PacifiCorp (Michael Sullivan)

PacifiCorp comments on the ISOR 3 9 26

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Submitted via CARB's online public comment form

California Air Resources Board
100 I Street
Sacramento, CA 95804

Re: PacifiCorp's Comments on CARB's Initial Statement of Reasons on Cap-and-Invest Program and Mandatory Reporting Rule Changes

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits the following comments in response to the California Air Resources Board's (CARB) Initial Statement of Reasons (ISOR) for the Proposed 2026 Amendments to the Cap-and-Invest Regulation and Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions.

I. Background and unique characteristics of PacifiCorp

PacifiCorp serves approximately two million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming), including approximately 49,000 retail customers in California. CARB distributes no-cost allowances to PacifiCorp commensurate with the Company's service of California retail electric customers. PacifiCorp is a covered entity under the Cap-and-Invest program as a California investor-owned electric utility and as an importer into the state through the Energy Imbalance Market (EIM). PacifiCorp is a committed participant in the California Independent System Operator's (CAISO) Extended Day-Ahead Market (EDAM), with a go-live date scheduled for May 1, 2026.

II. PacifiCorp encourages CARB to use an allocation methodology for PacifiCorp that recognizes its unique circumstances and compliance obligations as a small, multistate utility

PacifiCorp strongly encourages CARB to modify the allowance calculation to more accurately forecast the Company's expected allowance obligation and minimize – if not eliminate – costs to retail electricity customers. The ISOR's proposed 2027-2030 allocation adjusts PacifiCorp's allowance calculation methodology, and the new methodology ignores the unique circumstances and compliance obligations of multistate utilities serving load in California - like PacifiCorp.

CARB's electric distribution utility (EDU) allocation methodology document notes that PacifiCorp's proposed allocation calculation now follows the same methodology as all other EDUs, but did not provide a reason for the change away from PacifiCorp's unique allocation

methodology.[1] PacifiCorp's unique methodology exists – and should continue to exist – due to the unique circumstances and compliance obligations of the Company, none of which have changed since the 2016 allocation.

PacifiCorp presents the following three recommendations to CARB to modify the Company's allowance calculation to properly reflect PacifiCorp's future compliance obligation. PacifiCorp strongly recommends the adoption of all three proposals.

a. Utilize PacifiCorp's most recent Integrated Resource Plan

PacifiCorp appreciates CARB's continued recognition of PacifiCorp's differing procurement processes by utilizing the Company's Integrated Resource Plan (IRP) as the basis for its allowance calculation. However, CARB should use the Company's IRP released in 2025 ("2025 IRP") or the forthcoming update ("2025 IRP Update") as the basis for the Company's allowance allocation as they are the most recent – and accurate – information available on PacifiCorp's forecasted generation mix.

Every two years, PacifiCorp produces a single IRP for its six-state system that determines resource and system needs for the planning horizon that satisfies the requirements of each of its state utility commissions. The full IRP planning process is completed every two years with an IRP Update completed in years the Company does not produce a full IRP. The Company's IRP is no simple exercise; the IRP is a constant operation to compile, analyze, and update inputs that includes a robust opportunity for stakeholders to submit data requests, ask questions, and attend public workshops.

In the proposed allowance allocation table, CARB utilized the Company's 2023 IRP Update released in 2024 ("2023 IRP Update") to calculate the Company's future allowance allocation. Data in this IRP is more than three years old and is a less reliable forecast than the Company's 2025 IRP or forthcoming 2025 IRP Update. The 2025 IRP includes a revised generation mix for all states, including California, that significantly deviates from the 2023 IRP Update's projected energy mix. The 2025 IRP was filed at the California Public Utility Commission (CPUC) last year and has been the basis for the Company's CPUC compliance requirements,[2] including the Commission's IRP filing requirements and forecasted RPS compliance (detailed further below).[3] Compared to the 2023 IRP Update, the 2025 IRP includes changes to the Company's resource fleet, which in turn impact the Company's Cap-and-Invest emissions obligation. The 2025 IRP is a more accurate and current reflection of the resources PacifiCorp expects to serve its retail customers in 2027 and beyond.

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1 Appendix D-1, Updated 2027-2030 and Post-2030 Allowance Allocation to Electrical Distribution Utilities, p. 5

2 R.24-01-017, PacifiCorp 2025 Integrated Resource Plan, April 1, 2025, https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=560829356

3 R.24-01-017, 2025 On-Year Supplement To Its 2025 Integrated Resource Plan, January 26, 2026, https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=560829356

PacifiCorp expects to file a 2025 IRP Update on March 31, 2026, which will provide a revised forecasted resource mix. However, given the current rulemaking timeline, PacifiCorp recognizes that it may not be feasible for CARB to incorporate the 2025 IRP Update into an updated allocation.

CARB's electric distribution utility (EDU) methodology document notes that the agency relied on the "most recent" information from the California Energy Commission and industrial covered entities to calculate the allowance allocations[4] It is only logical that CARB would use the most recent information to calculate PacifiCorp's allocation as well, which further supports using the 2025 IRP or 2025 IRP Update over the 2023 IRP Update.

Lastly, CARB's reliance on the 2023 IRP Update over the 2025 IRP and 2025 IRP Update will result in a significantly lower allowance allocation for PacifiCorp's customers, which directly raises costs. CARB should utilize the 2025 IRP or 2025 IRP Update to ensure customers do not pay the price of relying on outdated data.

CARB should use the 2025 IRP or 2025 IRP Update as the basis for the Company's allowance allocation as that is the most recent – and accurate – information available on PacifiCorp's forecasted generation mix, creating a more accurate allowance allocation that more closely resembles the expected compliance obligation the Company will face to serve its retail customers.

b. Recognize modified reporting requirements for small and multistate utilities under the Renewable Portfolio Standard

CARB should adjust PacifiCorp's Renewable Portfolio Standard (RPS) Adjustment Factor Applied to Sales to accurately reflect the resources and emissions PacifiCorp expects to serve its California retail load with.

In the EDU Allocation Methodology, CARB states that "for each year during 2021-2030, 5% was subtracted from that year's expected RPS procurement to represent other electricity used to 'firm and shape' zero-emissions electricity."[5] Further, the Post-2030 allocation also includes this 5% non-zero emission reduction as part of the maximum electricity generated by natural gas. However, both the 2027-2030 and post-2030 methodology fail to account for all ways EDUs comply with the RPS, some of which carry emission obligations.

The ISOR notes the importance of recognizing the emissions associated with RPS compliance and, "the costs associated with RPS Program compliance for importers of electricity."[6]

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4 Appendix D-1, Updated 2027-2030 and Post-2030 Allowance Allocation to Electrical Distribution Utilities, p. 4

5 Appendix D-1, Updated 2027-2030 and Post-2030 Allowance Allocation to Electrical Distribution Utilities, p. 4

6 ISOR, p. 54

However, this recognition does not translate to the allowance allocation methodology for all EDUs. The ISOR does not reference or deliberate the importance of PCC-3 unbundled RECs for small or multistate utilities.

Public Utilities Code Section 399.17(b) allows small and multistate utilities like PacifiCorp to meet RPS procurement requirements "notwithstanding any procurement content limitation in Section 399.16." Section 399.17(b) was confirmed by the CPUC in D.11-12-052, where the Commission concluded that PacifiCorp is "not subject to the requirements and limitations [on] the use of procurement in each portfolio content category."[7] PacifiCorp can satisfy the entirety of its RPS procurement requirements using any Portfolio Content Category ("PCC") category, including PCC-3, which allows the use of unbundled renewable energy credits ("RECs"). However, when PacifiCorp uses PCC-3 unbundled RECs to meet its RPS compliance obligation, the underlying electricity serving customers will typically carry an emission obligation. CARB did not recognize this unique compliance pathway for PacifiCorp's in the ISOR or the allocation methodology appendix.

PacifiCorp appreciates the complexity around the RPS Adjustment and CARB's aim to allocate an accurate number of no cost allowances. In spite of that, the Company does not use the RPS Adjustment because PacifiCorp serves its California customers with energy from its BAA, allocates energy and resources based on a cost-allocation methodology, and does not operate its system in a way that meets CARB's definition of "directly delivered electricity."[8] PCC-3 RECs do not present the implementation challenges associated with the RPS Adjustment identified in the ISOR.[9] PacifiCorp retires its PCC-3 RECs before submitting its annual RPS compliance report to the CPUC, ensuring the Company cannot claim PCC-3 REC usage without completing corresponding retirements. Further, PCC-3 RECs are subject to long-term procurement requirements to ensure a utility is appropriately planning its RPS compliance. Therefore, PacifiCorp's use of PCC-3 RECs for RPS compliance, subject to long-term procurement requirements, provides the CPUC, and CARB, with a level of certainty regarding PacifiCorp's planned reliance on PCC-3 RECs as a RPS compliance pathway.

Per PacifiCorp's most recent RPS compliance report, 36% of RECs retired for 2021-2024 RPS compliance were unbundled RECs and 30% of RECs expected to be retired for 2025-2027 RPS compliance will be unbundled RECs.[10] The updated EDU allocation methodology provides a 5% reduction in the RPS Factor, but PacifiCorp would need this reduction to be increased to 15%

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7 D.11-12-052, p. 63; see also Conclusion of Law 23 and Ordering Paragraph 16

8 California Air Resources Board, *Reporting and Verification Guidance for RPS Adjustment Claims for California's Mandatory GHG Reporting Program* (Mar. 15, 2019).

9 ISOR, p. 54-55

10 R. 24-01-017, PacifiCorp 2024 Preliminary Annual RPS Compliance Report Redacted, p. 19

to match the unbundled PCC-3 RECs the Company used for RPS Compliance Period 4 and forecasts to use for Compliance Period 5.

Further, CARB's Post-2030 allocation calculation assumes that all zero-carbon trajectory resources will be met with zero-emission electricity. However, this is not certain as the CPUC has not determined Reliable and Clean Power Procurement Program (RCPPP) compliance, which may or may not include a Clean Energy Standard on top of the RPS. PacifiCorp and others filed comments requesting RPS procurement requirements enshrined in Public Utilities Code Section 399.17(b) also apply to the RCPPP.[11] While it is impossible to know the outcome at this time, the prudent approach would be for CARB not to assume all these obligations will be met with zero-emission energy and allocate allowances to better protect customers in small service areas that could see large cost swings based on the outcome of the RCPPP.

PacifiCorp has three potential remedies to correct this issue: 1) adjust PacifiCorp's RPS Factor Applied to Sales to mimic PacifiCorp's actual renewable energy procurement forecast in its 2025 IRP; 2) use the existing allocation methodology, which relies on IRP data for expected renewable energy used to serve customers or 3) increase the RPS Factor Applied to Sales reduction from 5% to 15% to better reflect PacifiCorp's expected emissions obligation using the Company's most recent RPS Forecast.

PacifiCorp also supports a fourth remedy proposed by the California Joint Utilities Group, which proposes CARB maintains the existing 2027-2030 allocation with some adjustments that includes increasing the 5% non-zero emission reduction.

c. Utilize emission factors for resources that actually serve PacifiCorp's California customers

CARB's EDU methodology document uses static emission factors to calculate expected obligations from coal and natural gas emissions. However, PacifiCorp serves its six-state system and customers with its own coal and natural gas generation and those resources may have higher emission factors than those listed in the methodology document.

For example, CARB uses Intermountain Power Plant's (IPP) emissions factor to calculate anticipated coal emissions, and thus allowances, in the allowance calculation spreadsheet. PacifiCorp does not purchase specified coal generation from IPP and PacifiCorp's owned coal generation emission factors are significantly higher than CARB's calculated IPP emission factor.

11 CPUC RM 20-05-003, Joint Comments of Liberty Utilities (CalPeco Electric) LLC (U 933 E) And PacifiCorp (U 901 E) on the Reliable and Clean Power Procurement Program Staff Proposal, July 15, 2025

Eight of PacifiCorp's 10 coal generation facilities that served California customers in 2024 had higher emission factors than IPP emission factor,[12] some with emission factors 30% higher.

PacifiCorp understands the value of the simplicity of CARB's approach in applying a static emission factor. However, out of the 54 EDUs allocated no cost allowances in the proposed allocation table, PacifiCorp is one of only two entities forecasting coal generation in its fleet and the other entity has one-tenth the retail sales in comparison. Therefore, PacifiCorp is the most impacted by this static emission factor and CARB should choose an emission factor that most closely mirrors the resources expected to serve California customers, especially given the negligible impact it would have on other EDU allocations. PacifiCorp does not believe customers should have their allowance allocation shortchanged because static emission factors were not adjusted to reflect the actual resources PacifiCorp uses to serve its customers.

CARB should adjust PacifiCorp's coal emission factors in the Company's allowance allocation to match the Company's coal emission factors. A simple average of PacifiCorp's fleet is the most straightforward approach, or the Company can supply IRP data on how much energy from each facility the Company expects to serve California customers, which allows CARB to create a more accurate weighted average.

III. PacifiCorp supports CARB's approach to transition allowances from natural gas allowances to EDUs.

PacifiCorp supports CARB's approach to transition natural gas allowances to EDUs starting with vintage 2029 allowances. As mentioned in prior comments,[13] PacifiCorp has many customers reliant on fossil fuels like propane or oil to heat their homes. This allowance transition would help lower the cost of electricity and further incentivize electrification for customers to heat their homes with heat pumps or drive electric vehicles. PacifiCorp also appreciates the straightforward distribution approach to spread allowances to all EDUs. While there could be benefits to evaluating different distribution criteria, this straightforward approach allows CARB to begin the transition with vintage 2029 allowances, speeding up electric investments that otherwise may be delayed due to a lengthy re-allocation process.

IV. PacifiCorp recommends CARB update language pertaining to multijurisdictional utility cost allocation

PacifiCorp reports emissions associated with serving California retail customers as a multijurisdictional retail provider under Section 95111(b)(4) of the MRR. Per the regulation,

12 See emission factors for Colstrip, Craig, Dave Johnston, Gadsby, Hayden, Hunter, Huntington, Jim Bridger, Naughton, Wyodak. 2024 MRR, Workbook ONE, EF List Tab

13 PacifiCorp's Comments on CARB's October 29, 2025, Cap-and-Invest Program Workshop, November 12, 2025

multijurisdictional retail providers report under this section "pursuant to a cost allocation methodology approved by the California Public Utilities Commission (CPUC) and the utility regulatory commission of at least one additional state in which the multi-jurisdictional retail provider provides retail electric service."

Prior to 2026, PacifiCorp submitted a shared cost allocation methodology to its six states. However, PacifiCorp's fifth multi-state allocation agreement, referred to as the "2020 Protocol", expired December 31, 2025. PacifiCorp and its six states have not yet approved a new multi-state allocation methodology, so the Company is submitting individual cost allocation methodologies to each state's public utility commission. As a result, PacifiCorp's next cost allocation methodology may only be approved by the CPUC – thereby leaving the Company without an approved methodology approved by the CPUC and at least one other state. A single state allocation is not unprecedented; in December 2025, the Washington Utilities and Transportation Commission approved a cost allocation methodology that includes resource allocations only for Washington.[14]

Other California agencies have altered their regulations to prepare for this potential outcome. The California Energy Commission recently adjusted Power Source Disclosure reporting requirements to recognize this potential outcome and specifically allows reporting using a cost allocation methodology approved only by the CPUC.[15]

PacifiCorp recommends CARB modify the MRR requirements by striking "and the utility regulatory commission of at least one additional state in which the multi-jurisdictional retail provider provides retail electric service" from all references to multi-jurisdictional retail providers to ensure PacifiCorp can continue to comply with MRR rules.

V. PacifiCorp supports CARB's corporate association trigger rules, but recommends modifying the officer attestation to simplify compliance

PacifiCorp appreciates that CARB's new corporate association trigger (CAG) rules include an exemption for consultants or advisors who have neither legally binding authority over a registered entity nor decision making authority over an entity's specific market position. PacifiCorp and its many direct affiliates use their own consultants and advisors as the Cap-and-Invest program is a complex regulation. Covered entities regularly need assistance from consultants or advisors to help interpret rules and guidance, evaluate compliance instrument

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14 Wash. Utils. & Transp. Comm'n, Final Order 08, Rejecting Tariff Sheets; Granting Petition in Part, Subject to Conditions; Authorizing and Requiring Compliance Filing, Docket UE-250224 (Dec. 22, 2025).

15 California Energy Commission 21-OIR-01, February 13, 2025 Adoption Order, December 9, 2024 Proposed Revisions to the Rulemaking to Amend Regulations Governing the Power Source Disclosure Program, p. 29

transactions, or assist with third-party verification. These consultants or advisors often help with the services listed in 95979(2)(b), including offset procurement, greenhouse gas emissions factors, or legal services, without knowing the entity's market position. This exemption allows covered entities to continue using their existing consultants or advisors that meet the proposed criteria while still maintaining program integrity and market efficiency.

The proposed rule requires the entity to apply for an exemption and submit an officer attestation that the consultant or advisor meets the qualifying criteria. PacifiCorp recommends modifying the attestation to be an account representative attestation rather than an officer attestation. Account representatives are already trusted with attestations like the corporate association disclosure, and downgrading the officer attestation will reduce administrative burden.

VI. PacifiCorp supports MRR resource registration modifications

PacifiCorp appreciates CARB's proposed revisions to streamline resource registration under the MRR. PacifiCorp manages hundreds of resources across its system with additional facilities added each year. Simplified resource registration will significantly reduce administrative burden. For example, net generation data are not finalized prior to the resource registration deadline, requiring the Company to compile incomplete information prior to the data collection for the Company's Federal Energy Regulatory Commission Form 1 submission. In addition, compiling details such as operational control, ownership, net nameplate capacity, and commercial operation dates requires reviewing many lengthy contracts - an effort that does not materially impact emissions reporting.

PacifiCorp offers one additional recommendation. The current resource registration reporting template requires reporting facilities' longitude and latitude, which is time-consuming to look up and does not affect emissions calculations. A facility's location within or outside California does impact MJRP workbook calculations, but this can be determined using the physical address already included in the registration materials. The Company recommended Washington Department of Ecology also remove longitude and latitude in recent comments[16] and recommends CARB consider the change as well.

VII. Energy storage systems

CARB's proposed rule amendments detail how ESSs can be used to claim specified source imports. PacifiCorp uses or plans to use ESS devices paired with renewable energy resources, and as stand-alone grid-only devices. These systems support several functions, including frequency regulation, grid stabilization, transmission loss reduction, and renewable energy smoothing.

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16 See *PacifiCorp's Informal Comments on Ecology's February 5, 2026, Centralized Electricity Markets and Electricity Import Topics,* dated February 20, 2026, at 5. https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/rf09i4pfcfm_document.pdf?v=42478

PacifiCorp generally supports CARB's proposal, including the ability to voluntarily report specified and unspecified sources that charge the ESS and a unique ESS loss factor. This allows reporting entities to supply more accurate energy and emissions information, which encourages more efficient ESS management and technologies and allows regulators to have an accurate understanding of the energy and emissions serving the state.

For purposes of MJRP greenhouse gas reporting, stand-alone grid-only ESSs do not generate or consume energy (excluding losses); rather, they move energy - and the emissions already reported by the MJRP template - to different points in time. Accordingly, these ESSs should be excluded from MJRP reporting unless the ESS is imported into a state as a specified resource. While ESSs experience storage and discharge losses, those losses are inherently reflected in the additional generation required to serve system load, which is already reported within the MJRP framework and therefore fully accounted for.

PacifiCorp requests further discussions with the California Air Resources Board regarding the appropriate method for calculating emissions associated with a battery charged from an MJRP system and subsequently imported as a specified source into a greenhouse gas zone. Stakeholders will need to balance two objectives: (1) maintaining incentives for the use of ESSs, which is typically charged during periods of abundant renewable energy generation – and (2) ensuring accurate emissions accounting, which requires detailed information to allow for use of a specified emission factor. For example, a battery imported at an unspecified rate would get an 18% loss factor and could incur a higher greenhouse gas emission obligation than a natural gas generation facility, despite the battery likely having been charged during a time of abundant solar resources. CARB put forth a detailed analysis showing that the marginal emissions rate has been largely unchanged since the 2010 analysis. However, batteries are flexible load. So, while the marginal emission rate may not have changed, the grid makeup when batteries charge is different compared to when batteries discharge. This could be recognized with a different unspecified emission factor for ESSs that are not charged with specified electricity.

VIII. Other items and conclusion

PacifiCorp recommends fixing the typo "stand-along" on page 154 of the MRR Proposed Regulation Order.

Lastly, PacifiCorp would like to thank CARB for its work and consideration of all stakeholders in their rulemaking. While the Company does not serve a large portion of the state's retail customers, CARB gives thoughtful and appropriate consideration to issues the Company and its customers face. PacifiCorp appreciates the comment opportunity and looks forward to continued engagement in the CARB's rulemaking.

Sincerely,

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