PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

Received
Records Management
11/12/20 16:34
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

November 12, 2020

VIA ELECTRONIC FILING

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Dockets UE-191023 and UE-190698 (consolidated) Rulemaking to consider adoption of rules to implement chapter 19.405 RCW and revisions to chapter 80.28 RCW

The Washington Utilities and Transportation Commission (Commission) issued a Notice of Opportunity to Submit Written Comments on its draft rules considering changes to the its Integrated Resource Plan (IRP) and Clean Energy Implementation Plan (CEIP) rules as part of the Clean Energy Transformation Act (CETA) on October 14, 2020, requesting general comment on its final draft rules in advance of a proposed rule adoption hearing on December 9, 2020. PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp) appreciates the opportunity to provide written comments on the proposed rules, and reiterates its serious concerns about the legality, practical viability, and negative customer impacts of these draft rules.

INTRODUCTION

These rules are the product of over a year of work by all parties to these consolidated dockets. PacifiCorp acknowledges the challenge of implementing CETA and commends the Commission and Commission Staff (Staff) for conducting a robust stakeholder process. Beyond the challenge of interpreting CETA and resolving differences in interpretation among stakeholders, the Commission, Staff, and stakeholders were challenged by a global pandemic that required everyone to adapt to new methods of engagement. Notwithstanding PacifiCorp's considerable appreciation for the work that went into these rules, PacifiCorp opposes adoption of several portions of the rules. These provisions are not in the public interest, are inconsistent with CETA and its intent, and in some cases, exceed the Commission's authority.

As has been explained in multiple sets of comments, certain portions of these rules expose customers to potentially runaway cost increases. If these rules are enacted, rates for Washington utility customers could nearly double over the course of four CETA compliance periods before any compliance pathway associated with incremental cost would be triggered.[1] This would be on top of any other necessary rate increases.

These draft rules also create burdensome and complicated planning, regulatory, and compliance requirements that are likely to result in unnecessary work and regulatory fatigue for utilities, the Commission, Staff, and all stakeholders. The planning requirements will not result in cleaner utility systems or lower rates for customers. Rather, they may burden PacifiCorp's and

[1] *See* PacifiCorp comments, page 7, September 11, 2020.

Washington's transformation to a clean energy future with inefficiencies, unnecessary administrative burden, and resulting cost increases for customers to comply with these prescriptive and burdensome requirements. Ultimately, this approach will do more harm than good in terms of meeting CETA's ambitious goals. It is PacifiCorp's view that these rules will need to be revisited almost as soon as their implementation begins.

PacifiCorp supports simple, straightforward rules to implement CETA. In five sets of written comments and a number of informal comments provided through rulemaking workshops over the past 11 months, PacifiCorp and other parties have proposed numerous revisions intended to simplify and clarify the rules consistent with the plain language of CETA. In many cases, these comments have been ignored.

PacifiCorp recognizes CETA's statutory deadline for rulemaking, coupled with the Washington Administrative Procedures Act's notice and comment requirements, make changes at this point difficult. Accordingly, PacifiCorp's comments should be read as suggestions for future Commission proceedings and future modifications to these rules, including examples of areas in which PacifiCorp is likely to seek exemptions. In other cases, these comments seek clarification that the intent of the rules is consistent with the Commission's authority under CETA.

SUMMARY OF PACIFICORP'S PREVIOUS COMMENTS

PacifiCorp's feedback in its five previous sets of comments in these consolidated dockets can generally be grouped into six different subjects.

I. The proposed incremental cost methodology does not meaningfully contain compliance costs for the benefit of customers

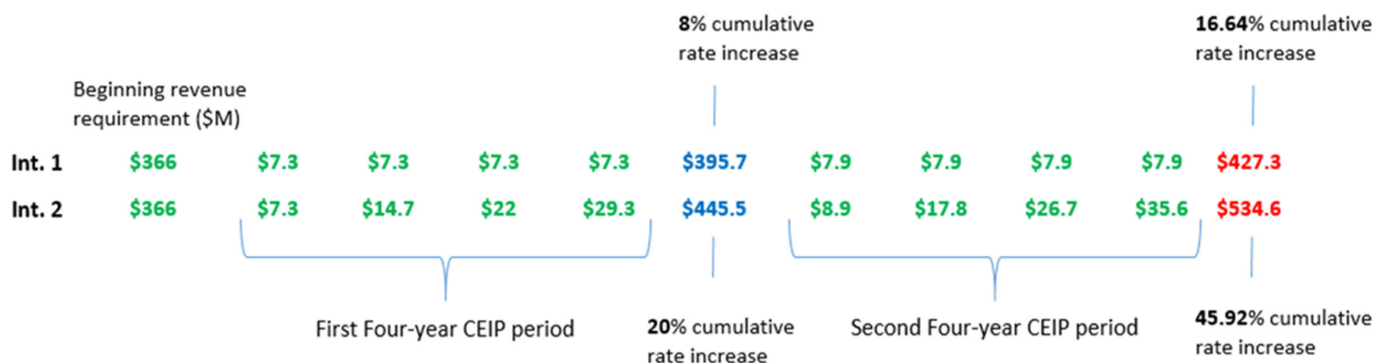
The incremental cost methodology is a critical component of CETA; by including cost containment within CETA, the legislature explicitly acknowledged that pursuit of the state's important energy policies should not come at any cost and that compliance must take into consideration the rate impact to customers. Implementation of CETA must contain *meaningful* cost containment. Unfortunately, the proposed incremental cost methodology is not consistent with this legislative directive and instead would allow utility rates to increase at an unsustainable rate.

a. The draft rules allow for roughly five percent increases on average, not two.

PacifiCorp cannot support the incremental cost methodology contained in the draft rules because it would allow utility rates to increase by an average of five percent over a four-year compliance period. The statute says two percent. This is not consistent with CETA nor does it effectively protect customers from skyrocketing rate impacts associated with CETA compliance. Indeed, the previously proposed "Interpretation Two" incremental cost methodology was unsupportable for the same reasons. As originally included in PacifiCorp's previous round of comments,[2] the

[2] *See* PacifiCorp comments, 5-8, September 11, 2020.

figure below shows the potential impact if PacifiCorp were to meet the cost cap in each year of the first two CEIPs. Although the figure shows the impact of "Interpretation One and Interpretation Two," the impact from "Interpretation Two" is similar to the forecasted impact from the current proposed incremental cost compliance pathway:



Under the proposed rules and following the new formula in draft WAC 480-100-660(2), if PacifiCorp were to meet the cost cap, the Annual Threshold Amount would be approximately $19 million per year. At approximately five percent, this is a noticeable rate impact on its own. Even more alarming is the fact that the actual rate impact customers feel in the coming years could be much larger because the draft rules exclude costs that the utility would incur in its "alternative lowest reasonable cost and reasonably available portfolio." This alternative portfolio may already include investments that are compliant with CETA, similar to the renewable investments proposed as a result of PacifiCorp's most recent IRP,[3] but any costs incurred in the alternative portfolio would not be captured in the incremental cost calculation.

b. The draft rule makes it impossible for a CEIP to be "consistent with" the incremental cost cap.

CETA's cost cap is a component of each utility's CEIP, which must be consistent with the incremental cost cap: in other words, a CEIP cannot contain costs that exceed the amount determined in accordance with RCW 19.405.060(3).[4] To achieve this consistency, the incremental cost cap must be known at the beginning of the CEIP compliance period. The purpose of this construct is to allow the incremental cost cap to inform whether the utility is able to achieve compliance without excessive compliance costs and, if not, to adjust its compliance pathway to stay within the incremental cost cap. Without knowing the incremental cost cap at

[3] PacifiCorp 2019 IRP, Volume I, Page 3.
[4] RCW 19.405.060(1)(b)(ii).

the beginning of the CEIP compliance period, there would be no way to head off utility spending on compliance costs in excess of the incremental cost cap.[5]

The statute requires a utility to use its "weather-adjusted sales revenue to customers for electric operations above *the* previous year, as reported by the investor-owned utility in its most recent commission basis report."[6] "[T]he previous year" means the single year immediately preceding the CEIP. If, as Staff has proposed, a utility is required to use "its weather-adjusted sales revenue to customers from *each* previous year,"[7] the utility cannot know what that exact cap is until several months after the CEIP period, which is inconsistent with the statute and erodes the value of the cap as a customer protection measure. The draft rules ignore CETA's requirement that the CEIP be "consistent" with the cost cap, based on weather-adjusted sales revenue, by relying on a projection of weather-adjusted sales revenue.[8] Unfortunately, this is reading a word—projected—into the statute that is not there. RCW 19.405.060(3)(a) requires that the "weather-adjusted sales revenue… in [the utility's] most recent commission basis report" be used to determine the permissible cost increase. Weather-adjusted sales revenue" has a precise meaning and is expressible down to an exact dollar amount.[9] "Commission basis report" is similarly unambiguous.[10] "The previous year" and "each previous year" have two clear, but different meanings. The Commission should not adopt rules that dilute the specificity of language in the statute, or insert words that are not there.[11]

PacifiCorp recommends the Commission correct "each" to "the" in draft WAC 480-100-660(2), and delete the Annual Threshold Amount formula, which is difficult to follow, and has not been fully vetted. The Commission should adopt a more straightforward interpretation that reflects the actual language and intent of the statute. This will ensure that utilities are able to calculate an incremental cost cap to inform the CEIP before it is submitted. In addition, these edits will allow a utility to know its target in the scenario that it must rely on this methodology as a compliance pathway.

---

[5] Staff's recommendation that the Commission adopt an incremental cost calculation similar to that proposed by the Department of Commerce is unpersuasive. Consumer-owned utilities and investor-owned utilities are subject to different incremental cost calculation standards. Most importantly, consumer-owned utilities' CEIPs do not need to be consistent with their incremental cost standard. *See* RCW 19.405.060(2), 19.405.060(4). This means that there is no need for consumer-owned utilities to precisely determine their incremental cost cap when the CEIP is drafted and adopted.
[6] RCW 19.205.060(3)(a). (emphasis added.)
[7] Draft WAC 480-100-660(2).
[8] Draft WAC 480-100-660(4) (emphasis added).
[9] $325,816,089 as filed in PacifiCorp d/b/a Pacific Power & Light Company Commission Basis Report for period ended June 30, 2020, Docket No. UE-152253 (Oct. 28, 2020).
[10] WAC 480-100-257.
[11] *See City of Spokane ex rel. Wastewater Mgmt. Dep't v. Washington State Dep't of Revenue*, 145 Wash. 2d 445, 452 (2002).

c. *Staff's interpretation is contrary to CETA's legislative history and intent.*

CETA was originally introduced without a cost cap. After witnesses and legislators expressed concern about the potential for large rate increases,[12] a 5 percent cost cap on revenue requirement increases and a 3 percent cost cap on rate increases were added as an "off-ramp" for the legislation.[13] A new amendment was also added to the opening findings of the new bill, stating that CETA would not "impose unreasonable costs on utility customers."[14]

Legislators still expressed serious concern that CETA could lead to substantial cost increases, and proposed a number of different types of cost caps designed to limit such negative impacts.[15] For instance, a Republican senator proposed a 50 percent cap on incremental rate increases over the life of the legislation.[16] In response, CETA's sponsor stated that such a cap was unnecessary because the 3 percent limit on rate increases was "actually tighter" and more protective than the proposed 50 percent lifetime cap.[17] The customer protections were strengthened further when the cap was lowered to 2 percent.[18] Thus, rather than establishing a lifetime cost cap, the legislature established a 2 percent annual average cost cap with the baseline reset every four years, along with the development and submission of a Clean Energy Implementation Plan (CEIP).[19] That cost cap baseline was tied to the utility's weather adjusted sale revenue (WASR) for electric operations, as reported in the utility's most recent commission basis report, for the year previous to the four-year CEIP period.

The legislature intended the 2 percent cap to provide an "extremely strong" limit on rate increases.[20] Proposed WAC 480-100-660 jeopardizes the crucial customer protections that were integral to the CETA's passage. Under the plain language of the RCW 19.405.060(3), the WASR baseline must be derived from the most recent commission basis report—i.e. from the previous year before filing the CEIP—and the average cost increase may not exceed this WASR

---

[12] Senate Committee on Environment, Energy & Technology, Public Hearing (Jan. 17, 2019), available at https://www.tvw.org/watch/?eventID=2019011105 at 00:32:40 (Brandon Houskeeper for Puget Sound Energy, stating that, without a cap, "we were looking at roughly a 60 percent increase to our customers over the 20 plus year planning horizon.").

[13] SSB 116, 66 Leg. 2019 Reg Sess. at 11 (Feb. 1, 2019) (providing for a 3- and 5-year cost cap for revenue requirement an rate increases, respectively); *see also* E2SSB 5116, House Committee on Environment & Energy, Executive Session (Mar. 19, 2019) (describing cost caps as an "off-ramp"), available at https://www.tvw.org/watch/?eventID=2019031219 at 00:47:20.

[14] SSB 116, 66 Leg. 2019 Reg Sess. at 2 (Feb. 1, 2019).

[15] Committee on Environment, Energy & Technology, Executive Session, I.AMS PSSB 5116 S-1158.1 Erickson (Failed) (Jan. 29, 2019); Senate Committee on Ways & Means, Executive Session, Amendments 5116 PS2 AMS WM S1878.1, S1880.1, and S1892.1 (Failed) (Feb. 18, 2019).

[16] Senate Committee on Ways & Means, Executive Session, Amendments 5116 PS2 AMS WM S1878.1, S1880.1, and S1892.1 (Failed) (Feb. 18, 2019).

[17] Senate Committee on Ways & Means, Executive Session (Feb. 18, 2019), available at https://www.tvw.org/watch/?eventID=2019021304 at 3:33:34.

[18] 2SSB 5116 – S AMD 89 (Carlyle) (Feb. 28, 2019) (Adopted).

[19] RCW 19.405.060.

[20] Senate Committee on Ways & Means, Executive Session (Feb. 18, 2019), available at https://www.tvw.org/watch/?eventID=2019021304 at 3:33:34.

baseline by more than 2 percent annually over the 4-year CEIP period.[21] Under the proposed rule, however, the WASR baseline is reset every year based on projections and the baseline amount includes CETA implementation costs from the previous year—producing much higher potential rate increases than envisioned by the legislature. The flaw in the proposed rule is apparent by its failure to incorporate the statutory requirement that the WASR must be derived from the utility's most recent commission basis report.

The reliance on projections to set a rolling baseline during the four-year compliance period is inconsistent with the plain language and the legislative history of CETA; the enacting legislators made no mention of developing a rolling cap based on future, projected WASR. On the contrary, the legislature was clear that the cap, developed to apply during the four-year CEIP planning period, would be set based on WASR from "the previous year, as reported by the investor-owned utility in its most recent commission basis report."[22] Clearly, the legislature intended to use actual, reported revenues to create clear and reliable caps, not preliminary caps tied to uncertain forecasts. More importantly, the legislature intended to impose an "extremely strong" cap, which the proposed rule undermines by improperly inflating the WASR baseline.

d. *Parties have not had a meaningful opportunity to comment on the incremental cost methodology.*

Finally, PacifiCorp is disappointed that parties did not have more time to comment on the proposed incremental cost methodology. PacifiCorp was not provided an opportunity to comment on the Annual Threshold Amount formula in the proposed incremental cost methodology before this set of comments. In its August 13, 2020 Request for Comments, Staff discussed two potential incremental cost methods, but did not actually propose one until October 14, 2020. This means that parties will have no opportunity to shape or influence the proposal before it takes effect, as CETA's rulemaking deadline effectively prohibits changes at this point.

II. *The social cost of greenhouse gas cannot be included in the alternative portfolio.*

In several rounds of comments, PacifiCorp and other parties have stated that the social cost of greenhouse gas (SCGHG) should not be included in the alternative portfolio, as there is no statutory support, nor reasonable policy grounds, for doing so. Notwithstanding these arguments, these draft rules continue to require that the alternative portfolio "include the social cost of greenhouse gases in the resource acquisition decision in accordance with RCW 19.280.030(3)(a)."[23] Including SCGHG in the alternative portfolio is not actually "in accordance with" that statute, nor would it result in a beneficial outcome for customers.

PacifiCorp is particularly troubled by the combined impact of the inclusion of SCGHG in the alternative portfolio and the misinterpretation of CETA's cost cap in the draft rules. The former

[21] RCW 19.405.060(3)(a) (referring to WASR in "the previous year, as reported by the investor-owned utility in its most recent commission basis report").
[22] RCW 19.405.060(3)(a) (emphasis added).
[23] Draft WAC 480-100-600.

inaccurately overestimates what costs customers would have borne but for CETA, and the latter overstates the statutory limit on how much more additive compliance costs customers may be asked to pay. Taken together, the practical effect of the draft rules is that a utility is highly unlikely to hit, or even closely approach, the incremental cost cap. This is not effective cost containment for customers and renders two of the most important customer protection measures contained in CETA essentially meaningless.

The intent of the alternative portfolio is to compare what a utility would have done but for CETA, with what it did to comply with sections RCW 19.405.040(1) and 19.405.050(1).[24] Utilities do not currently include the social cost of carbon in customer rates, and it is not relevant to how utilities develop those rates today. The consideration of these external costs may be important to understanding the overall impacts of a portfolio or influence future resource decisions; however, these costs do not provide an accurate measure of impact to customer rates. This interpretation ignores this fact and the purpose of the alternative portfolio.

The fact that the "placement of the SCGHG in CETA does not occur in either sections RCW 19.405.040 or RCW 19.405.050," does not automatically mean it should be included in the alternative portfolio.[25] It is true that only costs directly attributable to comply with those statutes can be included in the incremental cost calculation. But it does not follow that all other costs must be reflected in the alternative portfolio. This proposal, logically, would require other CETA costs to be included in the alternative portfolio, such as the costs of facilitators for workgroups, new employees to develop CEIPs or CEAPs, and increased energy assistance funds. This is not the proposal, nor should it be; a cost can be created by CETA, but simply omitted from incremental costs because it does not stem from RCW 19.405.040(1) or 19.405.050(1), and nothing in the statute suggests otherwise.

Further, even if the alternative portfolio was intended to include all CETA costs except those directly attributable to compliance with RCW 19.405.040 and 19.405.050 (and that is not the case), **no part of CETA includes the SCGHG as a utility cost**. Staff seem to think otherwise and argues that SCGHG must be included in an alternative portfolio "in accordance with RCW 19.280.030(3)(a)" (section 14 of CETA).[26] This is incorrect. The section reads, in whole:

> (3)(a) An electric utility shall consider the social cost of greenhouse gas emissions, as determined by the commission for investor-owned utilities pursuant to RCW 80.28.405 and the department for consumer-owned utilities, *when developing integrated resource plans and clean energy action plans*. An electric utility must incorporate the social cost of greenhouse gas emissions as a cost adder when:
>
> (i) Evaluating and selecting conservation policies, programs, and targets;
>
> (ii) Developing integrated resource plans and clean energy action plans; and

---

[24] Staff's draft rules also incorrectly link the cost of compliance with RCW 19.405.040 and 19.405.050, when the statute specifies that those costs are limited to subsection (1) of each. This is a potentially meaningful distinction, as for example it could arguably include the costs of conservation and efficiency resources within the two-percent cap. *See* RCW 19.405.050(3).

[25] Summary of Comments at 66.

[26] Draft WAC 480-100-605.

(iii) Evaluating and selecting intermediate term and long-term resource options.

(emphasis added)

As can be seen, the section discusses the use of SCGHG in developing an IRP or CEAP, and more specifically when "developing and selecting conservation policies, plans and targets, and in selecting intermediate- and long-term resource options. The CEIP alternative portfolio is not part of developing either a utility's IRP or its CEAP, nor is it a component of conservation policies, plans and targets, nor the selection of resource options. While the draft rules propose that the alternative portfolio be developed with a model similar to the one used in the IRP process—and the IRP process must consider the cost of carbon[27]—this link between the alternative portfolio and the IRP is one of regulatory convenience, not statutory necessity.[28]

PacifiCorp suggests that the Commission could mitigate this problem, and avoid inadvertently adopting rules that lack statutory support, by interpreting "include" to mean that the utility include the SCGHG in its modeling that produces the alternative portfolio, but without actually including it as an input in the final alternative portfolio development process. This would allow SCGHG analysis to be performed, as an informational tool for the utility and stakeholders, but without requiring the utility to include the SCGHG in the cost of the alternative portfolio's resource mix.[29] This would allow utilities to provide potentially valuable information to stakeholders, while respecting the statute's direction to consider the true difference in costs between the requirements of current law and those created by CETA in its incremental cost calculation.

III. *The "draft IRP" requirement is unnecessary and of limited value.*

PacifiCorp and its customers realize great value through its integrated resource planning process. However, the scope of an IRP must be carefully defined to weigh the benefits of robust, comprehensive analysis, with the considerable resources required to accomplish that work. PacifiCorp is in favor of rules that provide additional value to its planning by creating requirements that materially improve the outcome of the IRP, but opposes rules that add process for the sake of process. The requirement for a draft IRP falls squarely into the latter category.

PacifiCorp agrees with the intent behind the draft IRP requirement: to encourage public participation, feedback from regulators, and use that information to develop a better final product. However, PacifiCorp already conducts an extensive, involved public process while developing the IRP. These processes provide ample opportunity for public comment, at a time when that feedback can influence the analysis and outcome in the IRP. The draft rules presume

---

[27] RCW 19.280.030(3).

[28] Staff's responses to parties' comments correctly notes that the Commission has asked utilities to use the social cost of carbon in their IRPs. *See* Letter Acknowledging PacifiCorp's 2017 IRP, Attachment at 11 (May 7, 2018), UE-160353. Again, though, the fact that the Commission has directed to use the SCGHG in their IRPs is irrelevant to the development of the alternative portfolio, which is legally distinct from the IRP.

[29] This approach would be consistent with how PacifiCorp considers the SCGHG in its IRP. *See* 2019 IRP at 193.

that there is "enough time for the utility to run one or two more analyses" after the draft IRP is filed and a public meeting is held."[30] For PacifiCorp, this is incorrect.

Second, the draft rules require each utility to identify their preferred portfolio "and all supporting analysis" in a draft IRP. This requirement is at odds with the IRP process, which is designed to result in the selection of the preferred portfolio as the final step. Similarly, the analysis supporting the selection of the preferred portfolio cannot be completed, making it difficult for PacifiCorp to understand both how it will comply with this provision of the rules without producing what is in fact a final IRP.

The draft rules also require that the draft IRP include the CEAP, which is derived in part from the preferred portfolio. Again, this cannot be completed until the IRP is finished. Finally, the requirement in the draft rules to include, to the extent practicable, all scenarios, sensitivities, appendices, and attachments,"[31] is also difficult if not impossible for PacifiCorp to achieve given that this work is under development until immediately before the IRP is filed.

IV. *The directly attributable costs methodology understates compliance costs.*

PacifiCorp also objects to the definition of "directly attributable costs" in draft WAC 480-100-660(3). In addition to PacifiCorp's concerns about including the SCGHG, the proposal includes only investments or costs incurred "during the implementation period," meaning the four-year CEIP timeframe. This temporal requirement does not exist in any part of CETA and fundamentally, a cost would remain "directly attributable" to CETA before and after the end of a CEIP period. From an implementation perspective, it is not reasonable nor is it possible to draw a hard line on costs based on timing. Rather, for large, complex capital projects such as the addition of generation and/or transmission resources to comply with CETA, the Commission should grant flexibility regarding project timing and in-service dates, and also consider the need for projects to be implemented and reviewed across multiple CEIP periods. For projects that are proposed and approved as specific actions within a CEIP, the Commission should not disqualify them from part of the compliance plan due to temporal elements such as project delay. Rather, if a project is approved and initiated within the CEIP period, it should be considered directly attributable and necessary to comply. RCW 19.405.060(3)(a) explains that costs are "directly attributable [if they are] necessary to comply with the requirements of RCW 19.405.040 and 19.405.050." Previous investments and costs are just as "necessary to comply" with CETA as ones made in the CEIP period.

It is true that the Commission would be measuring compliance with CETA based on progress over the four-year CEIP timeline. But the statute's direction regarding incremental costs is not limited to that timeframe, nor should it be. PacifiCorp recommends that the Commission remove proposed WAC 480-100-660(3)(a) requirement from the rules.

[30] Summary of Comments at 30.
[31] Draft WAC 480-100-625(3).

V. The requirement that utilities not "serve retail electric customer load" with coal is inconsistent with CETA and established ratemaking principles.

In its September comments, PacifiCorp recommended retaining the exact language of the statute requiring that a utility not use any coal-fired resource in its allocation of electricity to Washington customers.[32] These draft rules do not adopt that recommendation, on the grounds that "the requirement to eliminate coal is more complex."[33] PacifiCorp disagrees.

The language in CETA that requires the removal of a utility's allocation of electricity is directed at ratemaking only, as evidenced by the statutory definition of "allocation of electricity" that begins with "for the purposes of setting electricity rates[.]" The statute requires the removal of coal costs and benefits from utility rates, nothing more and nothing less.

PacifiCorp reiterates that, in the case of a multi-state utility such as PacifiCorp, it is the utility's inter-jurisdictional allocation methodology that determines which resources are included in Washington's allocation of electricity. Without these safeguards, it is nearly impossible to avoid having one state's energy policy decisions impact another state's customers.

Importantly, any interpretation of the requirement to remove coal-fired resources from a utility's allocation of electricity must take into consideration how coal-fired resources are put into a utility's allocation of electricity; in other words, traditional ratemaking informs how coal-fired resources are included in rates and should similarly inform how coal-fired resources are removed from rates. Removing the direct costs and benefits from rates (*e.g.*, depreciation, operation and maintenance expense, net power cost benefits) through traditional rate-setting is consistent with the requirements of RCW 19.405.030(1)(a).

VI. The rules are likely to create significant administrative burden for staff and all stakeholders

As raised previously throughout this rulemaking process, PacifiCorp is concerned by the sheer amount of reporting that is seemingly required in both the Commission and Department of Commerce Rules. In addition to the reports required under the EIA, the draft rules will likely result in duplicative work and regulatory fatigue for utilities, the Commission, Staff, and all stakeholders. Below is a table with relevant, major filings and reports that would be required after adoption of the draft rules.

CETA / EIA Cycle Major Required Filings	Timeline	Rule Citation
IRP Workplan	15 months before IRP	WAC 480-100-625(2)
Draft IRP/CEAP	4 months before final IRP	WAC 480-100-625(3)
Biennial IRP Progress Report	January (every two years)	WAC 480-100-625(4)

[32] PacifiCorp September 11 comments at 8-9.
[33] Summary of Comments at 52.

IRP/CEAP Filing	April (every four years)	WAC 480-100-625(1)
Biennial Participation Plan	May (every two years)	WAC 480-100-655(2)
Biennial Conservation Report	June (every two years)	WAC 480-109-120(4)
Annual Energy and Emissions Intensity Report	June	WAC 480-109-300
Annual RPS Report	June	WAC 480-109-210(1)
Final RPS Compliance Report	June	WAC 480-109-210(6)
Annual Clean Energy Progress Report	July	WAC 480-100-650(3)
CEIP Compliance Report	July (every four years)	WAC 480-100-650(1)
RFP	120 days after IRP	WAC 480-107-017(1)
Final CEIP	October (every four years)	WAC 480-100-640(1)
Biennial CEIP Update	November (every two years)	WAC 480-100-640(11)
Biennial Conservation Plan	November (every two years)	WAC 480-109-120(1)
Annual Conservation Plan	November	WAC 480-109-120(2)
RFP Summary Report	90 days after RFP	WAC 480-107-145(2)

REQUESTS FOR CLARIFICATION OR MODIFICATION

PacifiCorp is pleased to see that there are several sections that have been improved from previous drafts, and the Company appreciates Staff's efforts to streamline and simplify these areas. PacifiCorp offers additional comments and requests for clarification in the draft rules as discussed below.

I. Flexibility for CEIP interim targets, as well as all interim and specific targets before 2030.

In previous comments, PacifiCorp and the other utilities argued that interim targets contained in a utility's CEIP are not binding.[34] While the recommendations have not been adopted in the draft rules, PacifiCorp requests that the Commission grant the utilities flexibility in meeting these interim targets leading up to 2030. As reflected in previous comments, the reality of utility-scale procurement processes may present obstacles as utilities move forward with meeting the requirements of the law. Many of the specific actions that utilities will take under their CEIP will likely be major resource acquisitions, and the timelines for those projects can slip, often for reasons beyond the utility's control.[35] A utility should not be penalized if, for example, a project delivery is delayed by a few months.

[34] *See* PacifiCorp's September 11, 2020 comments at 11-12, Avista's September 11, 2020 Comments at 11-12, Puget Sound Energy's September 11, 2020 comments at 5-6.
[35] For instance, a number of wind projects have seen their commercial operations dates slip this year, due to COVID-related delays.

II. The "resource need" definition is intended to allow addition of new renewables on a least-cost, least-risk basis.

Many of the Company's coal plants, including ones planned for early retirement, remain able to serve load, but it is simply more cost-effective to replace their generation with renewables. Previous drafts of these rules defined "resource need" (meaning necessary procurement) as a "deficit" in demand, or the ability to meet various regulatory requirements. PacifiCorp appreciates Staff's clarification that a "deficit" can also stem from "changes in system resources," such as the one that PacifiCorp's system is currently undergoing. It may be possible to improve this definition by moving away from the concept of "deficit" altogether, but PacifiCorp finds Staff's clarification helpful.

III. IRP requirements

Several sections of the IRP rules require clarification:

- *Draft WAC 480-100-610: "Lowest Reasonable Cost" definition.* This section requires the utility to plan for "related delivery system infrastructure," which Staff clarifies in its response to include demand response. The latter would certainly be included in an IRP, but other "delivery system infrastructure" would not be. PacifiCorp has over **64,000 miles of distribution lines**, which could reasonably be included in the definition of "delivery system infrastructure." Those lines, for the most part, are not included in an IRP because of the practical limitations inherent in a complex 20-year planning study. To arrive at an optimal capacity expansion plan as expressed through the preferred portfolio, IRP modeling uses an aggregated topology, proxy resource options, and characteristic time periods. A granular accounting of distribution lines would geometrically complicate IRP modeling with excessive detail, and grind optimization performance to a halt while providing no meaningful benefit; the lack of meaningful benefit is inevitable because this level of detail does not align with the proxy nature of resources and the use of characteristic time periods. PacifiCorp would appreciate the Commission's view on whether distribution lines are included in the definition of "delivery system infrastructure."

- *Draft WAC 480-100-620(11)(b): Portfolio analysis and preferred portfolio.* This section requires utilities to use "hourly data" to determine how its resource will serve utility load.[36] The IRP is a twenty-year plan. There are 175,520 hours in the IRP planning horizon, and PacifiCorp does not study every hour. PacifiCorp uses "hourly data" in its IRP as a component of its analysis, by studying shorter periods of time on an hourly or sub-hourly basis and then using those results as a component of its models. PacifiCorp requests clarification that using "hourly data" as a component of its analysis, as is current practice, in the IRP will meet this requirement.

- *Draft WAC 480-100-620(2)-(8): Various IRP requirements*. PacifiCorp routinely includes analysis of these topics in its IRPs. Like with the "hourly data" requirement

---

[36] Draft WAC 480-100-620(11)(b).

addressed above, these topics are studied in the aggregate in the IRP, by adjusting the Company's models to take into account their costs, benefits, and availability as appropriate. They are not studied as discrete, individual items. PacifiCorp requests clarification that its current practice meets this requirement.

- *Draft WAC 480-100-625: IRP development and timing*. First, PacifiCorp seeks clarification regarding the meaning of "advisory group," as used in this section. The definition of "advisory group" was deleted in this draft of the rules. PacifiCorp believes that the group that regularly convenes during its public input meetings to discuss its IRP would qualify as this "advisory group." Second, the requirement that a utility file its work plan 15 months in advance of the due date for the IRP is well before the Company's internal work plan is completed. It is highly likely that PacifiCorp will need to file updates as the due date for the IRP approaches.

IV. Variance and overlap between the rules and statute.

PacifiCorp opposes adoption of several sections of these rules that duplicate CETA's statutory language. These sections are unnecessary, as the obligations they express already exist in law. Further, several sections of the rules paraphrase the statute. For example, draft WAC 480-100-610(2) and (3) restate RCW 19.405.040(1) and (2), but with minor differences. Those sections create CETA's core 2030 and 2045 policies, and there is potential for confusion or dispute due to these differences between the statute and the regulation. Ideally, these sections would be removed entirely for the same reasons that the duplicative language discussed above should be deleted, but if not, they should at least be aligned with the statute. Alternately, the Commission should clarify in its order adopting the rules which set of authority it plans to follow.

CONCLUSION

PacifiCorp appreciates the opportunity to provide comments in response to the Commission's Notice. Please contact Ariel Son at (503) 813-5410 if you have any questions regarding these comments.

Sincerely,

/s/

Etta Lockey
Vice President, Regulation
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon 97232
(503) 813-5701
etta.lockey@pacificorp.com