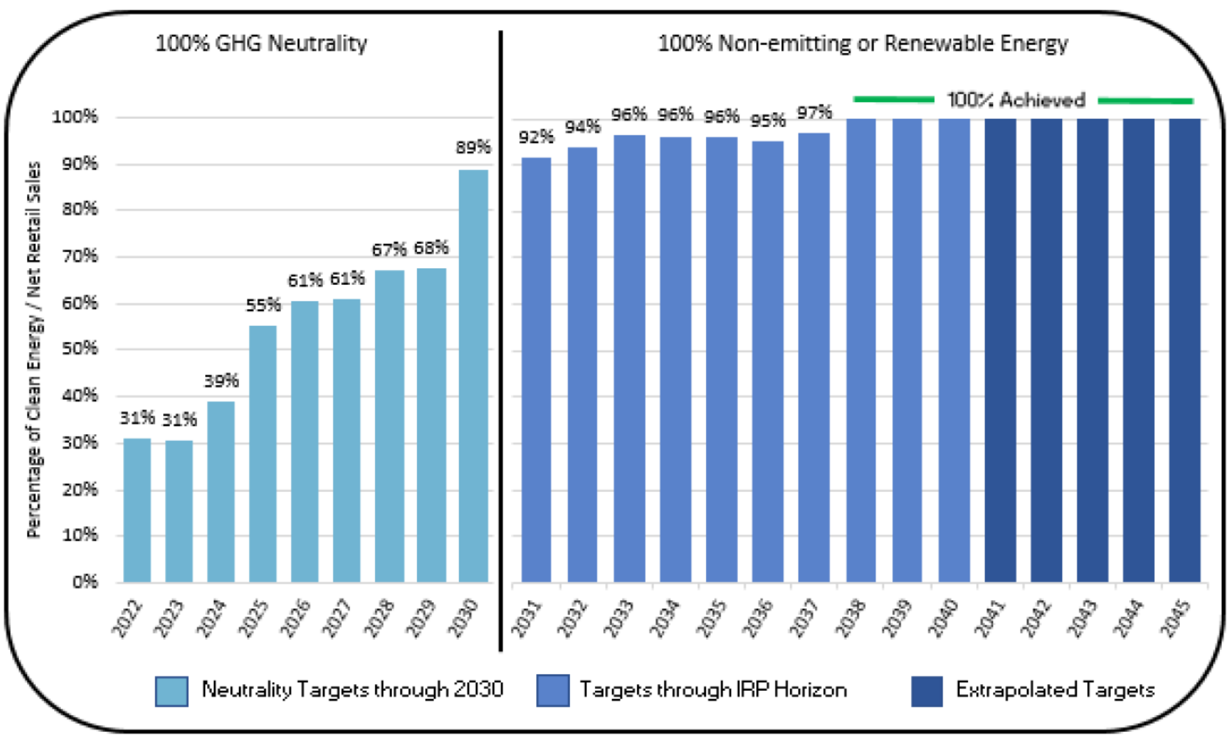

Figure 1: 2022-2045 Interim Targets[6]

[6] *In the Matter of PacifiCorp's Final Clean Energy Implementation Plan*, Docket UE-210829, "Clean Energy Implementation Plan" p.10 (PacifiCorp Final CEIP) (Dec. 30, 2021).

RCW 19.405.040(1) requires all retail electricity sales to be greenhouse gas (GHG) neutral by January 1, 2030. PacifiCorp plans to reach 89 percent renewable or nonemitting electricity in 2030. The Company intends to use unbundled renewable energy certificates (RECs) to satisfy the 2030 standard, as allowed by RCW 19.405.040(1)(b).[7]

As part of its CEIP, the Company plans to retire 14 coal units by 2030 and five more by 2040. PacifiCorp intends to remove the two coal-fired plants that currently serve Washington customers – Colstrip and Jim Bridger – from its Washington allocation by the end of 2023. It also intends to continue using the Chehalis gas plant to serve Washington customers until at least 2040, retiring at its technical end-of-life in 2043.[8] The Company simultaneously extrapolates a target of 100 percent non-emitting or renewable energy achieved by 2038. Since PacifiCorp has only provided modeling data through 2040 (as discussed in detail below), it is difficult for Staff to determine whether Chehalis is expected to continue serving Washington customers until 2043, and if so, how the Company plans to compensate for its continued use. Finally, PacifiCorp anticipates utilizing a new advanced nuclear plant demonstration project beginning in 2028, and hydrogen-powered, non-emitting peaking resources starting in the late 2030s to meet its target.[9] While Staff is not objecting to the inclusion of these projects in the plan, Staff notes that both utilize nascent technologies, and thus introduce an element of risk to the Company's plan.

The Company further proposes specific targets for the 2022-2025 period. The renewable energy specific target includes nearly 3,800 MW of new renewable resources,[10] though, as discussed below, Staff has some concerns with that target. PacifiCorp's demand response target for this CEIP is 37.4 MW.[11] Figure 2 demonstrates the Company's four-year energy efficiency target of 212,431 MWh, as informed by its 2022-2023 biennial conservation plan (BCP).[12] This target will be subject to revision as part of the PacifiCorp's 2024-2025 BCP process.

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[7] *Id.* at 14.
[8] *Id.* at 19-20.
[9] *Id*. at 15-16.
[10] *Id.* at 21.
[11] *Id*. at 22.
[12] The Commission accepted PacifiCorp's 2022-2023 BCP on January 18, 2022. *See* Docket UE-210830, Order 01.

MWh at Generation	2022	2023	2024	2025
Washington - first year Energy Efficiency from the 2021 IRP Preferred Portfolio	34,003	37,231	39,530	45,254
Behavioral Programs (HER)	4,414	(182)	4,414	(182)
RTF adjustments (total)	335	407	486	558
Adjusted Energy Efficiency Forecast - annual	38,752	37,456	44,431	45,631
Adjusted Energy Efficiency Forecast - pro-rata	50,579	50,579	50,579	50,579
Decoupling commitment - five percent	2,529	2,529	2,529	2,529
Annual Target - pro-rata basis	**53,108**	**53,108**	**53,108**	**53,108**
2022-2025 target				**212,431**

Figure 2: 2022-2025 Energy Efficiency Targets[13]

The Company identified nine customer benefit indicators (CBIs) and the metrics used to measure them as part of its CEIP. These are listed in Figure 3.

Figure 3: Customer Benefit Indicators[14]

Customer Benefit Indicator	Metric
Culturally and linguistically responsive outreach and program communication	• Outreach in non-English languages • Percentage of responses to surveys in Spanish
Community-focused efforts and investments	• Workshops on energy related programs • Headcount of staff supporting program delivery in Washington who are women, minorities, and/or can show disadvantages. • Number of public charging stations in named communities
Participation in company energy and efficiency programs and billing assistance programs	• Number of households/businesses, including named communities, who participate in company energy/efficiency programs • Percentage of households that participate in billing assistance programs • Number of households/businesses who participate/enroll in demand response, load management, and behavioral programs

[13] PacifiCorp Final CEIP at 22.
[14] *Id*. at 34-36.

Efficiency of housing stock and small businesses, including low-income housing	• Number of households and small businesses that participate in company energy/efficiency programs • Energy efficiency expenditures
Renewable energy resources and emissions	• Amount of renewables/non-emitting resources serving Washington • Washington allocated greenhouse gas emissions from Washington allocated resources
Households experiencing high energy burden	• Number of customers experiencing high energy burden by: highly impacted communities, vulnerable populations, low-income bill assistance (LIBA) and Low-Income Weatherization participants, and other residential customers
Indoor air quality	• Number of households using wood as primary or secondary heating • Non-electric to electric conversions for Low-Income Weatherization program
Frequency and duration of energy outages	• SAIDI, SAIFI, and CAIDI at area level including and excluding major events
Residential customer disconnections	• Number of residential customer disconnections including disconnections within named communities

The Company has provided a projected incremental cost calculation showing it expects to have an average annual *net reduction* in cost of $0.2 million in the 2022-2025 period.[15] Finally, the CEIP presents details about the 23 public meetings and various other outreach methods PacifiCorp employed as part of its public participation plan.[16]

Modeling supporting PacifiCorp's CEIP

Staff has several significant concerns with the way PacifiCorp has conducted the modeling for its CEIP. The first modeling topic Staff discusses is PacifiCorp's approach to account for the social cost of greenhouse gas emissions (SCGHGs) in both its lowest reasonable cost portfolio, and its alternative lowest reasonable cost, reasonably available portfolio. The lowest reasonable cost portfolio provides the analytical foundation for PacifiCorp's CEIP[17] and, when compared to the alternative reasonably available, lowest reasonable cost portfolio, determines the Company's projected incremental costs of compliance.[18] Staff concludes that, despite repeated guidance

[15] *Errata to PacifiCorp's Final Clean Energy Implementation Plan*, Docket UE-210829, p. 101 (filed April 27, 2022).
[16] *Id*. at 108.
[17] CETA Rulemaking Order at 17, ¶ 37.
[18] WAC 480-100-660(1).

provided to the Company, PacifiCorp's lowest reasonable cost portfolio fails to comply with statute,[19] rule,[20] and order.[21]

PacifiCorp's final CEIP sidesteps the reality that the Company's CEIP lowest reasonable cost portfolio must include the SCGHGs to comply with CETA.[22] In describing its CEIP incremental cost methodology, PacifiCorp indicates that its 2021 IRP solution, which it uses as its CEIP preferred portfolio, "was evaluated with the SCGHG dispatch adder…considered in the totality of portfolios examined throughout the IRP process."[23] However, the Company's 2021 IRP confirms the preferred portfolio was selected using "medium CO_2 price policy conditions."[24] This medium CO_2 price is represented as the second "M" in PacifiCorp's CEIP lowest reasonable cost portfolio name ("P02-MM-CETA").[25] Despite this incongruity, the Company maintains that its 2021 IRP preferred portfolio complies with CETA requirements. Staff respectfully maintains that a plain reading of the law requires "an electric utility [to] incorporate the SCGHGs as a cost adder when evaluating and <u>selecting</u>…resource options."[26]

During PacifiCorp's 2021 IRP development process, the Company maintained during its public interest meetings that the SCGHG price-policy assumptions made as part of its portfolio generation were "consistent" with Washington CETA planning requirements.[27] Staff disagrees, for the reasons mentioned above.

Staff's interrogation of PacifiCorp's 2021 IRP PLEXOS model, which the Company used to derive its CEIP preferred portfolio, suggests PacifiCorp incorporating the SCGHGs to comply with CETA would likely impart a significant portfolio cost increase.[28] Review of PLEXOS data input files, including cost assumptions, indicate the medium CO_2 price used in the majority of PacifiCorp's preferred portfolio was on average 76 percent lower than the Commission's SCGHG price curve[29] when considered over the course of PacifiCorp's 2021 IRP time horizon (2020-2040). This price disparity is even more stark when focused on the 2022-2025 CEIP implementation period as PacifiCorp's preferred portfolio modeling does not even assume a non-zero carbon price until 2025. Staff believes that correctly applying the SCGHG cost adder could result in resource selection differences during the 2022-2025 CEIP compliance period beyond

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[19] RCW 19.280.030(3)(a)(iii).
[20] WAC 480-100-620(11)(j), WAC 480-100-660(1).
[21] CETA Rulemaking Order at 47-48, ¶¶ 129, 132. Beyond guidance provided in the CETA rulemaking order, the Commission specifically ordered "PacifiCorp to include in its final CEIP…a preferred portfolio that incorporates the SCGHG as required by RCW 19.280.030(3)(a)." *See* Docket UE-210829, Order 01, pp. 3-4, ¶¶ 11, 18 (Dec. 13, 2021).
[22] *Id*. at 47-48, ¶¶ 129, 132.
[23] PacifiCorp Final CEIP at 93.
[24] Docket UE-200420, PacifiCorp Final 2021 Integrated Resource Plan Volume I, p. 260 (PacifiCorp Final IRP) (filed Sept. 1, 2021).
[25] PacifiCorp Final CEIP at 94.
[26] RCW 19.280.030(3)(a)(iii). Emphasis added.
[27] PacifiCorp 2021 IRP June 25, 2021 Public-input Meeting, slide 46.
[28] PacifiCorp Final IRP at 291, Table 9.15.
[29] Social Cost of Carbon, WA Utilities and Transportation Commission.

just Washington demand-side management (DSM) selections as the Company maintains.[30] Further, Staff notes the Commission's rules allow PacifiCorp to propose an alternative incremental cost methodology, but that does not mean the company can exclude the SCGHG adder from its selection of its lowest reasonable cost portfolio.[31]

As discussed in Staff's comments on PacifiCorp's draft CEIP and once again highlighted in these final CEIP Staff comments, PacifiCorp's modeling continues to fall short beyond the Company's treatment of the SCGHGs. A disconnect remains between PacifiCorp's modeling of its interim targets between 2021 through 2040 and how the Company calculates its target setting during the final five-year period (i.e., 2041 to 2045). The linkages between PacifiCorp's 2021 IRP portfolio development and its interim target setting through 2040 are clear.[32] However, PacifiCorp's 2021 IRP only covers the 2021-2040 twenty-year time horizon. The Company's final CEIP workpapers demonstrate that PacifiCorp only applied a linear interpolation of its 2021 IRP preferred portfolio to calculate its 2041-2045 targets. The Company, in fact, offers two sets of targets: one based on extrapolating over the 2030-2040 ten-year period of PacifiCorp's 2021 IRP time horizon; and a second, higher set of targets extrapolated over the entire 2021-2040 time horizon.[33] Staff observed no attempt by PacifiCorp to optimize these linearly extrapolated results to achieve a lowest reasonable cost solution, as required per rule.[34] PacifiCorp's decision to optimize a resource portfolio through 2040 and not 2045 stands in marked contrast to the modeling decisions and underlying analytics that inform both Avista Corporation's[35] (Avista) and Puget Sound Energy's[36] (PSE) CEIP interim target setting.

Interim and Specific Targets

<u>Forecasted Distribution of Energy and Nonenergy Benefits</u>

WAC 480-100-640(3) requires that the Company must provide the "forecasted distribution of energy and nonenergy costs and benefits" for each of its renewable energy, energy efficiency, and demand response specific targets. Staff struggles to find any discussion or quantification of the forecasted distribution of energy and nonenergy costs benefits. PacifiCorp does make some

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30 PacifiCorp Final CEIP, UE-210829, p. 96, footnote 93.
31 WAC 480-100-660(1)(c).
32 PacifiCorp Final CEIP, workpaper "210829-PAC-WP-Figure 1.1 - P02-MM-CETA 2022-2045 Interim Targets-12-31-21," "WA CETA Summary" tab.
33 *Id.*, extrapolating 2041 to 2045 targets cells X1:AJ16 in "WA CETA Summary" tab.
34 WAC 480-100-610(5).
35 *In re Avista Corporation's Final Clean Energy Implementation Plan*, Docket UE-210628, Avista Final Clean Energy Implementation Plan, workpaper "210628-_PRiSM_7.0_GUROBI_120720_IRP_PRS_wChelan (R)," "Aurora_Res_Results" tab (Avista Final CEIP) (filed October 1, 2021).
36 *In re Puget Sound Energy's Final Clean Energy Implementation Plan*, Docket UE-210795, Puget Sound Energy Final Clean Energy Implementation Plan (PSE Final CEIP) (filed December 17, 2021), workpaper "210795-PSE-Appendix-A-3-CEIP-Output-Portfolio-Output-Summary-2-1-22.xlsx," "ChartData CETA Interim Targets" tab.

effort to broadly discuss the distribution of costs and benefits in its specific actions chapter, but there is no apparent attempt to quantify those distributions.

Renewable energy specific target setting

As discussed in Staff's comments on PacifiCorp's draft CEIP, Staff notes PacifiCorp's deficient renewable energy target setting. The Company does not appear to propose a Washington renewable energy specific target. WAC 480-100-640(3)(a)(iii) requires a utility to "propose the renewable energy target as percent of retail sales of electricity supplied by renewable resources." However, when discussing its "renewable energy targets," PacifiCorp simply rehashes the following description of its 2020 all-source RFP results originally found within the Company's 2021 IRP:

By the end of 2024 (and within the CEIP period covering 2022-2025), the 2021 IRP preferred portfolio includes the 2020 all-source RFP final shortlist resources. These projects include 1,792 MW of wind, 1,302 MW of solar additions, and 697 MW of battery storage capacity—497 MW paired with solar and a 200 MW standalone battery.[37]

Staff has several concerns with this framing. First, it does not actually propose a "percent of retail sales of electricity supplied by renewable resources." Rather, the Company seems to be proposing capacity additions as its "specific target," which does not meet the language in WAC.[38] Further, the CEIP specifies capacity additions by 2024 and 2026, whereas the four-year period encompassed in the CEIP would end in 2025. It is possible that PacifiCorp means for the 55 percent interim target to also be the renewable target, but at the very least, that is unclear from the language in the CEIP. Additionally, as discussed above, the Company has not appropriately supported the calculation of its renewable energy target in its workpapers. Finally, if taken at face value, PacifiCorp's CEIP narrative would suggest the Company is planning to allocate its entire system-wide 2020 clean energy resource procurement to Washington. However, Staff doubts this is the Company's intention. Therefore, PacifiCorp should identify an allocation of resources from its 2020 RFP that the Company is specifically dedicating to Washington.

Demand Response Target

The CEIP sets a DR target of 37.4 MW, a figure which does not include the planned pilot pricing programs PacifiCorp intends to implement. The Company notes that with additional information from the pilot, adjustments to targets that incorporate projected impacts from rate design can be made. Staff believes that modifying the target upward if additional cost-effective DR is identified is appropriate. Staff views the identified DR target as a floor. If the RFP does not identify

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[37] PacifiCorp Final IRP at 21.

[38] For an explanation regarding of why generation of renewable or nonemitting electricity is not a sufficient interim target, *see In the Matter of Avista Corporation's Final Clean Energy Implementation Plan,* Docket UE-210628, Commission Staff Comments Regarding Avista Corporation's Final Clean Energy Implementation Plan, p. 5-8 (filed Jan. 28, 2022). For the same reasons, Staff believes that capacity additions would not, in and of themselves, be an appropriate interim target.

sufficient DR resources readily available to meet the target, then the Company should further evaluate other methods to acquire the resource, including in-house programs and leveraging peer utility experiences. While the target does not currently incorporate any equity impacts, the Company has committed to include equity impacts and consideration of CBIs when evaluating its 2022 all-source and demand response RFPs.[39]

The Clean Energy Action Plan (CEAP)[40] identifies the amount of cost-effective DR increasing to 183 MW by 2030 with the assumption that programs start ramping up in 2023. The Company must ensure that delays in early program implementation do not make this nonemitting dispatchable capacity resource unavailable when it is needed.

The specific actions to meet the DR target are reliant on the outcome of the upcoming DR RFP. Staff appreciates the narrative describing the Company's DR plans but is disappointed that the timing of the RFP means that a significant amount of the plan is tentative and likely to change.

CETA plainly requires utilities to pursue all cost-effective DR.[41] Unfortunately, DR does not have a strong history of investment in the Pacific Northwest. While PacifiCorp does have experience with DR programs, support for this technology is lacking at the regional level. Many DR programs require significant time to ramp up as customers often need to install measures and learn how to interact with the program. Knowledge gaps for DR exist both for utilities and customers in our region.

To fully capture all cost-effective DR in their service territory, Staff expects PacifiCorp to immediately build capacity for additional DR programs. This includes investment in programs expected to be cost-effective soon, facilitation of DR market transformation, and ensuring that the full value of DR, from equity impacts to reliability and resiliency, are captured in assessments. The Company cannot begin to track benefits, such as participation in various distributed energy resource programs, including demand response, if these programs do not move from pilots to programs soon.

Customer Benefit Indicators and Equity Considerations

One of the more sweeping and complicated changes resulting from CETA is the requirement for utilities to ensure all customers are benefitting from the transition to clean energy. The Commission must decide whether the utility's plan will fairly and justly allocate the utility's specific actions among the utility's customers.[42] The Commission requires three elements to

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[39] *See generally, In re Pacificorp's Petition for an Order Approving Requests for Proposal*, Docket UE-210979, Order 02, (March 11, 2022). The Commission approved the all-source RFP, with conditions, at its March 10, 2022, open meeting. Order 02. The RFP is required to be released no later than May 1, 2022. A targeted demand response RFP is expected to be issued by the end of August 2022 and be evaluated alongside the all-source RFP.
[40] PacifiCorp Final IRP, Appendix O.
[41] RCW 19.405.040(6)(a).
[42] CETA Rulemaking Order at 20, ¶ 47.

support its decision: who and where are vulnerable populations and highly-impacted communities (hereafter referred to as "named communities"), the current conditions in those named communities as compared to the rest of the service territory, and how the proposed specific actions may shift any disparities identified.[43]

The Commission requires a clear understanding of *current conditions* in the Company's service territory before it can evaluate whether the CEIP improves, maintains, or worsens existing disparities for named communities. PacifiCorp's development of a clear picture of the current conditions will be an iterative process, identifying both who and where named communities are, and what disparities may exist between those named communities and the entire service territory.[44]

While Staff may offer additional feedback as our understanding of CETA compliance evolves, at this time Staff believes the Company has taken commendable first steps at identifying named communities and their current conditions. Staff appreciates the efforts (demonstrated in Table 2.2[45]) made to identify vulnerable population factors that expand on the Washington Department of Health data used to identify highly impacted communities, factors that came directly from equity advisory group input. Staff believes the breadth of data sources and multiple scales of data granularity at which current conditions for named communities were tracked, as identified in Tables 2.9, 2.18, and 2.19 – including differentiating between named communities by their characteristics[46] – will also prove useful.

Next, the Commission directed the utilities, with input from customers, to develop customer benefit indicators (CBIs) to inform the utility's investment decisions. Under the rules, the utility must consider both current conditions for a CBI and how a specific action is expected to influence CBI values over the planning horizon and even beyond.[47] As above, Staff commends the breadth of data sources – including from the US Department of Energy, highly granular utility-specific program and project data, and bilingual residential surveys – that PacifiCorp plans to use in identifying baselines for its CBIs.[48]

Notwithstanding this solid initial foundation, there are deficiencies in the Company's plan. Appendix C of the CEIP describes the Company's specific actions, along with their expected named community impacts, impacted CBIs, costs, and non-energy impacts. Appendix C indicates that none of PacifiCorp's 21 planned supply-side specific actions (all but one of which are located outside of Washington, and 17 of which were identified through the Company's 2020 all-source request for proposals) have any applicable named community impacts. PacifiCorp argues in its CEIP narrative that the 2020 RFP was developed prior to the rules in WAC chapter 480-100-640 being promulgated, and that the supply-side resources are located outside of

[43] The requirement to identify named communities is found in WAC 480-100-640(4).
[44] CETA Rulemaking Order at 20, ¶ 47.
[45] PacifiCorp Final CEIP at 33, Table 2.2.
[46] *See* PacifiCorp Final CEIP at 44-61 (the CBI baseline analysis).
[47] CETA Rulemaking Order at 23, ¶ 57.
[48] PacifiCorp Final CEIP at 44-61.

Washington, so therefore the resources are not "obligated to meet any diversity targets or thresholds."[49]

Staff rejects both arguments. As Staff has pointed out previously,[50] Staff cannot find any exclusion in the rules saying that CBIs only apply to Washington-located resources. Additionally, Staff contends that PacifiCorp can request named community impact data from its 2020 RFP resources even if such was not provided during the RFP process. As an example, out-of-state resources, if they are the least-cost option, may be expected to decrease energy burden (which is one of the Company's CBIs) in highly impacted communities.

Further, Appendix C also lacks specificity in identifying how actions will shift disparities, with impacts to named communities described as "high," "medium," and "low." WAC 480-100-640(5)(c) requires "[c]ustomer benefit indicator values." Staff contends that this language denotes numerical values and submits that "high/medium/low" impact designations is not specific enough to satisfy the rule.

Finally, Staff expects improvements in compliance with statute and WAC 480-100-640. Appendix C is silent regarding the location of non-supply-side resources, their timing, and "whether the resource will be located in highly impacted communities" or "will be governed by" them.[51] Staff agrees that opportunities for governance and ownership of resources are central to a just transition.[52] Staff questions whether the Company chose its specific actions and then approximated impacts, rather than choosing actions to remedy disparities through the equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities, as outlined in RCW 19.405.040(8). In fact, the Company acknowledges "supply-side actions were determined before CETA rules were finalized" and as such "the company does not have any information related to nonenergy indicators" associated with supply-side resources.[53]

Staff also has some suggestions for improvement of the CBIs themselves. The Company has declined to track distributed generation and community renewable energy projects as CBIs. In Appendix B of the CEIP, PacifiCorp notes that it "has historically supported the creation of state funded renewable energy incentives targeted to low income customers."[54] Staff believes that exploring such programs is fundamental to CETA compliance and believes the Company should supply a more targeted rationale as to why it declines to track this information as a CBI. Staff also believes that the inclusion of a CBI related to named community employment opportunities

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[49] *Id*. at 67.
[50] *See* Docket UE-210979, "Commission Staff Comments Regarding PacifiCorp's 2022 All-Source Request for Proposals for Resources Pursuant to RCWs 19.405, 19.280 and WAC 480-107" p. 7 (Feb. 14, 2022).
[51] WAC 480-100-640(5)(a).
[52] Puget Sound Sage. *Powering the Transition*, p. 56. June 2020. *Available at* Powering the Transition – Puget Sound Sage.
[53] PacifiCorp Final CEIP at 67.
[54] *Id.*, Appendix B, row 7.

may be central to CETA compliance, and looks forward to continued conversation with the Company and stakeholders about what such a CBI might look like.

Staff also notes the Energy Project's analysis[55] on arrearage and disconnection characteristics across companies for arrearages of 90 days or longer. Staff believes that this kind of analysis will likely be crucial to provide outside of the context of the pandemic. While PacifiCorp chose not to continue to track the information currently tracked in Docket U-200281 as a CBI at this time,[56] Staff looks forward to further discussions about a CBI tracking arrearages of 90 day or longer.

In sum, Staff finds that the Company is off to a good start to begin identifying named communities and their current conditions but will need to do further work to improve the granularity of specific actions, and to identify their impacts. Staff looks forward to further comments from key stakeholders and conversations with the Company.

Data disclosure and accessibility

As part of its CEIP review, Staff prioritized evaluating whether electric IOUs have made available underlying inputs, data, and assumptions in an easily accessible format that would enable the "Commission, Staff,…and other parties…to understand why the [companies] took the actions [they] did."[57] Staff believes the Company has fallen short on this issue in two important ways.

First, the Company did include, as confidential support files, spreadsheet workbooks derived from the Company's 2021 IRP PLEXOS results supporting its interim target setting through 2040 (not 2045)[58] and incremental cost portfolio results (albeit using a medium carbon price rather than the SCGHG, as discussed above).[59] However, PacifiCorp did not properly source or document how it determined its specific targets (the CETA-compliant supply-side resources, energy efficiency, and demand response), nor its corresponding specific actions. Staff's concern in this instance is the abundance of hard coded (i.e., value pasted) data in the supplied workpapers. To take one example, the workpaper titled "210829-PAC-WP-Cost Summary Compare P02-MMGR-CETA less P02-SCGHG-MM 12-31-21 (C)" does have formulas on its "Summary" tab, but these formulas refer to other tabs where the data is all hard coded, making it difficult to determine how the Company has calculated the raw inputs into the workpaper.

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[55] Docket U-200281, the Energy Project, "Summary of the Effects of COVID-19 on Washington's Investor-Owned Utility Residential Customers," filed March 18, 2022. Accessible from https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1981&year=2020&docketNumber=200281.
[56] PacifiCorp Final CEIP, Appendix A, row 253.
[57] CETA Rulemaking Order at 60, ¶¶ 172-173.
[58] PacifiCorp Final CEIP, workpaper "210829-PAC-WP-Figure 1.1 - P02-MM-CETA 2022-2045 Interim Targets-12-31-21," "WA CETA Summary" tab.
[59] *Id*., workpaper "210829-PAC-WP-Rev Req-12-31-21," "Revenue Requirement" and "IRP Portfolios Summary" tabs.

Second, Staff does not believe the Company complied with WAC 480-100-655(1)(h), which states, "The utility should minimize its designation of information in the CEIP as confidential." PacifiCorp filed almost all[60] the final CEIP workpapers with confidential designation in their entirety. For example, the workpaper entitled "210829 PAC-WP-Emissions 12-31-21 (C)" appears to be a copy of the Company's 2020 greenhouse gas emissions calculation file, which is the *exact same file* that was submitted non-confidentially as part of its energy and emission intensity report filed in June 2021.[61] Staff is at a loss to explain how the exact same file can be confidential in one docket and not confidential in an earlier docket.

Staff understands that certain information in a CEIP may contain select confidential information. However, the fact that PacifiCorp designated the entirety of most of its underlying files confidential strongly suggests that the Company did not take the time to determine what is in fact confidential and what is not. Ideally, the Company will closely examine each piece of information in each supporting file to determine what truly needs to be redacted, and then only redact that information that is truly necessary. At a minimum, the Company should examine each workpaper it submits at a high level to determine whether the information has been submitted without confidential designation elsewhere, and if it represents non-proprietary information. The onus is on the Company to show that the information it requests confidential treatment for is indeed confidential.[62]

Projected incremental cost calculation

Staff has concerns with the incremental cost calculations that the Company presents in its CEIP, particularly around whether PacifiCorp has correctly applied the SCGHG (see the modeling discussion above), and whether all directly attributable costs[63] are included. However, because the calculation is not used to claim an incremental cost compliance option[64] in this CEIP, Staff does not contest it at this time. The Commission's active investigation into multiyear rate plans will directly examine the forecasting of revenues, expenses, and investments by a utility. In future CEIP's, Staff expects PacifiCorp will use guidance and information from the Commission's investigation in Docket U-210590 to develop a more robust optimization model that limits the number of externally calculated variables.

Staff therefore limits its comments regarding the incremental costs presented in the CEIP to two items. First, the Company presents not one, but *three* incremental cost calculations.[65] Setting

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[60] Of the 43 Excel files the Company filed in the docket along with its final CEIP, 39 are designated confidential in their entirety. The four that are not are called: "210829-PAC-WP-Rev Req-12-31-21," "210829-PAC-WP-PublicChargingStations 12.31.21," "210829-PAC-WP-Port Scenarios Costs-12-31-21," and "210829-PAC-WP-Figure 1.1 – P02-MM-CETA 2022-2045 Interim Targets-12-31-21."
[61] *See* Docket UE-210391, workpaper titled "210391-PPL-Energy and Emissions Annual Report Spreadsheet - 2020" (filed May 28, 2021). The energy and emission intensity reports are filed by June 1 each year under WAC 480-109-300.
[62] WAC 480-07-160(5)(a) & (e).
[63] WAC 480-100-660(3).
[64] WAC 480-100-660(6).
[65] PacifiCorp Final CEIP at 94.

aside the issue of whether any of the three calculations (particularly the first one, which forms "the basis of PacifiCorp's official incremental cost calculation for the purposes of RCW 19.405.060(5) and WAC 480-100-660"[66]) satisfies Commission rule, Staff contend that the presentation of three different calculations is confusing and unnecessary. While additional data is generally appreciated, in this case it may be better to present such additional data in an appendix or elsewhere.

Second, the workpapers submitted to back up the incremental cost analyses suffer from the same transparency issues discussed above in the data disclosure discussion. As an example, PacifiCorp provided a series of confidential cost "delta" workpapers comparing costs between its lowest reasonable cost and alternative lowest reasonable cost model runs.[67] While Staff appreciates the Company striving to provide this additional cost insight, the portfolio output tabs in these spreadsheet workbooks are comprised exclusively of copied and pasted values, lacking formulas and meaningful references to the underlying PLEXOS model runs.

Public Participation

PacifiCorp filed its first Public Participation Plan (PPP) on May 3, 2021.[68] After feedback from stakeholders, the Company filed a revised plan on July 30, 2021. The Company also included a chapter (Chapter 5) on public participation in its CEIP. The chapter outlines PacifiCorp's outreach activities throughout 2021, including the messages the Company distributed to its customers, the methods used to distribute those messages, and some lessons learned from its outreach efforts. PacifiCorp also outlined the seven meetings it held with its Equity Advisory Group (EAG) throughout 2021, with plans for nine more EAG meetings in 2022.

Staff expects PacifiCorp to continue incorporating the lessons learned from its public participation efforts as it implements its CEIP and plans for the submission of its next PPP by May 1, 2023.[69]

Conclusion

The process for review of the CEIP, as defined in rule, indicates that after a comment period the CEIP will be set for an open public meeting.[70] However, if warranted, the Commission will initiate an adjudication. Staff acknowledges that there are unresolved issues with this CEIP and looks forward to reviewing public comments before recommending next steps in this process.

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[66] *Id*. at 95.
[67] *Id*., workpapers "210829-PAC-WP-Cost Summary Compare P02-MMGR-CETA less P02-SCGHG-MM 12-31-21 (C).xlsx"; "210829-PAC-WP-Cost Summary Compare P02-MM-CETA less P02-MM 12-31-21 (C).xlsx"; and "210829-PAC-WP-Cost Summary Compare P02-MM-CETA-SC less P02-MM-SC 12-31-21 (C).xlsx."
[68] *See* Docket UE-210305.
[69] WAC 480-100-655(2).
[70] WAC 480-100-645.