Clark Public Utilities

2026 PROGRESS REPORT ON THE 2024 INTEGRATED RESOURCE PLAN

PREPARED IN COLLABORATION WITH:

TEA
THE EnergyAuthority

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SECTION 1: OVERVIEW

BACKGROUND

Public Utility District No. 1 of Clark County (Clark Public Utilities or CPU) is required by Washington State law, Chapter 19.280 of the Revised Code of Washington (RCW), to develop "a comprehensive resource plan that explains the mix of generation and demand-side resources it plans to use to meet its customers' electricity needs in both the long term and the short term." Under this law, CPU must prepare a comprehensive plan every four years and submit a progress report in the intervening two-year period. The Integrated Resource Plan (IRP) analysis must include a range of load forecasts over a ten-year time horizon; an assessment of feasible conservation and efficiency resources; an assessment of supply-side generation resources; an economic appraisal of renewable and non-renewable resources; a preferred plan for meeting the utility's requirements; and a formal action plan. The Board adopted CPU's 2024 IRP on August 20, 2024.

The 2024 IRP analysis determined that CPU would transition from a predominantly winter-peaking utility to a summer-peaking utility over the planning horizon. In addition, CPU's existing long-term Bonneville Power Administration (BPA) Slice/Block power supply contract, together with its owned and contracted resources, was forecast to be sufficient to meet average annual energy demand through 2035.

However, on a capacity basis, the 2024 IRP identified an existing and growing deficit. Absent additional resource procurement, this deficit was projected to reach approximately 750 MW of summer capacity and 500 MW of winter capacity by the end of the study period (2044). These capacity deficits reflect the planning assumptions used in the 2024 IRP, including compliance with the Western Resource Adequacy Program (WRAP), which was assumed to take effect beginning in November 2027.

In response to these findings, the 2024 IRP outlined a strategy to meet the short- and long-term electricity needs of CPU customers while complying with the Clean Energy Transformation Act (CETA) and Energy Independence Act (EIA). The analysis reflected that CPU was meeting customer energy needs with a predominantly carbon-free resource portfolio, with approximately 90 percent of its supply sourced from BPA, the majority of which is generated by the Federal Columbia River Power System (FCRPS). On an average energy basis, existing contracted resources were projected to meet or exceed forecast load throughout the planning horizon.

On a capacity basis, the IRP analysis indicated that the least-cost approach to addressing projected deficits included the addition of battery storage resources in combination with incremental renewable resources and market purchases. The strategy also maintained reliance on BPA as the foundation of CPU's supply while preserving flexibility to utilize BPA Tier 2 power, short-term contracts, and extensions of existing power purchase agreements as needed. Consistent with these findings, the IRP emphasized the importance of maintaining flexibility in resource decisions given uncertainties related to BPA's post-2028 product structure and the evolving cost and availability of emerging technologies.

Following completion of the IRP analysis and prior to submittal of the IRP, CPU transitioned to the BPA Load Following product beginning October 1, 2025 for the remainder of the current Regional Dialogue contract period and has also elected to continue with the Load Following product for the post-2028 contract period under BPA's Provider of Choice framework. This selection modified the near-term resource outlook by providing an alternative to the utility-procured capacity resources identified in the IRP, while maintaining BPA as the foundation of CPU's supply portfolio.

This 2026 Progress Report reviews changing conditions in the wholesale energy market and planning environment, as well as CPU's progress against its strategy and action plan since adoption of the 2024 IRP. This Progress Report is consistent with the State of Washington's regulatory requirements (RCW 19.280.030).

CLARK PUBLIC UTILITIES

CPU provides electric service to more than 235,000 customers with load characteristics driven by a mix of residential, commercial, and industrial demand. CPU purchases most of its wholesale power from BPA at cost, through the long-term Load Following Agreement. CPU made the switch from Slice/Block to Load Following effective October 1, 2025.

Most of the BPA power supply comes from the Federal Columbia River Power System (FCRPS) hydroelectric projects. BPA also markets the output of the Columbia Generating System (nuclear plant) near Richland, WA, and makes miscellaneous energy purchases on the open market.

CPU supplements its energy and capacity needs through ownership of the River Road natural gas-fired combined cycle project, and contracts for output of the Combine Hills 1 and 2 wind projects, Box Canyon hydro project, as well as a small portion of the Packwood Lake hydroelectric project. In addition, CPU recently executed 30-year power purchase agreements for the full output of two utility-scale solar projects, with nameplate capacities of approximately 74 MW and 117 MW. Both projects are expected to be commercially operational in September 2028. CPU continues to evaluate resource options as part of its ongoing resource planning efforts.

2026 PROGRESS REPORT APPROACH

CPU performed the following steps in developing this Progress Report:

- Updated CPU's load forecast for comparison with the forecast used in the 2024 IRP;
- Updated the market price projection utilizing Energy Exemplar's PLEXOS electric forecasting and analysis software;
- Reviewed supply-side resource cost and performance assumptions, including developments related to resource adequacy requirements under WRAP and compliance obligations under CETA; and
- Assessed CPU's progress against items in the 2024 IRP Action Plan.

SECTION 2: CHANGING CONDITIONS

CPU has updated its load forecast following completion of the 2024 IRP. The current Base Case outlook projects total energy demand to increase from 4,917 GWh in 2026 to 5,761 GWh in 2044, representing an average annual growth rate of approximately 0.9 percent. Peak demand is forecast to grow from 961 MW in 2026 to 1,112 MW by 2044, an average annual growth rate of approximately 0.8 percent.

The current High Case outlook projects total energy demand to increase from 5,016 GWh in 2026 to 6,575 GWh in 2044. Peak demand is forecast to grow from 980 MW in 2026 to 1,269 MW by 2044. Both energy and peak demand are projected to grow at an average annual rate of approximately 1.5 percent.

The load forecast used in the 2024 IRP assumed stronger growth than the current Base Case or High Case projections, including approximately 2.1 percent annual energy growth and 2.0 percent annual peak demand growth over the 2026–2044 period. While projected peak demand in 2026 is comparable

between the three forecasts, the 2024 IRP estimated energy demand in 2026 to be approximately 3 percent higher than the current Base Case projection and approximately 1 percent higher than the current High Case projection. As a result of both the higher starting point and stronger growth assumptions, total projected energy demand in 2044 under the current Base Case forecast is approximately 1,565 GWh lower than the 2024 IRP forecast, or about 21 percent lower. The current High Case forecast is approximately 750 GWh lower than the 2024 IRP forecast, or about 10 percent lower.

The revised outlook does not materially change CPU's overall resource adequacy position. Peak demand growth, combined with WRAP capacity requirements, continues to result in an existing and expanding capacity deficit under standard planning assumptions. CPU's transition to the BPA Load Following product modifies how these capacity needs are addressed. Under this structure, BPA serves CPU's net load and assumes responsibility for a significant portion of CPU's capacity obligations, while CPU retains responsibility for certain resources, including operation of the River Road Generating Plant and capacity associated with its above Contract High Water Mark load. Accordingly, the updated forecast reinforces the importance of maintaining a flexible resource strategy while continuing to monitor load growth and regional resource adequacy conditions. Figure 1 compares the current load forecast with the load forecast used in the 2024 IRP.

In addition to changes in load forecasts and resource assumptions, evolving wholesale market structures continue to influence CPU's planning environment. Day-ahead and real-time market developments in the Western Interconnection are expected to be implemented over the next several years, providing increased opportunities for economic dispatch, improved price transparency, and enhanced access to regional resources. CPU continues to monitor these developments and evaluate how participation in organized market structures may support system reliability, integration of variable energy resources, and overall cost-effectiveness of its power supply portfolio.

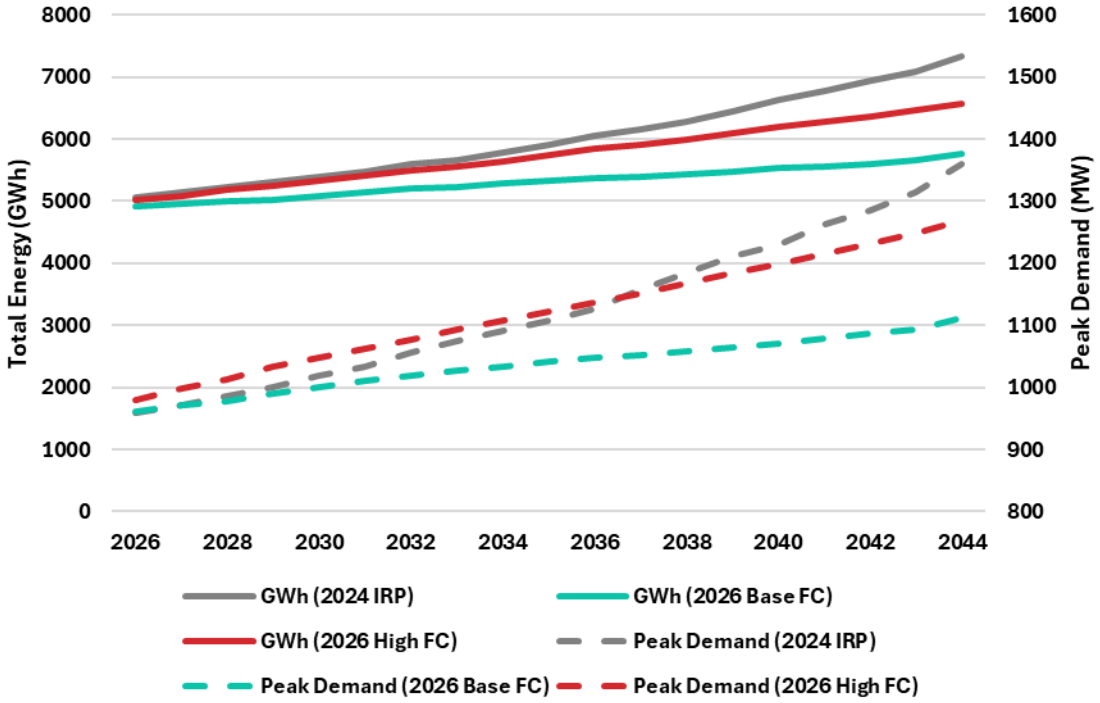

Figure 1. Comparison of 2024 IRP and 2025 Updated Load Forecasts (2026–2035)

NATURAL GAS PRICE FORECAST

Commodity costs, supply chain constraints, and inflationary pressures remain important considerations in long-term resource planning. The price forecast for natural gas continues to be a key planning component, as natural gas prices influence wholesale market pricing and the dispatch costs of thermal generation across the Western Electricity Coordinating Council (WECC) region.

The natural gas price forecast used in the 2024 IRP was based on forward market data and long-term fundamental projections available at that time. The Henry Hub forecast has been updated using the NYMEX forward strip as of December 19, 2025 for the period through 2028, with prices thereafter based on S&P Global's most recent short-term and long-term outlooks.

Relative to the assumptions used in the 2024 IRP, the updated forecast reflects broadly comparable near-term pricing but a materially lower long-term price trajectory. The 2024 IRP projected Henry Hub prices rising to $4.22/MMBtu in 2030 and $7.45/MMBtu in 2045, whereas the updated forecast projects $3.20/MMBtu in 2030 and $5.99/MMBtu in 2045—roughly $1.00 to $1.50/MMBtu lower over the long term. Both forecasts are presented in nominal dollars and assume a long-term inflation rate of 2.2 percent; therefore, the difference reflects a change in underlying market fundamentals rather than inflation assumptions.

The revised outlook primarily affects wholesale market price expectations and the evaluation of market purchases and other resource alternatives over the planning horizon. While natural gas prices remain subject to volatility driven by storage levels, weather patterns, global supply-demand conditions, and LNG export activity, CPU will continue to monitor forward market conditions and fundamental forecasts as part of its ongoing resource planning process. A comparison of the current Henry Hub projections and those used in the 2024 IRP are shown in the following Figure 2.

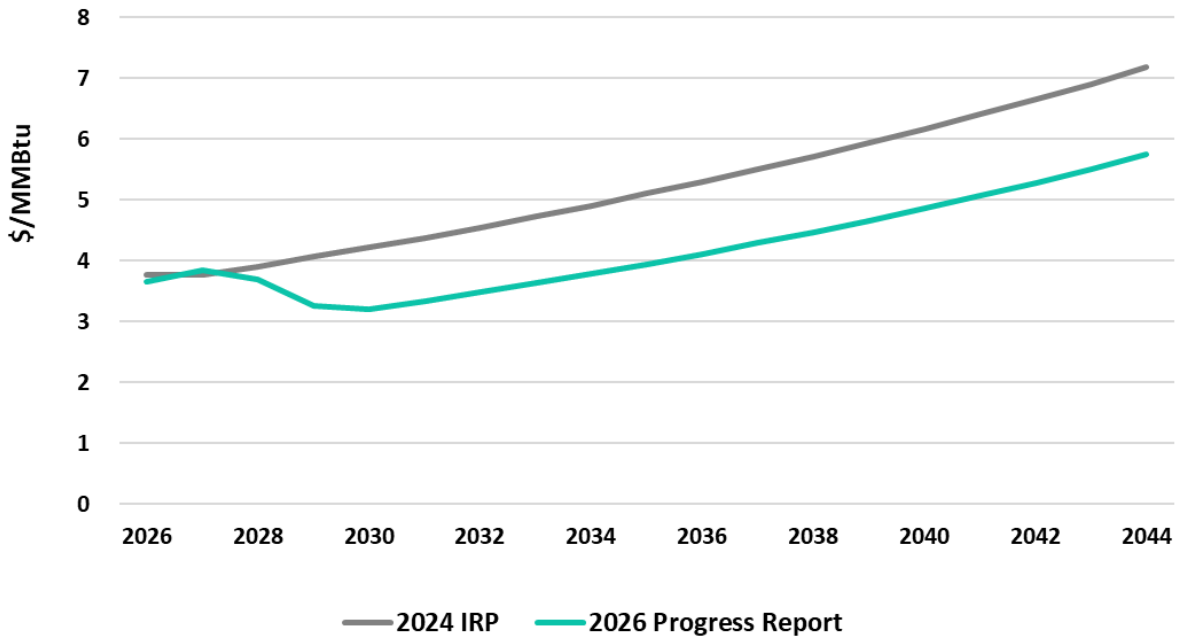

Figure 2. Comparison of Henry Hub Price Projections

MARKET PRICE FORECAST

An updated electricity price simulation was conducted for this Progress Report using Energy Exemplar's PLEXOS market simulation software to model long-term supply and demand fundamentals and produce an updated wholesale power price forecast. PLEXOS simulates the WECC system by modeling resource commitment and dispatch subject to transmission constraints, generator operating characteristics, fuel prices, and regional load growth. The model evaluates system operations over time to produce both production cost outcomes and long-term market price projections.

Key model input updates for the 2026 Progress Report include the revised natural gas price forecast and updated carbon allowance pricing assumptions under Washington's Climate Commitment Act (CCA). Initiative 2117, which would have repealed the CCA, did not pass in the November 2024 election; therefore, the Cap-and-Invest program remains in effect and carbon pricing continues to be incorporated into the market simulation.

Carbon pricing assumptions are based on recent Washington Carbon Allowance market activity and are escalated consistently with WAC 173-446-335, which requires annual increases of 5 percent plus inflation in price floor and ceiling values. From 2027 onward, a unified carbon price trajectory is assumed for Washington and California, reflecting expectations of potential market linkage following Washington's first compliance period. Carbon price assumptions are converted to a $/MWh adder using an emissions intensity factor for unspecified thermal generation and are incorporated directly into the production cost simulation. Figure 3 below compares the current carbon pricing projection to the projections in 2024 IRP.

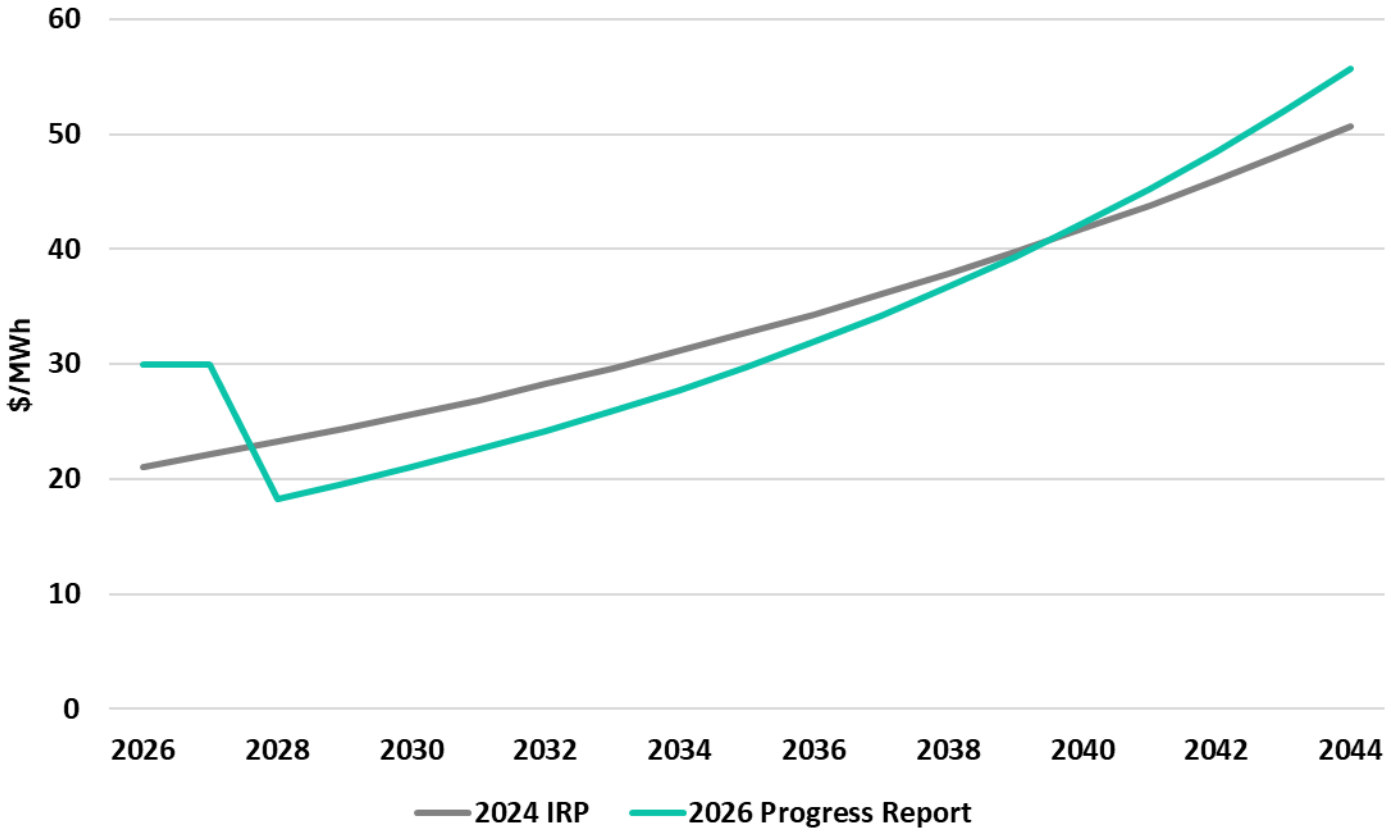

Figure 3. Comparison of Washington Carbon Price Projections

CETA continues to guide long-term resource evaluation. In accordance with CETA requirements, the societal cost of carbon is considered in resource planning and evaluation. However, consistent with standard production cost modeling practice, the social cost of carbon is not applied in real-time dispatch simulations, as it does not represent an actual market transaction cost. Instead, compliance-related carbon allowance prices under the CCA are included in dispatch modeling to reflect expected market behavior.

Together, the updated fuel price outlook and continued carbon pricing framework influence wholesale electricity price projections and the comparative evaluation of resource alternatives over the planning horizon.

The 2024 IRP market price forecast covered the 2025 through 2044 planning period. The updated market price forecast developed for this 2026 Progress Report reflects revised assumptions for natural gas prices, continued carbon pricing under the CCA, updated load projections, and other market fundamentals.

Compared to the 2024 IRP forecast, projected wholesale market prices are modestly lower until the outer years of the study period, largely reflecting the materially lower long-term Henry Hub price trajectory incorporated into this update. Near-term market prices remain broadly comparable to the 2024 IRP results, while differences become more pronounced beyond 2030 as lower fuel price assumptions moderate marginal production costs for gas-fired generation in the broader WECC region.

Hydroelectric generation continues to be a dominant resource in the Pacific Northwest, and with continued renewable resource development across the region, hydro and zero-marginal-cost renewable resources frequently set or influence market-clearing prices. As a result, changes in long-term natural gas price assumptions have a more moderate effect on projected wholesale energy prices than might be observed in more thermally dominated regions.

The market price forecast is derived from the short-term forward price curve and a PLEXOS-derived long-term capacity expansion and production cost simulation based on fundamental supply and demand assumptions. As such, it reflects modeled equilibrium market outcomes and does not incorporate forward market risk premiums, short-term scarcity pricing events, or extreme capacity-driven price volatility that may occur in actual traded forward curves. Figure 4 below compares the current annual Mid-C power price forecast with the forecast used in the 2024 IRP.

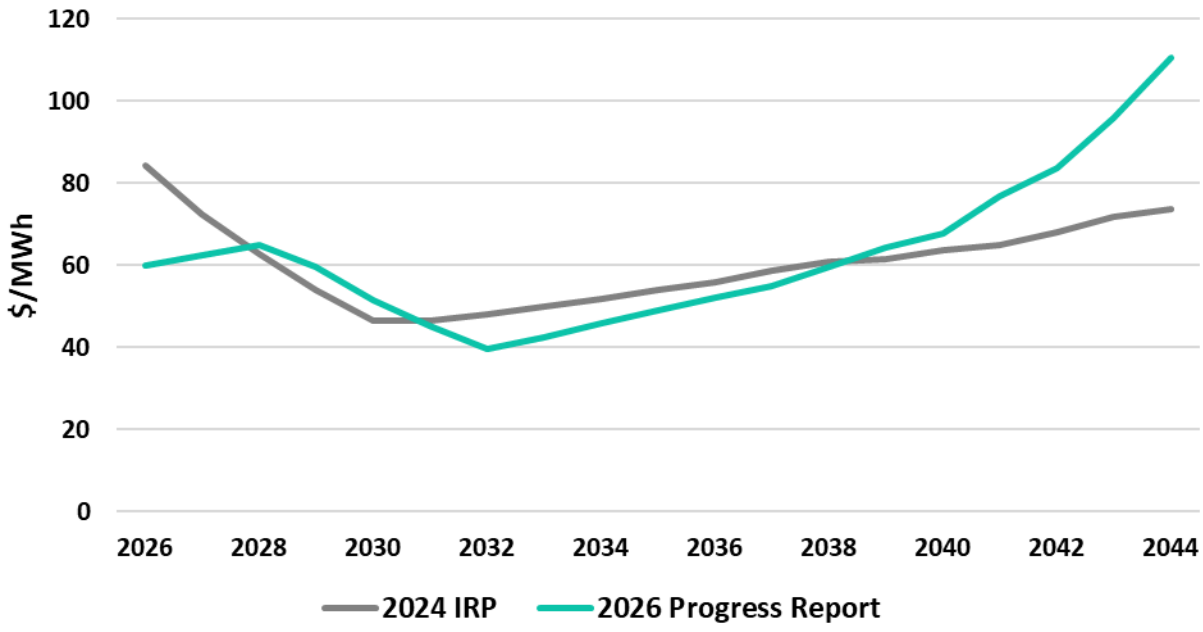

Figure 4. Comparison of Mid-C Annual Electricity Price Forecast

RENEWABLE RESOURCE OPTIONS

Renewable resources continue to play an important role in utility planning across the Pacific Northwest, driven by Washington State's clean energy requirements and broader decarbonization goals. CPU continues to evaluate renewable resource opportunities as part of its ongoing planning process, including utility-scale solar and wind projects, as well as emerging carbon-free technologies such as geothermal resources.

Since 2024, several developments have affected renewable resource economics. Power purchase agreement (PPA) prices for utility-scale wind and solar projects have increased through 2024 and into 2026, reflecting higher financing costs, increased equipment prices, and rising interconnection and transmission upgrade costs. While supply chain disruptions that emerged during the pandemic period have largely stabilized, overall project development costs remain elevated relative to earlier planning assumptions.

Federal policy changes have also influenced renewable project economics. The One Big Beautiful Bill Act (OBBBA), enacted in 2025, eliminated certain federal tax incentives previously available for wind and solar development. The removal of these subsidies may increase the effective cost of renewable projects compared to prior expectations and could affect the pace and cost-effectiveness of future development.

Despite these cost pressures, renewable resources remain a component of long-term planning due to regulatory requirements and their role in supporting carbon reduction goals. CPU will continue to monitor market conditions and evaluate resource options to determine whether future additions can contribute to meeting energy and capacity needs in a cost-effective manner and in alignment with its overall resource strategy.

DISPATCHABLE RESOURCE OPTIONS

Maintaining reliable service during periods of peak demand requires access to firm, dispatchable capacity; however, the range of available dispatchable resource options is becoming increasingly constrained. As Washington State transitions toward carbon-free electricity under CETA, traditional carbon-emitting resources face growing regulatory limitations, while many emerging carbon-free dispatchable technologies are not yet commercially mature or widely available. As a result, utilities such as CPU must balance the need for reliable, dispatchable capacity with evolving regulatory requirements and uncertain availability of new carbon-free technologies.

Dispatchable resources can be operated to respond to system conditions and provide reliable capacity during periods of high demand or reduced renewable generation. For CPU, these resources support both operational needs and contractual obligations, including requirements under its BPA power purchase agreement to make capacity available to serve load. As regional market structures evolve, including potential participation in organized markets beginning in the post-2028 period, dispatchable resources may also be operated in response to market signals or direction from a market operator. These resources remain important for supporting system reliability and meeting regional resource adequacy requirements, particularly as participation in WRAP increases the need for firm capacity.

CPU continues to monitor the role of dispatchable resources in maintaining system reliability, particularly in the context of evolving regional resource adequacy requirements and state policy constraints. The River Road Generating Plant (RRGP) remains an important dispatchable component of CPU's portfolio, providing operational flexibility and incremental capacity during periods of peak demand. In anticipation of CETA requirements, CPU has taken steps to reduce the role of carbon-emitting generation in meeting energy supply needs, including reducing the amount of RRGP energy included in its supply portfolio, while preserving RRGP's role in supporting system reliability and capacity obligations. CPU has also invested in enhancing RRGP's operational flexibility, increasing its ramping capability to better respond to changing system conditions and support integration of variable energy resources such as solar generation. Over time, CPU will continue to evaluate the role of dispatchable resources within the context of CETA compliance requirements and associated costs.

In addition to conventional technologies, CPU continues to monitor developments in emerging carbon-free dispatchable resources, including advanced nuclear technologies such as small modular reactors (SMRs) and geothermal resources. CPU and its customers benefit from the clean and reliable output of the Columbia Generating Station and recognize the potential for next-generation nuclear technologies to contribute to long-term resource needs. However, SMR and advanced geothermal development efforts in the United States remain in early stages, with evolving project timelines, costs, and regulatory frameworks.

Since 2024, capital and operating costs for dispatchable generation technologies have increased due to inflationary pressures, supply chain constraints, and growing regional demand for firm capacity resources. At the same time, regional resource adequacy requirements under WRAP have increased the importance of resources capable of supporting grid reliability during periods of system stress. CPU will continue to monitor technological developments, regulatory requirements, and cost trends associated with dispatchable resources as part of its ongoing resource planning process. This includes monitoring the potential applicability of lower-carbon fuel options such as renewable natural gas and hydrogen, along with technologies such as carbon capture and sequestration that could support compliance pathways for dispatchable generation resources.

ENERGY STORAGE AND DISTRIBUTED ENERGY RESOURCES

As Washington State transitions toward carbon-free electricity under CETA and renewable penetration increases, utilities are placing greater emphasis on resources that can provide flexibility and support system reliability. For CPU, energy storage and distributed energy resources (DERs) represent important tools for addressing peak demand and managing variability in both load and generation.

Energy storage technologies, particularly lithium-ion battery systems, are increasingly deployed to support grid operations across the Western Interconnection. Battery storage can shift energy from periods of lower demand or lower market prices to periods of higher demand and can provide reliable capacity during times when renewable generation is limited. As a result, storage may be well-suited to help CPU reduce its demand costs under the BPA Load Following contract.

While battery storage costs declined significantly over the past decade, pricing experienced upward pressure beginning in 2021 due to inflation, supply chain constraints, and increased demand for battery materials. More recently, supply chain conditions have improved, and storage deployment continues to expand across the region. Despite cost volatility, energy storage is increasingly viewed as a key resource for managing peak demand, integrating renewable resources, and supporting system reliability.

Distributed Energy Resources (DERs) include customer- or utility-owned technologies located within a utility's service territory and typically interconnected to the distribution system. Examples include rooftop solar systems, behind-the-meter battery storage, demand response programs, and managed electric vehicle charging. These resources can influence load patterns, reduce peak demand, and provide additional system flexibility.

Following a temporary slowdown during the pandemic period, DER adoption has resumed as supply chains stabilized and market conditions improved. Continued growth in DERs may influence future load shapes and system planning considerations, particularly as electrification increases and customer adoption of distributed technologies evolves over time.

CPU will continue to monitor developments in energy storage technologies, DER adoption, and emerging load management strategies as part of its ongoing resource planning process. In particular, CPU will continue to pursue community solar projects and look to expand its electric vehicle charging and industrial demand response programs.

TRANSMISSION SERVICE

A reliable and robust transmission network is essential to support the delivery of wholesale power and meet customer demand. BPA continues to plan and operate the regional transmission system to maintain

reliability while accommodating expected load growth across the Pacific Northwest. As part of this process, BPA evaluates forecast peak loads together with existing long-term firm transmission service obligations to identify system reinforcement needs and plan transmission upgrades.

CPU relies on BPA's transmission system to deliver power from both federal and non-federal resources serving its load. BPA plans and operates the system in accordance with North American Electric Reliability Corporation (NERC) Planning Standards and WECC Regional Criteria to ensure reliable operation of the bulk power system.

Since completion of the 2024 IRP, regional electricity demand forecasts have continued to increase, and interconnection requests for new generation resources have grown significantly across the Northwest. BPA has also implemented changes to its transmission planning and interconnection processes through its Grid Access Transformation (GAT) initiative in 2025, which may affect the timing and process for integrating new resources.

These developments have increased the importance of transmission planning and system upgrades needed to support future load growth and resource development. BPA continues to evaluate transmission system needs through its ongoing planning processes and regional coordination efforts.

CPU will continue to monitor BPA transmission planning activities, interconnection processes, and potential system upgrades that may affect the delivery of power to its service area as part of its ongoing resource planning process.

OVERSUPPLY MANAGEMENT PROTOCOL

CPU operates its electrical system within the BPA Balancing Authority Area. As the balancing authority, BPA is responsible for maintaining the real-time balance between generation and load to ensure reliable operation of the regional power grid.

During certain periods, typically when river flows are high and regional electricity demand is relatively low, generation from the Federal Columbia River Power System (FCRPS) and other regional resources may exceed load. BPA manages these overgeneration conditions through its Oversupply Management Protocol (OMP), which allows BPA to reduce or displace certain non-hydro generation resources to maintain system reliability and meet operational requirements of the hydroelectric system.

Because CPU receives most of its wholesale power supply from BPA, it is subject to BPA's Oversupply Management Protocol and associated costs, which are incorporated into BPA's power rates. While OMP events are episodic, they can influence the economics of certain resources and wholesale power costs over time.

CPU will continue to monitor BPA operational policies, oversupply management practices, and regional market developments that may affect system operations and wholesale power costs as part of its ongoing resource planning process.

BPA POST-2028 POWER SALES AGREEMENT

Since completion of the 2024 IRP, CPU has selected its power supply contract structure with BPA for the period beginning October 1, 2028. BPA's current Regional Dialogue power sales agreements expire on

September 30, 2028, and BPA has developed successor power sales agreements under its Provider of Choice framework for the next contract period (October 1, 2028 through September 30, 2044).

CPU has elected to continue receiving power from BPA under the Load Following product for the post-2028 contract period as part of BPA's Provider of Choice framework. Under this structure, BPA serves CPU's net load requirements and assumes responsibility as the Load Responsible Entity under WRAP. This approach reduces CPU's direct exposure to hydrologic and wholesale market variability and shifts responsibility for meeting most of CPU's capacity obligations to BPA, while maintaining BPA as the foundation of CPU's supply portfolio. The selection supports CPU's objective to maintain a stable and flexible power supply while simplifying operational requirements and reducing reliance on utility-procured capacity resources.

CPU will continue to work with BPA as it identifies resources and develops power supply options to serve load above its Tier 1 allocation. These efforts may affect CPU's future resource planning decisions.

CPU's participation in BPA's post-2028 power sales agreement ensures continued access to cost-based federal hydropower resources while maintaining flexibility to supplement BPA supply with market purchases or other resource options as needed to meet future load growth and compliance requirements.

RESOURCE CHANGES SINCE 2024 IRP

Since completion of the 2024 IRP, CPU has advanced several initiatives consistent with its strategy of maintaining a flexible, cost-effective, and reliable power supply portfolio.

In April 2026, CPU executed a 30-year power purchase agreement for the full output of two utility-scale solar projects, with nameplate capacities of approximately 74 MW and 117 MW. Both projects are expected to be commercially operational in September 2028 and will provide carbon-free energy to support compliance with Washington State clean energy requirements.

CPU has also finalized its long-term power supply strategy with the BPA through execution of the Provider of Choice contract and selection of the Load Following product for the post-2028 period. This structure increases CPU's Tier 1 allocation and provides a stable and flexible supply of carbon-free energy, while reducing the need for utility-procured capacity resources identified in the 2024 IRP.

In addition to supply-side developments, CPU has made significant progress in advancing demand-side resources. CPU exceeded its 2024–2025 conservation targets and completed an updated Conservation Potential Assessment (CPA) in 2025. In support of compliance with CETA, CPU also completed a Demand Response Potential Assessment (DRPA) on October 16, 2025, which evaluates the availability of cost-effective demand response resources for future planning and Clean Energy Implementation Plan (CEIP) development. CPU also plans to begin deployment of Advanced Metering Infrastructure (AMI) in 2027, with full rollout expected by the first quarter of 2029, which will support future demand response program implementation.

CPU continues to evaluate opportunities to expand distributed and community-based renewable resources. CPU expects to develop a 199-kW community solar project in 2026 and will continue to pursue similar projects in future years.

CPU continues to optimize operation of its existing resources, including the River Road Generating Plant, and to evaluate opportunities to supplement its portfolio through market purchases and other resource options as needed.

Collectively, these actions reflect CPU's continued focus on maintaining flexibility in its resource portfolio while supporting compliance with regulatory requirements and adapting to evolving market conditions.

RESOURCE ADEQUACY

Customer demand for electricity is inherently variable due to fluctuations in weather conditions, economic activity, and other factors. To ensure reliable service, utilities maintain sufficient generating capability and market access to meet forecast peak demand plus a planning reserve margin. CPU evaluates resource adequacy as part of its integrated resource planning process to ensure that sufficient capacity is available to meet customer demand under a range of operating conditions.

Ensuring adequate generating capability has become increasingly important as the Western electricity system undergoes significant changes in its resource mix. Growing electricity demand, increasing reliance on variable renewable generation, and the retirement of baseload thermal generating resources have heightened the regional focus on resource adequacy planning.

In response to these challenges, members of the Western Power Pool (WPP) developed WRAP, a regional program designed to ensure sufficient resources are available to meet peak demand across participating utilities in the Western Interconnection. WRAP establishes common planning standards and seasonal resource adequacy requirements for participating utilities.

With its conversion to BPA Load Following product, and execution of the BPA Provider of Choice contract, BPA will serve CPU's net load and assume responsibility as the Load Responsible Entity (LRE) for WRAP compliance.

CPU will be responsible for providing River Road's Qualified Capacity Contribution (QCC) to BPA and be responsible for self-supplying QCC to BPA in an amount equal to its above Contract High Water Mark load.

As regional electricity demand continues to grow and WRAP requirements are fully implemented by BPA, maintaining adequate firm capacity will remain an important consideration in CPU's resource planning process. CPU will continue to monitor regional adequacy conditions and evaluate resource options, market opportunities, and demand-side measures to ensure reliable service to its customers while complying with regional adequacy standards.

SECTION 3: PROGRESS REPORT

2024 IRP RESOURCE STRATEGY

Section 2 described several changes in market conditions, regulatory requirements, and regional resource adequacy standards that affect CPU's resource planning environment. CPU's 2024 IRP provides the framework for addressing these evolving conditions while ensuring reliable and cost-effective service for customers.

In accordance with Washington State law, CPU completed its 2024 IRP based on a detailed examination of its long-term load forecast, existing supply resources, regional wholesale energy price forecasts, and evolving state and regional policy requirements. The 2024 IRP evaluated CPU's load and resource balance over the planning horizon and assessed strategies for meeting future energy and capacity needs while maintaining reliable service and controlling costs for customers.

The 2024 IRP analysis determined that CPU's long-term BPA Slice/Block power supply contract, together with its owned and contracted resources, was sufficient to meet forecast average annual energy demand throughout the 20-year planning horizon. However, on a capacity basis, CPU faced an existing and growing deficit driven by peak demand conditions. As described in Section 1, the IRP identified winter and summer capacity shortfalls that increase over time absent additional resource procurement.

Customer demand for electricity varies significantly on a seasonal and hourly basis due to weather conditions and other factors. During periods of high demand, particularly during winter peak conditions, CPU's load as a Slice/Block customer exceeded the capacity of its contracted generating resources. In these periods, CPU relied on market purchases to supplement its supply and maintain reliable service.

The IRP analysis identified a least-cost, risk-adjusted approach to addressing projected capacity deficits that included the addition of energy storage resources in combination with incremental renewable resources and market purchases. The strategy also emphasized maintaining flexibility in resource decisions, with BPA power supply continuing as the foundation of CPU's resource portfolio.

Following completion of the IRP analysis, CPU elected to switch to the Load Following product beginning in October 2025. This decision modified the near-term resource strategy by providing an alternative to the utility-procured capacity resources identified in the IRP, while maintaining BPA as the primary source of supply.

Under this updated approach, CPU continues to rely on BPA to serve its net load while maintaining flexibility to utilize market purchases and other resource options as needed. CPU will continue to monitor load growth, market conditions, and regulatory requirements and evaluate opportunities to supplement its portfolio over time.

The 2024 IRP also incorporated evolving regional resource adequacy requirements through participation in WRAP. As these requirements are implemented, CPU continues to monitor regional adequacy conditions and evaluate demand-side measures, market purchases, and other resource options to support reliable service.

For the 2026 Progress Report, Figure 5 illustrates CPU's projected load and resource balance under the BPA Load Following contract. The figure reflects the role of BPA in serving CPU's net load requirements, as well as the continued use of market purchases and other resource options as needed to support reliability over the planning horizon. River Road generation decreases from 225 to 102 aMW to comply with the CETA requirement that no more than 20% of retail load can be served by emitting resources.

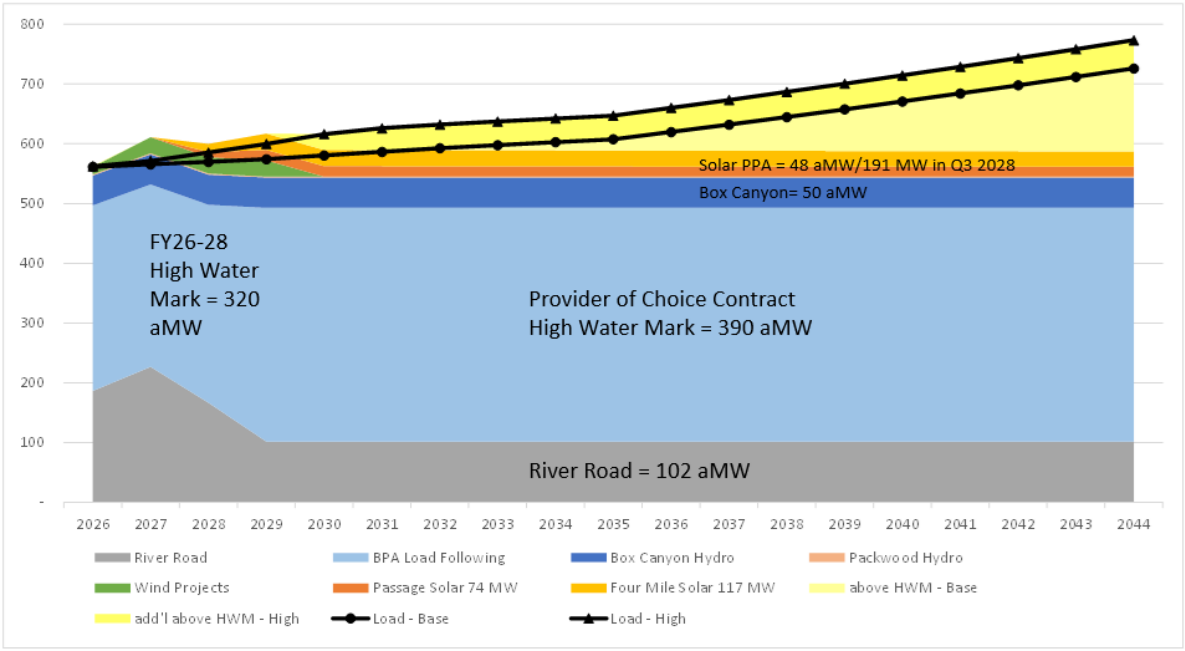

Figure 5. Monthly ATC Energy Load/Resource Balance

To illustrate the potential impact of future resource developments, Figure 6 presents a second load/resource balance scenario that assumes that CPU signs an extension of the Combine Hills wind contract and that a repowering of the project is completed in 2034. Under this scenario, the energy contribution from Combine Hills increases from approximately 30 aMW to 45 aMW following the repowering, providing additional carbon-free energy while helping to offset a portion of projected load growth. The second scenario is presented for planning purposes and does not represent a committed resource addtion.

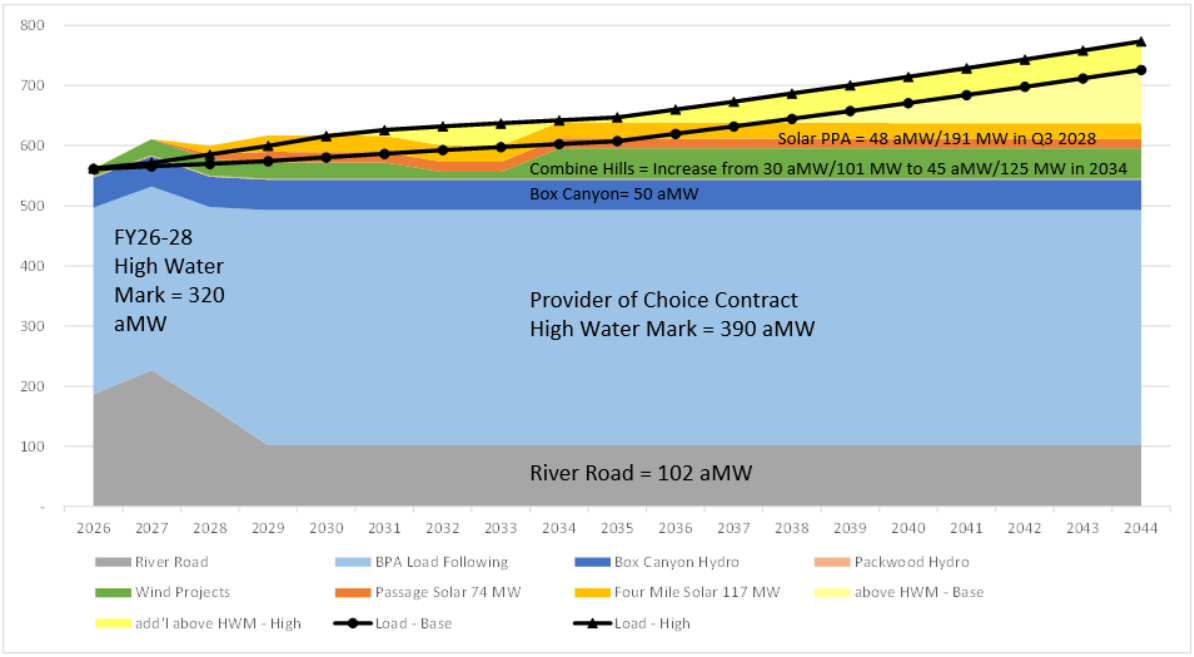

Figure 6. Monthly ATC Energy Load/Resource Balance with Combine Hills contract extension

RENEWABLE PORTFOLIO STANDARD COMPLIANCE

CPU must meet Renewable Portfolio Standard (RPS) obligations under EIA as well as broader clean energy requirements under CETA. CPU became subject to RPS requirements in 2010. Under EIA, qualifying utilities are required to meet renewable energy targets that increase over time, culminating in a 15 percent requirement by 2020.

The 2024 IRP evaluated CPU's ability to meet RPS requirements based on updated load forecasts, conservation savings, and available renewable and non-emitting resources, including renewable energy credits (RECs).

As shown in Figure 7 below, CPU's existing resources and contracted supply are sufficient to meet CPU's RPS requirements. However, compliance gaps are projected in the planning horizon as load grows and requirements increase. CPU is expected to meet EIA renewable energy requirements through a combination of BPA Tier 1 resources, renewable PPAs, REC purchases, and application of the statutory 4% cost cap during the 2028–2030 period. Beginning in 2031, additional REC purchases are assumed to achieve compliance with the Base EIA Target through the remainder of the planning horizon.

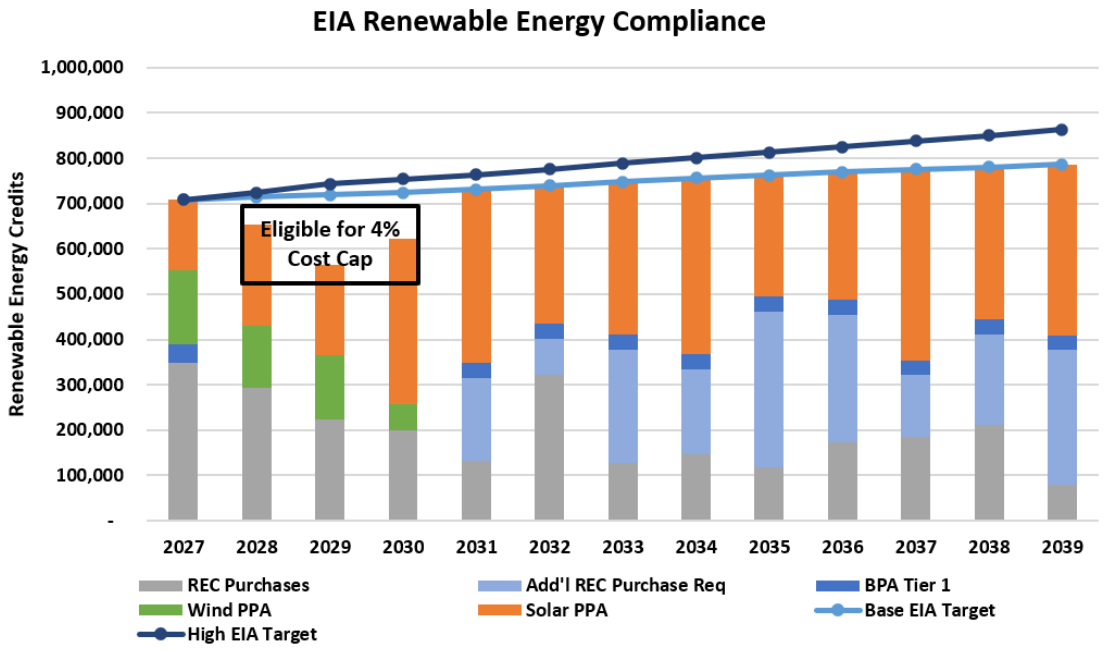

Figure 7. RPS Compliance Position

Figure 8 presents an alternative EIA compliance scenario assuming the Combine Hills wind project is extended and repowered in 2034. The figure illustrates the potential impact of the project on CPU's long-term compliance position and future REC procurement requirements.

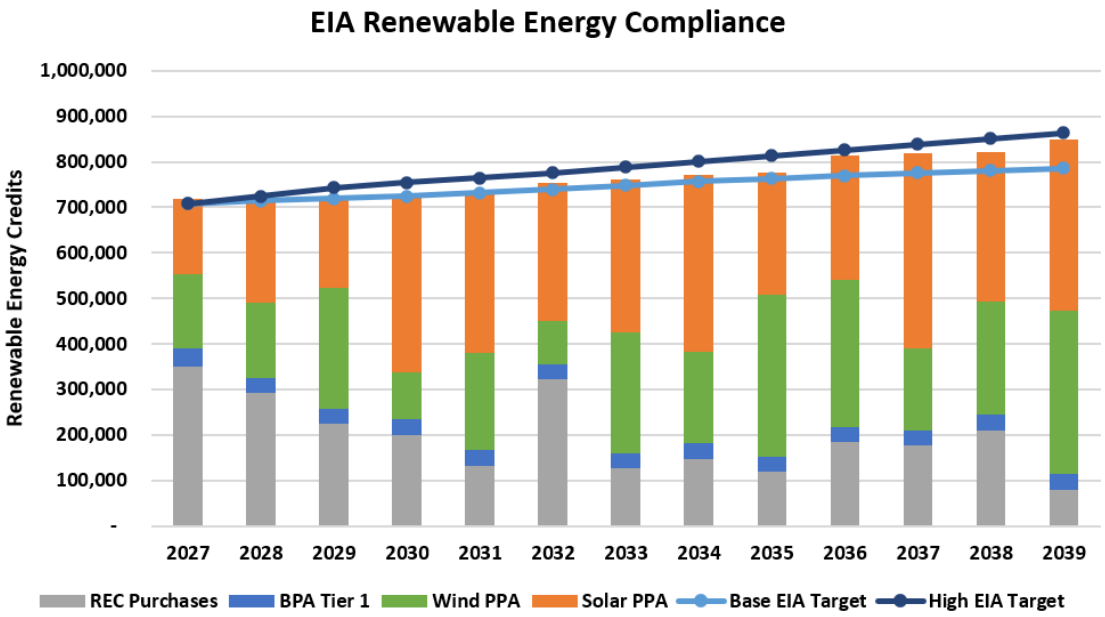

Figure 8. RPS Compliance Positions with Combine Hills contract extension

Consistent with the 2024 IRP Action Plan, CPU will continue to monitor its RPS compliance positions and pursue cost-effective options to meet future obligations while maintaining flexibility in its resource portfolio.

ADDITIONAL REGULATORY REQUIREMENTS

1. CLEAN ENERGY TRANSFORMATION ACT (CETA)

In 2019, the Clean Energy Transformation Act (CETA) (RCW 19.405) established a statutory pathway for transitioning Washington's electric supply to carbon-free electricity. CETA also expanded requirements for electric utility resource planning under RCW 19.280, including assessments of regional generation and transmission capacity, resource adequacy metrics, distributed energy resource forecasts, and evaluations of the costs, risks, and environmental impacts associated with resource decisions. As part of this framework, utilities are required to develop a ten-year Clean Energy Action Plan (CEAP) within their integrated resource planning process.

CPU's 2024 IRP incorporated these requirements and evaluated resource strategies that support compliance with CETA's long-term objectives. Under CETA, utilities must eliminate coal-fired electricity from their portfolios, achieve greenhouse gas neutrality in retail electricity supply by 2030, and supply 100 percent clean electricity by 2045. The 2030 requirement includes supplying at least 80 percent of electricity from renewable and non-emitting resources, with remaining emissions addressed through alternative compliance mechanisms.

CETA also requires utilities to prepare Clean Energy Implementation Plans (CEIPs) describing interim targets and actions for achieving these policy objectives. CPU's first CEIP, covering the 2022 through 2025 compliance period, was approved on December 21, 2021, and established targets and actions to support progress toward greenhouse gas neutrality and increased use of renewable and non-emitting resources.

CPU's second CEIP, covering the 2026 through 2030 compliance period, was approved on November 18, 2025. The CEIP establishes interim targets for greenhouse gas neutrality by 2030 and clean electricity by 2045, identifies energy efficiency, demand response, and renewable resource targets, and outlines specific actions to achieve those targets. The CEIP is informed by CPU's IRP process and reflects the resource strategy identified in the 2024 IRP. CPU will continue updating its CEIP in coordination with future IRP cycles.

2. CLIMATE COMMITMENT ACT

During the 2021 legislative session, Washington State enacted an economy-wide cap-and-invest program to reduce greenhouse gas emissions beginning in 2023. The program sets a declining cap on statewide emissions and requires regulated entities to obtain carbon allowances through state-administered auctions or secondary markets.

The CCA program is now operational, and carbon allowance prices have become an important input to regional electricity market pricing and resource planning analyses. Carbon pricing affects the dispatch cost of carbon-emitting generation, including CPU's River Road Generating Plant, and influences wholesale electricity market prices throughout the Western Interconnection, particularly in regions with carbon pricing exposure such as Washington and California. The 2024 IRP incorporated carbon price assumptions based on Washington Carbon Allowance (WCA) market activity as part of the market price forecast modeling. CPU continues to monitor developments in the carbon market and regulatory implementation, as these factors may influence future wholesale market prices and long-term resource planning decisions.

3. FEDERAL ENERGY POLICY DEVELOPMENTS

Recent federal policy changes may influence the cost, availability, and development timelines of renewable energy, energy storage, and other generation resources. Changes to federal tax incentives, domestic content requirements, and supply chain regulations could affect future resource economics and project development throughout the Western Interconnection. CPU continues to monitor federal policy developments and evaluate potential impacts as part of its ongoing resource planning process.

PROGRESS AGAINST 2024 IRP ACTION ITEMS

Since completion of the 2024 IRP, CPU has advanced several initiatives consistent with the conclusions and action items identified in that plan, while maintaining a focus on flexibility, cost-effectiveness, and reliability.

1. ACQUIRE ALL COST-EFFECTIVE CONSERVATION CONSISTENT WITH NWPCC MODELS AND CPU'S CONSERVATION POTENTIAL ASSESSMENT (CPA)

CPU exceeded its 2024–2025 conservation target of 8.43 average megawatts (aMW), achieving 13.54 aMW, or approximately 61 percent above target. In October 2025, CPU completed an updated Conservation Potential Assessment (CPA), which identified a biennial conservation target of 9.37 aMW for 2026–2027.

The CPA also identified approximately 833,000 MWh of cost-effective conservation potential over the 20-year planning horizon (2026–2045), representing approximately 15 percent of projected load. CPU will continue to pursue all cost-effective conservation consistent with these findings.

Figure 9 illustrates CPU's annual average loads from 1995 through 2025, highlighting the utility's long-standing commitment to acquiring cost-effective conservation resources.

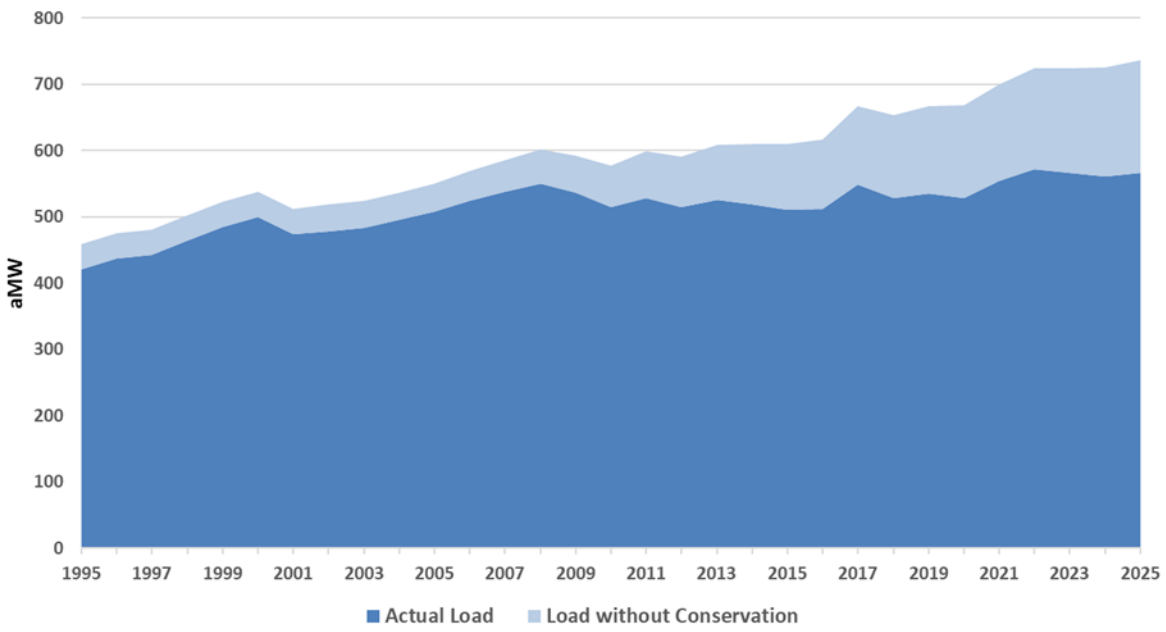

Figure 9. CPU Conservation achievements 1995-2025

2. BUY ALL AVAILABLE BONNEVILLE POWER ADMINISTRATION TIER 1 POWER IN 2025–2044

In October 2025, CPU executed the BPA Provider of Choice (POC) contract. Under this agreement, CPU elected to purchase all available Tier 1 power, totaling approximately 390 aMW for the period October 1, 2028 through September 30, 2044.

CPU selected the BPA Load Following product, which provides a stable and flexible supply structure and aligns with CPU's long-term resource strategy.

3. OPTIMIZE RIVER ROAD GENERATING PLANT GENERATION USING FLEXIBILITY PRODUCT INSTALLED IN MAY 2024

CPU continues to optimize dispatch of the River Road Generating Plant (RRGP) by comparing plant operating costs to wholesale market prices on a daily basis. The flexibility product installed in May 2024 allows CPU to reduce plant output during periods when market prices do not support full operation.

This enhanced operational flexibility enables CPU to reduce generation during off-peak periods, improve economic performance, and reduce carbon emissions when feasible. CPU continues to evaluate opportunities to displace RRGP generation when carbon-free resources are available in the wholesale market.

4. FINALIZE BONNEVILLE POWER ADMINISTRATION POST-2028 CONTRACT WITH THE CETA REQUIREMENTS EMBEDDED

CPU finalized its BPA post-2028 power supply strategy through execution of the Provider of Choice contract and selection of the Load Following product. This structure increases CPU's Tier 1 allocation from approximately 320 aMW under the current contract to approximately 390 aMW beginning in October 2028.

The increased BPA supply supports CPU's ability to meet CETA requirements, including the 80 percent clean electricity standard beginning in 2030. CPU continues to engage with BPA regarding development of Tier 2 resources to meet future load growth.

5. IF LOAD GROWTH MATERIALIZES, LOOK FOR AND ACQUIRE RECS TO MEET THE EIA REQUIREMENTS, SUBJECT TO EIA COST CAP LIMITS

CPU continues to evaluate opportunities to procure Renewable Energy Credits (RECs) to support compliance with EIA and CETA. During periods when CPU is long energy but short renewable or carbon-free attributes, CPU may procure RECs rather than increase surplus energy positions.

This approach helps mitigate exposure to wholesale market price volatility and potential financial losses associated with surplus energy sales. CPU also continues to evaluate applicability of EIA cost caps, which may reduce compliance requirements under certain market conditions.

6. STAY ABREAST OF CONSERVATION AND DEMAND RESPONSE PROGRAMS, DISTRIBUTED GENERATION, AND RENEWABLE TECHNOLOGIES AND OPPORTUNITIES

CPU continues to evaluate emerging technologies and distributed resource opportunities. In April 2026, CPU executed a long-term power purchase agreement for the output of two solar projects with nameplate capacities of approximately 74 MW and 117 MW, expected to be operational in September 2028.

CPU is also pursuing smaller-scale community solar projects, including a 199-kW project expected to be completed in 2026. In addition, CPU completed a Demand Response Potential Assessment (DRPA) on October 16, 2025 and plans to begin deployment of AMI in 2027, with full rollout expected by early 2029. These efforts support future demand response program development.

SECTION 4: PROGRESS REPORT CONCLUSIONS

2026 IRP PROGRESS REPORT CONCLUSIONS

The goal of an Integrated Resource Plan (IRP) is to provide a framework for evaluating supply resources, conservation measures, and emerging technologies, and how they interact with and complement CPU's existing power supply portfolio. The result is a preferred strategy and action plan intended to guide CPU in managing its resource portfolio over time while maintaining reliable and cost-effective electricity service at a reasonable level of risk.

CPU's 2024 IRP evaluated a 20-year planning horizon and was adopted by CPU's Board of Commissioners on August 20, 2024. The analysis showed that CPU's existing long-term BPA power supply contract and its other owned and contracted resources:

1. Provide sufficient energy to meet forecast customer needs on an average annual basis throughout the planning horizon.
2. Require identification of existing and growing seasonal capacity needs, particularly during winter peak conditions, as regional demand increases and resource adequacy requirements evolve.
3. Highlight the importance of maintaining flexibility in resource decisions while evaluating cost-effective solutions to meet future energy and capacity requirements.

The 2024 IRP identified a strategy for meeting CPU's future energy and capacity needs while complying with Washington State energy policies and maintaining portfolio flexibility. This strategy maintains BPA power supply as the foundation of CPU's resource portfolio while utilizing a combination of renewable resources, conservation, and market purchases to address emerging needs.

The IRP analysis identified energy storage resources, in combination with renewable generation and market purchases, as a cost-effective approach to addressing projected capacity needs under the assumptions evaluated at that time. Following completion of the IRP, CPU selected the BPA Load Following product for the post-2028 contract period and was able to implement the transition during the final three years of the current Regional Dialogue BPA contract. This decision provided an alternative approach to meeting capacity needs by relying on BPA to serve CPU's net load, while maintaining flexibility to supplement BPA supply with market purchases and other resource options as needed.

CPU's BPA Provider of Choice contract structure supports this strategy by ensuring continued access to federal power resources and providing a framework for meeting regional resource adequacy requirements.

Based on the analysis conducted for this 2026 Progress Report and accounting for CPU's decision to change to the BPA Load Following product effective October 1, 2025, updated load forecasts, market conditions, regulatory developments, and regional resource adequacy requirements do not materially change the overall resource strategy identified in the 2024 IRP. CPU will continue implementing its action plan while maintaining flexibility to respond to evolving market conditions, regulatory requirements, and future resource opportunities.

PLANNING FOR THE FUTURE

In the 2024 IRP, CPU identified a preferred resource strategy using industry-recognized tools and methodologies consistent with current best practices in utility planning. As discussed in Section 3, evolving regulatory requirements and market conditions continue to influence how CPU evaluates long-term resource needs and portfolio decisions.

Historically, long-term resource planning in the Pacific Northwest has relied on forecasts of average customer demand, supplemented by consideration of seasonal and peak load conditions. This approach reflects the region's reliance on long-term contracts with the BPA, which provides a substantial portion of power supply for many public power utilities. While BPA's marketing of the Federal Columbia River Power System provides a largely carbon-free energy foundation, evolving policy requirements and changing system conditions have increased the complexity of long-term planning.

In Washington State, energy policies established under EIA, CETA, and the CCA continue to shape utility planning considerations. These policies encourage increased reliance on renewable and non-emitting resources, conservation, and demand-side measures, while also contributing to broader electrification trends that may increase long-term electricity demand.

CPU continues to rely on BPA as the foundation of its power supply portfolio. Under the post-2028 Provider of Choice contract, CPU has selected the Load Following product, under which BPA will serve CPU's net load requirements. This structure provides a stable supply of largely carbon-free energy while shifting responsibility for meeting load variability and capacity requirements to BPA. As a result, CPU's resource planning approach emphasizes monitoring load growth, regulatory developments, and market conditions, while maintaining flexibility to supplement BPA supply as needed.

Modern resource planning increasingly focuses on how load and resource availability vary across seasons, time of day, and system conditions. This includes evaluating the performance of different resource types during periods of peak demand and understanding how demand-side resources, market purchases, and other tools can support system reliability.

By evaluating load and resource balance across a range of conditions, CPU can better understand potential energy and capacity needs and maintain a portfolio that balances reliability, cost-effectiveness, and risk over time.

ACRONYM REFERENCE TABLE

ACRONYM	DESCRIPTION
AMI	Advanced Metering Infrastructure
aMW	Average Megawatt
BPA	Bonneville Power Administration
CCA	Climate Commitment Act
CEAP	Clean Energy Action Plan
CEIP	Clean Energy Implementation Plan
CETA	Clean Energy Transformation Act
CPA	Conservation Potential Assessment
DER	Distributed Energy Resources
DRPA	Demand Response Potential Assessment
EIA	Energy Independence Act
FCRPS	Federal Columbia River Power System
GAT	Grid Access Transformation
GWh	Gigawatt-hour
IRP	Integrated Resource Plan
LNG	Liquefied Natural Gas
LRE	Load Responsible Entity
Mid-C	Mid-Columbia
MMBtu	Million British Thermal Unit
MW	Megawatt
NERC	North American Electric Reliability Corporation
NWPCC	Northwest Power and Conservation Council
NYMEX	New York Mercantile Exchange
OMP	Oversupply Management Protocol
POC	Provider of Choice
PPA	Power Purchase Agreement
QCC	Qualified Capacity Contribution
RCW	Revised Code of Washington
REC	Renewable Energy Credit
RRGP	River Road Generating Plant
RPS	Renewable Portfolio Standard
SMR	Small Modular Reactor
WCA	Washington Carbon Allowance
WECC	Western Electricity Coordinating Council
WPP	Western Power Pool
WRAP	Western Resource Adequacy Program