

**Staff Informal Comments on PacifiCorp's Draft Clean Energy Implementation Plan**

December 10, 2021

Commission staff (Staff) appreciates the opportunity to provide comments on PacifiCorp, d/b/a Pacific Power & Light Company's (PacifiCorp or Company) draft 2022 Clean Energy Implementation Plan (CEIP). Given neither PacifiCorp, nor any Washington electric investor-owned utility (IOU) has previously developed a CEIP, this draft "allow[s] the Company, Staff, and stakeholders to work through issues and concerns in a semi-formal process that provides transparency and record building with maximum flexibility."<sup>1</sup>

This feedback is divided into two sections: 1) key issue areas where Staff provide a more detailed critique of select components of the draft CEIP that we believe PacifiCorp should modify prior to filing its final CEIP by January 1, 2022, and 2) feedback on other CEIP sections, including Company commitments, that we recommend the Company address by January 1, 2022, or in select instances, later dates.

These comments state the informal opinions of Staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the Washington Utilities and Transportation Commission (Commission).

**Key issue areas**

During Staff's review of PacifiCorp's draft CEIP, four areas of primary concern emerged where we question whether PacifiCorp's draft is currently meeting Washington statute and rule: analytical modeling underlying the CEIP, projected incremental cost (IC) calculation, disclosure and ease of accessibility of supporting data, and renewable energy specific target setting.

*Modeling supporting PacifiCorp's CEIP*

Staff first discuss the approach PacifiCorp has taken to account for the social cost of greenhouse gas emissions (SCGHGs) in its lowest reasonable cost (LRC) portfolio, which is the Company's 2021 integrated resource plan (IRP) preferred portfolio, and its alternative LRC and reasonably available portfolio. The LRC portfolio provides the analytical foundation for PacifiCorp's CEIP<sup>2</sup> and, when compared to the alternative LRC and reasonably available portfolio, determines the Company's projected IC of compliance.<sup>3</sup> Delivery of these comments are timed with the Commission's decision on PacifiCorp's Petition for Exemption of [WAC 480-100-605](#) (SCGHG Petition) to provide the Company consistent guidance for how to move forward ahead of filing its final CEIP.<sup>4</sup>

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<sup>1</sup> *In re Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act and Amending or Adopting rules relating to WAC 480-100-238, Relating to Integrated Resource Planning*, Dockets UE-191023 & UE-109698 (*Consolidated*), General Order 601, pp. 9-10, ¶ 25 (CETA Rulemaking Order) (Dec. 28, 2020).

<sup>2</sup> CETA Rulemaking Order, p. 17, ¶ 37.

<sup>3</sup> [WAC 480-100-660\(1\)](#).

<sup>4</sup> [Order 01](#), UE-210829. Note: Once the Commission finalizes Order 01, it will publish to this hyperlinked location.

PacifiCorp’s draft CEIP indicates the Company has petitioned the Commission to modify its rule that the alternative LRC and reasonably available portfolio not include the SCGHGs as a cost adder.<sup>5</sup> However, PacifiCorp’s petition sidesteps the reality that the Company’s CEIP LRC portfolio must also include the SCGHGs to comply with Washington’s Clean Energy Transformation Act (CETA).<sup>6</sup> In describing its CEIP incremental cost methodology, PacifiCorp acknowledges its 2021 IRP solution or preferred portfolio “was not developed to use the SCGHGs in the resource acquisition decision.”<sup>7</sup> Yet the Company maintains its 2021 IRP preferred portfolio complies with CETA requirements. Staff respectfully maintains a plain reading of the law requires “an electric utility [to] incorporate the SCGHGs as a cost adder when evaluating and selecting...resource options.”<sup>8</sup> Staff presents its rationale for opposing PacifiCorp’s SCGHG Petition in greater detail in Staff’s legal response.<sup>9</sup>

During PacifiCorp’s 2021 IRP development process, the Company maintained during its public interest meetings that the SCGHG price-policy assumptions made as part of its portfolio generation were “consistent” with Washington CETA planning requirements.<sup>10</sup> Staff strongly recommends PacifiCorp re-run its 2021 IRP preferred portfolio as well as its alternative LRC and reasonably available portfolio to appropriately incorporate the SCGHGs as a cost adder ahead of the Company filing its final CEIP by January 1, 2022. Given the significant portfolio cost increase incorporating the SCGHGs would likely impart,<sup>11</sup> Staff believes correctly applying this cost adder could result in resource differences during the 2022 – 2025 CEIP compliance period beyond just Washington demand-side management (DSM) selections as the Company maintains.<sup>12</sup> Further, Staff notes the Commission’s rules allow PacifiCorp to propose an alternative incremental cost methodology that does not equate the LRC portfolio to the Company’s docketed 2021 IRP solution<sup>13</sup> as long as the proposed IC portfolio comparison costs carbon emissions, as outlined in CETA.<sup>14</sup>

PacifiCorp’s modeling also falls short beyond the Company’s treatment of the SCGHGs, or lack thereof. A disconnect exists between PacifiCorp’s modeling of its interim targets between 2021 through 2040 and how the Company calculates its target setting during the final five-year 2041-through-2045 period. The linkages between PacifiCorp’s 2021 IRP portfolio development and its interim target setting through 2040 are clear.<sup>15</sup> However, PacifiCorp’s 2021 IRP only covers the

<sup>5</sup> PacifiCorp’s Petition for Exemption of WAC 480-100-605 (¶ 1) (SCGHG Petition) in Docket UE-210829 (November 1, 2021).

<sup>6</sup> CETA Rulemaking Order, pp. 47-48, ¶¶ 129, 132.

<sup>7</sup> PacifiCorp’s Draft Clean Energy Implementation Plan ([Draft CEIP](#)), UE-210829, p. 66.

<sup>8</sup> [RCW 19.280.030\(3\)\(a\)\(iii\)](#). *Underlined for intent*.

<sup>9</sup> [Response to PacifiCorp’s Petition for Exemption on Behalf of Commission Staff](#), UE-210829 (December 6, 2021).

<sup>10</sup> [PacifiCorp 2021 IRP June 25, 2021 Public-input Meeting](#), slide 46.

<sup>11</sup> Table 9.15 – PVRR of the P02-MM-CETA Portfolio under varying Price-Policy Scenarios, PacifiCorp’s 2021 Final Integrated Resource Plan, [Volume I](#), p. 291, UE-200420.

<sup>12</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 68.

<sup>13</sup> See PacifiCorp’s 2021 Final Integrated Resource Plan, September 1, 2021, [UE-200420](#).

<sup>14</sup> [WAC 480-100-660\(1\)\(c\)](#).

<sup>15</sup> 210829-PAC-WP-CONF Chapter 1 - Target Development - P02-MM-CETA - CETA 2022-2040 Targets WA Resource Alloc-11-1-21 (C), “WA CETA Summary” tab.

2021 – 2040 twenty-year time horizon. The Company’s draft CEIP workpapers demonstrate PacifiCorp only applied a linear interpolation of its 21 IRP preferred portfolio to calculate its 2041 through 2045 targets.<sup>16</sup> Staff observed no attempt by PacifiCorp to optimize these linearly extrapolated results to achieve a LRC solution, as required per rule.<sup>17</sup>

PacifiCorp’s decision to optimize a resource portfolio through 2040 and not 2045 stands in marked contrast to the modeling decisions and underlying analytics that inform both Avista Corporation’s<sup>18</sup> (Avista) and Puget Sound Energy’s<sup>19</sup> (PSE) CEIP clean energy transformation standard target setting. Staff raised the issue that PacifiCorp’s 2021 IRP planning horizon would not cover the relevant CETA targets (e.g., 2045 100 percent clean electricity standard) at the Company’s very first public interest meeting, yet PacifiCorp failed to adjust its modeling approach.<sup>20</sup> Staff strongly encourages PacifiCorp to re-run its CEIP portfolio development to optimize 2041 through 2045 results that are in fact LRC ahead of filing its final CEIP by January 1, 2022. If time constraints make this path forward infeasible, at minimum, PacifiCorp should undertake a portfolio development approach that satisfactorily addresses the entire Washington CETA planning time horizon through 2045 as part of its next IRP two-year progress report<sup>21</sup> and biennial CEIP update.<sup>22</sup>

#### *Projected incremental cost calculation*

PacifiCorp needs to do a better job in its CEIP explaining what expenditures should inform and, similarly, what costs should be excluded from its projected IC calculation.

Staff are concerned PacifiCorp may be significantly underestimating the investments and expenses that are directly attributable to actions necessary to comply with, or make progress towards CETA’s greenhouse gas neutrality<sup>23</sup> and 100 percent clean electricity standards.<sup>24</sup> PacifiCorp did not include any of these procurement costs in its projected IC calculation,<sup>25</sup> as the Company maintains the significant renewable energy procurement it has pursued via its 2020 All-source Request for Proposals (RFP) depended on previous planning (i.e., PacifiCorp’s 2019

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<sup>16</sup> 210829-PAC-WP-CONF Figure 1.1 - P02-MM-CETA 2022-2045 Interim Targets-11-1-21 (C), Extrapolating 2041 to 2045 targets in “WA CETA Summary” tab.

<sup>17</sup> [WAC 480-100-610](#)(5).

<sup>18</sup> 210628- PRiSM\_7.0\_GUROBI\_120720\_IRP\_PRS\_wChelan (R), “Aurora\_Res\_Results” tab, Avista CEIP, UE-210628.

<sup>19</sup> 210795-PSE-ApdxA-CEIP-Output-Portfolio-Output-Summary-10.15.21, “CEIP\_Resource\_Additions\_Annual” tab, PSE CEIP, UE-210795.

<sup>20</sup> [PacifiCorp’s response to WA Staff’s June 26, 2020 public input meeting feedback](#), Company response to Staff’s question 13f, p. 9.

<sup>21</sup> [WAC 480-100-625](#)(4).

<sup>22</sup> [WAC 480-100-640](#)(11).

<sup>23</sup> [RCW 19.405.040](#).

<sup>24</sup> [RCW 19.405.050](#).

<sup>25</sup> PacifiCorp [Draft CEIP](#), UE-210829, pp. 68-69.

IRP<sup>26</sup>) and would have occurred regardless of CETA.<sup>27</sup> However, Staff’s review of the Company’s CEIP supporting files confirms the CETA compliant renewable energy resources allocated to Washington more than double (i.e., increase approximately 138 percent) during the 2022 through 2025 compliance period.<sup>28</sup> This significant ramp up appears directly attributable to PacifiCorp’s strategy to meet its 2030 interim target.<sup>29</sup> Staff questions whether PacifiCorp would have made these renewable energy allocation choices to its Washington service territory in the absence of CETA’s 2030 and 2045 targets. In comparison, assumptions made by Washington’s other two electric IOUs in calculating their respective projected IC calculations do suggest such electricity operation and delivery costs should be considered directly attributable expenses.<sup>30</sup> Furthermore, stakeholders consulted agree that allocation activities should be considered in the Company’s projected IC calculation.<sup>31</sup>

If Washington’s 2030 and 2045 targets were no longer modeling constraints, and the renewable energy allocated to the state remained the same, then it would confirm that such a significant increase in renewable energy allocated to Washington during the 2022-25 timeframe would have occurred regardless of requirements pursuant to [RCW 19.405.040](#) and [RCW 19.405.050](#). Staff strongly recommends that PacifiCorp provide evidence, in the form of easily accessible modeling support files, that confirm the Company’s assertion that Washington’s resource allocation would remain the same regardless of CETA’s greenhouse gas neutrality and 100 percent clean electricity requirements. If modeling results without the [RCW 19.405.040](#) and [RCW 19.405.050](#) constraints reflect a significantly different 2022 – 25 renewable energy allocation, Staff would expect PacifiCorp’s final CEIP would reflect a greater net power cost contribution to its projected IC calculation.<sup>32</sup>

In terms of “net power costs,” PacifiCorp should also explain in its final CEIP what actions or programs constitute these costs as categorized in Table 4.1.<sup>33</sup> Staff found no explanation of this directly attributable cost category within the Company’s draft CEIP<sup>34</sup> nor within the Company’s confidential revenue requirement workpaper.<sup>35</sup>

While PacifiCorp does provide a projected IC calculation and proposes directly attributable costs, the Company’s justifications for these costs and, more importantly, the informing data are

<sup>26</sup> PacifiCorp’s 2019 IRP was considered a progress report within Washington. *See In re Petition for an Order Granting Exemption from the Requirements of WAC 480-100-238(4) and (5)*, Docket UE-180259, [Order 03](#), p. 5, ¶ 24 (November 7, 2019).

<sup>27</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 49.

<sup>28</sup> 210829-PAC-WP-CONF Chapter 3 - Incremental Cost - P02-MM Initial WA Resource Alloc 11-1-21 (C), “WA CETA Summary” tab, cells E8:H8.

<sup>29</sup> PacifiCorp [Draft CEIP](#), UE-210829, pp. 7-8.

<sup>30</sup> *See* Puget Sound Energy [Draft CEIP](#), UE-210795, pp. 156-157 and [Avista Final CEIP](#), UE-210628, p. 5-3.

<sup>31</sup> Outcome of Staff’s PacifiCorp draft CEIP listening sessions held with the Alliance of Western Energy Consumers, Northwest Energy Coalition, Public Counsel’s Office, Renewable Northwest, and Sierra Club on November 17, 2021.

<sup>32</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 68.

<sup>33</sup> *Id.*, p. 68.

<sup>34</sup> *Id.*, pp. 68-69.

<sup>35</sup> 210829-PAC-WP-Table 4.3 - Revenue Requirement Workpaper-11-1-21, “IRP costs” tab.

opaque. The total 2022 – 25 projected ICs are not clearly presented as a separate and distinct calculation stymying Staff from making a compliance determination.<sup>36</sup> It is not explicitly stated how the incremental costs (either modeled or non-modeled) remain below the threshold value.<sup>37</sup> The Company must present on a yearly basis what the incremental costs are in their totality, including all categories (i.e., modeled and non-modeled) that are applicable to compare to the annual threshold amount. PacifiCorp must provide supporting data and results calculations, with formulas intact.<sup>38</sup>

Additionally, PacifiCorp should identify the sourcing information for Table 4.3, Estimated Annual Revenue Requirement.<sup>39</sup> Staff understands the numbers in this table come from confidential workpapers.<sup>40</sup> Key data is simply “hard coded” within this workbook, including the pre-tax rate of return – 8.409% (*cell C32, “Revenue requirement” tab*), net power costs and energy efficiency (*“IRP costs” tab*), as well as all non-IRP costs. Similarly, PacifiCorp should appropriately source Table 4.4, Cost thresholds.<sup>41</sup> Staff were unable to locate any corresponding workpaper for this table and specifically wonder how the forecasted Washington revenues were derived for 2021 – 2024.

To assist with data accessibility, both within this incremental cost section of the CEIP and throughout the implementation plan, Staff recommends PacifiCorp at least source the parallel workstreams from which relevant costs are derived (e.g., PacifiCorp’s 2019 general rate case<sup>42</sup> and 2022-23 biennial conservation plan<sup>43</sup>).

#### *Data disclosure and ease of accessibility*

As part of its draft CEIP review, Staff has prioritized evaluating whether electric IOUs have made available underlying inputs, data, and assumptions in an easily accessible format that would enable the “Commission, Staff, ...and other parties...to understand why the [companies] took the actions [they] did.”<sup>44</sup> For example, PacifiCorp did include as confidential support files, spreadsheet workbooks derived from the Company’s 2021 IRP PLEXOS results supporting its interim target setting through 2040 (not 2045)<sup>45</sup> and incremental cost portfolio results (albeit using a medium carbon price rather than the SCGHG).<sup>46</sup> PacifiCorp did not properly source or

<sup>36</sup> Pursuant to [RCW 19.405.060\(3\)\(a\)](#), “the average annual incremental cost of meeting the standards or the interim targets established under subsection (1) of this section equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year.”

<sup>37</sup> PacifiCorp Draft CEIP, UE-210829, Table 4.4 – Cost thresholds, p. 70.

<sup>38</sup> [WAC 480-07-140\(6\)\(a\)](#).

<sup>39</sup> PacifiCorp Draft CEIP, UE-210829, p. 70.

<sup>40</sup> 210829-PAC-WP-Table 4.3 - Revenue Requirement Workpaper-11-1-21

<sup>41</sup> PacifiCorp Draft CEIP, UE-210829, p. 70.

<sup>42</sup> See [UE-191024](#).

<sup>43</sup> See [UE-210830](#).

<sup>44</sup> CETA Rulemaking Order, p. 60, ¶¶ 172-173.

<sup>45</sup> 210829-PAC-WP-CONF Chapter 1 - Target Development - P02-MM-CETA - CETA 2022-2040 Targets WA Resource Alloc-11-1-21 (C), “WA CETA Summary” tab.

<sup>46</sup> 210829-PAC-WP-CONF Chapter 3 - Incremental Cost - P02-MM Initial WA Resource Alloc 11-1-21 (C), “WA CETA Summary” tab.

document how it determined its specific targets (i.e., renewable energy, energy efficiency, demand response) nor its corresponding specific actions. As part of its final CEIP filing, PacifiCorp needs to file native file format versions of its specific target and specific actions data. Such results need to be properly sourced and/or justified.

Staff notes PacifiCorp's CEIP report narrative is largely "decoupled" from what underlying data files the Company has included as part of this draft CEIP filing. The reader must instead search through the suite of files provided, using filenames as their primary guide. PacifiCorp has not provided any master data file "index" as an appendix to its CEIP. Staff believes such an index or data "table of contents" type document would greatly increase the level of CEIP data accessibility the Commission envisioned.<sup>47</sup>

For its final CEIP, PacifiCorp should:

- (a) Specifically link its frontmatter report to the underlying data files that inform the various targets, charts, and tables in the report. An appropriate way to accomplish this goal is for PacifiCorp to footnote specific supporting workpaper cells and/or tabs within its report narrative.
- (b) Include a master data file "index" as a CEIP chapter or supporting appendix. At minimum, the Company should organize its final CEIP deliverable by including a master table of contents, readme files, and categorically grouping related data. For comparison, the Commission added a similar requirement as a condition for PacifiCorp's 2021 IRP.<sup>48</sup>

Further, PacifiCorp's specific actions tables (i.e., Appendix C) lack any sourcing information nor links specific action project and program attributes back to underlying files that contain the relevant capacity, energy, or cost data. Staff must resort to spot checking PacifiCorp's proposed specific actions or otherwise trust this table is consistent with the Company's planning efforts, namely its 2021 IRP results.

As part of its final CEIP, PacifiCorp must file a specific actions Appendix C in native file format (i.e., Excel workbook format) that appropriately links quantitative attributes (i.e., capacity, energy, and projected cost details) to the underlying planning source files per rule.<sup>49</sup> Filing its specific actions data in a more easily accessible format will enable Staff to better assess whether PacifiCorp's CEIP specific actions appropriately align with the Company's 2021 IRP.

Staff echoes stakeholders' claims that PacifiCorp needs to provide more of an explanation and justification of its supporting 2021 IRP analyses to help interested parties understand why the Company is highlighting various interim and specific target setting measures in its CEIP. For example, PacifiCorp is planning to remove Jim Bridger from Washington customer rates by the end of 2023, even though the Company is planning to convert Bridger to a natural gas-fired plant. PacifiCorp's CEIP has not included any analysis to support this decision.<sup>50</sup> It is in the Company's interest to provide easily accessible supporting data, which will assist the

<sup>47</sup> CETA Rulemaking Order, pp. 60-61, ¶¶ 173, 178, 179.

<sup>48</sup> UE-200420, [Order 02](#), par. 27. See [Attachment A](#), section 8 for specific Data disclosure conditions.

<sup>49</sup> [WAC 480-100-640\(6\)\(f\)\(iii\)](#).

<sup>50</sup> PacifiCorp Draft CEIP, UE-210829, pp. 16-17.

Commission and interested parties independently determine whether activities proposed are in the public interest and represent the LRC option.<sup>51</sup>

### *Renewable energy specific target setting*

Staff highlight PacifiCorp’s deficient renewable energy target setting as another key issue area in these draft CEIP comments. The Company does not appear to propose a publicly available renewable energy specific target. Within the context of the Company’s CEIP report narrative, PacifiCorp references the existing Washington Inter-Jurisdictional Allocation Methodology (WIJAM) for Washington-specific allocations of the Company’s system-wide resources through 2023 and on-going Multi-state protocol (MSP) negotiations in 2024 and beyond.<sup>52</sup> Staff observe more specific state allocation factors appear in PacifiCorp’s draft CEIP confidential workpapers.<sup>53</sup> However, this supporting data does not meet Staff’s expectations that such data is provided in an easily accessible format, as required by statute, rule, and the Commission’s CETA Rulemaking Order.<sup>54</sup>

While electric utilities have discretion as to what data they designate as confidential,<sup>55</sup> Staff sees no reason why PacifiCorp is designating a CEIP component as fundamental as its renewable energy specific target as confidential in its entirety; and it is counter to the transparent path its peer utilities have taken regarding this target. Staff is hopeful PacifiCorp will include its renewable energy specific target in its final CEIP without compromising the sensitive material discussed in other Company settings.

### **Compliance review of additional CEIP components**

In addition to the above primary issue areas, Staff notes the following observations and suggested corrective actions to better align other sections of PacifiCorp’s draft CEIP with statute and rule.

### *Interim and Specific targets*

Staff appreciates the incremental action PacifiCorp is planning beyond what is laid out in the Company’s 2022-23 biennial conservation plan (BCP) in setting its CEIP energy efficiency (EE) targets. The Company’s 2021 IRP solution, which underwent both a reliability assessment and cost and risk analysis two-step process undertaken endogenously within the PLEXOS portfolio development process, appears to inform its interim and specific targets.<sup>56</sup> The yearly targets as listed suggest the Company has made the necessary adjustments to pursue “all” cost-effective EE, since the Company’s 2021 IRP cycle.<sup>57</sup> Additionally, Staff commends the Company for

<sup>51</sup> RCW 19.405.060(1)(a)(i), WAC 480-100-640(3)(a)(iii) and CETA Rulemaking Order, p. 60, ¶ 173.

<sup>52</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 11.

<sup>53</sup> 210829-PAC-WP-CONF Chapter 1 - Target Development - P02-MM-CETA - CETA 2022-2040 Targets WA Resource Alloc-11-1-21 (C), “WA CETA Summary” tab.

<sup>54</sup> WAC 480-100-640(3)(b). Further elaborated in CETA Rulemaking Order, pp. 60-61, ¶¶ 173, 179.

<sup>55</sup> CETA Rulemaking Order, pp. 60-61, ¶ 175.

<sup>56</sup> PacifiCorp draft Clean Energy Implementation Plan ([Draft CEIP](#)), UE-210829, p. 9.

<sup>57</sup> PacifiCorp [Draft CEIP](#), UE-210829, pp. 19, 55.

describing how it will make updates to its EE programs to better reach named communities, which comprise highly impacted communities (HICs) and vulnerable populations (VPs).

Staff did not observe interim EE targets explicitly called out but infers the yearly “total conservation” targets listed in Table 3.4 are the Company’s interim targets.<sup>58</sup> PacifiCorp should list its interim EE targets in its interim target section of the final CEIP as the rule requires.<sup>59</sup>

Staff is pleased that in setting the demand response (DR) target, the Company gained insight from its 2021 DR RFP results. Under CETA, DR includes pricing programs. As such, the company’s DR target should also include the upcoming time-of-use pilot program.<sup>60</sup> However, if the capacity (i.e., MW) expected from this pilot is not available by the final CEIP filing, Staff recommends PacifiCorp apply the results of this pilot to future DR targets.

### *Specific actions*

As a follow on to the above *Data disclosure* issue area discussion, Staff strongly recommends PacifiCorp better explain and update its Appendix C specific actions table. For example, Staff notes project costs are pending and nonenergy impacts (NEIs) remain to be determined for the Company’s renewable energy projects. NEIs are also outstanding for the EE specific actions.<sup>61</sup> Given most of the renewable energy projects source to PacifiCorp’s 2020 All-source RFP and the Company was expecting to execute agreements with associated bidders by early November 2021,<sup>62</sup> one would expect cost information to be listed at minimum for these line items. Staff expects PacifiCorp to furnish complete data, including NEIs, for its EE specific actions based on insights the Company has gained developing its 2022-23 BCP. Staff strongly recommends PacifiCorp minimize any remaining Appendix C data gaps when filing its final CEIP.

Regarding PacifiCorp’s planned DR specific actions,<sup>63</sup> Staff notes all programs are in development. DR in the Company’s Washington service territory is new but given the Company’s experience with DR in other states, we anticipate smooth implementation. To ensure these DSM programs properly serve all customers, Staff strongly encourages PacifiCorp to consistently confer with an advisory group about DR. This does not necessarily mean the creation of another DR-specific advisory group. The Company could leverage its existing Washington DSM advisory group structure, expanding this group’s purview to encompass all distributed energy resources (DERs). In the final CEIP, PacifiCorp should:

- Include its time-of-use pilot in the Company’s specific actions list (i.e., Appendix C).
- Describe how it will utilize an advisory group process to further DR in Washington.
- Finalize applicable DR program budgets and related implementation decisions.

<sup>58</sup> Id., Table 3.4, p. 55.

<sup>59</sup> [WAC 480-100-640\(2\)\(a\)](#).

<sup>60</sup> Id., pp. 53-54.

<sup>61</sup> [Appendix C – Specific actions](#), pp. 2-3, PacifiCorp Draft CEIP, UE-210829.

<sup>62</sup> [PacifiCorp’s 2020 All-Source Request for Proposals](#), Bidder agreements executed by November 8, 2021.

<sup>63</sup> [Appendix C – Specific actions](#), p. 4, PacifiCorp Draft CEIP, UE-210829.

Staff observes PacifiCorp did not connect its specific actions to any resource adequacy (RA) metrics as required per rule.<sup>64</sup> This represents another area where the Company can better define linkages between its CEIP and 2021 IRP, which used a minimum capacity reserve margin of 13 percent as the primary RA metric.<sup>65</sup> In meeting the standards in [RCW 19.405.040](#) and [RCW 19.405.050](#) requirements are clear PacifiCorp's specific actions must demonstrate its customers are benefiting from the transition to clean energy through energy security and resiliency.<sup>66</sup> Staff encourages PacifiCorp to clarify how its specific actions are consistent with the Company's resource adequacy requirements in its final CEIP.

As discussed further in the next *Customer benefit data* sub-section, Staff finds no mention in the specific action selection methodology as to how customer benefit indicators (CBIs) or other equity considerations informed the selection of resources. Specifically, Staff takes issue with PacifiCorp's assertion that "the 2020 All-source RFP resources are primarily located outside of Washington, and therefore, CBIs related to [named communities] are not applicable."<sup>67</sup> Staff is not aware of any so-called outside Washington geographic CBI "exclusion" per statute or rule and expects the company to fully comply with this important CETA provision.

Beyond CBI considerations, Staff has numerous questions regarding PacifiCorp's treatment of equity and customer impacts associated with its recommended specific actions. The draft CEIP lacks adequate context explaining the forecasted distribution of NEIs across programs during the 2022-25 compliance period. PacifiCorp does not explain how these NEIs were determined and only directs the reader to the DNV analyses supplied as Appendix 4 to the Company's 2022-23 BCP.<sup>68</sup> Staff maintains "forecasted distribution" should detail what customers, populations, or geographic locations are impacted and the corresponding breakdown of costs and benefits. PacifiCorp should address these deficiencies in its final CEIP.

PacifiCorp does present select data that should enable the Company to track how specific actions impact named communities. A bona fide example is the SAIDI, SAIFI, and CAIDI data presented indicating the duration and frequency of outages during major events are significantly worse for highly impacted communities.<sup>69</sup> In its final CEIP, PacifiCorp should demonstrate how select specific actions are trying to reduce this power reliability disparity moving forward.

Staff commends PacifiCorp for proposing an electric vehicle (EV) grant program for named communities. However, data deficiencies associated with this program exist, including: no information offered as to which stakeholders the Company would engage, no justification as to why this EV grant program was proposed, and vagaries regarding program details (e.g., will PacifiCorp only install charging infrastructure or "potentially purchase electric vehicles" as

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<sup>64</sup> [WAC 480-100-640\(5\)\(b\)](#).

<sup>65</sup> Resource Adequacy, Chapter 8 – Modeling and Portfolio Evaluation Approach, PacifiCorp's 2021 Final Integrated Resource Plan, [Volume I](#), p. 223, UE-200420.

<sup>66</sup> [WAC 480-100-610\(4\)\(c\)\(iii\)](#).

<sup>67</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 47.

<sup>68</sup> Id., Table 3.6 and Figure 3.1, pp. 58-59.

<sup>69</sup> Id., Table 2.20, p. 44.

well?).<sup>70</sup> PacifiCorp should propose and vet such an EV program through its upcoming transportation electrification plan the Company expects to docket with the Commission during the first quarter of 2022. The “use case forecasts and the...energy impacts” associated with such an EV program are additional planning requirements<sup>71</sup> PacifiCorp will need to consider in its next IRP two-year progress report and biennial CEIP update in 2023.

### *Customer benefit data*

Staff cautions the following CBI feedback is not exhaustive. We encourage the Company to review closely comments from other stakeholders and additional CBI guidance Staff may be able to provide later in December 2021, time permitting.

PacifiCorp’s development of CBIs should not be the ultimate goal or objective of these equity-focused service quality indicators in the Company’s CEIP. Instead, PacifiCorp needs to demonstrate how these CBIs inform selection of the Company’s specific actions. PacifiCorp claims its “CBIs are designed to demonstrate the impact of proposed programs, actions, and investments.”<sup>72</sup> However, Staff does not see any evidence where the Company applies these indicators when evaluating existing programs, proposed programs, or new resource investments. Other stakeholders consulted appear to share Staff’s perspective that CBIs should enable specific action monitoring and performance tracking.<sup>73</sup> Staff strongly urges PacifiCorp clearly write, with an appropriate level detail how CBIs are used in resource selection. The company must outline CBI impacts (negative or positive) to be compliant with statute<sup>74</sup> and rule.<sup>75</sup> To achieve these objectives PacifiCorp needs to clarify the relationship between each specific action and its associated CBIs in the Company’s final CEIP.

When considering equity, Staff does appreciate PacifiCorp developing its first round of CBIs in conjunction with its Equity Advisory Group (EAG) supplemented with as much public input as the Company could gather. Hopefully future CBI iterations in subsequent CEIPs will allow PacifiCorp to further its public communications and engagement, especially with its named communities. With that future goal in mind, the following are incremental CBI refinements Staff encourages the Company to address in its final 2022 CEIP:

- Fold in and better explain the baseline data from which the CBIs were developed by adding column(s) to the CBI summary table.<sup>76</sup> The current draft CEIP organization, which describes the baseline analysis after listing the CBIs in tabular form,<sup>77</sup> makes it difficult to connect what information informed what indicator(s).
- Do retroactive bill assistance programs directly mitigate customer energy burden?<sup>78</sup> Or should PacifiCorp re-design programs to provide cost relief when bills are initially due? Staff encourages the Company to consider bill assistance timing in its final CEIP.

<sup>70</sup> Id., pp. 40-41, 64. [Appendix C – Specific actions](#), p. 5, PacifiCorp Draft CEIP, UE-210829.

<sup>71</sup> The Laws of 2021, Chapter 300, that went into effect on July 25, 2021 added [RCW 19.280.030\(1\)\(m\)](#).

<sup>72</sup> PacifiCorp [Draft CEIP](#), UE-210829, p. 23.

<sup>73</sup> Initial Comments of The Energy Project re: PacifiCorp’s Draft CEIP, p. 4, November 30, 2021.

<sup>74</sup> [RCW 19.405.040\(8\)](#).

<sup>75</sup> [WAC 480-100-610\(4\)\(c\)](#) and [WAC 480-100-640\(6\)\(b\)](#).

<sup>76</sup> Id., Table 2.3, pp. 29-30.

<sup>77</sup> Id., pp. 35-45.

<sup>78</sup> Id., p. 38.

- Supplement program participation tables with population numbers eligible for each program.<sup>79</sup> Side-by-side program enrollment actuals versus potential should provide a better snapshot of current program effectiveness.

### *Public participation*

Staff observes Chapter Five, Public Participation, of PacifiCorp’s draft CEIP is similar in substance to the Company’s re-filed Public Participation Plan (PPP) dated July 30, 2021.<sup>80</sup> However, PacifiCorp’s public participation treatment in its draft CEIP is more expansive than its re-filed PPP given the Company has included consolidated stakeholder feedback as part of its draft CEIP filing.<sup>81</sup> For this reason, Staff recommends PacifiCorp make the following public participation improvements in its final CEIP rather than re-filing another PPP:

- Actionable steps to improve “language accessibility” and a plan to assess customer needs, especially for named communities. PacifiCorp should detail which programs it plans to review and/or revamp.
- Details of each outreach method’s performance. For example, the numbers of: people subscribed to the CEIP email list, public participants at each public meeting, visits the PacifiCorp CETA website registered, comments received via email or phone. While Staff view PacifiCorp’s public participation planning as satisfactory, post-mortem assessments of what worked and what did not are lacking in the draft CEIP. For instance, did the Company find a financial stipend useful in recruiting and retaining its EAG members? Given public participation’s iterative nature, PacifiCorp showing the first round of public engagement results should provide a baseline for future public participation and outreach improvement.
- Summaries and takeaways from survey results posted to the Company’s CEIP website to clarify how PacifiCorp plans to leverage insights gained.<sup>82</sup>

### **Company commitments**

Beyond the recommended corrective actions discussed in the “key issue areas” section of these comments that Staff expects PacifiCorp to address in its final CEIP due on January 1, 2022, Staff lists the following additional items that we would appreciate the Company providing a timetable for addressing in its final CEIP. PacifiCorp’s commitments list or workplan, which can be included as an appendix to its final CEIP, should include but not be limited to the following:

- Waiver of the Commission’s advertising rule (i.e., [WAC 480-90-223](#)) to cover any related advertising PacifiCorp may undertake to further its CEIP objectives.
- DER assessments beyond EE and DR, as described in [WAC 480-100-620\(3\)](#), including distributed energy programs and mechanisms identified pursuant to [RCW 19.405.120](#)<sup>83</sup> and other DER potential assessments.

<sup>79</sup> Id., Table 2.11 – 2.13, pp. 38-39.

<sup>80</sup> See [UE-210305](#).

<sup>81</sup> [Appendix B – Consolidated stakeholder feedback](#), PacifiCorp Draft CEIP, UE-210829.

<sup>82</sup> [PacifiCorp’s CETA clean energy benefit survey results](#), August 2021.

<sup>83</sup> As follow up to Staff’s early October 2021 correspondence with the Company, PacifiCorp should report its low-income household energy assistance actions to both the WA Department of Commerce and the Commission by [February 1, 2022](#).

- A detailed, comprehensive list of any items, besides those explicit in [WAC 480-100-625\(4\)](#), that the Company has identified to update in its 2023 IRP progress report due to the Commission by January 1, 2023.
- *Distribution planning* – How has PacifiCorp (either in its IRP or CEIP development processes to date) analyzed CETA’s impact (or lack of impact) on the Company’s distribution planning efforts?
- A modeling workplan that lays out PacifiCorp’s proposed approach for quantifying CBIs in the Company’s next IRP portfolio development and optimization.
- Components of [RCW 19.280.030\(1\)](#) that refine implementation of the Company’s IRP-to-CEIP, via the clean energy action plan, development process emphasizing compliance with [RCW 19.405.040\(8\)](#).