



May 3, 2021

Via UTC Filing Portal

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

Received
Records Management
05/03/21 15:16
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Docket No. UE-200420—Sierra Club’s Comments on PacifiCorp’s Draft 2021 Integrated Resource Plan

Sierra Club respectfully submits the following comments on PacifiCorp’s April 1, 2021 update to the Company’s January 4, 2021 draft 2021 Integrated Resource Plan (“IRP”) filing. Sierra Club’s comments are necessarily limited due to the lack of data and supporting analytics contained in the Company’s April filing. As in the Company’s draft 2021 IRP filing, PacifiCorp has not identified any modeling results, let alone a preferred portfolio. Due to this lack of information, in-depth comments on the substance of PacifiCorp’s draft 2021 IRP are not possible; however, Sierra Club plans to submit a fuller comment when PacifiCorp files a complete IRP with the Commission.

I. The Commission Should Order PacifiCorp to Present its Preferred Portfolio As Soon As Possible

PacifiCorp has delayed filing a complete IRP for two primary reasons. First, the Company says it needs additional time to incorporate the final shortlist from its 2020 all-source request for proposal (“2020AS RFP”), which will not be ready until June 1, 2021. Second, the Company says it has been unable to complete model runs of its resource portfolios, due to complications with its new modeling software, PLEXOS.

Neither of these reasons should delay presentation of a preferred portfolio until September. There is no reason why PacifiCorp requires all of June, July, *and* August to incorporate results of its 2020 All-Source Request for Proposals (“2020AS RFP”). Additionally, any problems that PacifiCorp has been experiencing with PLEXOS appear to be largely resolved, as the Company has indicated that it anticipates presenting initial portfolio results at its May 27-28 public-input meeting. This schedule should allow PacifiCorp to supplement its April update to this Commission well before September.

Presentation of a preferred portfolio is critical to fully evaluating a utility’s IRP submission. As Staff noted in its comments on PacifiCorp’s draft IRP submission in January, “the lack of modeling results, even preliminary portfolio results, [is] the single biggest weakness of the Draft IRP.”¹ Without a preferred portfolio, it is similarly impossible to assess whether PacifiCorp’s IRP complies with the Clean Energy Transformation Act (“CETA”). Although PacifiCorp included a “draft” Clean Energy Action Plan,² without modeling results and an identified preferred portfolio, stakeholders are unable to evaluate whether the action plan will meet CETA’s requirements. As one example, PacifiCorp was unable to identify any “[s]pecific actions to help address barriers to equitable distribution,” instead inserting a placeholder reading: “[hold for completion once additional information on the Preferred Portfolio is known].”³ As a result, it is critical that PacifiCorp provide its modeling results as quickly as possible.

¹ Staff Comments on Pacific Power and Light Company’s Draft 2021 Electric Integrated Resource Plan, at 11 (Feb. 5, 2021) (emphasis omitted) [hereinafter “Staff Comments of PAC Draft IRP”].

² PacifiCorp – 2021 Interim IRP, Appendix R (provided as Attachment A to PacifiCorp 2021 Integrated Resource Plan April 1 Interim Filing) [hereinafter “PAC Interim IRP”].

³ *Id.* at Appendix R, 289.

II. PacifiCorp’s April 2021 IRP Filing Fails to Fully Account for Federal Regulatory Developments

Although PacifiCorp indicated in its April filing that it intends to update the IRP’s *Chapter 3 – Planning Environment* in its final IRP submission, the current draft submitted to the Commission failed to include readily available updates, particularly regarding federal regulatory developments, that could and should have been made. The failure to acknowledge these regulatory changes raises concerns that PacifiCorp’s final IRP—and its modeling decisions—will not incorporate realistic federal regulatory requirements.

First, the current draft of Chapter 3 indicates that the Company does not intend to incorporate a potential federal renewable portfolio standard (“RPS”) because “[s]ince 2010, there has been no significant activity in the development of a federal renewable portfolio standard”⁴ PacifiCorp’s position ignores the fact that President Biden’s recently proposed American Jobs Plan includes a federal RPS. As the Washington Post reported, “[t]he linchpin of Biden’s [infrastructure] plan . . . is the creation of a national standard requiring utilities to use a specific amount of solar, wind and other renewable energy to power American homes, businesses and factories.”⁵ Accordingly, it is unreasonable for the Company to assume that no federal RPS is likely.

Second, PacifiCorp notes that the Affordable Clean Energy (“ACE”) rule, regulating carbon emissions from existing sources under the Clean Air Act, was finalized in June 2019 but fails to acknowledge that on January 19, 2021, the U.S. Court of Appeals for the District of Columbia vacated the ACE rule in its entirety and remanded the rule back to the Environmental

⁴ *Id.* at 8.

⁵ Steven Mufson and Juliet Eilperin, *Biden’s infrastructure plan aims to turbocharge U.S. shift from fossil fuels*, Wash. Post (March 31, 2021), available at <https://www.washingtonpost.com/climate-environment/2021/03/31/biden-climate-infrastructure/>.

Protection Agency (“EPA”) for further consideration.⁶ The EPA has not yet announced a replacement for the Affordable Clean Energy rule, but the Biden administration has been unequivocal in its commitment to aggressively curb GHG emissions. For example, President Biden has pledged to achieve a carbon-free power sector by 2035⁷ and has made clear he will utilize the full capacity of the executive agencies, including the EPA, to achieve this goal.

Third, regarding the Clean Air Act Regional Haze program in Utah, the EPA published a final Utah State Implementation Plan (“SIP”) rule on November 27, 2020. However, on January 21, 2021, Sierra Club, National Parks Conservation Association, HEAL Utah, and Utah Physicians for a Healthy Environment filed a Petition for Reconsideration with the EPA, requesting that the agency withdraw the final rule—published after the 2020 presidential election by the lame-duck Trump administration—and reinstate the agency’s 2016 Federal Implementation Plan (“FIP”) that required installation of selective catalytic reduction (“SCR”) retrofits at the Hunter and Huntington coal plants in order to reduce regional haze pollutants at some of the nation’s most iconic national parks, including Grand Canyon, Zion, Arches, Capitol Reef, and Canyonlands National Parks.⁸ The 2016 FIP, which was finalized in June 2016 and represented the culmination of nearly two decades of prolonged study, public process, and litigation, is the most accurate application of the Best Available Retrofit Technology requirement in Round 1 of the Regional Haze Rule and is likely to be reinstated as a result of minimal scientific scrutiny contained in the November 2020 Utah SIP.

⁶ *Am. Lung Ass’n v. EPA*, 985 F.3d 914, 995 (D.C. Cir. 2021).

⁷ Fact Sheet: President Biden Takes Executive Actions to Tackle the Climate Crisis at Home and Abroad, Create Jobs, and Restore Scientific Integrity Across Federal Government, The White House (Jan. 27, 2021), available at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/27/fact-sheet-president-biden-takes-executive-actions-to-tackle-the-climate-crisis-at-home-and-abroad-create-jobs-and-restore-scientific-integrity-across-federal-government>.

⁸ *In Re: Approval and Promulgation of Air Quality Implementation Plans; Utah; Regional Haze State and Federal Implementation Plans*, 85 Fed. Reg. 75,860, U.S. Env’tl. Prot. Agency (Jan. 21, 2021).

Additionally, the same coalition of environmental organizations filed an appeal before the U.S. Circuit Court for the Tenth Circuit, seeking review of the November 2020 Utah SIP.⁹ On February 4, 2021, the EPA filed an Unopposed Motion for Abeyance in the Tenth Circuit, requesting that the court hold the matter in abeyance for 120 days to provide the agency with an opportunity to review the November 2020 Utah SIP “in conformance with the President’s Executive Order ‘Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis[.]’”¹⁰ The EPA’s motion was subsequently granted and a status report is due to the court on June 4, 2021.¹¹ Sierra Club is confident the Trump administration’s politically motivated, lame-duck rule will be withdrawn and that SCR retrofits will be once again required at Hunter and Huntington.

Fourth, regarding Regional Haze requirements in Wyoming, draft Chapter 3 indicates that PacifiCorp is currently negotiating a settlement for the Wyodak power plant with the EPA and the state of Wyoming.¹² The Wyodak settlement agreement was signed by Wyoming and the Company on December 16, 2020 and was published in the Federal Register on January 4, 2021.¹³ On March 3, 2021, Sierra Club, National Parks Conservation Association, Powder River Basin Resource Council, and Wyoming Outdoor Council submitted comments on the proposed settlement, opposing the elimination of pollution-reduction requirements that the EPA previously ordered for the Wyodak coal plant and urging the EPA to withdraw from the proposed settlement. Sierra Club is confident EPA will again require pollution controls at Wyodak.

⁹ *HEAL Utah, v. EPA*, No. 21-9509, *appeal docketed* (10th Cir. Jan. 19, 2021).

¹⁰ EPA’s Unopposed Motion for Abeyance, *HEAL Utah, v. EPA.*, No. 21-9509 (10th Cir. Feb. 4, 2021).

¹¹ Order Granting the EPA’s Unopposed Motion for Abeyance, *HEAL Utah, v. EPA*, No. 21-9509, *Order Granting the EPA’s Unopposed Motion for Abeyance* (10th Cir. Feb. 4, 2021).

¹² PAC Interim IRP at 13.

¹³ Proposed Settlement Agreement, Challenge to Clean Air Act, 86 Fed. Reg. 87 (Jan. 4, 2021).

For the Jim Bridger plant, the Company has proposed a “Reasonable Progress Reassessment” that would remove requirements to install SCR equipment on Units 1 and 2. This would require a revision to the Wyoming Regional Haze SIP, including EPA approval. PacifiCorp states in draft Chapter 3 that “EPA’s proposed approval, including public comment period for [] the SIP revision is forthcoming.”¹⁴ Notably, the EPA has yet to publish the SIP revision. There is every likelihood EPA will not rescind the SCR requirements at Bridger 1 and 2.

These federal regulatory changes may significantly influence PacifiCorp’s modeling choices, described further below. As a result, the Commission should direct the Company to revise Chapter 3 and incorporate the updated information into its modeling and portfolio selection.

III. PacifiCorp Should be Directed to Release Certain Information to the Public and Produce Specific Model Runs in Light of the Additional Time Provided to Complete its IRP

Given the additional time PacifiCorp will have to complete its IRP, the Commission should ensure that additional information is provided to both the Commission and the public in order to ensure that the delayed IRP filing contains sufficient information for informed decision making.

First, PacifiCorp should be directed to make anonymized bid data from its 2020AS RFP publicly available. In 2017, Xcel Energy provided a “Solicitation Report” detailing the results of an all-source RFP issued in support of its 2016 Electric Resource Plan.¹⁵ Noting that the response was “unprecedented with 430 total individual proposals,” with over 350 of those

¹⁴ PAC Interim IRP at 14.

¹⁵ Xcel Energy, 2017 All Source Solicitation 30-Day Report (filed in Colorado PUC No. 16A-0396E) (Dec. 28, 2017), available at <https://www.documentcloud.org/documents/4340162-Xcel-Solicitation-Report.html>.

proposals being for renewable energy or renewable energy with storage, the update went on to provide anonymized information on the bids received, including the median levelized price of the bids received for each generation type.¹⁶ While bidder identity along with the number of bids proposed by generation type remained highly confidential, Xcel's Solicitation Report provided extremely useful public information for stakeholders engaged in the IRP process. PacifiCorp should likewise be directed to provide a similar report as part of its IRP filing. Moreover, PacifiCorp should be directed to include the RFP results as inputs in its IRP modeling, as the delay in filing its IRP is largely based on the need for the 2020AS RFP short-list.

Second, the Commission should ensure that certain modeling runs are included within the IRP filing. Specifically, PacifiCorp should model SCR pollution control technology at its Hunter, Huntington, Wyodak, and Jim Bridger power plants, all of which are likely to require SCRs under the federal Clean Air Act's Regional Haze program, as discussed above. PacifiCorp's model should reflect SCR installation costs as part of continued costs to operate these plants, and PacifiCorp should continue to pursue endogenous selection of coal retirement dates, as is current practice. As the Commission is aware, neither Phase I nor Phase II Regional Haze requirements are final. However, the Biden administration has signaled its intention to move quickly on climate and pollution regulation at power plants. Yet, at this time, PacifiCorp has indicated it does not intend to include the costs of SCRs in any of its model runs, because the Company anticipates complying with Regional Haze requirements by reducing operating capacity as a means of meeting pollution reduction requirements. The EPA has never before accepted reduced operating capacity in lieu of installation of pollution control technologies, and it is extremely unlikely that the Biden administration, which has made clean air and water and environmental

¹⁶ *Id.*

justice centerpieces of its agenda,¹⁷ will do so. Reduced operating capacity should not be modeled as a permissible compliance option. The Obama administration’s EPA required SCRs at all of the four plants noted above, thus, modeling those same SCR costs in the 2021 IRP is required under prudent decision-making.

Finally, all of PacifiCorp’s model runs should incorporate, as a model input, some level of carbon pricing in order to account for likely environmental regulatory costs. A carbon price is critical to fully understanding the breadth of regulatory impacts resulting from PacifiCorp’s various IRP portfolios and is therefore necessary for sound decision-making. Currently, PacifiCorp does not embed a carbon price into each of its model runs but rather evaluates four discrete scenarios: high carbon price, medium carbon price, no carbon price, and the social cost of carbon. In 2015, Sierra Club presented expert analysis from Synapse Energy Economics, Inc., demonstrating that when even a low carbon price is assumed, endogenous coal unit retirements selected by the modeling software will identify for retirement units that were not identified for retirement under PacifiCorp’s Regional Haze scenarios.¹⁸ Accordingly, incorporating a carbon price is necessary to fully capture which units may be marginal and eligible for near-term retirement. To be clear, a carbon price should be included in every scenario, thereby eliminating the no carbon price scenario.

Staff’s comments on PacifiCorp’s draft IRP filing recommended that the Company “[p]rovide a narrative illustrating step-by-step how the [social cost of greenhouse gases] cost adder is applied throughout its modeling logic.”¹⁹ To the extent that the carbon price utilized is

¹⁷ Exec. Order No. 13990 (Jan. 20, 2021); Exc. Order No. 14008 (Jan. 27, 2021).

¹⁸ *In the Matter of PacifiCorp’s 2015 Integrated Resource Plan*, Docket No. LC-62, Sierra Club’s Comments on PacifiCorp’s 2015 IRP (Aug. 27, 2015), available at <https://edocs.puc.state.or.us/efdocs/HAC/lc62hac134513.pdf>.

¹⁹ Staff Comments of PAC Draft IRP at 12.

lower than the social cost of carbon, PacifiCorp’s model runs will not fully incorporate the societal costs of greenhouse gas emissions. As a result, Sierra Club recommends the social cost of carbon should still be utilized as a modeling sensitivity (*i.e.*, a model run with the input carbon price equal to the social cost of carbon) in order to quantify the monetized damages associated with incremental increases in greenhouse gas emissions. Additionally, societal costs should be included in the reported output of *each* model run. In other words, every model run utilizing a carbon price that is equal or lower than the social cost of carbon should report carbon emissions and calculate the associated emissions costs based on the social cost of carbon value. Pursuant to Executive Order 13990, the Biden administration’s Interagency Working Group on the Social Cost of Greenhouse Gases released an interim social cost of carbon on February 25, 2021,²⁰ which is the most recently updated cost and thus should be utilized by PacifiCorp in its 2021 IRP modeling.

Dated: May 3, 2021

Respectfully submitted,

/s/ Rose Monahan

Rose Monahan
Sierra Club
2101 Webster Street, Suite 1300
Oakland, California 94612

²⁰ The Interagency Working Group reinstated estimates for the social cost of greenhouse gases as had been established by the Interagency Working Group before being disbanded in 2017, adjusted to 2020 dollars. Values are the average across models and socioeconomic emissions scenarios for three separate discount rates (2.5 percent, 3 percent, and 5 percent), as well as a fourth value, selected as the 95th percentile of estimates based on a 3 percent discount rate. *See* Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under Exec. Order No. 13990, Interagency Working Group on the Social Cost of Greenhouse Gases, United States Government (Feb. 26, 2021), available at https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf.