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October 24, 2023

VIA ELECTRONIC FILING

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 21-OIR-01
715 P Street
Sacramento, CA 95814-5512

Re: Docket 21-OIR-01 — Power Source Disclosure Pre-Rulemaking Amendments

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits the following comments in response to the California Energy Commission's (Commission) September 20, 2023, pre-rulemaking amendments to California's Power Source Disclosure Program and related hourly reporting template.

As discussed below, PacifiCorp requests an exemption from the hourly reporting requirements because it is not currently possible for the Company to comply, and even if it were, the costs to comply to disclose hourly generation data would be unduly burdensome for our California customers.

I. PacifiCorp cannot assign hourly emissions from generation to retail sales.

As background, PacifiCorp serves approximately 2 million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming). The Company also operates two balancing authority areas (BAA), PacifiCorp East (PACE) and PacifiCorp West (PACW), that are both outside the California Independent System Operator's (CAISO) system. PacifiCorp has approximately 49,000 retail customers in California, amounting to less than 2 percent of PacifiCorp's total retail sales.

To ensure that customers in each state only pay their fair share of these costs, the Company enters into multi-state cost-sharing agreements that are submitted to utility commissions for approval in each state where the Company operates, including California. These agreements dictate how the costs, benefits, and environmental attributes, including emissions and renewable energy credits (RECs), of PacifiCorp's generating resources are allocated using the proportionate share of load and peak demand of each state. For example, because PacifiCorp's California load represents less than 2 percent of the Company's total load served, California is allocated less than 2 percent of the resources and costs used to meet total load.

Consistent with existing Commission regulations, PacifiCorp's Power Source Disclosure reporting methodology and Power Content Label are also based on cost allocation agreements because there is no direct correlation on an hourly basis between PacifiCorp's state loads and the dispatch of individual resources in our six-state system. While the Company's 2021 Power Content Label includes specific percentages of generation resources (eligible renewable, natural

gas, etc.), these percentages do not represent actual deliveries to California customers or the flow of energy; they only reflect the assignment of costs to each state.

Similarly, California has long accepted and acknowledged the unique challenges of multijurisdictional utilities and has allowed the Company to utilize modified or separate treatment, or exempted the Company where appropriate. For example, this includes creating unique reporting requirements under the California Air Resources Board's Mandatory Reporting Rule,¹ exempting PacifiCorp from the state's integrated resource planning and long term procurement plan (IRP-LTPP) process,² and modifying compliance reporting and procurement under the state's Renewables Portfolio Standard.³

II. PacifiCorp's multiple, multistate balancing authority areas makes matching hourly retail sales to generation sources impossible.

Given our multi-state, multi-BAA system, it is impossible to determine what resource serves which state.

PacifiCorp operates two Balancing Authority Areas (BAA), PacifiCorp West (PACW) and PacifiCorp East (PACE). PACW spans California, Oregon, and Washington, and PACE spans Idaho, Utah, and Wyoming. PacifiCorp is required to constantly balance customer load, imports and exports (net interchange), and generation in its BAA. To remain in balance, an originating BAA reports a scheduled net interchange export and a receiving BAA records an actual net interchange import (any generation resource across the Western Interconnect could report the net interchange). But importantly here, neither BAA knows what source generated the electricity that was transferred between the two BAAs. This means that PacifiCorp lacks the information it needs to comply with the Commission's proposed regulations to match hourly retail sales to specific generation resources.

This concern, caused by the net interchange or inter-BAA transfer of electricity, would essentially require all exports and imports in PACE (and most in PACW) to be from an identified source, even though almost all transfers likely occurred at an intertie outside of California. But this is not possible under current federal requirements. Based on the Company's current interpretation of the proposed regulations, it appears that the Western Electricity Coordinating Council (WECC) and North American Electric Reliability Corporation (NERC) would need to propose, and the Federal Energy Regulatory Commission would need to approve, amendments to federal reliability standards to appropriately implement California's hourly power disclosure rules for net interchange or inter-BAA transfers of electricity.

In addition to issues with inter-BAA transfers, there would still be a within-BAA concern for any BAA like PACW that serves multiple states. Within any given BAA, each operator records real-time generation and load data, and dispatches resources up or down to maintain system balance. However, BAA operators do not dispatch resources for specific customers; BAA

¹ Cal. Code Regs Title 17, § 95111(b)(4).

² Cal. Pub. Util. Code § 399.17.

³ *In re CPUC RPS Rulemaking*, Decision 08-05-029 May 30, 2008.

operators only manage the overall net of generation and load. In other words, generation internal to the BAA is dispatched to serve load in the BAA without identifying specific resources for specific loads within the BAA. Similar to the inter-BAA transfer concern, the Company currently lacks the ability to match hourly retail generation to hourly retail sales, even for resources within our multi-state PACW BAA.

III. Even if possible, compliance with the Commission's regulations would be unduly burdensome for our California customers.

It would require material changes to the Company's operations (and various third-parties not subject to the Commission's jurisdiction) to comply with the proposed regulations. To highlight one example, PacifiCorp does not produce hourly e-tags that specify or guarantee a specific generation resource for energy transfers between PACW and PACE. This means that energy that comes into PacifiCorp's BAAs can be used for several things such as load, load balancing, or wheeling. These resources are not specific to a state, but rather serve PacifiCorp's six-state system. If PacifiCorp is required to hourly e-tag for each of its states, then it would need to make costly operational changes for intra-BAA and inter-BAA energy flows.

But even assuming it was possible, the Company represents that the costs to do so would be unduly burdensome. At minimum, the Company would need to: (1) petition WECC and NERC to propose changes to reliability standards to require hourly tagging of net interchange or inter-BAA energy flows; (2) deploy various internal strategies (including recording, reporting, and accounting systems) to allow for hourly e-tagging and reporting of BAA energy flows (including for PacifiCorp's over 400 generation resources on its system, including computing load, standalone storage charging, and generic resales); (3) renegotiate its current six-state multistate protocol with dozens of stakeholders to account for hourly resource matching; (4) model cost, resource adequacy, compliance, and long-term planning implications for customers in each of the six states; (5) apply to, and receive approval from, all six public utility commissions to implement the methodology; (6) work with regulators to incorporate new multistate protocol rules into PacifiCorp's California compliance strategy; and (7) file a California rate proceeding to recover California-specific costs from our California customers.

While the Company has not estimated what these costs would amount to, it would take years to accomplish, and given that this change would be driven by California policies, it is a reasonable assumption that the 2 percent of PacifiCorp's total customers that reside in California would be responsible for most of the upgrade costs to PacifiCorp's entire system. PacifiCorp represents that this would be unduly burdensome for our California customers, and merits an exemption from the proposed regulations under Cal. Pub. Util. Code § 398.6(l).

IV. PacifiCorp already reports loss-adjusted load and other sources of electricity under existing Power Source Disclosure reporting, and the proposed rules would not accurately reflect emissions assigned to PacifiCorp's California customers.

PacifiCorp already reports a version of loss-adjusted load and other sources of electricity to the Commission as part of its existing cost-allocation-based Power Source Disclosure

methodology. This methodology includes all emissions from each generation resource across PacifiCorp's six-state system and assigns emissions to California based as a percentage of that state's load and peak demand, which already accounts for transmission and distribution line losses.

Requiring the Company to comply with the proposed regulations without modified requirements for multijurisdictional utilities would lead to further complications and inaccurate reporting. For example, the proposed definitions of "loss-adjusted load" and "other electricity uses" assume that specific generation resources serve PacifiCorp's California customers (which as discussed above, is not correct), and do not account for electricity PacifiCorp serves to other states.⁴ These definitions have implications for fuel mix reporting requirements that assume unspecified power should be the difference between PacifiCorp's loss-adjusted load and total specified procurements, and that remaining procurement in excess of retail sales should be allocated to "other electricity uses."

As a result, it appears that the Company's reported unspecified power and other electricity uses will be incorrectly inflated by the exact amount of generation that serves other states: Under a straight reading of the definition, PacifiCorp's reported resource emissions would add over 32,000 GWh of coal generation alone to California—quadruple what was reported for the state's total coal electricity imports in 2021.⁵ This would not reflect our California customer's true share of emissions, and would run contrary of the proposed rule's goal of better accounting for California's actual electric sector emissions through more accurate reporting.

For similar reasons, the Company cannot comply with the Commission's proposed load-matching regulations: It is unclear how the Company could develop a resource supply stack when those resources are shared between six states. The Commission's proposed solution to simulate hourly production profiles for retail suppliers using the CPUC's Clean System Power (CSP) calculator would not solve PacifiCorp's dilemma because the Company does not use the CSP, as PacifiCorp is exempted from the majority of California's IRP planning processes, and PacifiCorp's BAAs are located outside CAISO's footprint.

V. Conclusion

PacifiCorp requests the Commission exercise its discretion under Pub. Util. Code § 398.6(1) and exempt entities like PacifiCorp from these proposed regulations, and instead permit PacifiCorp to continue reporting annual information. Besides meeting the letter of the exemption,

⁴ Commission Proposed Regulations § 1391, at 4 ("'Loss-adjusted load' means the total amount of electricity measured *at the utility-scale generation source* . . .") (emphasis added); *Id.* ("'Other Electricity Uses' means electricity end-uses other than retail sales. . . . Other electricity uses included, without limitation, self-consumption and transmission and distribution losses.").

⁵ Compare PacifiCorp ESG/Sustainability Quantitative Information, 2021, (available here: <https://www.brkenegy.com/esg-sustainability/governance>) (discussing total PacifiCorp emissions from generating resources), with 2021 Total System Electric Generation, California Energy Commission, (available here: <https://www.energy.ca.gov/data-reports/energy-almanac/california-electricity-data/2021-total-system-electric-generation>) (discussing California-specific coal emissions).

it would also be consistent with the Legislature's direction that Commission rules generally, and these hourly reporting rules specifically, "shall seek to minimize the reporting burden and cost of reporting that it imposes on retail suppliers."⁶ PacifiCorp believes the pre-rulemaking amendments as written make the costs to comply unduly burdensome for both the electrical corporation and its customers.

Sincerely,

/s/

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⁶ CA Pub. Util. Code §§ 398.5(d), 398.6(k).