



December 6, 2021

Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

VIA UTC WEB PORTAL

Re: Docket No. UE-210829 - PacifiCorp’s Petition for Exemption of WAC 480-100-605

Dear Chairman Danner and Commissioners Rendahl and Balasbas:

Sierra Club writes the Washington Utilities and Transportation Commission (“UTC” or “Commission”) in response to the UTC’s request for comments PacifiCorp’s Petition for Exemption of WAC 480-100-605. PacifiCorp’s Petition requests an exemption from using the social cost of greenhouse gases (“SCGHG”) in the “alternative lowest cost and reasonably available portfolio” used for calculating incremental compliance costs under the Clean Energy Transformation Act (“CETA”). For the reasons set forth below, Sierra Club recommends that the Commission deny PacifiCorp’s Petition.

I. CETA Intends for Utilities to Use the Social Cost of Greenhouse Gases when Determining “Least Cost” Integrated Resource Plans.

CETA not only envisions a bold transformation of the electric sector but also an *equitable* transformation. Accordingly, the Act prioritizes “[t]he equitable distribution of energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks; and energy security and resiliency.”¹ In order to achieve these goals, the holistic pricing of energy generation resources—which considers all costs of utilizing that resource—is critical.

Integrated resource plans have been the primary vehicle for evaluating generation costs and benefits. Because the carbon intensity of various energy resources has significant impacts on public health and environmental protection—and thus imposes significant costs on society—it is unsurprising that Washington law defines an “integrated resource plan” as “an analysis describing the mix of generating resources . . . that will meet current and projected needs at the

¹ RCW 19.405.010(6).

lowest reasonable cost,”² and goes on to define “lowest reasonable cost” as including “the cost of risks associated with environmental effects including emissions of carbon dioxide.”³ CETA reinforces the requirement to evaluate the costs of continuing to emit carbon dioxide and other greenhouse gases by stating that “electric utilities *shall* consider the social cost of greenhouse gas emissions . . . when developing integrated resource plans and clean energy action plants.”⁴

Indeed, as the Act’s title implies, CETA intends to “spur transformational change in the utility industry”⁵ and does so, in part, by requiring that utilities not only recognize the SCGHG but also *utilize* the SCGHG in a fair evaluation of the “least cost” portfolio. Historically, public health and other societal impacts of continuing to burn fossil fuels have not been priced in integrated resource plans due to claims that these costs are too difficult to quantify or attribute specifically to a utility’s customer base. SCGHG is a scientifically valid and widely accepted quantification of these costs. While PacifiCorp claims that the SCGHG is “a significant negative incremental cost that would never actually translate to customers’ bills[,]”⁶ customers *do pay* for continued reliance on fossil fuels in the form of medical bills and responding to natural disasters made worse by the effects of climate change, among other costs. Even acknowledging that the SCGHG is an imperfect cost estimate, its quantification is much closer to the true social costs of greenhouse gas-emitting resources than how those costs are currently quantified, *i.e.* as zero dollars.

II. The Commission Should Deny PacifiCorp’s Petition as it would Undermine the Purpose of CETA and Allow the Company to Continue Understating the Cost of Fossil Fuels.

PacifiCorp’s assertion that CETA merely requires PacifiCorp to analyze resource portfolios using the SCGHG—but not actually make any decisions using this information⁷—is incorrect. CETA’s mandate includes not only that PacifiCorp conduct model runs that use the SCGHG but also that the Company use the SCGHG in determining which portfolios are “least cost.” PacifiCorp’s failure to do so in its 2021 IRP predictably resulted in what the Company deems “absurd results” when calculating incremental CETA compliance costs against a least-cost portfolio that does properly incorporate the SCGHG. This predicament was predictable and only reinforces that the Company should have been aware that this Commission expected the Company to use the SCGHG in determining a preferred portfolio.

Sierra Club recommends that the Commission deny PacifiCorp’s Petition requesting an exemption from using the SCGHG in its “alternative lowest cost and reasonably available portfolio” as defined by WAC 480-100-605 and instead order additional model runs from the Company to properly calculate the incremental compliance costs with CETA, in compliance with Washington law. PacifiCorp could do this by adding the SCGHG to its preferred portfolio, as was envisioned by CETA in the first place, and comparing those results against its P02-CETA

² RCW 19.280.020(9).

³ RCW 19.280.020(11)

⁴ RCW 19.280.030(3)(a) (emphasis added).

⁵ RCW 19.405.010(5).

⁶ PacifiCorp Petition at 3, ¶ 7.

⁷ PacifiCorp Petition at 3, ¶ 6, n.1.

portfolio. PacifiCorp raises concerns that this approach would result in shifting costs to other states based on Washington's public policy.⁸ Alternatively, Sierra Club supports the recommendation put forth by NW Energy Coalition's comments, namely that an additional Washington-specific portfolio run be conducted that freezes resource decisions allocated to other states so that the SCGHG only affects resource decision allocations to Washington. If the Commission has concerns with this approach, other alternatives may be possible that properly apply the SCGHG to Washington's resources, and the Commission should require PacifiCorp to work with stakeholders to develop another solution.

III. Conclusion

Despite CETA's clear intention, PacifiCorp failed to consider the SCGHG in selecting its Preferred Portfolio and now requests an exemption from using the SCGHG in evaluating CETA compliance costs, despite the requirement that it do so in WAC 480-100-605. As described above, CETA intends for utilities to begin using the SCGHG in making resourcing decisions. PacifiCorp violated this requirement with no attempt at compliance. The Commission should deny PacifiCorp's attempt to avoid this mandate.

Sincerely,

A handwritten signature in blue ink, appearing to read "R Monahan", is written over a horizontal line.

Rose Monahan
Staff Attorney
Sierra Club

⁸ PacifiCorp Petition at 4, ¶ 8.