



Final 2016 Integrated Resource Plan

Progress Report August 31, 2018

Progress Report – Executive Summary

Purpose

In 2006, Washington State enacted House Bill 1010 requiring public utilities that are not full requirements purchasers of Bonneville Power Administration power and that serve more than 25,000 customers to provide progress reports on completed Integrated Resource Plan (IRP) in accordance with RCW 19.280 at least every two years. This progress report of Clark Public Utilities' 2016 IRP has been completed in response to that mandate. The required documentation will be transmitted to the Washington Department of Community, Trade and Economic Development (CTED) by the September 1, 2018 deadline.

The 2016 IRP for Clark Public Utilities is attached for reference.

For several years, Clark Public Utilities has focused on flexibilities and contingencies to the externalities that face the utility. This progress report is a “snapshot” in time of these flexibilities and contingencies.

Conclusions of the 2016 IRP still ring true

The conclusions reached in the 2016 IRP are as true today as when they were included in 2016. The original conclusions are in normal type with checkmarks and current comments are highlighted in bold blue type.

- ✓ Current uncertainties in rules and regulations at the state, regional, and federal levels makes any long-term integrated resource planning very difficult.

As the push to a greener grid continues, long-term planning is a tenuous effort at best. A ballot measure in 2016 calling for a carbon tax failed in Washington state and two rounds of legislative efforts to price or tax carbon dioxide also failed to gather needed votes. Now I-1631 is poised for another go at the ballot box. Passage of this initiative will place Clark Public Utilities in a position to tax (or add a fee) to its ratepayers bills that will raise the overall costs of their power bill but in the near future would not very likely result in any reduction to Clark Public Utilities' carbon footprint. This kind of uncertainty and the associated unknown implementations and implications continue to make long-term planning difficult.

- ✓ Under most reasonable scenarios, Clark Public Utilities has sufficient annual average energy capability to meet its annual average energy requirements.

This has not changed. Clark Public Utilities continues to grow moderately and the BPA Slice/Block contract rights to power will meet this growth into the future. This is reflected in the IRP cover sheet attached to this report.

- ✓ Clark Public Utilities needs peaking capability.

Clark Public Utilities continues to meet its peaking needs with short-term market products. Until the regulatory scheme becomes stable, making any long-term decisions regarding power supply will not be on the table.

- ✓ With positive load growth assumed, the requirements of the EIA coupled with sufficient annual average capability and a peak deficiency dictate the purchase of RECs unless the cost cap under the EIA is triggered.

Clark Public Utilities will continue to comply with the EIA in the most cost effective way possible for its ratepayers and will assess compliance continually.

- ✓ All cost-effective conservation and DSM regardless of need is assumed to be implemented.

A sound practice that Clark Public Utilities continues year in and year out. In addition, Clark Public Utilities has twice increased the cap on net-metering to what is now three times the upper limit as set by state law.

- ✓ BPA Tier 1 power will be the lowest cost resource to cover load growth.

This is true at this time, but Clark Public Utilities does have concerns about BPA's rising costs into the future.

- ✓ RRGP will continue to serve load albeit at a higher price if carbon taxes are implemented.

No immediate replacement to RRGP is imminent that will serve the needs of Clark Public Utilities any better for any less costs. RRGP is a necessary component in maintaining electric reliability for the Vancouver and Portland metro area. Any tax or fee added to the costs of generation will not change this fact and will not alter RRGP's generation patterns appreciably.

No changes or updates are required of these Conclusions.

Sectional Progress Updates and Comments

Organization of the 2016 IRP

The 2016 IRP report was divided into appropriate sections. Updates to these sections are delineated here in bold blue type.

Section 2 – Forecasted Incremental Electric Power Requirements

Updated Loads/Resources and associated balances are included in the 2018 cover sheet attached to this progress report. There is very little change to Clark Public Utilities' positions and thus further discussion is not required.

Section 3 – Summary of Conservation Potential Assessment

Clark Public Utilities completed a CPA in 2017 and submitted to the state as required. Resulting changes to the conservation numbers are also included in the 2018 cover sheet.

Section 4 – Supply-Side Resource Options Assessment

No changes or comments required for this section.

Section 5 – Renewable Energy Resources Assessment

Progress is being made in renewable resource and battery technologies to the point where they are getting close to commercial operation at non-subsidized competitive rates. Batteries still lack the size and duration of discharge that would make them a feasible substitute for large-scale capacity options such as combustion turbines or power purchase agreements. Current assessments of Clark Public Utility indicates no real need for these types of resources aside from net metering resources done in small scale at residential sites.

Section 6 – Other Important Planning Considerations

Many externalities were explored in the 2016 IRP. True to the theme identified in the conclusions regarding uncertainty some of these issues withered away while others continue to live on in one form or another. Clark Public Utilities' approach to planning which is a continual process where an IRP is but a snapshot in time serves the ratepayers well. It allows for ultimate flexibility and does not commit the utility to a predisposed approach delineated in a shelf-bound document only to be dusted off and regurgitated every leap year.

Section 7 – Strategies and Portfolios towards a Least Cost Plan

All three strategies identified in the 2016 IRP are still relevant and are still being pursued. Clark Public Utilities continues to evolve its approach toward resource planning and integration. Clark Public Utilities welcomes ideas and comments from

the public at twice-monthly public commission meetings as well as publicly noticed power supply workshops held throughout the year. Clark Public Utilities recently earned its 11th consecutive first place award from JD Power for customer service in the West for mid-sized utilities. This award factors in many attributes including power quality and reliability, price, billing and payment, corporate citizenship, and communications and customer service.

Section 8 – Risk and Uncertainty

No changes or comments required for this section.

Section 9 – Action Plan

No changes required for this section. Clark Public Utilities continues to pursue all the items identified in the Action Plan and take actions as necessary and as approved by our publicly elected board of commissioner.