Exh. JNS-1HCT
Docket UE-210829
Witness: Jaclynn N. Simmons
REDACTED VERSION

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY,** **Respondent.**	**DOCKET UE-210829**

TESTIMONY OF

JACLYNN N. SIMMONS

STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

BCEIP and CETA

August 21, 2024

Designated Information is Confidential Per Protective Order in UTC Docket UE-210829
-REDACTED VERSION-

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LIST OF EXHIBITS

Exh. JNS-24HC PacifiCorp Response to UTC Staff Data Request No. 36

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Jaclynn Nicole Simmons, and my business address is 621 Woodland Square Loop SE, Lacey, Washington, 98503. My business mailing address is P.O. Box 47250, Olympia, Washington, 98504-7250. My email address is jaclynn.simmons@utc.wa.gov.

Q. By whom are you employed and in what role?

A. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Regulatory Analyst in the Energy Planning section.

Q. Would you please state your educational and professional background?

A. Before joining the Commission in November 2021, I earned two bachelor's degrees from Oregon State University: one in Environmental Economics and Policy, and another in Sustainability. Additionally, I attended Rate School at NARUC and completed various courses through NARUC and Regulatory Training Initiative, including Rate Making 101, Introduction to Utility Accounting, Benefit-Cost Analysis for Distributed Energy Resources, and Introduction to Utility Finance. Before my current role, I served as a Branch Manager at Timberland Bank.

Q. Have you previously testified before the Commission?

A. Yes, in Docket TP-220513, General Rate Case to increase the pilotage rates.[1]

II. SCOPE AND SUMMARY OF TESTIMONY

Q. What is the purpose and scope of your testimony?

A. I analyzed PacifiCorp d/b/a Pacific Power & Light Company's (PacifiCorp or Company) Biennial Clean Energy Implementation Plan Update (BCEIP)[2], with a focus on claims of progress made by the Company toward meeting the standards of the Clean Energy Transformation Act (CETA).[3] I also make one primary and one alternative recommendation on the approval of this BCEIP.

Q. Please summarize your primary recommendation.

A. Staff recommends that the Commission reject PacifiCorp's BCEIP. The BCEIP should report on progress made toward compliance in that period, and the Company's drastic target reduction shows just the opposite. Rejecting this BCEIP

[1] *Wash. Utils. & Transp. Comm'n v. Puget Sound Pilots*, Docket No. TP-220513, 220513-Staff-Testimony-Simmons-2-10-23 (February 10, 2023).
[2] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan* , Docket No. UE-210829, 2021 Biennial Clean Energy Implementation Plan (November 1, 2023).
[3]WAC 480.100.610; RCW 19.405.040(1).

and reverting to the agreed-upon targets from the revised 2021 CEIP[4] more adequately complies with PacifiCorp's statutory obligations.

Additionally, Staff notes that the Oregon Public Utilities Commission (OPUC) rejected[5] PacifiCorp's filing in a case similar to a BCEIP, with OPUC stating that "the Company will have a shortfall of 2 to 4GW in nameplate capacity."[6] OPUC also ordered the Company to start a new RFP. These are some of the key reasons why the OPUC rejected PacifiCorp's Clean Energy Plan (CEP), and their order *In the Matter of PacifiCorp, dba Pacific Power, 2023 Integrated Resource Plan*, Docket No. LC 82, Order 24-073 (Mar. 19, 2024) outlines similar concerns that staff raises in testimony regarding the termination of the 2022 AS RFP and lack of progress toward compliance targets.

Q. Please summarize your alternative recommendation.

A. If the Commission does not want to reject the filing, Staff recommends approving the BCEIP subject to the following eight conditions. The purpose of these conditions is to recognize and remedy the root causes of the Company's reduced interim targets and chart a path to CETA compliance.

1. Public Participation Plan (PPP) – PacifiCorp will provide an updated public participation plan that includes the action items in the Suggested Actions

[4] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Clean Energy Implementation Plan*, Docket No. UE-210829, Revised 2021 Final Clean Energy Implementation Plan, at 11, figure 1.1, (March 13, 2023).
[5] Simmons, Exh. JNS-18 at 2.
[6] Simmons, Exh. JNS-20.

section of Staff's January 11, 2024, comments filed in this docket. Due by May 1, 2025,[7] in the PPP.

2. Allocation Methodology – PacificCorp agrees to use only the allocation methodology approved by the Commission, which is currently the Western Interjurisdictional Allocation Methodology or WIJAM,[8] beginning with the 2025 Integrated Resource Plan (IRP) and any future planning documents.

Moreover, in its upcoming general rate case (GRC), PacifiCorp will submit several new allocation methodology options. Each option will include an increase in the proportion (from what the WIJAM currently allocates) of renewable and non-emitting resources to Washington. This new methodology must be incorporated into the next GRC, implemented by the beginning of 2026, and approved before its application in any planning dockets.

In addition to presenting several different methodology options for increasing the allocation of renewable and non-emitting resources to Washington, the Company shall provide power cost modeling for each methodology option presented to allow for the evaluation of the potential rate impact of each.

3. IRA and IIJA Modeling – PacifiCorp will follow the Commission's policy statement in Docket U-240013 [9] regarding the Inflation Reduction Act (IRA)

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[7] WAC 480-100-655(2).

[8] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power &Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778, Final Order 09/07/12 Rejecting Tariff Sheets; Approving and Adopting Settlement Stipulation; Approving and Adopting Settlement Stipulation Subject to Conditions; Authorizing and Requiring Compliance Filing at 2 (December 14, 2020).

[9] *In the Matter of the Proceeding to Develop a Policy Statement Addressing the Impacts of the Federal Inflation Reduction Act and the Infrastructure Investment and Jobs Act*, Docket No. U-240013, Policy Statement Addressing the Federal Inflation Act and the Infrastructure Investment and Jobs Act in Utility Planning (May 3, 2024).

and Infrastructure Investment Jobs Act (IIJA) implementation into the planning process. Due: Starting in the 2025 IRP (due March 31, 2025), CEIP (due October 1, 2025), and beyond.

4. Resource Acquisition – PacifiCorp shall submit a plan detailing how – and on what timeline – resource needs will be met, including:

   a. How PacifiCorp is going to meet 2030 CETA standards;

   b. How it intends to acquire resources to fulfill that plan outside of the 2022 all-source request for proposals (ASRFP);[10]

   c. What resources the Company has already acquired, in nameplate MWs and projected annual MWh (both total and Washington customer allocated per WIJAM);[11]

   d. When the projected resources are expected to be online (i.e., commercial operation dates) for new resources, or contract start dates for existing resources;

   e. An outline of the steps taken to ensure equity is considered throughout the acquisition process; and

   f. An outline of all steps taken to ensure that the acquisition of resources occur at the lowest reasonable cost.

The plan shall be due 90 days after the final order is issued.

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[10] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2022 All-Source Request for Proposals*, Docket No. UE-210979, Notice of Cancellation of PacifiCorp's 2022 All-Source Request for Proposal (April 4, 2024).

[11] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power &Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778, Final Order 09/07/12 Rejecting Tariff Sheets; Approving and Adopting Settlement Stipulation; Approving and Adopting Settlement Stipulation Subject to Conditions; Authorizing and Requiring Compliance Filing at 2 (December 14, 2020).

5. 2025 Resource Acquisition - PacifiCorp shall not cancel, suspend, or terminate any RFP that originates from resource needs identified in the 2025 IRP. All prudency decisions will be determined by the Commission in a general rate case or other appropriate filing such as annual power cost adjustment filings.

6. Interim Targets – PacifiCorp's 2025 CEIP will include a 2029 interim target of at least 73 percent of retail sales supplied by non-emitting and renewable resources, as modeled in its Revised 2021 CEIP.[12] Due: 2025 CEIP, on or before October 1, 2025.

7. Minimum Designation and Program Design – The Company will work with Advisory groups to designate at minimum 27% of benefits measured across each component of distributed energy resources to flow to named communities during the 2026-2029 compliance period. Due: 2025 CEIP, on or before October 1, 2025.

8. Resource Adequacy – PacifiCorp will provide additional narrative and any supporting work papers on capacity calculation regarding any resource for which effective load carrying capacity (ELCC) is not used. The Company must include a qualitative and quantitative analysis showing how the other method improves the time dynamic aspects of its firm capacity calculations and explain if there are any other incremental improvements to the

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[12] *In the Matter of PacifiCorp d/b/a Pacific Power & Light Co. Revised 2021 Clean Energy Implementation Plan*, Docket No. UE-210829, 210829-PAC-2021-Revised-Final-CEIP-3-13-23 at 11, Figure 1:1 (March 13, 2023).

Company's previous methods and metrics. Due: This directive applies to all subsequent CEIP-related documents and IRPs 2025 and beyond.

Q. Have you prepared any exhibits in support of your testimony?

A. Yes. I prepared Exhibits JNS-2 through JNS-24HC.

- Exh. JNS-2 is PacifiCorp's Response to Commission Staff DR No.6
- Exh. JNS-3 is PacifiCorp's Response to Commission Staff DR No. 8
- Exh. JNS-4 is PacifiCorp's Response to Commission Staff DR No. 9
- Exh. JNS-5 is PacifiCorp's Response to Commission Staff DR No. 10
- Exh. JNS-6 is PacifiCorp's Response to Commission Staff DR No. 17
- Exh. JNS-7 is PacifiCorp's Response to Commission Staff DR No. 18
- Exh. JNS-8 is PacifiCorp's Response to Commission Staff DR No. 19
- Exh. JNS-9 is PacifiCorp's Response to Commission Staff DR No. 23
- Exh. JNS-10 is PacifiCorp's Response to Commission Staff DR No. 24
- Exh. JNS-11 is PacifiCorp's Response to Commission Staff DR No. 28
- Exh. JNS-12 is PacifiCorp's Response to Commission Staff DR No. 29
- Exh. JNS-13C is PacifiCorp's Response to Commission Staff DR No. 36
- Exh. JNS-14 is PacifiCorp's Response to Commission Staff DR No. 39
- Exh. JNS-15 is PacifiCorp's Response to Commission Staff DR No. 40
- Exh. JNS-16C is PacifiCorp's Response to Commission Staff DR No. 41

- Exh. JNS-17 is Rocky Mountain Institute's - Planning to Harness the Inflation Reduction Act: A Toolkit for Regulators to Ensure Resource Plans Optimize Federal Funding.
- Exh. JNS-18 is Oregon's Public Utilities Rejection Order
- Exh. JNS-19 is Staff's Recommended Conditions List
- Exh. JNS-20 is NewsData Article: OPUC: PacifiCorp Faces '2-to4 GW' Shortfall Ahead of 2030 GHG Reduction Target.
- Exh. JNS-21 is PacifiCorp's Response to Commission Staff DR No.46
- Exh. JNS-22 is PacifiCorp's Response to Commission Staff DR No. 49
- Exh. JNS-23 is 2023 California Independent System Operator (CAISO) Special Report on Battery Storage.
- Exh. JNS-24HC is PacifiCorp's Response to Commission Staff DR No. 36

III. BIENNIAL CLEAN ENERGY IMPLEMENTATION PLAN UPDATE

Q. What is a Biennial Clean Energy Implementation Plan Update?

A. RCW 19.405.060[13] requires investor-owned utilities to file a Clean Energy Implementation Plan (CEIP) every four years starting January 1, 2022. WAC 480-100-640 specifies requirements for the CEIP filing. The BCEIP is an update midway through the four-year CEIP compliance period. Subsection 11[14] of this rule details when the BCEIP is due and what should be included in the BCEIP.

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[13] RCW 19.405.060(1)(a).
[14] WAC 480-100-640(11).

Q. What are the updates in the BCEIP that was filed on November 1, 2023?

A. PacifiCorp updated multiple aspects of its 2021 CEIP in its 2023 BCEIP update. The primary change is to its interim targets. This includes updates to plant life assumptions, multi-state allocation methodology, incremental costs, federal policy, and load forecasts. In addition, the Company updated its public participation. I will discuss some of these updates in subsequent sections.

Q. Why does Staff recommend rejecting the BCEIP?

A. Staff recommends rejecting this BCEIP because it reduces the Company's interim targets to a point where the Company is showing significant negative progress toward meeting CETA standards.

The Company's interim targets do not "demonstrate how the utility will make reasonable progress"[15] towards meeting CETA standards in 2030. Company responses provided to Staff's data requests either objected to or did not provide enough evidence to show proof of making progress toward compliance.[16] Staff believes that the cancelation of the 2022 All Source Request for Proposals (ASRFP) is a significant setback for the Company's ability to obtain resources promptly. Staff also believes that PacifiCorp's explanation for the cancelation[17] and planning for future procurement[18] are inadequate. Staff found the Company's response that "we

[15] WAC 480-100-640(2)(a) ("Each utility must propose a series of interim targets that: (i) Demonstrate how the utility will make reasonable progress toward meeting the standards identified in WAC 480-100-610 (2) and (3) …").
[16] Simmons, Exhs. JNS-4, JNS-8, JNS-9, and JNS-10.
[17] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. All-Source Request for Proposal*, Docket No. UE-210979, Notice of Cancellation of PacifiCorp's 2022 All-Source Request for Proposal (April 3, 2024).
[18] Simmons, Exh. JNS-26.

are in advanced negotiations"[19] to be insufficient. The Company states that the reason for adjudication was to fulfill the record.[20] Staff believes that a part of fulfilling the record would be to show evidence of renewable and non-emitting resource procurement and the Company has not provided enough evidence to demonstrate that procurement. However, the Company has provided evidence of storage procurement.[21]

The BCEIP should report on progress made towards compliance in that period. Reducing the interim targets, to the degree the Company did, demonstrates just the opposite. Rejecting this BCEIP and reverting to the agreed-upon targets from the revised 2021 CEIP is the best way to satisfy PacifiCorp's statutory obligations.

A. Public Participation Updates

Q. What are the changes to the Public Participation Plan (PPP) filed in this BCEIP?

A. PacifiCorp updated its public participation outreach efforts, including enhancements to multicultural and multilingual campaigns, and a feedback tracker that will collect responses from the Company's engagements with advisory groups and interested parties.

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[19] Ghosh, Exh. RG-1T at 20:20.
[20] *Recessed Open Meeting*, https://wutc.app.box.com/v/OpenMeetings/file/1481530852585, at 2:50:09, (March 22, 2024).
[21] Simmons, Exh. JNS-24HC.

Q. How are the updates to the PPP important to Staff's consideration of the BCEIP?

A. Energy efficiency and demand response outreach efforts can impact load and resource assumptions crucial to the Company's resource plans. Public participation is fundamental to energy planning and to meeting CETA requirements. It is a key process for the designation of vulnerable populations, development of equity customer benefit indicators (CBI), and identification of barriers to participation. These are all factors the Commission relies on to assess compliance with CETA.

Q. What are Staff's recommendations regarding changes to the PPP if the Commission does not fully reject the BCEIP?

A. Staff recommends that in its next required update to the PPP, the Company include the actions listed below.[22] These actions were listed in Staff's comments to help guide the Company to fulfill the requirements in Commission rule.[23,24]

a. PacifiCorp must define processes, methods, participation, and communication objectives by asking the questions listed on page 18 of Staff's comments.[25] In addition to the existing method(s), the Company must reach out to the general customer base through bill inserts, breakout rooms at CEIP public participation meetings, open houses, go-to-you meetings, and through

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[22] WAC 480-100-655(2) (PPPs are filed on May 1 of each odd-numbered year).
[23] WAC 480-100-655.
[24] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan*, Docket No. UE-210829, Staff Comments on PacifiCorp's Final Biennial Clean Energy Implementation Plan at 18-19 (January 11, 2024).
[25] *See id.*

the Company's Equity Advisory Group (EAG) partners. The Company must identify and address diverse participation barriers, including a comprehensive assessment of cultural and economic factors, to ensure that all customers, regardless of socioeconomic background, can participate.

b. PacifiCorp should develop a comprehensive forward-looking plan that outlines specific actions and milestones for public participation throughout the CEIP period.

Q. **Regarding (b) above, why is the Company's PPP as-filed not sufficient as a forward-looking plan with specific actions and milestones?**

A. PacifiCorp's PPP focuses mainly on past outreach without a clear plan for future engagement. The Company's PPP also fails to address the inequity in engagement opportunities, as PacifiCorp's meeting schedule does not ensure fair participation for all customers, particularly concerning language diversity and other barriers. The PPP is also limited regarding inclusivity and outreach, with a primary focus on Spanish-speaking communities and a lack of diversity in cultural partnerships. Additionally, the PPP does not address various barriers to participation, such as cultural and economic factors, which limits its overall effectiveness.[26]

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[26] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan*, Docket No. UE-210829, Commission Staff Comments Regarding PacifiCorp d/b/a Pacific Power & Light Company's Biennial Clean Energy Implementation Plan Update at 18 (January 11, 2024).

B. Allocation Methodology

Q. What changes were made to the allocation methodology?

A. In the 2021 CEIP[27], the Company planned to use the new Multi-State Protocol (MSP) for allocating interstate resources to Washington, expecting its approval by that time. This was in line with the expiration of the 2020 Inter-Jurisdictional Cost Allocation Protocol[28], which was used in other PacifiCorp states. However, due to delays in finalizing a new agreement and extensions granted for the 2020 Protocol in other states, the approved allocation methodology in Washington had to revert to WIJAM[29]. Consequently, the IRP progress report and Biennial Update now use WIJAM as the allocation method.[30]

The allocation of resources to Washington changed from dynamic allocation using MSP to a set percentage through WIJAM. This change reduced the allocation of renewable resources and renewable energy credits (RECs) directed to Washington customers.

Q. How did the allocation methodology change or reduce the interim targets?

[27] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Clean Energy Implementation Plan*, Docket No. UE-210829, Final Clean Energy Implementation Plan at 13 (December 30, 2021).

[28] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power &Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778, Final Order 09/07/12 Rejecting Tariff Sheets; Approving and Adopting Settlement Stipulation; Approving and Adopting Settlement Stipulation Subject to Conditions; Authorizing and Requiring Compliance Filing at 2 (December 14, 2020).

[29] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan,* Docket No.UE-210829, 210829-PAC-CEIP-Biennial-Rpt-Cltr-11-28-23 at 10 (November 28, 2023).

[30] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan*, Docket No. UE-210829, Commission Staff Comments Regarding PacifiCorp d/b/a Pacific Power & Light Company's Biennial Clean Energy Implementation Plan Update at 7-8 (January 11, 2024).

A. The reduction in Washington's clean energy allocation resulted in significantly reduced interim targets relative to the targets established in its 2021 CEIP.

Q. Did the Company's witnesses discuss the allocation methodology in testimony?

A. Yes, in direct testimony, Company witness Ghosh stated that "existing system renewable resources are also no longer assumed to be allocated by a fixed share based on historical load but are allocated by the same dynamic system share factor as defined under the 2020 Protocol and WIJAM."[31]

Q. What is Staff's secondary recommendation for the allocation methodology if the Commission does not fully reject the BCEIP?

A. Staff recommends that the Commission order PacifiCorp to use a Commission-approved methodology in all planning documents. Additionally, in the Company's next general rate case (GRC), PacifiCorp will submit several new allocation methodology options that assign a higher percentage of renewable and non-emitting resources to Washington than the current WIJAM methodology. This new methodology would be incorporated into the next GRC or before the start of 2026 and must be approved before use in any planning documents.

In addition to presenting several different methodology options for increasing the allocation of renewable and non-emitting resources to Washington, the Company

[31] McVee, Exh. MM-1T at 19:2-5.

shall provide power cost modeling for each methodology option presented to allow for the evaluation of the potential rate impact of each.

Q. Why is this Staff's recommendation?

A. PacifiCorp states that changing the allocation methodology is one of the main factors[32] leading to the reduction of its interim CETA targets.[33] As such, Staff believes that a Commission order is needed to prevent any confusion as to which allocation methodology PacifiCorp should use going forward.

Additionally, the WIJAM and 2020 Protocol state that "If the Company determines that it is unlikely that a Post-Interim Period Method agreement will be reached before the end of the Interim Period, then the Company will propose an allocation method for the Post-Interim Period for consideration by the Commissions."[34] Agreement on a Post-Interim Period Methodology has not been reached. As such, Staff believes ordering PacifiCorp to submit a new methodology to the Commission will fulfill this requirement in the 2020 Protocol. This is to be filed separately and must be approved by the Commission before the Company may use it in its planning documents.

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[32] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan*, Docket No.UE-210829, 210829 PAC-CEIP-Biennial-Update-WUTC-PPT-3-21-24 at 3 (March 21, 2024).
[33] In the 2021 CEIP, the Company used an unapproved methodology that was undergoing consideration but ultimately was not approved; for the 2023 Update, the Company had to revert to its approved methodology.
[34] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power &Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778, Lockey, Exh. EL-3 at 9:114-119 (April 1, 2020).

C. Federal Policy

Q. What changes or updates did the Company make to its BCEIP based on changes to federal policy?

A. PacifiCorp updated its BCEIP to include effects related to the federal Ozone Transport Rule (OTR) and the passage of the IRA and IIJA. [35]

Q. How did the changes to federal policy change the interim targets?

A. PacifiCorp was not able to show the specific impact that the inclusion of the IRA and IIJA had on the interim targets. However, the Company asserts that the OTR made "less need for additional (potentially REC-generating) resources for Washington customers as there is additional thermal generation to serve load from both coal resources extended until the end of 2025 and coal-to-gas conversions able to serve from 2024 through the end of 2025."[36] Additionally, due to the repricing during the 2020 ASRFP, this reduced renewable procurement, and contributed to lower interim targets. Combined with extensions in plant life assumptions, this provides a total savings of $72 million.[37]

Q. Did the Company speak to these adjustments in testimony?

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[35] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan*, UE-210829, CEIP Biennial Report on behalf of PacifiCorp d/b/a Pacific Power & Light Company at 5 (November 1, 2024).
[36] Simmons, Exh. JNS-3.
[37] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan*, Docket No.UE-210829, 2023 Draft Biennial Clean Energy Implementation Plan Update at 7 (November 1, 2023).

A. Yes. Company witness McVee stated that the modeling and economic analysis were done in May of 2023 and that the IRA, IIJA, and OTR had not been reviewed.[38]

Q. Do you agree with Mr. McVee's assertion that the IRA, IIJA, and OTR were not reviewed for this BCEIP?

A. No. In the Company's 2021 IRP Progress Report filed on May 31, 2023, which informs the BCEIP update, Chapter 3 shows that the IRA and OTR were federal policies that were reviewed. Specifically, it is called out that the production tax credit (PTC) and the investment tax credit (ITC) were used for resources in Utah South, and Wyoming.[39] Additionally, the OTR was included in modeling scenarios under the P09-No WY OTR portfolio.

The BCEIP states that "the Company's Integrated Resource Plan (IRP) provides the foundation for the Company's CEIP Update."[40] The Company continues, stating that

> [t]hese updated interim targets reflect updates from the Company's portfolio results, as well as updated resource allocation assumptions, including a range of input data and information including the load forecast, demand-side resource assessment, a new conservation potential assessment, resource costs, relevant state and federal policy updates, changes to economic or market forced [sic] and relevant portfolio analyses. Importantly, increases in system load, changes in price curves and fuel inputs, and development in federal regulation like the Ozone Transport Rule have driven significant growth in system renewable resources across the planning horizon.[41]

[38] McVee, Exh MDM-1T at 7:7-11.
[39] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Integrated Resource Plan Progress Report*, Docket No.UE-200420, 200420-PAC-2023-IRP-Vol-I-5-31-23 at 57 (May 31, 2023).
[40] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan*, Docket No.UE-210829, 210829-PAC-CEIP-Biennial-Report-11-1-2023 at 3 (November 1, 2023).
[41] *See id.* at 5.

Witness McVee's assertion that federal policies were not reviewed appears to conflict with the Company's own filing.

Q. How does Staff's recommendation of federal policy treatment differ from what PacifiCorp is currently doing?

A. In the 2021 IRP progress report, the Company models for PTC and ITC tax credits. Staff recommends that the Company go beyond that and include grants and other offerings in the IRA, as identified in the Commission Policy Statement.[42] Staff does not recommend any updates of the OTR policy within the CEIP at this time.

Q. If the Commission does not fully reject the BCEIP, what is Staff's secondary recommendation for how the Company should include changes related to federal policy?

A. Staff recommends that the Commission require PacifiCorp to incorporate all considerations from the latest Commission Policy Statement on the IRA and IIJA in future planning documents starting with the 2025 IRP and 2025 CEIP. Staff also recommends PacifiCorp model a maximum benefit scenario for IRA/IIJA. This scenario should explore what portfolio would result from assuming PacifiCorp can secure the maximum possible value from IRA and IIJA tax credits and grants.

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[42] *In the Matter of the Proceeding to Develop a Policy Statement Addressing the Impacts of the Federal Inflation Reduction Act and the Infrastructure Investment and Jobs Act*, Docket No. U-240013, Policy Statement Addressing the Federal Inflation Act and the Infrastructure Investment and Jobs Act in Utility Planning (May 3, 2024).

In a 2024 publication about optimizing resource planning with new federal funding, Rocky Mountain Institute (RMI) describes a maximum scenario. This would involve leveraging "possible incentives, grants, and loans that are made available or extended by the IRA…such that the highest possible ratepayer savings and beneficial outcomes are realized- particularly for energy and environmental justice communities - while maintaining reliability standards."[43] RMI goes on to describe some leading actions, one being to "include a modeling scenario that assumes maximum potential IRA benefits to use as a benchmark for other potential scenarios (e.g., compare customer savings, emissions reductions, unit retirement timelines, and associated costs)."[44]

D. Interim Targets and Resource Acquisition

Q. What are the current interim targets PacifiCorp is obligated to meet?

A. PacifiCorp is obligated to meet the interim targets in its revised 2021 CEIP, filed with the Commission on March 13, 2023, and approved by the Commission on October 25, 2023.[45] The interim targets are percentages of net retail sales to Washington customers that are generated from renewable and non-emitting resources. The interim targets in PacifiCorp's refiled 2021 CEIP are 31 percent for 2023, 40 percent for 2024, and 60 percent for 2025. The data used for the following

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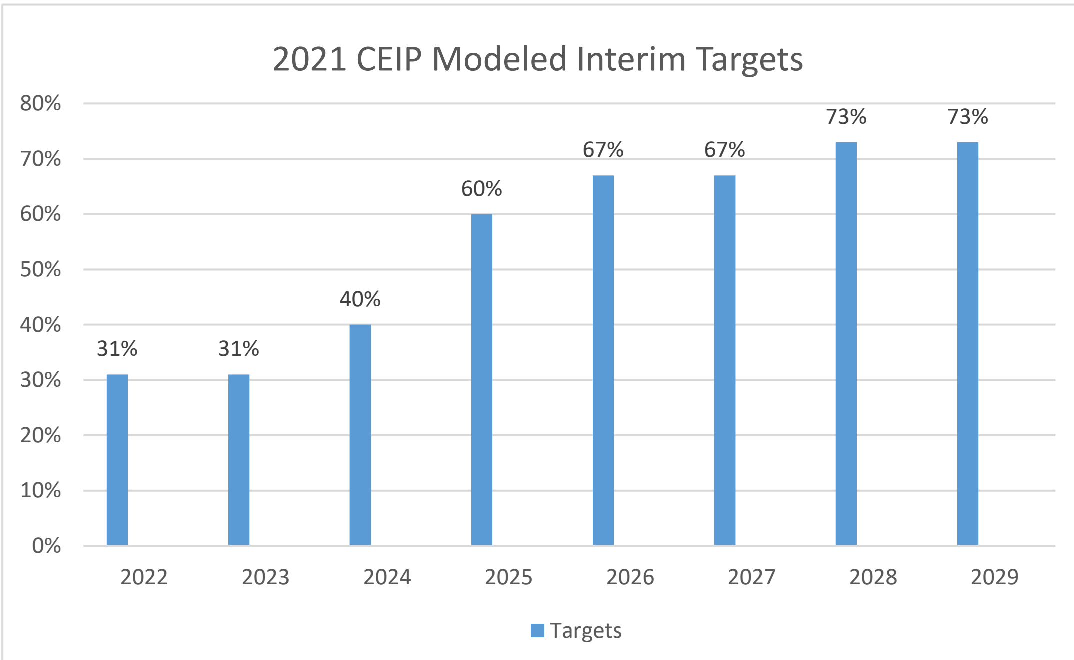
[43] Simmons, Exh. JNS-17 at 10.
[44] Simmons, Exh-JNS-17 at 34.
[45] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan,* Docket No.UE-210829, Order 06 Final Order Approving and Adopting Settlement Agreement; Approving CEIP Subject to Conditions at 8:43 (October 25, 2023).

chart was pulled from the Company's revised 2021 CEIP and shows modeled interim targets settled in October of 2023.[46]

Chart 1: 2021 CEIP Modeled Interim Targets



Q. What do the changes to the interim targets in the BCEIP look like compared to the 2021 CEIP interim targets?

A. PacifiCorp reduced the interim targets by 16 percent in 2023, 38 percent in 2024, and 45 percent in 2025 for an average reduction of 29.3 percent. The table below provides a full comparison.

[46] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Refiled PacifiCorp 2021 Revised Clean Energy Implementation Plan*, Docket No. UE-210829 at 11, Figure 1.1 (March 13, 2023).

Table 1: Comparison of Annual and 4-Year Average 2021 CEIP and 2023 Biennial Update of Interim Targets[47]

	Interim Targets				
	2022 *	2023 Projected*	2024 Projected*	2025 Projected*	Average Projected*
2021 CEIP	31%	31%	40%	60%	41%
2023 BCEIP	31%	26%	25%	33%	29%
Change	0%	-16%	-38%	-45%	-29.3%

*These numbers are from the percentage of retail sales that come from renewable or non-emitting resources.

Q. What are Staff's concerns about the reduction of the interim targets?

A. Staff is concerned that PacifiCorp might not reach its 2030 statutory obligations.[48] The purpose of interim targets is for utilities to demonstrate progress toward meeting CETA obligations, and an average reduction of interim targets by 29.3 percent does not demonstrate progress. Further, this steep reduction in interim targets may put CETA compliance out of reach after the cancellation of the 2022 ASRFP, as supported by the Company's response to data requests.[49] The Company is making too few verifiable efforts to obtain renewable and non-emitting resources that would mitigate this compliance target gap.

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[47] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Implementation Plan,* Docket No.UE-210829, 210829-PAC-CEIP-Biennial-Report-11-1-2023 at 6 (November 1, 2023).
[48] RCW 19.405.060(1)(a); WAC 480-100-640(11).
[49] Simmons, Exh. JNS-3.

Q. What concern has the Commission expressed about the reduction of interim targets across companies?

A. The Commissioners relayed their concerns relating to the decreased interim target percentages during the Recessed Open Meeting (ROM) on March 22, 2024.[50] Chair Danner and Commissioner Rendahl repeatedly stated their apprehension regarding PacifiCorp's declining and flat interim targets throughout the Company's BCEIP presentation.

This is highlighted at 03:18:52, when Chair Danner states "[t]his is very concerning to me. We are not talking about 1 or 2 percentage points in 2025, we are talking about significant decreases in your update. It is very concerning to me." This sentiment is underscored by Commissioner Rendahl at 04:07:43 when she says, "I do not believe the Company [PacifiCorp] is demonstrating an interest in trying to resolve this*"* (compliance with CETA standards). Finally, at 1:00:43, demonstrating just how important annual CETA targets are to meeting the statutory 2030 and 2045 CETA goals, Commissioner Doumit states that just a three percent drop in Puget Sound Energy's (PSE) interim targets creates concerns with "optics."[51] Commissioner Doumit's comment illustrates just how drastic PacifiCorp's target reductions are when compared to PSE's three percent change.

Q. The Company is required to file annual CEIP progress reports. Did the Company file a report for any of the years for this compliance period?

[50] *Recessed Open Meeting*, https://wutc.app.box.com/v/OpenMeetings/file/1481530852585 (March 22, 2024).
[51] *See id.* at 0:59:37-1:01:15.

A. Yes. The Company filed annual progress reports on July 3, 2023,[52] and July 1, 2024,[53] for the compliance years of 2022 and 2023.

Q. Please elaborate on Staff's concern that PacifiCorp's recent progress reports do not show significant improvement regarding its currently approved interim targets.

A. The annual clean energy progress reports for 2022 and 2023 list a target of 31 percent of electricity supplied by non-emitting and renewable resources. Although the Company met its interim target of 31 percent in 2022, it failed to reach this same target in 2023, decreasing by 0.2 percent to 30.8 percent.[54] While Staff is not overly concerned with this figure when viewed in the context of a single annual report, it *is* concerning when combined with the reduction of interim targets listed in the Company's BCEIP. The Company is not only reducing its annual targets but also failing to meet them.

To further illustrate Staff's concern, PacifiCorp contradicts itself that it will be able to achieve CETA targets. In the Company's response to Staff Data Request 19,[55] the Company states that "PacifiCorp plans to comply with Washington's Clean Energy Transformation Act target for 2030...". The Company then contradicts itself

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[52] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2023 Redacted Clean Energy Implementation Plan 2023 Progress Report*, Docket No. UE-210829, 210829-PAC-CEIP-2023-Progress-Rpt-7-3-23 at 2 (July 3, 2023).
[53] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2024 Redacted Clean Energy Implementation Plan 2024 Progress Report*, Docket No. UE-210829, 210829-PAC-CEIP-2024-Progress-Rpt-7-1-24 at 3 (July 1, 2024).
[54] *Id.* at 3.
[55] Simmons, Exh. JNS- 8.

in Staff Data Request 28[56] when PacifiCorp witness McVee communicates that the Company will not have to comply if certain provisions of RCW 19.405.060 are in effect. Staff interprets the Company's reference to RCW 19.405.010(2), that there are "safeguards to ensure that the achievement of this policy does not impair the reliability of the electricity system or impose unreasonable costs on utility customers," to relate to RCW 19.405.060(3)(a). This statute states that compliance requirements are met "if, over the four-year compliance period, the average annual incremental cost of meeting the standards or the interim targets... equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year*.*" Staff believes the Company's response conveys a tentative plan for the two percent cost threshold, rather than compliance with CETA.

Q: What is Staff's recommendation regarding PacifiCorp's interim targets if the Commission does not fully reject the BCEIP?

A: To demonstrate progress towards achieving the 2030 CETA obligations, Staff recommends the Commission order PacifiCorp to set a target in its 2025 CEIP of at least 73 percent in 2029 (i.e., 73 percent of retail sales in 2029 supplied by non-emitting and renewable resources). Including this condition gives the Company time

[56] Simmons, Exh. JNS-11.

to progress to 73 percent, leaving the Company only 7 percent to meet the CETA mandate by 2030.

Q. How did Staff derive the 73 percent by 2029?

A. Staff used the modeled interim targets data from PacifiCorp's 2021 Revised CEIP[57] in which the modeled interim target for the year 2029 is 73 percent.

Q. Why does Staff believe 73 percent by 2029 should be the target if the Commission does not fully reject the BCEIP?

A. The BCEIP is modeled to achieve 62 percent CETA compliance by 2029. While this does represent progress from the proposed BCEIP interim targets for the current (2023-2025) compliance period, it represents a significant reduction in progress when compared to the approved interim targets in the Company's 2021 CEIP. The modeled interim target for 2029 in the BCEIP is 11 percent less than what was set in the original 2021 CEIP. Allowing such drastic changes to the interim targets effectively negates any progress toward CETA compliance.

Q. What is Staff's secondary recommendation for resource procurement if the Commission does not fully reject the filing?

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[57] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan,* Docket No.UE-210829, PacifiCorp's Revised 2021 Clean Energy Implementation Plan at 11 (March 13, 2023).

A. Should the Commission not fully reject the filing, Staff recommends the Commission require PacifiCorp to submit a plan detailing how and on what timeline resource needs will be met, including:

a. How PacifiCorp is going to meet 2030 CETA targets;
b. How it intends to acquire resources to fulfill that plan outside of the 2022 ASRFP, which the Company terminated earlier this year;
c. What resources the Company has already acquired (in nameplate MWs and projected annual MWh);
d. When the projected resources are expected to be online (i.e., commercial operation dates);
e. An outline of the steps taken to ensure equity is considered throughout the acquisition process; and
f. An outline of all steps taken to ensure that the acquisition of resources happens at the lowest reasonable cost.

The plan shall be due 90 days after the final order is issued.

Additionally, a second condition: PacifiCorp shall not cancel, suspend, or terminate any RFP that originates from resource needs identified in the 2025 IRP. All prudency decisions will be determined by the Commission in a general rate case or other appropriate filing such as annual power cost adjustment filings.

Q. Why does Staff recommend the Company submit a plan for resource procurement, detailing how the Company will meet CETA compliance, as opposed to other ways to ensure progress?

A. Staff understands that ordering an RFP to restart does not guarantee PacifiCorp will procure resources because of that RFP, or that PacifiCorp will use those resources to serve Washington customers. Similarly, PacifiCorp intends to procure more resources in 2025 and 2026.[58] However, since they have not made adequate procurements in the past, Staff would like a plan that serves as an accountability mechanism to outline how the Company will acquire resources in the future. Lastly, this method gives the Company some flexibility in how to reach the final target of 73 percent in 2029.

However, assuming the Company's 2025 IRP demonstrates a near-term resource need, PacifiCorp will still be required to issue an all-source RFP per rule.[59] Staff's proposed condition will also prevent the Company from canceling, suspending, or terminating that RFP as it did with its 2022 ASRFP. This will guarantee the Company is evaluating bids for needed resources that are CETA-compliant. Based on the response from the Company,[60] Staff believes that if the required ASRFP is issued, and cannot be ended prematurely, the Company will choose to obtain cost-effective resources over no resources at all.

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[58] Ghosh, Exh. RG-1T at 20:17-22; Simmons, Exh. JNS-12.
[59] WAC 480-107-009(2).
[60] Simmons, Exh. JNS-7.

Q. Has the Company shown proof that it will acquire the necessary resources to comply with the statute?

A. In PacifiCorp's responses to data requests,[61] the Company stated that it would meet the 2030 CETA obligations but did not provide enough evidence that it has made progress toward the procurement of renewable and non-emitting resources necessary to comply with CETA obligations. The Company has shown in its responses to Staff data requests that it has learned some lessons from past procurements and is making some attempts to mitigate its financial considerations.

Q. Was the proof given by the Company adequate to show that it will acquire enough resources to comply with the statute?

A. No. Staff believes that some of the underlying conditions that caused PacifiCorp to cancel their 2022 ASRFP are still present today and the Company has yet to offer sufficient evidence to alleviate that concern. Specifically, it is still unclear how the Company will address risks from litigation over wildfire damage. The Company has not provided Staff with any specific plans and only states that they are formulating a plan and buying insurance.[62]

Q. How does Staff's recommendation help PacifiCorp move towards progress to meeting CETA standards?

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[61] Simmons, Exhs. JNS- 4, JNS-8, and JNS-11.
[62] Simmons, Exh. JNS-7.

A. A Commission order requiring the Company to submit a detailed plan to acquire resources will alleviate some of Staff's concern that the Company is not making adequate progress toward meeting CETA standards. If the Company cannot cancel their next ASRFP they will be likely to pick bids that add CETA-compliant resources to their portfolio. This will also allow the Company time to evaluate the financial considerations that it maintains led to the cancelation of the 2022 ASRFP.

Q. Why did PacifiCorp suspend and then eventually cancel its 2022 ASRFP?

A. The Company cited the following reasons:[63]

a. The Environmental Protection Agency's (EPA) ruling on the OTR.

b. Wildfire risk and associated liability across its six-state system.

c. Extreme weather risks that necessitate further decision-making regarding PacifiCorp's operational and resource requirements.

Q. What are PacifiCorp's financial considerations and associated liability?

A. In suspending its 2022 ASRFP, the Company cites "wildfire risk and the associated liability across [its] six-state service area and throughout the West." In particular, the Company points to the liability claims filed associated with the damages from the 2020 Labor Day and 2022 McKinney fires. There is still pending litigation from

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[63] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2022 All-Source Request for Proposals,* Docket No. UE-210979, Notice of Cancellation of PacifiCorp's 2022 All-Source Request for Proposals (April 3, 2024); *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2022 All-Source Request for Proposals,* Docket No. UE-210979, Update to PacifiCorp's 2022 All Source Request for Proposals Schedule (September 29, 2023).

other wildfires with damages to be specified or assessed. The Company states in their Form 10-K "[f]inal determinations of liability will only be made following the completion of comprehensive investigations, litigation or similar processes, the outcome of which, if adverse could, in the aggregate, have a material adverse effect on PacifiCorp's financial condition." [64]

The Company also cites recent credit downgrades and credit watch issuances by two credit rating agencies, Standard & Poor's (S&P) and Moody's.[65] The Company is particularly sensitive to how the credit agencies calculate debt related to long-term power purchase agreements (PPAs). Due to the threat of further credit downgrades that would increase the cost of borrowing, the Company chose to review and cancel projects, such as the 2022 ASRFP. The Company has chosen to spend less on capital projects to improve its credit rating. The Company, through its filed financial forms, also identified a loss of $468 million from operations in 2023.[66]

Q. Company witness Ghosh mentions additions to wind, solar, and battery storage procurement plans.[67] How does this commit the Company to reaching its obligations for the needs already identified?

A. These efforts do not provide the level of confidence Staff needs to approve the filing. For example, the proposed wind and solar additions would be system-wide, entitling Washington ratepayers to an inadequate share of renewable resources through the

[64] Simmons, Exh. JS-5 DR 10 Attachment PacifiCorp's 10-K.
[65] Simmons, Exh. JS-2.
[66] Simmons, Exh. JNS-5.
[67] Ghosh, Exh RG-1T, at 20:18-20.

current allocation methodology, WIJAM. The added procurement efforts called out in the testimony are "plans to propose" and indeterminant "advanced negotiations" that do not carry the precision, diligence, or transparency of an RFP process. Staff may have been able to verify the rigor of that process in this proceeding, however, the Company did not provide Staff with any material, namely proposed or executed contracts, that Staff could subsequently use to confirm those statements.[68] The Company was able to provide Staff with contracts for battery storage, however, [redacted].[69]

The Company also mentions its commitment to open another procurement in conjunction with the completion of the 2025 IRP and CEIP;[70] however, the Company has not addressed how it plans to remedy the challenges faced in past RFPs that led to them paring down the 2020 ASRFP and canceling its 2022 ASRFP.

Q. What response did the Company provide Staff on how it plans to comply with 2030 CETA obligations?

A. In part "a" of PacifiCorp's response to Staff data request number 28,[71] the Company points to RCW 19.405.010 (2)[72] and RCW 19.405.060[73] alluding to using alternative compliance.

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[68] Simons, Exh. JNS-13C.
[69] Simmons, Exh. JNS-24HC.
[70] Ghosh, Exh RG-1T, at 20:17-22; Simmons, Exhs. JNS-9, JNS-11, and JNS-12.
[71] Simmons, Exh. JNS-11.
[72] RCW 19.405.020(2).
[73] RCW 19.405.060.

Additionally, in the BCEIP the Company states "the incremental cost to comply with CETA will not require alternative compliance mechanisms in the first CETA compliance period, and it will be accomplished at an overall minimal cost to customers."[74] The Company continues, stating "the purpose of this CEIP, consistent with CETA's alternative compliance mechanisms, PacifiCorp relies on the use of unbundled RECs to satisfy the alternative compliance component of the 2030 and 2031 greenhouse gas neutral standard."[75] Based on these statements, Staff understands that PacifiCorp does not plan to use alternative compliance mechanisms in this first CETA compliance period (2022-2025), and only plans to use alternative compliance mechanisms (unbundled RECs) starting in 2030.

Q. Why does Staff think that using alternative compliance is not enough?

A. RCW 19.405.060(4)(b)[76] clearly states that the Company must demonstrate that it "has maximized investments in renewable resources and non-emitting electric generation" before the Company can use alternative compliance options. Staff holds the belief that the Company has not fulfilled this requirement due to the cancelation of the 2022 ASRFP and the absence of evidence regarding the acquisition of alternative resources. Moreover, the resources mentioned predominantly pertain to batteries.

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[74] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Revised Clean Energy Plan*, Docket No. UE-210829, CEIP Biennial Report on behalf of PacifiCorp d/b/a Pacific Power & Light Company at 4 (November 1, 2023).
[75] *See id.* at 10.
[76] RCW 19.405.060(3)(b).

Q. **Is procuring battery storage enough to push the Company towards CETA compliance in 2030?**

A. No, battery storage does not generate energy, but rather stores energy and moves it from one time of day to another.[77] CETA standards say that 80 percent of the retail electric load must be met with renewable and non-emitting resources by 2030. Rules[78] state that "[e]ach utility must propose interim targets in the form of the percent of forecasted retail sales of electricity supplied by non-emitting and renewable resources prior to 2030 and from 2030 through 2045." Staff does recognize the potential capacity value of battery storage, especially when paired with a generating resource. However, while they may help to *integrate* renewable resources, battery storage resources do not contribute directly to meeting interim targets or 2030 CETA obligations.[79]

Q. Please elaborate on Staff's claim that the Company has not demonstrated that it has maximized investments in renewable and non-emitting resources.

A. The Company has failed to demonstrate that it maximized investments in renewable and non-emitting resources. The Company identified a need for 1,900 MW of renewable or non-emitting resources in the 2020 ASRFP but only managed to procure 1,500 MW of such resources. Between the 2020 and 2022 ASRFPs, the Company could have issued a voluntary RFP to acquire the missing 400 MW of resources.

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[77] Simmons, Exh. JNS-23 at 3.
[78] WAC 480-100-640(2)(b).
[79] RCW 19.405.020(27)(a).

Staff believes that a part of maximizing investments in renewable and non-emitting energy means taking advantage of the laws available to the Company to invest in more attractive opportunities, which includes asking for returns on PPAs. PacifiCorp did not ask the Commission for a return on equity associated with any Power Purchase Agreements it could enter for past RFPs, only indicating that it was waiting on a response from the Commission to PSE's request to do so, and that it does not find that request appropriate for system resources.[80] Furthermore, in Docket UE-210979, the Company ended its 2022 ASRFP[81] on April 3, 2024, and when asked "[h]ow is the Company going to get to carbon neutral by 2030*,"*[82] The Company responded with "[t]he Company disagrees with the assumption that it is not acquiring new resources. The Company is acquiring significant volumes of new resources.*"* The Company refers Staff to data request 9 and testimony, that it will be procuring assets for years 2026 through 2029, the next compliance period, and that this filing is only relevant for the 2022-2025 compliance period.

Q. Why does Staff believe the response given for data request 9 is insufficient?

A. The response to data request 9 is insufficient because PacifiCorp has not provided any documents showing that it is obtaining resources in the next compliance period.[83]

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[80] Simmons, Exh-JNS-14.
[81] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2022 All-Source Request for Proposals,* Docket No. UE-210979, Notice of Cancellation of PacifiCorp's 2022 All-Source Request for Proposal, on behalf of PacifiCorp d/b/a Pacific Power and Light Company (April 3, 2024).
[82] Simmons, Exh. JNS-14.
[83] See *id.*

Q. Do the changes to the 2023-2025 interim targets relate only to the current compliance period?

A. Staff disagrees that the reduction in interim targets relates only to 2022-2025.[84] The CEIP interim targets were accepted as specific actions informed by the Company's resource adequacy requirements to demonstrate progress toward meeting its statutory obligations. In this light, Staff believes these lower targets put the Company behind at the beginning of the next compliance period, years 2026-2029. Staff has little confidence that PacifiCorp will be able to meet its targets – or its 2030 and 2045 statutory CETA obligations. This leads to a nearly insurmountable compliance debt, imposing unnecessary environmental and economic risks to Washington ratepayers as well as potential fiduciary risks to PacifiCorp shareholders.

Q. Did the Company provide any additional information on how it would maximize investments in renewable and non-emitting energy?

A. Yes, the Company identified [redacted] in the Company's DR responses.[85]

The Company also outlined how it is addressing some of its credit risks.[86] In Data Request 9[87] the Company mentioned "Bilateral negotiations of battery resources

[84] Simmons, Exh. JNS-4.
[85] Simmons, Exh. JNS-16C.
[86] Simmons, Exh. JNS-15.
[87] Simmons, Exh. JNS-4.

that can reach a commercial operation date (COD) by mid-year 2026 are actively being pursued. Battery storage resources have a relatively high-capacity contribution and provide large reliability benefits relative to their cost. Battery storage resources also have relatively short lead times and can achieve CODs in mid-year 2026. Contracting other resources could negatively impact credit metrics without providing the same degree of capacity and reliability benefits as battery storage." The timeline for bringing some of the battery resources online is indicated to be by mid-2026.

PacifiCorp states that additional resources procured through power purchase agreements would be considered by credit reporting agencies as imputed debt,[88] which could negatively impact their credit ratings. The Company has provided evidence of this;[89] however, the Company is in negotiations to procure battery storage. It is not clear how the procurement of battery storage will not affect their credit rating, yet other types of procurement will. To date, the Company has not provided any reasoning as to why they can procure batteries bilaterally without it affecting their credit metrics.[90]

E. Minimum Designation & Program Design Regarding Distributed Resources

[88] Simmons, Exh. JNS-2.
[89] Simmons, Exh. JNS-7.
[90] Simmons, Exh. JNS-13C and Exh. JNS-16C.

Q. Please provide context for Staff's recommendations for minimum designation and program design regarding distributed resources if the Commission does not fully reject the BCEIP.

A. CETA requires an equitable distribution of benefits to flow to highly impacted communities and vulnerable populations.[91] Staff recommends that a specific percentage of the benefits produced by the Company's Energy Efficiency (EE), Demand Response (DR), and other Distributed Energy Resources (DER) programs flow to Named Communities. For example, these programs include PacifiCorp's residential Home Energy Reports, Watts Smart Business commercial EE programs, or programs like community solar. Staff's recommendation also calls for PacifiCorp to develop mechanisms for each individual DER program, including carve-outs for program costs (including outreach/education) and minimum participation thresholds.

Staff included language from an earlier investor-owned utilities (IOU) docket, which includes conditions for minimum participation and program design. Staff encourages the Company to reach out to PSE to gain knowledge of the conditions and the work that they have conducted.[92]

Q. How did Staff arrive at the specific percentage of benefits in this condition?

A. Staff utilized the percentage reported in PacifiCorp's 2021 CEIP regarding highly impacted communities in PacifiCorp's service area as reported by the Department of

[91] RCW 19.405.060(1)(C)(iii).
[92] *In the Matter of Puget Sound Energy's 2021 Revised Clean Energy Implementation Plan*, Docket No. UE-210796, Appendix A to Final Order 8 at 6-7 (June 6, 2023).

Health, of 27 percent.[93] Staff requested an updated percentage from the Company in DR number 49.[94] In response to Staff's request, the Company provided 27.3 percent for Highly Impacted Communities.

Q. What will this condition do to promote CETA compliance?

A. Staff believes that this is a start to ensure equitable distribution of benefits to those Named Communities, which otherwise may not benefit from these programs. PacifiCorp currently does offer low-income weatherization programs, but there is no guarantee that (1) customers with other named community characteristics benefit from low-income weatherization, or (2). that the other DER programs (i.e., not weatherization) benefit named communities.

Q. Are there any conditions attached to the current 2021 CEIP settlement that require tracking named community programs?

A. Yes. Staff acknowledges that the Company currently has customer benefit indicator (CBI) conditions attached to the current 2021 CEIP settlement,[95] CBI conditions 1-14, specifically CBI conditions 6, 7, and 14.

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[93] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Revised Clean Energy Implementation Plan,* Docket No. UE-210829, PacifiCorp's Revised 2021 Clean Energy Implementation Plan at 31 (March 13, 2023).

[94] Simmons, Exh. JNS-21: Attachment WUTC 46.

[95] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co.2021 Revised Clean Energy Implementation Plan,* Docket No. UE-210829, Order 06 Final Order Approving and Adopting Settlement Agreement; Approving CEIP Subject to Conditions at 6-9 (October 25, 2023).

Q. Please summarize what CBI conditions[96] 6, 7, and 14 require the Company to do.

A. For condition 6, PacifiCorp is required to track both the number and percentage of participants in its energy efficiency and billing assistance programs. Additionally, it will add metrics for rebates provided to Named Community customers and renters, as well as investment and savings in rental housing. PacifiCorp will also work with advisory groups to develop strategies for increasing participation in Named Communities, with updates due in the 2024 filing and 2025 CEIP.

Condition 7 requires that PacifiCorp track clean energy improvements in named communities. The new metrics include total MWh of distributed energy resources and energy storage resources under 5 MW benefiting named communities, number of renewable generation and storage projects in these communities, total MWh of energy savings from efficiency programs, and details on whether these resources are allocated to vulnerable populations or specific socioeconomic groups. These updates are due for the 2024 filing and 2025 CEIP.

Condition 14 requires PacifiCorp to hold up to two workshops to refine its methods for identifying and tracking vulnerable populations, considering factors like health conditions, energy, and housing security, and various socioeconomic factors. These workshops will also review geographic areas identified as high need or underserved, including those with high energy burdens or economic distress. The

[96] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co.2021 Revised Clean Energy Implementation Plan*, Docket No. UE-210829, Order 06 Final Order Approving and Adopting Settlement Agreement; Approving CEIP Subject to Conditions at 7-8 (October 25, 2023).

workshops will start by July 1, 2024, and their findings will be incorporated into the 2025 CEIP.

Q. Is the Company making progress on these conditions, specifically 6, 7, and 14?

A: Yes, Staff believes the Company is making progress on these CBI conditions. Condition 6, the Company has added and is tracking the required metrics in the 2023 annual report.[97] For condition 7, they've started reporting specific percentages and numbers related to efficiency programs. For condition 14, PacifiCorp held two workshops on vulnerable populations and are planning another. These metrics were first tracked in 2023 and reported in the annual CEIP progress report, marking a strong start in ensuring benefits reach the named communities.

Q. How can these CBI metrics help with the minimum designation and Program design condition?

A. The Company uses these metrics to identify named communities, and programs and to ensure that the 27% of benefits from its DER programs flow to the named communities.

F. Resource Adequacy

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[97] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. 2021 Clean Energy Implementation Plan,* Docket No. UE-210829, 210829-PAC-CEIP-2023-Progress-Rpt-7-3-23 at 44-47 (July 3, 2023).

Q. Please describe Staff's recommendation about resource adequacy if the Commission does not fully reject the BCEIP.

A. Staff recommends that the Commission instruct the Company to include a more detailed explanation of how they measure resource adequacy using a method other than effective load-carrying capability (ELCC). This will help to show the optimization of time-dynamic aspects of the forecasts, ensure that resource adequacy is being considered in a way that promotes the maximization of renewable and non-emitting sources, and ensure that best practices are being followed.

Q. What does this condition do to promote CETA compliance?

A. Staff believes the Company should demonstrate that it is incorporating a resource adequacy methodology that considers all time-dynamic aspects of the resource mix required under CETA.[98] Staff believes ELCC does this, but if another methodology is used, Staff will need a detailed description of that method to ensure that generator sizing, seasonal variability, historical lookbacks, and other reliability metrics have been considered consistent with best practices.

Q. How is this different from how the Company has treated capacity contribution in previous planning documents?

[98] RCW 19.280.30.

A. In PacifiCorp's most recent update filed in their 2021 IRP docket, PacifiCorp uses ELCC[99] when modeling the contributions of solar, storage, and wind resources. The Company does not show the specific qualifying capacity contribution method for thermal resources. In response to Staff data requests, the Company states that its methodology for thermal resources aligns with the Western Power Pool's Western Resource Adequacy Program (WRAP).[100] Staff believes that this is a guideline but notes that the Commission should have access to the underlying workbooks and calculations used to support this assertion.

IV. Summary of Staff's Recommendation(s)

Q. What is Staff's primary recommendation?

A. Staff recommends rejecting PacifiCorp's 2023 Biennial Clean Energy Implementation Plan Update.

Q. Why does Staff recommend rejecting the filing?

A. The interim targets PacifiCorp proposes in its BCEIP do not represent reasonable progress toward meeting the Company's 2030 CETA obligations; to date, PacifiCorp has not provided enough evidence to Staff that they have secured the resources needed to meet this target. When asked how it will comply with CETA mandates, and what qualifying resources the Company is procuring or will procure to meet

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[99] *In the Matter of PacifiCorp d/b/a Pac. Power & Light Co. Integrated Resource Plans,* Docket No. UE-200420, Informational Update for its 2023 Integrated Resource Plan at 41 (April 1, 2024).
[100] Simmons, Exh. JNS-6.

these obligations, the Company provided a narrative without any supporting documentation of negotiations nor any contracts for the procurement of said resources.[101]

Rejecting the filing means that the Company will still have an obligation to meet the 2021 CEIP targets.

Q. Why does Staff recommend reverting to Pac's 2021 CEIP interim targets even though they were calculated using the unapproved allocation methodology?

A. The targets were set using an unapproved methodology; however, they effectively demonstrated progress toward meeting CETA compliance. Given the 2020 protocol's requirement to submit a new allocation methodology for Commission approval,[102] Staff does not see this as an issue.

Q. What is Staff's secondary recommendation, alternative to rejection?

Staff believes that our recommended conditions will help the Company make progress toward a final target of 73 percent by 2029. This would leave the Company with a 7 percent difference between the 2030 CETA obligation of 80 percent and the condition interim target of 73 percent in 2029, rather than a 47 percent gap if their BCEIP interim targets are approved, from 33 percent in 2025 to 80 percent in 2030.

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[101] Simmons, Exh. JNS-13C.

[102] *Wash. Utils. & Transp. Comm'n v. PacifiCorp d/b/a Pac. Power &Light Co.*, Docket Nos. UE-191024, UE-190750, UE-190929, UE-190981, & UE-180778, Testimony of Etta Lockey Exh. EL-3 at 9:114-119 (December 14, 2020).

Without the conditions attached, Staff believes that PacifiCorp would effectively show zero progress toward meeting CETA compliance, making planning for 2030 compliance a practical impossibility. The conditions in Staff's alternative recommendation aim to create a time-sensitive path to bridge the gap between the Company's interim targets and CETA compliance by 2030.

Q. Where are the conditions?

A. The conditions are listed in Exh. JNS-19.[103]

Q. Does this conclude your testimony?

A. Yes.

[103] Simmons, Exh. JNS-19.