



December 3, 2021

Amanda Maxwell
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: NW Energy Coalition's Comments on PacifiCorp's Draft Clean Energy Implementation Plan (Docket UE-210829)

Dear Ms. Maxwell:

NW Energy Coalition (NVEC or the Coalition) appreciates the opportunity to comment on the draft Clean Energy Implementation Plan (CEIP) filed by PacifiCorp (PAC) on November 1, 2021. While the Commission did not issue a Notice of Opportunity to File Written Comments in this docket, we submit these comments hoping that they will help inform the development of the Final CEIP, to be filed with the Commission by January 1, 2022.

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. NVEC has been an active stakeholder involved in the development of the PAC Integrated Resource Plan (IRP), the 10-year Clean Energy Action Plan (CEAP) and the four-year Clean Energy Implementation Plan (CEIP).

In addition to these comments, we have filed multiple comments on PAC's 2021 Integrated Resource Plan (Docket UE-200420), and NVEC staff participates as members of PAC's IRP Advisory Group, DSM Advisory Group, and Low-income Advisory Committee. 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. That proposal was originally filed on July 30, 2021 in Docket UE-210305, and refiled in this docket on November 5, 2021. These comments are in addition to comments we have already submitted, and to feedback provided by NVEC staff at advisory group meetings and in conversations with PAC staff.

We appreciate the work of PAC staff and the members of PAC's Equity Advisory Group, who have committed a significant amount of time and effort into figuring out how to manage and run new software systems to inform the development of PAC's CEIP. We offer these comments on the Draft CEIP in the spirit of improving the final product, and in a good faith effort to help PAC comply with CETA's requirements as well as fulfill the intent and purpose of CETA – to achieve an equitable transition to a 100-percent clean electricity grid.

General Comments

Since this is the first time CEIPs have been developed by Washington utilities, we expect the first efforts to serve as a springboard for clarification, refinement, and improvement. A CEIP should be a relatively short, concise, stand-alone document that clearly delineates the specific actions a utility will undertake over the four-year implementation period. It is not intended to be a mini-integrated resource plan weighing many options, but an explanation of the specific actions that will be undertaken in the short term, just the next four years. While the CEIP is meant to fulfill a regulatory requirement, it should not be solely a regulatory compliance document. Rather, it should serve as a public document, understandable by an interested customer or stakeholder. PAC's CEIP weighs in at 90+ pages, and is generally more concise than the draft CEIPs submitted by other IOUs, as the draft follows directly on the heels of the delayed submission of the IRP. Yet, a great deal of information is missing in the CEIP due to PAC awaiting responses to their upcoming RFP. In the future, it would be appropriate for PAC (and all utilities) to conduct its CEIP planning concurrently with its Integrated Resource Plan (IRP) and CEAP, to avoid this issue.

To support transparency and accountability, it is important that the CEIP clearly convey all supporting data that PAC used to make its resource decisions for the four-year compliance period. Supporting details should be either in the CEIP or electronically linked. As much data as possible should be easily available in the CEIP and the assumptions and methodologies clearly explained so stakeholders can understand and vet PAC's process and results. The reader should not have to jump between the CEIP, the Biennial Conservation Plan (BCP), the Integrated Resource Plan (IRP), and other appendices to get a full picture of PAC's CETA compliance plan. All relevant information should be distilled and contained in the CEIP, with the other sources serving as supporting documentation in appendices.

Summary of Concerns

In general, we are disappointed to see that PAC's Draft CEIP falls short in some important respects of both the minimal requirements and our overall expectations for this first round of CEIPs. We recommend that significant changes be made to the document to ensure that the information is clearly presented and supported by analysis, and that the Final CEIP meets the requirements of [WAC 480-100-640](#) and [RCW 19.405.060](#).

The rules at WAC 480-100-640 are very clear as to what must be included in a CEIP. There are significant shortcomings in the draft CEIP relative to the contents. Most notably:

- ***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.*** In [Appendix C - Specific Actions](#) there is an unclear mix of: general categories of kinds of DR actions; a few specific actions that are a restatement of current Biennial Conservation Program (BCP) activities; a list of equity programs for which no impacts are available; and a list of renewable energy projects that were approved prior to the CEIP and are not a result of the CEIP. Much of the individual

action cost and impact data is missing. PAC has explained that it cannot complete the tables and narratives required by WAC 480-100-640(5) and (6) until the results of the various RFPs have been received and analyzed. This trade-off between submitting a complete plan and waiting for RFP cycles to complete is simply a false choice, and should be remedied in the Final CEIP. The lack of complete information is inconsistent with the intent and purpose of the CEIP, and has the effect of delaying PAC's implementation of CETA for more than another year. Further, this choice by PAC places the Commission in the impossible position of reviewing a plan without a thorough understanding of those specific actions that should comprise the plan

- ***Estimated incremental costs cannot be accurately calculated without the specific action and resource cost updates (WAC 480-100-640(7)).*** This information is particularly important if a utility intends to meet the compliance by relying on the 2% incremental cost compliance option at RCW 19.405.060(3)(a), because the Commission will ultimately decide whether the actions taken to comply with the standards in sections 4(1) and 5(1) allow the utility to rely on the 2% incremental cost. This alone will require a thorough understanding of *each action*, the underlying business case and the financial aspects of the action. Instead, it would be appropriate for the first CEIP to include the best information available to PAC for the Commission to consider at the time it is submitted, with the caveat that specific actions can be updated as the various RFP cycles are completed.

The final CEIP must also justify why **non-IRP modelled costs** currently attributed to CETA as incremental costs would *not* be pursued if CETA did not exist. The non-IRP modelled costs are largely targeted to “named communities”; PAC may have realized they have those needs due to evaluations and analysis required by CETA, but the actions themselves should be undertaken even if CETA did not exist.

- ***More significantly, the incremental cost calculation presented in the CEIP does not conform to either the rules or the clear intent of the legislation.*** PAC intentionally chose NOT to develop a CETA preferred lowest reasonable cost portfolio that incorporated the Social Cost of Greenhouse Gases (SCGHG), asserting that they are not required to do so and that other analyses came close enough. This must be corrected in the final CEIP.
- ***The organization of Customer benefit indicators (CBI) is somewhat confusing,*** with several CBI's dependent on the same metric. Nor is it clear how the CBIs relate to the proposed specific actions.
- ***CETA's resource prioritization is not clearly represented.*** RCW 19.405.040(6)(ii) and (iii) clearly identify the order of resource acquisition required of utilities under CETA. First, utilities are required to pursue all cost-effective, reliable and feasible conservation and efficiency resources and demand

response, then existing renewable resources, then renewable resources and energy storage *before* acquiring new resources per RCW 19.405.040(6)(ii) and (iii). PAC's implementation of this provision is not clearly mapped out in its CEIP.

We expand on these comments below.

Specific Actions

WAC 480-100-660(5) and (6) present in detail how the CEIP should present the specific actions it plans to undertake in the next four years. PAC has the responses and data from the 2020 all source Request for Proposals (RFP) and the 2021 Demand Response (DR) RFP, which were confirmed as specific actions in the 2021 IRP, yet PAC has delayed the selection of specific actions until responses to a 2022 all source/targeted DR RFP are received and evaluated. This is puzzling, as the data PAC has at hand gathered from RFP responses was used to determine the 2021 preferred portfolio. The CEIP could be updated when the results from the next round of RFPs are available in 2023. If accepted as is, the CEIP will not be complete until late in 2023.

There are a number of actions in the CEIP that are actions PAC already undertakes, such as the conservation actions from the Biennial Conservation Plan, and the solar/wind/storage acquisitions that PAC is already undertaking. While it is appropriate for PAC to include these CETA-compliant actions in the CEIP, the purpose of the CEIP is to show what they will do beyond what is already included in their baseline alternative portfolio. These actions should not be included as part of the incremental cost.

While the CEIP actions should be "consistent" with the twenty-year IRP and "informed" by the 10-year Clean Energy Action Plan (CEAP), that does not mean the information in the CEIP should be limited to the data from the longer-term plans (See Attached legal memo "Consistent with" in CETA from EarthJustice dated October 8, 2021). In this particular cycle, PAC's Request for Proposal(s) were issued in summer of 2020, so that the most recent cost data would have been available for this CEIP. The CEIP could have started with that information, updated after the results from the 2022 RFP are obtained.

Demand response is one of the bright spots in the plan. While many details remain to be decided, both the very ambitious acquisition targets during the CEIP period and the range of measures, programs and rate designs indicate that the company is now taking the potential and importance of demand response and load management seriously. In addition to the overall 37.4 MW "actionable target" it would be helpful to have an estimate of the total peak load reduction for both summer and winter peaks.

PAC has listed how the utility has evolved its EE programming to implement CETA and reach more named communities with programming. We are hopeful that these changes will result in more PAC customers, and particularly members of named communities, receiving the benefits of conservation. As PAC continues its work with the EAG and with other stakeholders, there may be further opportunities to target EE programming to help households experiencing high

energy burdens, and we look forward to working with the company to continue adaptively managing their programs.

RCW 19.405.060(2)(a)(i) requires the CEIP include interim targets for meeting the standards prior to 2030 and after, as well as specific targets for energy efficiency, demand response and renewable energy. To this list PAC has voluntarily added a specific target for Community Outreach and Engagement (COE), which is not specified in the statute. The first three categories either reduce load, reduce or eliminate peaks, or provide electricity, while the COE actions are meant to ensure named communities are not left out of existing programs. PAC should include further explanation of why a separate target for COE actions is necessary under CETA, and acknowledge which actions are required by other legislation, such as SB 5295 (2021).

NWEC believes that it would inappropriate to consider these proposed COE actions to be incremental costs due to CETA. While CETA may have required additional analysis and documentation to be undertaken to support these actions, they would certainly not be abandoned if CETA did not exist. Rather, these COE actions represent best practices that the utility should undertake as part of its core business of providing a public utility service in Washington state. For example, PAC already offered transportation electrification programs prior to CETA enactment, planned to continue offering them after CETA was enacted, and has received separate direction allowing them to do so under chapter 80.28 RCW. To help the program work better for named communities, PAC should engage in conversations with the Equity Advisory Group (EAG) to see if actions other than installing chargers in named communities, such as electrifying transit, or replacing internal combustion engine vehicles for low-income service providers and community-based organization, would have more impact in named communities.

SCGHG and Incremental Cost Calculations

Chapter 4 in the draft CEIP dealing with incremental costs is a sparse five pages long, mostly arguing that PAC should not have to include the SCGHG in the Alternative Lowest Reasonable Cost portfolio (ALRC) as required by WAC 480-100-605, because PAC did not include the SCGHG in the IRP preferred portfolio nor in the CETA preferred portfolio, as PAC readily admits. This chapter must be completely revised in the final CEIP to comply with the rules in WAC 19.280.030 and WAC 480-100-660, as PAC assumes “that its petition for a limited exemption for WAC 480-100-605 will be granted” (page 66, draft CEIP) and calculates incremental costs based on that assumption. NWEC has submitted comments and a legal memo on the petition, urging it be denied.

PAC misses the point of the CETA requirement to apply the SCGHG when selecting resources, which is to level the playing field between resources. The selection of resources can reasonably be expected to differ from what would have been selected without incorporating the SCGHG compared to when the SCGHG is applied, as PAC acknowledges on page 68. CETA transforms how preferred portfolios are developed – preferred portfolios are now not just lowest reasonable cost portfolios but lowest reasonable cost portfolios that incorporate new planning assumptions, such as the SCGHG and equity considerations.

The preferred portfolio developed in the IRP and CEAP is required by RCW 19.280.030(3)(c)(iii) to incorporate the SCGHG when “evaluating and selecting intermediate and long-term resource options”. The CEIP, in turn, must identify specific actions (in other words the selected portfolio) that are consistent with the utility’s long-range IRP (RCW 19.405.060(1)(b)(iii)). By not considering the SCGHG in either the IRP or the CEIP, the selected portfolio is not compliant. PAC selected a portfolio, which does not account for the SCGHG, then requested a waiver from the requirement to include the SCGHG in the alternative portfolio. Both portfolios fail to comply with the statute and rules and contradict the intent of the law, which was to account for the externalized costs of fossil fuels, as part of the transformation of the electric system.

PAC argues that the CEIP does not explicitly require the preferred portfolio to consider the SCGHG, but General Order R-601 (Docket UE-191023 and Docket UE-190698), paragraphs 37 and 38, make it abundantly clear the SCGHG should be included in the CEIP preferred portfolio as well the alternative portfolio (emphasis added):

37. *The variety of proposals demonstrates the lack of statutory direction concerning the incorporation, or modeling, of the SCGHG emissions in IRPs. Accordingly, the rules we adopt by this Order do not require a specific modeling approach at this time. Rather, as we discuss further below in Section III.F.2, the proposed rules require that the utility include the SCGHG emissions in the alternative lowest reasonable cost and reasonably available portfolio for calculating the incremental cost of compliance in the CEIP. **How the utility chooses to model the SCGHG emissions in its preferred portfolio in the IRP will inform its CEAP and ultimately its CEIP. The utility must provide a description in its CEIP of how the SCGHG emissions are modelled and incorporated in its preferred portfolio.***

38. *Utilities should also consult with their advisory groups regarding **how to model the SCGHG in their IRP, CEAP, and CEIP.** If a utility treats the SCGHG as a planning or fixed cost adder in its determination of the optimal portfolio, including retirements and new plant builds, we expect the utility to model at least one other scenario or sensitivity in which the SCGHG is reflected in dispatch. Similarly, if a utility incorporates the SCGHG in modeling dispatch costs, we expect the utility to provide an alternative scenario or sensitivity analysis, such as the planning adder approach, to determine the optimal portfolio, including retirements and new builds. Such modelling will help to inform how best to implement CETA’s requirement to include the SCGHG emissions as a cost adder.*

132. *In enacting CETA, the Legislature both amended Chapter 19.280 RCW and created Chapter 19.405 RCW. **The IRP and CEIP processes are closely interrelated.** The most reasonable statutory interpretation is that the term “lowest reasonable cost” has the same general meaning in both statutes. **Finally, although the phrase “social cost of greenhouse gas emissions” appears only in RCW 19.280.030, the calculation of cost for greenhouse gas***

emissions, including the effect of emissions, applies throughout CETA. This is yet another indication that SCGHG was intended to have implications outside of the IRP. The proposed rules, therefore, define the baseline portfolio's reference to "lowest reasonable cost" to include the SCGHG in the same manner required under Chapter 19.280 RCW.

The Commission's Order makes clear that the question is not "should the SCGHG be considered" in the CEIP, but "how it should be calculated". The Commission did not suggest that including the SCGHG may be optional. This is simply contrary to the statute.

While PAC has faced significant modeling challenges during this planning cycle, we are confident that their team is up to the task of creating both a preferred portfolio and an alternative portfolio that includes the SCGHG.

As for the costs used in the calculation, the draft CEIP shows an abrupt increase in expenditures for both power costs and energy efficiency in the last two years of the CEIP period (page 68), without detailed explanations of either the assumptions underlying the expenditures or the actual costs; both need to be fully described in the final.

CBI's

NWEC, The Energy Project, Front and Centered, and the Public Counsel Unit of the Washington Attorney General's Office joined together as Joint Advocates to develop a draft list of Customer Benefit Indicators (CBIs) early in the summer. The Joint Advocates initially shared this list with the companies and stakeholders in late July 2021, and met with PAC in mid-November, after the filing of the draft CEIP to discuss the proposed CBIs. NWEC agrees with the comments submitted by The Energy Project (TEP) to this docket and to PAC, particularly the concerns raised about creating a CBI that focuses on reducing 90+ day arrearages, taking a more proactive stance to promote greater access to and control over renewable resources for low income and vulnerable populations, expanding the CBIs to include improved health outcomes, and revising the utility credit code scoring to reduce the number of customers with low utility credit code problems.

The approach to weighting the CBIs needs to be re-examined in the final CEIP. The results of the weighting process in the draft CEIP resulted in some very close ratings and some very useful metrics were left out.

The final CEIP should much more clearly explain how the CBIs will be used to evaluate all resource choices, as a central purpose of the CBIs is monitor and track performance related to CETA and how specific actions are shaped by the CBIs. For example, the draft states on page 47 "...the 2020AS RFP resources are primarily located outside of Washington, and therefore, the other CBIs related to highly impacted communities and vulnerable populations are not applicable", yet acquiring renewables to replace natural gas facilities would have a positive

regional impact on air quality, which affects all customers. The interactions of CBIs with resource choices needs to be more fully developed.

Thank you for considering our comments.

/s/

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