

Agenda Date: May 23, 2024  
Item Number: A1

**Docket:** UE-220789  
Company: PacifiCorp d/b/a Pacific Power & Light Company

Staff: Molly Morgan, Regulatory Analyst  
Paul Barrager, Regulatory Analyst

## **Recommendation**

Issue an order approving the revised demand and supply forecast pursuant to RCW 70A.65.120, for the years 2023-2026, submitted by PacifiCorp in Docket UE-220789.

## **Background**

In 2021, the Washington State Legislature passed the Climate Commitment Act (CCA) through Engrossed Second Substitute Senate Bill 5126. Codified as RCW 70A.65, the law was created to reduce greenhouse gas (GHG) emissions. Also referred to as “Cap and Invest,” the law establishes a declining cap on GHG emissions from covered entities, and is intended to reduce emissions in the state by 95 percent by 2050.<sup>1</sup> The CCA allows electric utilities, which are subject to the Clean Energy Transformation Act (CETA), to receive no-cost allowances to mitigate the cost burden of the Cap and Invest Program on electric customers.<sup>2</sup> The CCA required the Department of Ecology (Ecology) to adopt rules, in consultation with the Washington Utilities and Transportation Commission (Commission), establishing the methods and procedures for allocating allowances to investor-owned electric utilities (“IOU(s)).<sup>3</sup>

On September 29, 2022, Ecology published final rules under Chapter 173-446 of the Washington Administrative Code, the “Climate Commitment Act Program.” In these rules Ecology specifies that it will use utility-specific four-year demand and resource supply forecasts<sup>4</sup> to determine the allocation of no-cost allowances to each electric utility.

On October 28, 2022, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed its demand and resource supply forecast with the Commission using its 2021 CEIP as the source for its forecast for years 2023-2025 and its 2021 IRP for 2026.

On January 24, 2023, the Commission approved the forecast under RCW 70A.65.120, subject to the modified condition that the Company must notify the Commission if there are any substantive changes.<sup>5</sup>

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<sup>1</sup> See Climate Commitment Act - Washington State Department of Ecology.

<sup>2</sup> WAC 173-446-230(1).

<sup>3</sup> RCW 70A.65.120.

<sup>4</sup> WAC 173-446-230.

<sup>5</sup> UE-220789 Order 01.

On December 14, 2023, PacifiCorp filed a revised demand and resource supply forecast with the Commission in Docket UE-220789 asserting a substantive change as discussed under Order 01.

## Discussion

As outlined in Tables 1 and 2 below, the Company anticipates forecasted emissions to decrease in each year of the compliance period for an approximate decrease of 10 percent overall.

**Table 1: 2021 CCA Forecast**

	CO2e Emissions	2023		2024		2025		2026	
		WA MWh	CO2e	WA MWh	CO2e	WA MWh	CO2e	WA MWh	CO2e
Retail Sales <sup>(1)</sup>		4,076,594		4,091,630		4,069,088		4,052,790	
Load <sup>(2)</sup>		4,656,030		4,710,640		4,730,240		4,760,890	
Non-Emitting Plants	-	1,278,917	-	1,474,791	-	2,037,273	-	2,349,470	-
Coal Plants	1.0614	1,625,876	1,725,704	1,271,702	1,349,784	1,242,741	1,319,045	-	-
Gas Plants	0.4354	1,006,879	438,395	1,046,341	455,577	1,050,755	457,499	988,107	430,222
Market Purchases (unspecified)	0.4370	744,358	325,285	917,806	401,081	399,470	174,569	1,423,313	621,988
Market Sales	-	-	-	-	-	-	-	-	-
Total <sup>(3)</sup>		4,656,030	2,489,384	4,710,640	2,206,442	4,730,240	1,951,113	4,760,890	1,052,210

**Table 2: 2023 CCA Forecast**

	CO2e Emissions	2023		2024		2025		2026	
		WA MWh	CO2e	WA MWh	CO2e	WA MWh	CO2e	WA MWh	CO2e
Retail Sales <sup>(1)</sup>		4,132,188		4,144,559		4,109,809		4,095,573	
Load <sup>(2)</sup>		4,638,720		4,692,110		4,700,760		4,721,760	
Non-Emitting Plants	-	1,330,136	-	1,306,568	-	2,111,855	-	2,384,744	-
Coal Plants	1.0614	1,434,501	1,522,579	790,960	839,525	803,426	852,757	-	-
Gas Plants	0.4354	1,226,084	533,837	1,437,900	626,062	1,469,024	639,613	1,166,630	507,951
Market Purchases (unspecified)	0.4370	647,999	283,176	1,156,682	505,470	316,455	138,291	1,170,386	511,459
Market Sales	-	-	-	-	-	-	-	-	-
Total <sup>(3)</sup>		4,638,720	2,339,592	4,692,110	1,971,057	4,700,760	1,630,660	4,721,760	1,019,409

In its petition, the Company asserts that since incorporating the Social Cost of Greenhouse Gas as required, the resulting forecast projects decreased emissions as prices for emitting resources increase. The bulk of the downward revision is due to the shift in supply from coal to gas generation in the years 2023-2025. The revised forecast incorporates the more recent 2023 IRP forecast while the current demand and resource supply forecast relied on the 2021 CEIP<sup>6</sup> and IRP,<sup>7</sup> which are now several years dated.

In the process of reviewing this filing, Commission staff (Staff) requested additional information from PacifiCorp to address the apparent incongruity between the lower emissions forecast in this filing and the lower clean energy interim targets in the Biennial Update of the 2021 CEIP in

<sup>6</sup> UE-210829.

<sup>7</sup> UE-200420.

Docket UE-210829. Staff expected that if the Company proposes reduced clean energy targets in its Biennial CEIP Update, that a revised emissions forecast would project an increase in emissions, rather than a decrease. However, Staff now understands that the changes in the CEIP interim targets are due to a range of factors, some of which are represented by portfolio changes and some of which are allocation factor assumption changes. The CCA forecast update also reflects changes in the underlying portfolios, but no change to the allocation methodology – which remains the Washington Inter-Jurisdictional Allocation Methodology – as the allocation methodology used in these forecasts must be approved by the Commission.<sup>8</sup>

Staff believes that this revised demand and resource supply forecast is permitted pursuant to WAC 173-446-230(2)(j), and that the revision represents a substantive change to the original forecast as described in Order 01 in this docket. However, in its recommendation to approve this forecast, Staff does not intend to set a precedent as to what a substantive change should be for other companies in other circumstances.

Staff also believes that adoption of this revised forecast may result in a more accurate allocation of no-cost allowances under the CCA.<sup>9</sup>

Lastly, Staff inquired with each of the interested parties who commented on the original filing in Docket UE-220789. As of this writing, no party has made Staff aware of any issues with this filing.

## **Conclusion**

Staff believes that this revised forecast is consistent with Ecology's rules in WAC-173-446-230(2)(a)(b)(c), and with Order 01 in Docket UE-220789. Staff recommends the Commission issue an order approving the revised forecast by PacifiCorp in Docket UE-220789, pursuant to RCW 70A.65.120, for the years 2023-2026.

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<sup>8</sup> WAC 173-446-230(2)(c)(v)).

<sup>9</sup> WAC 173-446-230(2)(f).