



Idaho Public Utilities Commission

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Case No. PAC-E-24-05
Order No. 36274
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NEWS RELEASE: Commission grants electric utility's application for reconsideration.

BOISE (July 25, 2024) – The Idaho Public Utilities Commission has granted a petition for reconsideration filed by Rocky Mountain Power in a case involving costs incurred to comply with the State of Washington's Climate Commitment Act (WCCA).

In a previous application to the commission, Rocky Mountain Power applied for approval of approximately \$62.4 million in Energy Cost Adjustment Mechanism deferred costs. The commission approved the majority of the costs, with the exception of \$2.3 million. Rocky Mountain Power incurred this amount to comply with WCCA.

WCCA establishes requirements designed to reduce certain greenhouse gas emissions from generating plants in Washington State. Rocky Mountain Power operates a natural gas-fired generating facility in Chehalis, Washington, that exports a portion of the electricity it generates there to Idaho customers. The Chehalis facility releases carbon dioxide for which Rocky Mountain Power is required to purchase and retire "allowances" through the Washington Department of Ecology.

In a previous order (Order No. 36207) denying the \$2.3 million, the Idaho Public Utilities Commission disagreed with Rocky Mountain Power's argument that the costs it incurred to comply with WCCA are like other taxes imposed on the utility. The commission said WCCA is more like a renewable portfolio standard as it is designed to reduce the use of fossil fuel. The commission also referenced a 2020 PacifiCorp Inter-Jurisdiction Allocation Protocol. Part of the protocol is designed to isolate state-specific policy costs for recovery from customers where the policies are created. The commission determined that Idaho customers should not be required to pay for out-of-state environmental policies.

In its application for reconsideration, Rocky Mountain Power said the commission misinterpreted the allocation protocol in various ways; impermissibly separating the costs and benefits of the Chehalis facility and discriminating against the utility for engaging in interstate commerce. Rocky Mountain Power said the commission misinterpreted the 2020 Protocol and WCCA as requiring the reacquisition of Chehalis under a Washington State portfolio standard.

According to Rocky Mountain Power, it did not re-acquire Chehalis under a portfolio standard by obtaining climate commitment act allowances.

Rocky Mountain Power also said Order No. 36207 violates the Commerce Clause of the U.S. Constitution by effectively discriminating against out-of-state economic interest. By denying recovery of costs like those the utility can recover in rates, the previous order treats power transmitted from Washington State differently than power produced in other states.

After considering the utility's arguments, the commission granted Rocky Mountain Power's application for reconsideration and set deadlines for parties to the case to file written comments and supporting evidence.

Additional information is available at: puc.idaho.gov/case/Details/7292.