

Bench Request 4

In rebuttal testimony, Mr. Wilding states that Washington's portfolio has "more than 20 percent" of its load exposed to short-term market purchases. Exh. MGW-6Tr at 6:9-10. In their Joint Testimony, the Settling Parties state, "Additionally, the Washington allocation of PacifiCorp's resource mix includes less dispatchable resources compared to other states, so it leaves Washington NPC uniquely vulnerable to increases in market prices. In addition, a significant portion of the dispatchable generation that composes the resource base in Washington is gas-fired, which also increased in cost due to the increases in gas prices over the last six months." Exh. JTR-1CTr at 11:24-12:4.

Considering that Washington's resource portfolio is "uniquely vulnerable," has the Company performed a risk assessment of the Washington resource portfolio's market exposure to determine it was the lowest reasonable cost portfolio considering risk? Please indicate if PacifiCorp did so in the context of its long-term resource acquisition decisions.

Settling Parties Response to Bench Request 4

Both the West Control Area Inter-Jurisdiction Allocation Methodology (WCA) and the Washington Inter-Jurisdictional Allocation Methodology (WIJAM) are uniquely vulnerable to market purchases, and PacifiCorp noted that when the WCA was approved, "WCA must meet a higher proportion of its retail load with market purchases than is the case in the east control area."¹ This is because both the WCA and WIJAM have allocated a less than a system share of resources such as coal, and higher market purchases are required to balance loads and resources for Washington.

PacifiCorp's Integrated Resource Plan (IRP) plans on a system basis to achieve the least-cost least-risk portfolio required to meet load growth, expiring contracts, and retiring resources. As part of the 2021 IRP, state renewable portfolio standards, including Washington, are planned for in the new proxy resource selection. Additionally, further negotiations in the multi-state process are ongoing and will inform how the planned 2021 IRP resources will be allocated to states including Washington after 2022. A new agreement has not yet been fully negotiated.

The 2021 IRP further identified additional request for proposals resources as part of the final short list reflecting renewables, batteries resources, and the Energy Gateway South transmission project. By adding these renewables to the Company system, and with Washington taking an allocated share of these resources under the WIJAM, PacifiCorp is working to lower both the reliance on market purchases as well as lowering emissions for Washington. The level of market purchases on a portfolio basis are considered as part of overall portfolio risk assessment in the 2021 in addition to other factors. PacifiCorp notes that planning limits for market purchases or its open position, were lowered in the 2021 IRP relative to the 2019 IRP. Looking beyond the action plan for the 2021 IRP, non-

¹ *WUTC v. PacifiCorp*, Docket No. 061546, Order 08 at ¶50 (Jun. 21, 2007).

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emitting resources are anticipated which will also help to further reduce impacts to Washington from gas and market fluctuations by providing reliable, dispatchable non-emitting energy not sourced from gas. Further analysis will be conducted pursuant to the Washington Clean Energy Transformation Act (CETA) to evaluate progress toward meeting the requirements and inform whether additional Washington situs-assigned renewable, non-emitting or demand-side management programs are needed.

Please refer to the 2021 IRP, Volume II, Appendix O (Washington Clean Energy Action Plan), starting page 250, for the development of the CETA compliant preferred portfolio. The Company's 2021 IRP is publicly available and Volume II can be accessed by utilizing the following website link:

<https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2021-irp/Volume%20II%20-%209.15.2021%20Final.pdf>