



May 6, 2022

Amanda Maxwell
 Washington Utilities & Transportation Commission
 Executive Director / Secretary
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Re: NW Energy Coalition's Comments on PacifiCorp's Final Clean Energy Implementation Plan (Docket UE-210829)

Ms. Maxwell:

The NW Energy Coalition ("NWECC" or "Coalition") appreciates the opportunity to comment on the Clean Energy Implementation Plan ("CEIP") submitted by PacifiCorp on December 30th, 2021. The Coalition is an alliance of more than 100 organizations united around energy efficiency, renewable energy, fish and wildlife preservation and restoration in the Columbia basin, low-income and consumer protections, and informed public involvement in building a clean and affordable energy future.

In addition to these comments, we have filed comments on the Draft CEIP in this docket on December 3, 2021 and December 6, 2021, and filed comments on PacifiCorp's 2021 Integrated Resource Plan (Docket UE-200420) on May 3, 2021. NWECC staff and members also participated in meetings concerning the CEIP with PacifiCorp's Equity Advisory Group. We also joined with the Public Counsel Unit of the Attorney General's Office, The Energy Project, and Front and Centered, in submitting a Joint Proposal on Customer Benefit Indicators, filed in this docket on November 5th, 2021. These comments are in addition to comments we have already submitted, and feedback provided by NWECC staff at public meetings.

We appreciate the work of PacifiCorp staff and the members of PacifiCorp's Equity Advisory Group, who have committed a significant amount of time and effort into developing the CEIP, under a tight timeline and with significant uncertainty about the path forward.

Background:

In our comments on PacifiCorp's draft CEIP, we offered five comments and recommendations for improving the Draft CEIP to better align with the CETA standards, the principles of lowest reasonable cost planning, and the intent and purpose of the customer benefit indicators:

- ***Comment #1: The CEIP lacks some specific actions, as required by WAC 480-100-650(5) and (6), and adds a fourth category of specific actions for Community outreach and engagement.***
- ***Comment #2: Estimated incremental costs cannot be accurately calculated without the specific action and resource cost updates (WAC 480-100-640(7)).***
- ***Comment #3: PacifiCorp's incremental cost calculation presented in the CEIP does not conform to either the rules or the clear intent of the legislation.***
- ***Comment #4: It's not clear how the Customer Benefit Indicators (CBIs) relate to the proposed specific actions.***
- ***Comment #5: CETA's resource prioritization (RCW 19.405.040(6)(ii)) is not clearly represented.***

We acknowledge that the CEIP process is new, and that many lessons will be learned from this first round of planning - hopefully leading to improvements in the CEIP process and outcomes in future rounds. However, it is critical that PacifiCorp's first CEIP demonstrates sufficient progress and commitment toward fulfilling the clean energy transformation envisioned by the Act. Not doing so presents an unacceptable risk to PacifiCorp's customers that the standards will not be met, or that a failure to take early action, or in some cases, to change course, will make it more costly to meet the standards later. In short, in order to transform the electricity system and transition to a 100-percent clean grid, the utilities' approach to planning must evolve. We understand that this evolution will take time.

While language in the statute directs that the CEIP be "informed by" the 10-year Clean Energy Action Plan ("CEAP"), and that specific actions be "consistent with" the utility's IRP and resource adequacy requirements; this language does not suggest that either the specific targets or specific actions in the CEIP must be limited by the preferred portfolio selected by the utility in its IRP, or any other scenario or assumption modelled in its IRP. Since the Final CEIP must be approved, rejected, or approved with conditions by the Commission, **the CEIP must not be limited by the assumptions, scenarios, or decisions made by a utility in its IRP.** We urge the Commission to keep this in mind when considering the Final CEIPs.

General Comments

We continue to support the comments we submitted on PacifiCorp's Draft CEIP on December 3, 2021. We do not see that the Company incorporated changes to address our concerns. That being said, we want to first and foremost acknowledge the significance of PacifiCorp's commitment to remove coal from its Washington retail allocation by 2023. We understand that

this means that PacifiCorp's Washington customers will not be obligated to pay for ongoing investments at PacifiCorp-owned coal plants, including Jim Bridger and Colstrip. We note that this is a direct result of CETA's coal-free by 2025 provision, and is the single most significant part of PacifiCorp's CEIP.

We are also pleased to see PacifiCorp commit to an aggressive demand response target of 37.5 MW (we note that this is more than Puget Sound Energy has proposed, with 7x the customer base.) We are also pleased by PacifiCorp's significant incorporation of energy storage and solar-storage hybrid systems in this CEIP.

However, we are concerned about the lack of specificity of actions in PacifiCorp's CEIP, which seems to rely heavily on RFP results that are not yet available. Given the misalignment between the RFP and CEIP processes, we acknowledge that uncertainty exists. But, we still believe that the company must commit to specific actions, given the best information it has available at the time the CEIP is submitted. It would be reasonable for those specific actions to change later based on new information.

We question the inclusion of the Natrium reactor, and PacifiCorp's continued use of unbundled RECs to offset the power used from the Chehalis Generating Station until its removal from service in 2043. We anticipate that the RFPs will produce significantly more cost-effective renewables in PAC-West, and we hope that PacifiCorp will continue to revisit whether these resources are cost-effective and appropriate for inclusion in the CEIP.

Finally, we appreciate the general readability of the CEIP, which we think PacifiCorp has succeeded in advancing toward its purpose as a standalone document and public-facing integrated system plan that is easy to understand, and supported by the work done in other planning processes.

Summary of Recommendations:

On balance, we believe that PacifiCorp's CEIP demonstrates progress toward meeting the clean energy targets and ensuring that all customers are benefiting from the transition to clean energy, but there are a few issues that need to be addressed before the Commission can approve PacifiCorp's CEIP:

Social Cost of Greenhouse Gases. As previously stated in our December 6, 2021 comments, PacifiCorp's multi-state status should not be an excuse for not complying with RCW 19.280.030 or 19.405.060(1)(b)(ii), requiring the utility to incorporate the Social Cost of Greenhouse Gases (SCGHG) in the preferred portfolio or alternative portfolio. It is not apparent, based on our review, that PacifiCorp modified its approach to comply with the Commission's Order 01 in this docket on December 13, 2021.

There are multiple ways that PacifiCorp could apply the SCGHG to resources allocated to Washington customers within their portfolio analysis, and we recommend that the Commission require PacifiCorp to do so prior to approving this CEIP. One approach would be to conduct an additional Washington-specific portfolio run that effectively freezes the resource decisions allocated to other states so that the SCGHG only affects resource decisions allocated to Washington. For example, PacifiCorp could:

- Begin with the IRP preferred portfolio and fix (i.e., use constraints to force in or out) resource decisions that are not allocated to Washington
- Then apply a SCGHG only to existing and candidate resources (or the portion of resources) that are or would be allocated to Washington and to any market purchases serving Washington loads
- Re-solve using CETA constraints, keeping all non-Washington resource decisions fixed to match the preferred portfolio, to get the CEIP preferred portfolio
- Repeat this process without the CETA constraints to solve for the alternative portfolio for determining incremental costs

We believe that this type of approach, or a similar approach that isolates the effects of the SCGHG on Washington customers, is both feasible and reasonable, would result in two portfolios that meet Washington's statute and rules and would provide the required data for the required incremental cost comparison.

Renewable Energy Target. We don't think PacifiCorp has clearly articulated its renewable energy target for Washington, and we think this is necessary in order for the Commission to approve the CEIP. The company simply needs to determine how much of its system-wide procurement it intends to allocate to Washington and express that in terms of a percentage of retail load. We are perplexed as to why this is not clearly stated in the CEIP.

Climate Baseline. The Commission should require PacifiCorp to incorporate an analysis of the impacts of climate change into its baseline analysis for the 2023 IRP and subsequent CEIP updates. The Northwest Power and Conservation Council has developed a thorough and well-vetted method for combining historical data with detailed projections from three global climate models. This work can assist PacifiCorp in assessing the potential trajectory of regional temperature and precipitation going forward, and therefore the effects on electric demand and generation alike. PacifiCorp should incorporate this and other relevant methods and sources into the development of its 2023 IRP and subsequent CEIP update.

Demand-side Resources. We are excited for the potential for residential programmatic demand-response resources coming out of PacifiCorp's Demand Response RFP. However, we believe that PacifiCorp will need a more comprehensive and focused effort to develop a comprehensive strategy for customer-side resources going forward. Notably, PacifiCorp has fallen behind peer utilities in developing time-of-use programs, despite implementing advanced metering infrastructure (AMI) in Washington.

We recommend that the Commission direct PacifiCorp to begin development of a Flexible Load Program to provide a roadmap for demand response program offerings and rate structures and, equally importantly, to align them in a comprehensive strategy in the 2023 CEIP update. This will not be a small undertaking, but to achieve PacifiCorp's ambitious Class 1 DSM targets as well as capture Class 3 DSM opportunities, it is time to move to full planning, coordination and implementation.

Customer Benefit Indicators. We appreciate the extensive detail that PacifiCorp has provided concerning the development of its CBIs. In general, we think that more connection between the CBIs and the specific actions that PacifiCorp proposes in the CEIP are needed, and that the CBIs should be "directional" or "outcome-oriented". If CBIs are applied to all resources, we think this will open up opportunities to implement new customer side resources – energy efficiency, demand response and transportation electrification – in a way that addresses community needs and improves equity and overall performance. Similarly, CBIs that are tied to specific actions and not resources (such as reducing disconnections for nonpayment) should be accompanied by specific actions to help impact the measure. We continue to support the CBI's proposed by the Joint Advocates, and also TEP's comments on this topic concerning the Final CEIP.

Over time, a more extensive evaluation process would be beneficial for assessing and improving the CBI-focused customer resource programs. For example, measurement and verification for demand response based on the DOE and FERC manual (p. 84, footnote 80) is likely not sufficient, and we hope that more thought is given to how these programs will be evaluated, in coordination with the advisory groups. While traditional process and impact evaluation methods can be used, we suggest also considering a more community-focused approach to measure program success by multiple methods of interacting with the community (surveys, focus groups, feedback via social media, etc.).

This is especially important for new program efforts for demand response and vehicle electrification, where fast program learning can help shape program direction and opportunities for scaling programs more quickly.

Community-based renewables: We see substantial opportunity for community-based renewable energy development in PacifiCorp's Western control area, including but not limited to the Community Renewable Energy Project Grant Program authorized in Oregon HB 2021 and continued development of community-based renewable PURPA Qualifying Facilities. We recommend that PacifiCorp specifically incorporate consideration of a community-based renewable energy sub-target.

Offshore Wind. We recommend that the Commission require PacifiCorp to conduct a more in-depth assessment of the potential for offshore wind to provide benefits to PacifiCorp customers. Numerous current activities are advancing those prospects at a rapid pace. Most importantly, the US Bureau of Energy Management, in conjunction with the State of Oregon, is moving toward opening initial call areas for development in federal waters off the southwest Oregon coast, adjacent to PacifiCorp's service area.

While the development process is complex, NWEA is hopeful that this will result in the availability of offshore wind resources later in this decade. That will provide the benefits of this high-value clean energy resource to the PacifiCorp system as a whole, and importantly, improve reliability and provide other local community benefits for an area with significant reliability issues due to its relative remoteness and challenging weather conditions.

Pumped Storage Hydro. We note that the 2021 IRP analysis fell short of providing a thorough review of the potential of pumped storage. PacifiCorp has provided some flexibility for RFP bidding by pumped storage projects. But the IRP contains very limited analysis of pumped storage technology, costs and benefits, and excludes any reference to the 11 pumped storage project applications filed by the Company at the Federal Energy Regulatory Commission in October 2021, which were clearly in preparation during the final phase of IRP and CEIP development.

Pumped storage is a capital-intensive, large-scale resource that nonetheless offers substantial grid value through renewable energy balancing and other services. We recommend that the Commission require a more thorough review of pumped storage in the 2023 IRP process and CEIP update.

Advisory Group coordination. We were disappointed by the lack of coordination of the development of PacifiCorp's CEIP among its various advisory groups. In the future, we recommend that the Commission exercise more oversight over the CEIP process to ensure that it represents a collaborative work product, supported by the participation of PacifiCorp's customers, advisory groups, and approved by the Commission. This round in particular, stakeholders found themselves committed to attending lots of meetings, with minimal opportunities to actually have an impact on the CEIPs. This is frustrating, and does not bode well for the future of the CEIP public process.

In general, we are concerned that the informal nature of the CEIP process in this first round was not conducive to the kind of robust stakeholder review that the Commission needs in order to approve costs for recovery, authorize programs, or approve resource procurements. In addition, the process was very frustrating for stakeholders, who lacked access to information that would have been necessary to run their own models, including information deemed confidential by the utility. It was not always clear how PacifiCorp's advisory group feedback was being incorporated into the plan, and whether all of the advisory groups were getting relevant information provided to other advisory groups. It is clear to us that the process for developing CEIPs can be significantly improved, and we hope the Commission will provide some guidance to utilities, staff, and stakeholders on how to work together more collaboratively in the next round.

Since CETA requires the Commission to approve, reject, or approve CEIPs with conditions, we recommend that the Commission formalize and exercise more oversight over the CEIP process in the future. More oversight is needed in order for the Commission to be confident that a robust review and public participation has been conducted. The goal of the process should be

to present the Commission with a Final CEIP that succinctly presents the actions the utility will take over the next four years or alternative options to consider, that has broad support from stakeholders and the public. We believe this can be achieved by opening formal dockets earlier in the process, developing a procedural schedule, dedicating more technical and staff resources, and allowing for discovery and collaboration among the parties while public engagement with the advisory groups continues.

Conclusion

As PacifiCorp maps a path to achieving an equitable transition to a 100-percent clean electricity grid, the CEIP will be an important document for communicating to customers how the utility plans to supply them with 100-percent clean electricity, ensure that the benefits of the transition to clean energy are equitable, and meet the requirements of the law. Given the already significant delay in PacifiCorp's CEIP, we recommend that the Commission provide guidance for changes required to develop a compliant CEIP, with the goal of issuing a final order in summer 2022.

Thank you for the opportunity to comment.

Sincerely,

/s/ Lauren McCloy, Policy Director