

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PacifiCorp dba Pacific Power & Light
Company's 2020 RPS Report

DOCKET UE-_____

**PacifiCorp's Petition for Waiver of
WAC 480-109-210(2)(a)(i)**

1 In accordance with WAC 480-109-030 and WAC 480-07-370(3), PacifiCorp dba Pacific Power & Light Company (PacifiCorp) petitions the Washington Utilities and Transportation Commission (Commission) for a one-time waiver of the requirement set forth in WAC 480-109-210(2)(a)(i) directing a utility to (a) make a *one-time* incremental cost calculation for each eligible resource included in such utility's Renewable Portfolio Standard (RPS) report, and (b) identify the capacity value of each eligible renewable resource as calculated in the utility's most recent integrated resource plan (IRP) *acknowledged* by the Commission (Petition). As set forth in more detail below, PacifiCorp is seeking a waiver of these requirements to provide an updated incremental cost calculation for certain resources included in its 2020 RPS Report and to use the capacity value as calculated in the 2019 IRP progress report filed on October 18, 2019.¹ The company is authorized to represent that Commission Staff, Public Counsel, and the NW Energy Coalition do not object to this waiver request, subject to an acknowledgment that parties' support of this methodology for the 2020 RPS Report in this instance does not indicate support for including this approach in future related rulemakings.

2 PacifiCorp is an electric company and public service company in Washington within the meaning of RCW 80.04.010, and is subject to the Commission's jurisdiction

¹ As discussed in more detail below, the Commission is treating the company's 2019 IRP as a progress report and one eligible resource included in the 2020 RPS Report was not included in the 2017 IRP.

over its prices and terms of electric service to retail customers in Washington. The company provides electric service to approximately 137,000 retail customers in Washington and approximately 2 million total retail customers in Washington, California, Idaho, Oregon, Utah, and Wyoming.

3 PacifiCorp’s name and address:

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I. INTRODUCTION AND BACKGROUND

4 In accordance with WAC 480-109-210, PacifiCorp is required to submit an annual RPS report to the Commission. One component of the annual RPS report is an incremental cost calculation that is defined as “a one-time calculation of incremental cost for each eligible resource at the time of acquisition or, for historic acquisitions, the best information available at the time of the acquisition.”²

5 As currently written, WAC 480-109-210 does not address treatment in the incremental cost methodology of eligible wind resources that have been upgraded or “repowered.” A repowered facility has an extended useful life and increased capacity; incurs new capital and operations and maintenance costs; and is eligible for additional federal, state, or local tax incentives. None of these are reflected in the one-time calculation made at the time of acquisition of the resource.

6 The company submitted its 2019 RPS Report on May 31, 2019, in Docket UE-190448. The 2019 RPS Report included updated incremental cost calculations for certain

² WAC 480-109-210(2)(a)(i).

resources to reflect the repowering of these resources.

7 During the review of the 2019 RPS Report, concerns were raised regarding the company's updated incremental cost calculations.³ Concerns were raised regarding (a) inclusion of resources not operational as of January 1, 2019, and (b) updates to the company's incremental cost calculation to account for repowered resources. Ultimately, the parties to that proceeding agreed that to resolve the 2019 RPS Report, PacifiCorp would remove any resources not operational as of January 1, 2019, as well as the updated incremental cost calculation from the 2019 RPS Report, and parties would explore how these issues should be accounted for outside of the RPS report proceedings.⁴

8 PacifiCorp participated in the working group convened by Commission Staff to address treatment of repowered resources in the incremental cost calculation and treatment of confidential information included in RPS reports. The working group included participation from all electric investor-owned utilities in Washington, Public Counsel, and the Northwest Energy Coalition, in addition to Commission Staff.

9 The objective before the working group was to determine an appropriate methodology for calculating the incremental cost for a repowered resource. As a result of the working group discussions, Commission staff and participants agreed to support an interim methodology for PacifiCorp's 2020 RPS report and determined that the interim methodology requires a waiver from the Commission of requirements set forth in WAC 480-109-210(2)(a)(i). This Petition seeks that waiver.⁵

³ See, e.g., Staff comments dated July 15, 2019.

⁴ PacifiCorp filed a revised 2019 RPS Report on August 23, 2019, that included an incremental cost calculation that did not account for repowered resources and that removed resources that were not operational as of January 1, 2019. The working group to address this issue was subsequently convened by Commission Staff as detailed in this Petition.

⁵ PacifiCorp will not include any resources that were not operational as of January 1, 2020, in its 2020 RPS report and therefore no waiver of WAC 480-109-210(2) is being requested in this petition.

10 PacifiCorp requests a waiver that would allow the company to update its incremental cost calculation using the methodology agreed upon by the working group. The methodology that PacifiCorp intends to use for its 2020 RPS Report incremental cost calculation was discussed as part of the working group; the working group participants considered several incremental cost calculation methodologies and reached a consensus regarding an appropriate methodology for the 2020 RPS Report.

11 Under this calculation methodology for the 2020 RPS Report, the life of the repowered eligible wind resources will be split into two periods:

- The time of acquisition to the time of repowering (base resource); and
- From the time of repowering to the end of the facility's useful life (repowered resource).

12 The calculation will compare the base eligible resource and repowered resource to two different non-eligible resources.

- The base resource is compared to a same-life, non-eligible resource from the Commission's most recently acknowledged IRP at the time of acquisition of the base resource;
- The repowered resource is compared to a same-life, non-eligible resource from the Commission's most recently acknowledged IRP at the time of repowering.

13 The company is also seeking a waiver of the requirement to use the capacity value of one eligible renewable resource, Goodnoe Hills, as calculated in PacifiCorp's most recently acknowledged IRP. WAC 480-109-210(a)(i)(B) requires a utility to use the capacity value for an eligible renewable resource as calculated in the most recently *acknowledged* IRP. The company's most recently acknowledged IRP, the 2017 IRP, did not include a capacity value for Goodnoe Hills.

14 A capacity value was included in PacifiCorp's 2019 IRP. However, due to pending rulemakings regarding implementation of the recently enacted Clean Energy

Transformation Act (CETA) and its impacts on IRP development, the Commission determined that it will treat the company's 2019 IRP as a progress report and suspend its practice of issuing letters of acknowledgement regarding IRP filings.⁶ As a result, the Commission has not acknowledged an IRP that includes a capacity value for Goodnoe Hills.

15 This waiver request is a one-time request to enable inclusion of these resources in the company's 2020 RPS Report. The participants in the working group expect that additional discussions regarding the incremental cost calculation will occur as part of ongoing CETA rulemakings⁷ and that the results of the CETA rulemakings will provide guidance on how repowered resources are treated in the incremental cost calculation for future RPS reports.

16 The selected alternative uses the existing incremental cost calculation methodology and template. The methodology derives a single normalized incremental cost value which is applied to Renewable Energy Certificates (RECs) generated from that resource to be used for RPS compliance. This normalized value accounts for all annual costs and benefits for the full, extended life of the resource, including base and repowered portions.

⁶ See Order 03 issued in Docket UE-180259 issued on November 7, 2019.

⁷ See, e.g., Docket UE-190652.

II. CONCLUSION

17 Based on the foregoing, the Company requests a waiver of WAC 480-109-210(2)(a)(i) to allow the company to submit its 2020 RPS Report, including an incremental cost calculation that accounts for repowered assets.

DATED: this 1st day of June, 2020

Respectfully submitted,

_____/s/_____
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