PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

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VIA ELECTRONIC FILING

Washington Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

Re: Chapter 173-446 WAC - PacifiCorp's Public Comments on the Proposed Climate Commitment Act Rulemaking.

I. Introduction

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp) respectfully submits these comments in response to the Washington Department of Ecology's (Ecology or the Department) proposed Climate Commitment Act (CCA) Rulemaking issued on May 16, 2022.

PacifiCorp looks forward to collaborating with the Ecology and stakeholders on the important work to implement the CCA. However as currently drafted, the proposed regulations raise challenging issues that need to be addressed prior to the start of the program. PacifiCorp supports the Joint Utility Comments concurrently filed in this rulemaking, and submits these additional comments for Ecology's consideration. As discussed below, consistent with controlling statutes, the Department should ensure that electric utilities receive sufficient no cost allowances to shield electric utility customers from the cost burden of the CCA.

II. Comments

A. Ecology should ensure that electric utilities receive sufficient no cost allowances for all covered emissions, not just emissions from electricity used to serve Washington electric retail customer load.

Under RCW 70A.65.120(1), the Washington Legislature "intends by this section . . . to mitigate the cost burden of the program on electricity customers." It instructed Ecology to cooperate with the Department of Commerce and Utility and Transportation Commission (UTC) to establish methods and procedures to allocate allowances to consumer-owned utilities and investor-owned utilities. The rules "must take into account the cost burden of the program on electricity customers."[1]

The legislature did not limit the cost burden for "electricity customers" to only emissions used to serve "retail electric load." However the draft rules propose just that. No cost allowances will

[1] RCW 70A.65.120(2)(a).

only be available to electric utilities for emissions that are allocated to serve "retail electric load" in Washington.[2]

This will have the effect of increasing the cost burden for Washington electricity customers and PacifiCorp customers in five other states, because multistate electric utilities, like PacifiCorp, have a much greater greenhouse gas (GHG) obligation than what is allocated to serve Washington retail customers. For example, covered emissions include GHG emissions that are reported under WAC 173-441-030.[3] GHG emissions from electric power entities include emissions from electricity that is exported for a final point of delivery outside Washington state.[4] By definition, exported emissions are not included within Ecology's proposed cost burden calculation that is limited to emissions used to serve Washington retail load.

This has the potential to create a significant additional cost burden to PacifiCorp electricity customers. Under the Washington Inter-Jurisdictional Allocation Methodology and the 2020 Protocol, each state is allocated a percentage of the costs and benefits, including the output from the Chehalis plant. It is not possible at this time to run the Chehalis plant solely for Washington customers. This means that a substantial portion of the electricity generated from its Chehalis Natural Gas Generation Plant located in Washington is cost-allocated and exported for a final point of delivery outside of Washington to five other states, while only a portion serves Washington retail customers. Washington customers will only receive no cost allowances for the portion of Chehalis used to serve Washington load. The draft rules do not provide no cost allowances for the remaining Chehalis emissions that do not serve Washington retail customers.

Ecology should amend the cost burden calculation under WAC 173-446-230 to include all covered GHG emissions under the CCA, not the more limited allocation of GHG emissions to serve Washington retail electric load. Regardless, Ecology should aim to guarantee that Washington utility customers are not saddled with significantly higher costs that would result from the current draft rulemaking language that provides insufficient no cost allowances. This reasonable amendment ensures that the rules adhere to the legislature's direction to both "take into account" (RCW 70A.65.120(2)(a)), and "mitigate the cost burden of the program on electricity customers" (RCW 70A.65.120(1)).

B. Ecology should amend WAC 173-446-230 to consider single or multi-year electric utility generation resource fuel forecasts to correctly calculate no cost allowances.

WAC 173-446-230 details the proposed calculation to determine the quantity of no cost allowances that electric utilities will receive. Allowances will be based on the cost burden effect

[2] WAC 173-446-230(1)(a)–(b).
[3] WAC 173-446-040(1).
[4] *See* WAC 173-441-124(1)(a)(i).

of the program. However, as noted in greater detail by the Joint Utility Comments, there are significant additional cost factors that are not captured under Ecology's proposed formula in WAC 173-446-230(1)(d). This will result in a materially incorrect estimates of the impacts of the CCA, and will result in insufficient no cost allowances and significantly higher costs for electric customers.

To further help mitigate these estimate errors, PacifiCorp respectfully requests the Department amend the rules to also consider single-year, or multi-year, generation resource fuel forecasts when considering utility-specific forecasts of retail electric load,[5] generation resource fuel forecasts,[6] and resource specific emissions factors.[7] The draft rules provide several sources that the Department can consider when determining each utility's generation resource fuel forecast.[8] The rules could reasonably be interpreted to permit both types (for example, the rules permit a forecast approved by the UTC, and the language is not limited to single or multi-year forecasts). However a clarifying amendment would ensure that, if necessary given utility-specific needs, that the UTC and Ecology have the discretion to consider either single or multi-year forecasts.

III. Conclusion

PacifiCorp respectfully requests the Department consider the reasonable comments discussed above.

Sincerely,

/s/
Zepure Shahumyan
Director, Energy and Environmental Policy
PacifiCorp

[5] Proposed WAC 173-446-230(a).
[6] Proposed WAC 173-446-230(b).
[7] Proposed WAC 173-446-230(c).
[8] Proposed WAC 176-446-230(c)(i)-(iv).