

**A G E N D A**  
**GRANT COUNTY PUBLIC UTILITY DISTRICT**  
**30 C Street SW – Commission Meeting Room**  
**Ephrata, Washington**  
**COMMISSION MEETING**  
**Tuesday, August 23, 2022**

An Executive Session may be called at any time for purposes authorized  
by the Open Public Meetings Act

- 9:00 a.m.**      Commission Convenes  
Review and Sign Vouchers
- 9:30 a.m.**      Reports from staff
- 12:00 Noon**      Lunch with County Commissioners
- 1:00 p.m.**      Safety Briefing  
Pledge of Allegiance  
Attendance  
Public requests to discuss agenda items/non-agenda items  
Correspondence  
Business Meeting

**1. Consent Agenda**

Approval of Vouchers

Meeting minutes of August 9, 2022

**2. Regular Agenda**

8994 – Resolution Providing for the Filing of a Proposed Budget for the Year 2023, Setting a Date for Public Hearing Thereon and Authorizing Notice of Such Meeting.

8995 – Resolution Authorizing and Approving the 2023-2026 Climate Commitment Act (CCA) Cost Burden.

8996 – Resolution Authorizing and Approving the 2022 Integrated Resource Plan (IRP).

8997 – Resolution Amending Grant PUD's Strategic Plan Effective August 23, 2022.

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 330-11366 for professional engineering services with Gannett Fleming in an amount not-to-exceed \$15,000,00.00 and with a contract completion date of December 31, 2032. (3415)

**3. Review Items For Next Business Meeting**

Motion authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-4064 with GE-Alstom Grid, LLC, increasing the not-to-exceed contract amount by \$260,998.00 for a new contract total of \$1,829,751.00, extending the contract completion date to August 31, 2023, and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7. (xxxx)

**4. Calendar**

**5. Reports from Staff (if applicable)**

**Adjournment**



# **CONSENT AGENDA**

# Draft – Subject to Commission Review

REGULAR MEETING  
OF PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

August 9, 2022

The Commission of Public Utility District No. 2 of Grant County, Washington, convened at 9:00 a.m. at Grant PUD’s Main Headquarters Building, 30 C Street SW, Ephrata, Washington and via Microsoft Teams Meeting / +1 509-703-5291 Conference ID: 596 502 173# with the following Commissioners present: Judy Wilson, President; Nelson Cox, Vice-President; Tom Flint, Secretary; Terry Pyle, Commissioner and Larry Schaapman, Commissioner.

The Commission convened to review vouchers and correspondence.

A round table discussion was held regarding the following topics: staffing of Customer Service Representatives and coverage of the local Ephrata Office; NPDES Permit issued; anticipated dates of the NERC audit; crowd control efforts and park rules enforcement on project lands during The Gorge concert weekends; concern with phones not being answered in Dispatch on August 6; in conjunction with our WPUA membership, Commissioner Pyle noted that Grant has a membership with the National Special District’s Coalition which specializes in grant funding and retainment; options available for paper billing and/or electronic billing; pole top rescue event; continued focus on recreational immunity; continued request for improved itemization of new customer service request estimates and final billings; invoice inquiry; development of agenda items for the August 11 Mid-C GM/Commissioner dinner meeting; and EV rates and policies.

Rebecca Simpson, Manager of Dam Safety Engineering, and Logan Castle, Engineer III, provided an overview of Dam Safety Contract 330-11366.

Rich Flanigan, Senior Manager of Wholesale Marketing and Supply, reviewed the 2023-2026 Climate Commitment Act (CCA) cost burden.

John Mertlich, Senior Manager of FP&A, reviewed the 2023 Preliminary Budget Report.

Chris Heimbigner, Senior Manager of Power Delivery Construction and Maintenance, and John Kemman, Engineer III, provided a Construction and Maintenance Program Report.

An executive session was announced at 12:00 p.m. to last until 12:55 p.m. to review performance of a public employee pursuant to RCW 42.30.110(1)(g). The executive session concluded at 12:55 p.m. and the regular session resumed.

Larry Lewis, Quincy, Washington, addressed the Commission regarding fire wise concerns at Sunland Estates. In addition, Mr. Lewis requested the opportunity to work with Grant PUD staff on fire protection planning.

Consent agenda motion was made Mr. Flint and seconded by Mr. Cox to approve the following consent agenda items:

|                              |           |         |           |                |
|------------------------------|-----------|---------|-----------|----------------|
| Payment Number               | 123235    | through | 123590    | \$9,301,021.34 |
| Payroll Direct Deposit       | 200803    | through | 201565    | \$2,142,130.79 |
| Payroll Tax and Garnishments | 20220728A | through | 20220728B | \$939,027.20   |

Meeting minutes of July 26, 2022.

After consideration, the above consent agenda items were approved by unanimous vote of the Commission.

The Commissioners reviewed future agenda items.

The Commission calendar was reviewed.

Charles Meyer, Senior Manager of Enterprise Technology, provided the IT Report.

Ryan Holterhoff, Senior Policy Analyst, provided a Federal & State Legislative Update Report.

Trade association and committee reports were reviewed.

The Commission recessed at 3:05 p.m.

The Commission resumed at 3:10 p.m.

The Commission reviewed letters to the Grant County Industrial Alliance and to the Grant County Commissioners and approved those letters for signature and mailing.

An executive session was announced at 3:10 p.m. to last until 4:00 p.m. to discuss pending litigation with legal counsel present pursuant to RCW 42.30.110(1)(i) and to review performance of a public employee present pursuant to RCW 42.30.110(1)(g). The executive session concluded at 3:45 p.m. and the regular session resumed.

There being no further business to discuss, the Commission adjourned at 3:45 p.m. on August 9 and reconvened on Thursday, August 11 at 5:30 p.m. at Orchard Bar + Bites, 1229 Walla Walla Avenue, Wenatchee for the purpose of attending a Mid-C General Manager/Commission dinner meeting and any other business that may come before the Commission with the following Commissioners present: Judy Wilson, Nelson Cox, Terry Pyle and Larry Schaapman. A copy of the notice of adjournment was posted to the Grant PUD website.

There being no further business to discuss, the August 9, 2022 meeting officially adjourned at 8:00 p.m. on August 11, 2022.

\_\_\_\_\_  
Judy Wilson, President

ATTEST:

\_\_\_\_\_  
Tom Flint, Secretary

\_\_\_\_\_  
Nelson Cox, Vice President

\_\_\_\_\_  
Terry Pyle, Commissioner

\_\_\_\_\_  
Larry Schaapman, Commissioner

# **REGULAR AGENDA**

RESOLUTION NO. 8994

A RESOLUTION PROVIDING FOR THE FILING OF A PROPOSED BUDGET FOR THE  
YEAR 2023, SETTING A DATE FOR PUBLIC HEARING THEREON AND  
AUTHORIZING NOTICE OF SUCH MEETING

Recitals

1. Pursuant to RCW 54.16.080, Grant PUD is required to prepare a proposed budget and file it in its records on or before the first Monday in September.

WHEREAS, the preliminary proposed Budget of Revenue and Expenditures for Grant PUD for the year 2023 is attached hereto as Exhibits A and B; and

WHEREAS, public comment on the proposed budget will be officially open October 11th during the regular scheduled Commission Meeting and the District is planning to schedule public hearings regarding the proposed 2023 budget in the month of October at which any rate payer may appear and be heard for or against the whole or any part thereof.

NOW, THEREFORE BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the preliminary 2023 budget is hereby made a part of the District's official records and public comment regarding the proposed 2023 budget shall open October 11th, 2022 during the regular scheduled Commission Meeting and conclude upon adoption of the budget. Notice of scheduled public hearings shall be published at least two consecutive weeks prior to the public hearing in a newspaper printed and of general circulation in Grant County.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 23<sup>rd</sup> day of August, 2022.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

## SUMMARY OF CONSOLIDATED FORECASTED FINANCIAL RESULTS

| <b>Exhibit A - Summary of Budget Items</b>            |          |                  |                  |                  |
|---|----------|------------------|------------------|------------------|
| <i>\$'s in thousands</i>                              |          | <b>Actuals</b>   | <b>Forecast</b>  | <b>Forecast</b>  |
|   |          | <b>2021</b>      | <b>2022</b>      | <b>2023</b>      |
| <b>TOTAL O&amp;M</b>                                  |          | <b>165,470</b>   | <b>163,215</b>   | <b>164,962</b>   |
| <b>TAXES</b>  |          | <b>20,081</b>    | <b>19,940</b>    | <b>20,003</b>    |
| <b>ELECTRIC CAPITAL</b>                               |          | <b>90,033</b>    | <b>87,510</b>    | <b>89,174</b>    |
| <b>PRP CAPITAL</b>                                    |          | <b>67,163</b>    | <b>59,592</b>    | <b>53,604</b>    |
| <b>DEBT SERVICE (net of rebates)</b>                  |          | <b>74,465</b>    | <b>74,452</b>    | <b>70,756</b>    |
| <b>TOTAL EXPENDITURES</b>                             |          | <b>417,212</b>   | <b>404,708</b>   | <b>398,499</b>   |
| <b>Expenditure offsets for deduction</b>              |          |                  |                  |                  |
| Contributions in Aid of Construction                  |          | (14,110)         | (9,207)          | (9,140)          |
| Sales to Power Purchasers at Cost                     |          | (23,584)         | (29,670)         | (15,608)         |
| Net Power (+ Expense, - Revenue)                      |          | (90,411)         | (81,677)         | (90,278)         |
| Conservation Loans                                    |          | 13               | (125)            | (125)            |
| <b>TOTAL EXPENDITURE OFFSETS</b>                      |          | <b>(128,092)</b> | <b>(120,679)</b> | <b>(115,151)</b> |
| <b>TOTAL BUDGETED EXPENDITURES</b>                    |          | <b>289,120</b>   | <b>284,029</b>   | <b>283,348</b>   |
| <b>Exhibit B - \$'s in thousands</b>                  |          |                  |                  |                  |
|   |          | <b>Actuals</b>   | <b>Forecast</b>  | <b>Forecast</b>  |
| <b>CONSOLIDATED OPERATIONAL PERFORMANCE</b>           |          | <b>2021</b>      | <b>2022</b>      | <b>2023</b>      |
| Sales to Power Purchasers at Cost                     |          | 23,584           | 29,670           | 15,608           |
| Retail Energy Sales                                   |          | 231,740          | 237,300          | 248,785          |
| Net Power (Net Wholesale+Other Power Revenue)         |          | 90,411           | 81,677           | 90,278           |
| Fiber Optic Network Sales                             |          | 12,046           | 12,100           | 12,300           |
| Other Revenues  |          | 1,758            | 2,354            | 2,354            |
| Operating Expenses                                    |          | (165,470)        | (163,215)        | (164,962)        |
| Taxes   |          | (20,081)         | (19,940)         | (20,020)         |
| <b>Net Operating Income(Loss) Before Depreciation</b> |          | <b>173,989</b>   | <b>179,946</b>   | <b>184,344</b>   |
| Depreciation and amortization                         |          | (80,591)         | (75,454)         | (77,672)         |
| <b>Net Operating Income (Loss)</b>                    |          | <b>93,398</b>    | <b>104,492</b>   | <b>106,671</b>   |
| <b>Other Revenues (Expenses)</b>                      |          |                  |                  |                  |
| Interest, debt and other income                       |          | (33,577)         | (48,601)         | (36,048)         |
| CIAC  |          | 14,110           | 9,207            | 9,140            |
| <b>Change in Net Position</b>                         |          | <b>73,931</b>    | <b>65,099</b>    | <b>79,763</b>    |
|   |          | <b>Actuals</b>   | <b>Forecast</b>  | <b>Forecast</b>  |
|   |          | <b>2021</b>      | <b>2022</b>      | <b>2023</b>      |
| <b>NET INCOME</b>                                     |          | 73,931           | 65,099           | 79,763           |
| <b>LIQUIDITY (measured at year end)</b>               |          |                  |                  |                  |
| Elect System Liquidity (Rev + R&C)                    | \$105 MM | 111,739          | 109,668          | 111,014          |
| Excess Liquidity                                      |          | 22,578           | 17,098           | 182              |
| Days Cash On Hand                                     | > 250    | 338              | 303              | 266              |
| <b>LEVERAGE</b>                                       |          |                  |                  |                  |
| Consolidated DSC                                      | >1.8x    | 2.40             | 2.28             | 2.47             |
| Consolidated Debt/Plant Ratio                         | ≤ 60%    | 51%              | 47%              | 44%              |
| <b>PROFITABILITY</b>                                  |          |                  |                  |                  |
| Consolidated Return on Net Assets                     | >4%      | 3.2%             | 2.8%             | 3.3%             |
| Retail Operating Ratio                                | ≤ 100%   | 115%             | 106%             | 107%             |

## MEMORANDUM

July 25, 2022

**TO:** Board of Commissioners  
Rich Wallen, General Manager

**VIA:** Bonnie Overfield, CFO

**FROM:** John Mertlich, Sr. Manager FP&A

**SUBJECT:** 2023 Preliminary Proposed Budget Filing

**Purpose:** To submit the 2023 preliminary Proposed Budget Filing per RCW and establish a period of public comment for the proposed budget.

**Discussion:** Per RCW 54.16.080, the District is required annually to submit a proposed filing and schedule a public hearing for the upcoming year's budget. "The Commission shall prepare a proposed budget of the contemplated financial transactions for the ensuing year and file it in its records, on or before the first Monday in September". Accordingly, on August 24<sup>th</sup> the preliminary Proposed Budget Filing and corresponding Resolution will be submitted to the Commission for filing in the District's records. The RCW states that a period of public comment on the budget will be opened beginning the first Monday of October through the end of the public hearings. **\*\*Note: due to the regularly scheduled Commission meetings taking place on the 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays of October; the official opening of the budget will take place on October 11<sup>th</sup> (the second Tuesday) at the regular scheduled meeting.** The public hearings are tentatively scheduled for October 11<sup>th</sup> and 13<sup>th</sup>. Public hearings will be advertised two weeks prior to the hearing.

The 2023 preliminary Proposed Budget Filing is a reflection of management's commitment to:

- Continue to deliver on the 7 key Strategic Objectives.
- Focus on long-term value for all customers.
- Investing in assets ensures access to long-term, low-cost PRP resource.
- Increased focus on efficiency gains, containing costs, and pursuing new revenue sources to ensure financial health while delivering power reliably.
- Retail electric price increases, needed for financial stability, not planned to exceed 2% annually.

**Recommendation:** As established by RCW, approve the attached resolution providing for the 2023 preliminary Proposed Budget Filing and establishment of a period for public comment.

**Cc:** Mitch Delabarre

## Randalynn Hovland

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**From:** John Mertlich  
**Sent:** Thursday, July 28, 2022 2:57 PM  
**To:** Randalynn Hovland  
**Subject:** RE: Resolution XXXX 2023 Preliminary Budget Filing\_Supp Docs

I approve.

Thanks Randi.

Best,

-John

John Mertlich  
Senior Manager FP&A  
MOBILE 503.349.2825  
EMAIL [jmertlich@gcpud.org](mailto:jmertlich@gcpud.org)

[grantpud.org](http://grantpud.org)

-----Original Message-----

From: Randalynn Hovland <[Rhovla1@gcpud.org](mailto:Rhovla1@gcpud.org)>  
Sent: Thursday, July 28, 2022 12:21 PM  
To: John Mertlich <[jmertlich@gcpud.org](mailto:jmertlich@gcpud.org)>  
Subject: Resolution XXXX 2023 Preliminary Budget Filing\_Supp Docs  
Importance: High

Hi John,

Since I don't have a signature on the attached memo, will you please provide your email reply with approval to submit this item into the August 9 packet? Thank you!

Randi



RESOLUTION NO. 8995

A RESOLUTION AUTHORIZING AND APPROVING THE 2023-2026  
CLIMATE COMMITMENT ACT (CCA) COST BURDEN

Recitals

1. RCW Chapter 70A.65.005 was enacted by the Washington State Legislature in 2021 to create a cap and invest program to help achieve the greenhouse gas emission reductions established in RCW 70A.45.020;
2. RCW Chapter 70A.65.070 directed the Department of Ecology to commence the program by January 1, 2023, and to adopt annual allowance budgets for the first compliance period of the program, calendar years 2023 through 2026, by October 1, 2022;
3. RCW Chapter 70A.65.120 allows all electric utilities subject to the requirements of RCW Chapter 19.405, the Washington Clean Energy Transformation Act (CETA), to be eligible for allowance allocation in order to mitigate the cost burden of the program on electricity customers. RCW Chapter 70A.65.010 defines “cost burden” to mean the impact on rates or charges to customers of electric utilities in Washington state for the incremental cost of electricity service to serve load due to the compliance cost for greenhouse gas emissions caused by the program and includes administrative costs from the utility’s participation in the program.

By October 1, 2022, the Department of Ecology shall adopt rules establishing the methods and procedures for allocating allowances to electric utilities. The rules must take into account the cost burden of the program on electricity customers.

By October 1, 2022, the Department of Ecology shall adopt an allowance allocation schedule for the first compliance period for the provision of allowances at no cost to electric utilities. This allocation must be consistent with a forecast, that is approved by the appropriate governing board, of each utility’s supply and demand, and the cost burden resulting from the inclusion of the covered entities in the first compliance period;

4. Grant PUD is using the following method to determine its Cost Burden:
  - (a) Utility-specific forecast of retail electric load consistent with Grant PUD’s Integrated Resources Plan to be adopted by September 1, 2022, pursuant to RCW 19.280.030;
  - (b) Generation resource fuel type forecasted to be used to provide retail electric load for 2023-2026 based on a forecast and supporting information created for the specific purpose of informing the cost burden calculation. This resource forecast is consistent with Grant PUD’s Clean Energy Implementation Plan (CEIP) for 2022-2025 submitted pursuant to the requirements of CETA, RCW 19.405 and accounts for contracts covered by RCW Chapter 70A.65.120(9);
  - (c) A forecast of market purchases needed to balance and manage resource and load variability throughout the compliance period;

(d) A forecast of unspecified Bonneville Power Administration (BPA) electricity imports where Grant PUD has the compliance obligation if BPA elects to not be a covered entity under the CCA;

(e) For generation identified as Specified Source from BPA, use an emission factor of .0154 metric tons CO<sub>2</sub>e/MWh;

(f) For generation from renewable or nonemitting resources, use an emission factor of zero.

(g) For any generation from which the fuel type source is unknown, and for unspecified market purchases, use the unspecified emission factor of .437 metric tons CO<sub>2</sub>e/MWh;

(h) The cost burden effect is calculated by taking the energy in (b), (c), and (d) multiplied by the applicable emission factor. The resulting total emissions represents Grant PUD's cost burden;

5. RCW Chapter 70A.65.120 requires the benefits of all allowances allocated to electric utilities and consigned to auction be used by electric utilities for the benefit of ratepayers, with the priority the mitigation of any rate impacts to low-income customers;
6. Grant PUD's staff has prepared Grant PUD's Cost Burden associated with the CCA for 2023-2026, which meets the requirements of RCW Chapter 70A.65.120 et seq., a copy of which is attached hereto as Exhibit A; and
7. Grant PUD's General Manager has reviewed the proposed Cost Burden and it complies with the requirements of RCW Chapter 70A.65.120 et seq. and recommends its adoption by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the attached Cost Burden is hereby approved, and Grant PUD's General Manager is directed to submit the Cost Burden to the Department of Ecology.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 23<sup>rd</sup> day of August 2022.

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President

ATTEST:

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Secretary

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Vice President

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Commissioner

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Commissioner

**EXHIBIT A- GRANT PUD 2023-2026 CCA COST BURDEN**

| WA Utility (non multi-jurisdictional)                       |                      | Allowance Allocation Calculation for 2023-2026  |           |           |                                |   |   | Constants Used in Calculations   |
|---|----------------------|---|-----------|-----------|--------------------------------|---|---|--|
| YEAR  | Formula descriptions | 2023  | 2024      | 2025      | 2026                           | Field description   | Data source and calculation method  |  |
| Energy to Serve Load (MWh)                                  | A                    | 6,451,653   | 6,871,600 | 7,030,820 | 7,198,337                      | Forecasted annual energy demand, including transmission and other losses.   | Load forecast was used in 2022 IRP (to be adopted by Board 08/2022). Load forecast includes transmission and other losses.  |  |
| <b>DECLARED RESOURCES:</b>                                  |                      | Generation forecasts are informed by IRP analysis and inclusive of CEIP specific actions. |           |           |                                |   |   |  |
| BPA Specified-source purchases (total) (MWh)                | B                    | 47,287  | 47,287    | 47,287    | 47,287                         | Estimate of annual energy generation provided by the Bonneville Power Administration. E.g. specified-source purchases including block, slice, and load-following products or other specified ACS purchases. | Grant PUD is the preference customer for energy used to serve Grand Coulee load and has the associated carbon obligation. Forecasted energy is from 2022 IRP and will be used to meet CETA interim targets consistent with Grant PUD's CEIP.  | Asset Controlling Supplier (ACS) factor for Bonneville Power Administration - Average of ACS factors used in previous four years<br>0.0154 (2019-2022) (MTCO <sub>2</sub> e/MWh) |
| Coal - Total (MWh)  | C                    | -   | -         | -         | n/a - not permitted under CETA | Total forecasted generation from owned or long-term contracted specified-source coal resources.   |   |  |
| Aggregate Coal Generation (Less Specified Resources)        | C1                   |   |           |           | n/a - not permitted under CETA | Energy acquired from aggregate coal generation (less specified resources).  |   | Default Coal Emissions Factor<br>1.0614 (MTCO <sub>2</sub> e/MWh)  |
| Specified Coal Resource #1                                  | C2                   |   |           |           | n/a - not permitted under CETA | Generation from Specified Coal Resource #1, an owned or long-term contracted resource.  |   | Specified Coal Resource #1 emissions factor, if known (MT CO <sub>2</sub> e/MWh)<br>WW   |
| Specified Coal Resource #2                                  | C3                   |   |           |           | n/a - not permitted under CETA | Generation from Specified Coal Resource #2, an owned or long-term contracted resource.  |   | Specified Coal Resource #2 emissions factor, if known (MT CO <sub>2</sub> e/MWh)<br>XX   |
| Natural Gas - Total (MWh)                                   | D                    | -   | -         | -         | -                              | Total forecasted generation from owned or long-term contracted specified-source natural gas resources.  |   |  |
| Aggregate Natural Gas Generation (Less Specified Resources) | D1                   |   |           |           |                                | Energy acquired from aggregate natural gas generation (less specified resources).   |   | Default Natural Gas Emission Factor<br>0.4354 (MTCO <sub>2</sub> e/MWh)  |
| Specified Natural Gas Resource #1                           | D2                   |   |           |           |                                | Generation from Specified Natural Gas Resource #1, an owned or long-term contracted resource.   |   | Specified Natural Gas Resource #1 emissions factor, if known (MT CO <sub>2</sub> e/MWh)<br>YY  |
| Specified Natural Gas Resource #2                           | D3                   |   |           |           |                                | Generation from Specified Natural Gas Resource #2, an owned or long-term contracted resource.   |   | Specified Natural Gas Resource #2 emissions factor, if known (MT CO <sub>2</sub> e/MWh)<br>ZZ  |
| Hydro - Total (MWh)   | E                    | 1,736,451   | 1,828,841 | 1,927,955 | 2,006,418                      | Total forecasted generation from owned or long-term contracted specified-source hydro resources.  | Assumes "average," "P50," or "base case" hydro conditions for Quincy Chute, P.E.C Headworks. Remaining hydro is I-937 incremental hydro used to meet Grant PUD's I-937 compliance requirements. Forecasted hydro generation will be used to meet CETA interim targets consistent with Grant PUD's CEIP. |  |

**EXHIBIT A- GRANT PUD 2023-2026 CCA COST BURDEN**

| YEAR  | Formula descriptions                    | 2023      | 2024      | 2025      | 2026                           | Field description  | Data source and calculation method  |
|---|---|-----------|-----------|-----------|--------------------------------|--|---|
| Other Renewables & Non-Emitting Resources - Total (MWh) | F                                       | 28,536    | 28,536    | 28,536    | 28,536                         | Total forecasted generation from owned or long-term contracted specified-source non-hydro renewables and other non-emitting resources.               | Assumed "average" generation as forecasted in 2022 IRP for Grant PUD's share of Nine Canyon Wind Project. Forecasted wind generation will be used to meet CETA interim targets consistent with Grant PUD's CEIP.  |
| Unspecified Purchases (MWh)                             | G =<br>A - (sum of B through F)         | 4,639,380 | 4,966,936 | 5,027,042 | 5,116,096                      | Estimate of generation to be acquired through unspecified wholesale market purchases. Unspecified purchases are assumed to be the backstop resource. | Energy to serve load minus the sum of all specified sources.  |
| Operational adjustment (MWh)                            | H = A * 5%                              | 322,583   | 343,580   | 351,541   | 359,917                        | Estimate of shorter-term balancing transactions that carry CCA compliance obligations  | Energy to serve load multiplied by 5%. This 5% adder reflects estimated shorter term balancing transactions that carry CCA compliance obligations.  |
| BPA Unspecified Imports, if BPA is not FJD (MWh)        | I                                       | 992,393   | 1,062,103 | 1,075,717 | 1,095,203                      | Estimate of unspecified imports from BPA for each year, if BPA is not the FJD  | Grant PUD looked at e-tag information from 2021 and 2022 to evaluate compliance obligation due to BPA not being a covered entity. If BPA is a covered entity then the emissions associated with these imports do not need to be included as part of Grant PUD's cost burden. Forecasted 20% of unspecified purchases plus operational adjustment. |
| <b>EMISSIONS ASSOCIATED WITH DECLARED RESOURCES:</b>    |   |           |           |           |                                |  |   |
| MT CO2e BPA purchases                                   | J = B * BPA's ACS emissions factor      | 729       | 729       | 729       | 729                            | Metric tons of CO2 equivalent associated with BPA purchases.   | Total BPA purchases multiplied by BPA's ACS factor.   |
| MT CO2e Coal  | K = C * coal emissions factor(s)        |           |           |           | n/a - not permitted under CETA | Metric tons of CO2 equivalent associated with specified-source coal generation.  | Total generation from owned or long-term contracted specified-source coal resources multiplied by the relevant coal emissions factor(s) (default coal emissions factor or specific emissions factors, when known).  |
| MT CO2e Natural gas                                     | L = D * natural gas emissions factor(s) |           |           |           |                                | Metric tons of CO2 equivalent associated with specified-source natural gas generation.   | Total generation from owned or long-term contracted specified-source natural gas resources multiplied by the relevant natural gas emissions factor(s) (default natural gas factor or specific natural gas factor, when known)   |
| MT CO2e Unspecified purchases                           | M = G * unspecified emissions factor    | 2,027,409 | 2,170,551 | 2,196,817 | 2,235,734                      | Metric tons of CO2 equivalent associated with unspecified purchases.   | Total generation estimated to be acquired through unspecified purchases multiplied by the unspecified emissions factor established in WAC 173-444-040   |
| MT CO2e Operational adjustment                          | N = K * unspecified emissions factor    | 140,969   | 150,144   | 153,623   | 157,284                        | Metric tons of CO2 equivalent associated with the operational adjustment.  | Operational adjustment value multiplied by the unspecified emissions factor established in WAC 173-444-040  |
| MT CO2e BPA unspecified imports                         | O = I * unspecified emissions factor    | 433,676   | 464,139   | 470,088   | 478,604                        | Metric tons of CO2 equivalent associated with importing unspecified BPA power if BPA chooses not to be the FJD                                       | Total BPA imports multiplied by the unspecified emissions factor established in WAC 173-444-040   |

|       |   |
|-------|---|
| 0.437 | Unspecified emissions factor (MT CO2e/MWh) established in WAC 173-444-040             |
| 5.00% | Estimated balancing purchases and sales as a percentage of total energy to serve load |
| 0.437 | Unspecified emissions factor (MT CO2e/MWh) established in WAC 173-444-040             |

**EXHIBIT A- GRANT PUD 2023-2026 CCA COST BURDEN**

| YEAR   | Formula descriptions   | 2023      | 2024      | 2025      | 2026      | Field description   | Data source and calculation method   |
|--|--|-----------|-----------|-----------|-----------|---|--|
| Energy supplied to EITEs (MWh)                   | P  | -         | -         | -         | -         | Energy supplied to industrial covered entities by the utility. Fill out this field ONLY IF EITEs are receiving allowances for energy consumption directly. Otherwise, assume inclusion of energy supplied to EITEs in utility-specific emissions ("R"). | Grant PUD is not aware of any EITEs in its balancing area directly receiving allowances for energy consumption.  |
| EITE Emissions (MTCO <sub>2</sub> e)             | Q = (P / A) * sum of J through O   | -         | -         | -         | -         | EITE Purchased Electricity multiplied by Utility-Specific Emissions Factor  | Energy provided to EITE customers divided by all energy to serve load, then multiplied by the sum of all emissions associated with declared resources.   |
| Utility-Specific Emissions (MTCO <sub>2</sub> e) | R = sum of J through O - Q   | 2,602,783 | 2,785,564 | 2,821,258 | 2,872,351 | Total metric tons of CO2 equivalent associated with energy to serve load.   | Sum of all emissions associated with declared resources subtracted by emissions associated with industrial covered entities.   |
| <b>COST BURDEN CALCULATION:</b>                  |  |           |           |           |           |   |  |
| Utility-Specific emissions allowances            | S  | 2,602,783 | 2,785,564 | 2,821,258 | 2,872,351 | Total metric tons of CO2 equivalent associated with energy to serve load.   | Total metric tons of CO2 equivalent associated with energy to serve load.  |
| Administrative Costs Allowance Adjustment        | T = estimated annual administrative cost / allowance floor price                       | -         | -         | -         | -         | Projected administrative costs associated with participation in the CCA program and allowance market/auction.   | Projected administrative cost per year divided by the estimated floor price for one emissions allowance. Grant PUD did not submit an estimate of administrative costs for the first compliance period. |
| Power Cost Adjustment                            | U = estimated annual power cost impacts / allowance price used to estimate power costs |           |           |           |           | Projected power cost impacts due to redispatch - CO2 cost in thermal dispatch decreases wholesale market sales, increases average production cost.  | Projected increased power costs per year divided by the assumed price of emissions allowance equal to forecast in Appendix H.1 of Ecology's Preliminary Regulatory Analysis for Chapter 173-446 WAC    |
| Annual Allocation (allowances)                   | V = S+T+U  | 2,602,783 | 2,785,564 | 2,821,258 | 2,872,351 | Utility-Specific Emissions Allowances PLUS Administrative cost allowance adjustment PLUS Power Cost Adjustment  | Utility-Specific Emissions less EITE Emissions PLUS Administrative cost allowance adjustment PLUS Power adjustment   |

|         |   |
|---------|---|
|         | Estimated cost burden for administration each year: reporting, market participation, auction tracking, etc. in dollars. |
| \$22.34 | Estimated allowance floor price for 2023  |
| \$23.46 | Estimated allowance floor price for 2024 (not adjusted for inflation)   |
| \$24.63 | Estimated allowance floor price for 2025 (not adjusted for inflation)   |
| \$25.86 | Estimated allowance floor price for 2026 (not adjusted for inflation)   |

MEMORANDUM

July 28, 2022

TO: Rich Wallen, General Manager

VIA: Dave Churchman, Chief Customer Officer  
Rich Flanigan, Senior Manager Wholesale Marketing Supply

FROM: Melissa Lyons, Senior Term Marketer

SUBJECT: 2023-2026 Climate Commitment Act (CCA) Cost Burden

Purpose: To request Commission approval of Grant PUD's CCA Cost Burden for submittal to the Department of Ecology in September 2022.

Discussion: RCW Chapter 70A.65.120 requires the Department of Ecology to adopt an allowance allocation schedule for the CCA's first compliance period for the provision of allowances at no cost to electric utilities. This allocation must be consistent with a forecast, that is approved by the appropriate governing board, of each utility's supply and demand, and the cost burden resulting from the inclusion of covered entities in the program.

We have prepared Grant PUD's 2023-2026 Cost Burden pursuant to RCW 70A.65, which recognizes electric utilities are already subject to the Clean Energy Transformation Act (CETA) and therefore are eligible for no cost allowances to mitigate the cost burden of the CCA program on electricity customers. Staff utilized a template developed jointly by Washington utilities to determine Grant PUD's Cost Burden. Any allowances allocated to Grant PUD will be used to cover direct compliance obligations and/or be consigned to auction and the proceeds used for ratepayer benefit.

**Staff assumed the following in the Cost Burden Analysis:**

1. **Energy to Serve Load:** Most recent integrated resource plan (IRP) or other Board approved forecast, adapted as needed to account for the CCA.
  - Staff used load forecast from the 2022 Integrated Resource Plan (IRP), which is scheduled to be approved and adopted by the Board in August 2022. This load forecast includes transmission and other losses.
2. **Declared Resources:** Total forecasted generation from owned or contracted resources to be used to serve load. Must account for specific actions identified in the utility's Clean Energy Implementation Plan (CEIP).
  - Grant PUD's 2022-2025 Clean Energy Implementation Plan (CEIP), submitted to the Department of Commerce in December 2021, set interim targets of approximately 28% of retail load to be served using renewable and nonemitting resources. This resulted in a specific target of 7,413,547 MWh for renewable or nonemitting energy for 2022-2025. For the 2023-2026 Cost Burden forecast, staff ensured consistency with the CEIP while adjusting for the one-year difference and forecasted a total of 7,802,956 MWh or 28% of

forecasted retail load.

- **BPA Specified Source Purchase:** Grant PUD is the preference customer for energy from BPA that is used to serve Grand Coulee load. Energy delivered under preference contracts is recognized as a BPA Specified Source Purchase and will be used to meet CETA interim targets consistent with Grant PUD's CEIP.
  - **Hydro:** Includes generation from Quincy Chute, P.E.C Headworks, incremental hydro used to meet I-937 requirements, and forecasted purchases of hydro under Rate Schedule 13-SS. Generation forecast assumes average conditions and will be used to meet CETA interim targets consistent with Grant PUD's CEIP.
  - **Other Renewables & Nonemitting:** Includes Grant PUD's share of Nine Canyon Wind Project. Generation forecast assumes average conditions and will be used to meet CETA interim targets consistent with Grant PUD's CEIP.
3. **Unspecified Purchases:** Total forecasted generation to be acquired through unspecified wholesale market purchases calculated as Energy to Serve Load minus all Declared Resources. In part, the unspecified purchases are a result of Grant PUD's slice and pooling contracts, which were in effect as of July 25, 2021, and are recognized under RCW Chapter 70A.65.120(9) as eligible to receive allowances to prevent impairment of value of the contracts.
  4. **Operational Adjustment:** Forecast of shorter-term balancing purchases of unspecified energy, not otherwise captured in the annual cost burden calculation, needed to balance load and resource variability on a monthly, daily, and hourly basis as well as to maintain system reliability. Calculated as Energy to Serve Load multiplied by 5%.
  5. **BPA Unspecified Imports:** Forecast of energy imported as unspecified by BPA and sold or scheduled such that the compliance obligation shifts to the downstream entity. The compliance obligation associated with BPA imports is in addition to the cost of carbon embedded in energy prices and therefore must be recognized as an additional cost. Special consideration of BPA imports is only needed if BPA is not a covered entity under the program. Staff looked at historical e-tag data from 2021 and the first half of 2022 to determine a forecast of BPA unspecified imports.
  6. **Cost Burden Emissions:** Forecast of emissions associated with Declared Resources, Unspecified Purchases, Operational Adjustment, and BPA Unspecified Imports. The calculation takes identified resources and/or purchases multiplied by the applicable emission factor to determine the associated emissions in metric tons of CO<sub>2</sub>e (carbon dioxide equivalent).
    - Preference energy received from BPA is deemed Specified Source and is assigned BPA's Asset Controlling Supplier (ACS) emission factor. BPA's ACS emission factor varies and as a result an average emission factor of .0154 metric tons CO<sub>2</sub>e/MWh was assumed based on the average BPA ACS emission factor for 2019-2022.
    - For Unspecified Purchases, the Operational Adjustment, and BPA Unspecified Imports, the default unspecified emission factor of .437 metric tons CO<sub>2</sub>e/MWh is assigned.
  7. **Administrative Costs:** Grant PUD is not including administrative costs in the Cost

Burden for this compliance period, but staff will track these costs going forward and claim in future compliance periods.

8. **Cost Burden Calculation:** The sum of all Cost Burden Emissions determines Grant PUD's forecasted cost burden effect under the CCA for 2023-2026. Per RCW Chapter 70A.65.120, one no cost allowance will be allocated for each metric ton of CO<sub>2</sub>e identified in an electric utility's cost burden. The no cost allowances are to be allocated to Grant PUD on an annual basis throughout the compliance period.

Recommendation: Staff recommends the Commission approve the Resolution authorizing and approving the 2023-2026 Climate Commitment Act Cost Burden for submittal to the state Department of Ecology.

Legal Review:

- Attach e-mail from legal counsel



## Randalynn Hovland

---

**From:** Rich Flanigan  
**Sent:** Thursday, July 28, 2022 11:22 AM  
**To:** Randalynn Hovland  
**Subject:** RE: Resolution XXXX Climate Commitment Act\_Supp Docs Memo

I approve.

### Rich Flanigan

*Sr. Manager*

*Wholesale Marketing and Supply*

OFFICE 509.793.1475  
CELL 509.750.6552  
EMAIL [rflanig@gcpud.org](mailto:rflanig@gcpud.org)



[grantpud.org](http://grantpud.org)

---

**From:** Randalynn Hovland <Rhovla1@gcpud.org>  
**Sent:** Wednesday, July 27, 2022 7:34 PM  
**To:** Rich Flanigan <Rflanig@gcpud.org>  
**Subject:** Resolution XXXX Climate Commitment Act\_Supp Docs Memo

Hi Rich,

Since I don't have your signature on the memo, would you please reply by return email your approval to submit to the packet? Thank you!

Randi

RESOLUTION NO. 8996

A RESOLUTION AUTHORIZING AND APPROVING THE 2022 INTEGRATED  
RESOURCE PLAN (IRP)

Recitals

1. RCW Chapter 19.280.010 was enacted by the Washington State Legislature in 2006 to encourage the development of new safe, clean, and reliable energy resources to meet future demand in Washington for affordable and reliable electricity;
2. The State Legislature has found that it is essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources (conservation) they plan to use to meet their customers' electricity needs in both the short term and the long term;
3. RCW [19.280.030](#) requires that by September 1, 2022, Grant PUD adopt an Integrated Resources Plan which includes:
  - (a) A range of forecasts, for at least the next ten years, of projected customer demand which takes into account econometric data and customer usage;
  - (b) An assessment of commercially available conservation and efficiency resources, as informed, as applicable, by the assessment for conservation potential under RCW [19.285.040](#) for the planning horizon consistent with (a) of this subsection. Such assessment may include, as appropriate, opportunities for development of combined heat and power as an energy and capacity resource, demand response and load management programs, and currently employed and new policies and programs needed to obtain the conservation and efficiency resources;
  - (c) An assessment of commercially available, utility scale renewable and nonrenewable generating technologies including a comparison of the benefits and risks of purchasing power or building new resources;
  - (d) A comparative evaluation of renewable and nonrenewable generating resources, including transmission and distribution delivery costs, and conservation and efficiency resources using "lowest reasonable cost" as a criterion;
  - (e) An assessment of methods, commercially available technologies, or facilities for integrating renewable resources, including but not limited to battery storage and pumped storage, and addressing overgeneration events, if applicable for the utility's resource portfolio.

- (f) An assessment and ten-year forecast of the availability of regional generation and transmission capacity on which the utility may rely to provide and deliver electricity to its customers;
  - (g) A determination of resource adequacy metrics for the resource plan consistent with the forecasts;
  - (h) A forecast of distributed energy resources that may be installed by the utility's customers and an assessment of their effect on the utility's load and operations;
  - (i) An identification of an appropriate resource adequacy requirement and measurement metric consistent with prudent utility practice in implementing RCW 19.405.030 through 19.405.050;
  - (j) The integration of the demand forecasts, resource evaluations, and resource adequacy requirement into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs, including mitigating overgeneration events and implementing RCW 19.405.030 through 19.405.050, at the lowest reasonable cost and risk to the utility and its customers, while maintaining and protecting the safety, reliable operation, and balancing of its electric system;
  - (k) An assessment, informed by the cumulative impact analysis conducted under RCW 19.405.140, of: Energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits, costs, and risks; and energy security and risk; and
  - (l) A ten-year clean energy action plan for implementing RCW 19.405.030 through 19.405.050 at the lowest reasonable cost, and at an acceptable resource adequacy standard, that identifies the specific actions to be taken by the utility consistent with the long-range integrated resource plan.
- 4. RCW 19.280.050 requires that Grant PUD's Commission encourage participation of its consumers in development of the Integrated Resources Plan and approve the plan after it has provided public notice and hearing which occurred on July 26, 2022;
  - 5. Grant PUD's staff has prepared and submitted an Integrated Resources plan which meets the requirements of RCW Chapter 19.280.010 et seq., a copy of which is attached hereto as Exhibit A; and
  - 6. Grant PUD's General Manager/Chief Executive Officer has reviewed the proposed Integrated Resources Plan and it complies with the requirements of RCW Chapter 19.280.010 et seq. and recommends its adoption by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the attached Integrated Resources Plan is hereby approved, and Grant PUD's General Manager/Chief Executive Officer is directed to file the plan with the Washington Department of Commerce.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 23<sup>rd</sup> day of August 2022.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Vice President

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

# Integrated Resource Plan

— 2022 —

*Resolution XXXX*

*Exhibit A*

*August 23, 2022*

## Letter from Wholesale Marketing and Supply

The next 10 years hold significant challenges and opportunities for Grant PUD. These challenges include the magnitude of our load growth, wholesale energy market transformations, clean energy regulations, and regional resource adequacy concerns. This 2022 Integrated Resource Plan (IRP) is Grant's roadmap for navigating this uncertain but exciting future.

### Load Growth

Load growth continues to be the largest driver of our plans for the future. Grant PUD has experienced significant load growth over the prior ten-year period, with an annual average growth rate of approximately 3%. Most of this growth originates from increases in the demand of a few large industrial customers. Sustained load growth is forecasted to continue over the next ten years, with most of the projected growth to again come from a few large industrial customers. This load concentration introduces a significant amount of uncertainty in future resource needs as the current applications for new service could quickly change.

With projected load growth, we are forecasted to be energy deficient at the expiration of our pooling agreement in September 2025 and capacity deficient beginning in 2026.

### New Wholesale Markets

Over the past decade, the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) has grown from two Northwest participants to nineteen, with an additional three participants planning to join in 2023. This real-time energy imbalance market is in direct competition to the current real-time energy market, the Mid-Columbia trading hub (Mid-C), that we rely on to meet our hourly energy needs.

The CAISO also has plans for an Extended Day-Ahead Market (EDAM) to supplement the current real-time EIM. This proposed day-ahead market could further reduce liquidity at the Mid-C, making it more difficult for us to meet our future energy needs with traditional tools.

We continue to monitor CAISO's progress in each of these markets and will look for ways to take advantage of this evolving marketplace in the future. We are also engaged in the Southwest Power Pool's Markets+ initiative, which could provide similar services to the CAISO EIM and EDAM products.

### Washington State's Clean Energy Transformation Act (CETA)

In 2019, Washington Governor Jay Inslee signed into law the Clean Energy Transformation Act (CETA). This Act commits Washington utilities to being greenhouse gas neutral by 2030 and, by 2045, supplying 100% of their electricity from renewable, non-carbon emitting resources. Our existing hydropower resources can contribute toward CETA compliance, though doing so would require contractual adjustments to how we have typically utilized these hydropower systems. Selecting additional resources in the next few years that comply with CETA, while maintaining our low-cost competitiveness for customers will be challenging.

### Resource Adequacy

Historically the Northwest has been one of the least capacity constrained regions of the electric grid due to the abundance of hydro-electric generating resources which produced a system rich in generating capacity and flexibility. However, as the region has retired many thermal power plants, increased integration of renewable resources, and as the hydro-electric system flexibility has declined, the region finds itself transitioning into a peak-constrained system. In 2019, many of the Western Power Pool (WPP) entities began an effort to create a voluntary Resource Adequacy (RA) program to set regional standards for planning methods and metrics, provide load and resource diversity savings, and establish a robust procurement process. We support this effort and are using the work of the WPP RA effort to help determine our future resource needs.

The next 10 years are sure to be exciting ones for Grant PUD. Growth in our customers' requirements as well as regional changes and concerns are creating complex and interrelated uncertainties. Wholesale Marketing and Supply's mission is to navigate these uncertainties and provide the most value possible to our customers. This requires maximizing the potential of our hydro projects while finding the most reliable, least-cost, and lowest-risk options to meet customer needs. This 2022 IRP is our roadmap to achieving these goals.



Rich Flanigan  
Senior Manager of Wholesale Marketing and Supply



# Resolution No. XXXX

## A RESOLUTION AUTHORIZING AND APPROVING THE 2022 INTEGRATED RESOURCE PLAN (IRP)

### Recitals

1. RCW Chapter 19.280.010 was enacted by the Washington State Legislature in 2006 to encourage the development of new safe, clean, and reliable energy resources to meet future demand in Washington for affordable and reliable electricity;
2. The State Legislature has found that it is essential that electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources (conservation) they plan to use to meet their customers' electricity needs in both the short term and the long term;
3. RCW 19.280.030 requires that by September 1, 2022, Grant PUD adopt an Integrated Resources Plan which includes:
  - (a) A range of forecasts, for at least the next ten years, of projected customer demand which takes into account econometric data and customer usage;
  - (b) An assessment of commercially available conservation and efficiency resources, as informed, as applicable, by the assessment for conservation potential under RCW 19.285.040 for the planning horizon consistent with (a) of this subsection. Such assessment may include, as appropriate, opportunities for development of combined heat and power as an energy and capacity resource, demand response and load management programs, and currently employed and new policies and programs needed to obtain the conservation and efficiency resources;
  - (c) An assessment of commercially available, utility scale renewable and nonrenewable generating technologies including a comparison of the benefits and risks of purchasing power or building new resources;
  - (d) A comparative evaluation of renewable and nonrenewable generating resources, including transmission and distribution delivery costs, and conservation and efficiency resources using "lowest reasonable cost" as a criterion;
  - (e) An assessment of methods, commercially available technologies, or facilities for integrating renewable resources, including but not limited to battery storage and pumped storage, and addressing overgeneration events, if applicable for the utility's resource portfolio.
  - (f) An assessment and ten-year forecast of the availability of regional generation and transmission capacity on which the utility may rely to provide and deliver electricity to its customers;
  - (g) A determination of resource adequacy metrics for the resource plan consistent with the forecasts;
  - (h) A forecast of distributed energy resources that may be installed by the utility's customers and an assessment of their effect on the utility's load and operations;
  - (i) An identification of an appropriate resource adequacy requirement and measurement metric consistent with prudent utility practice in implementing RCW 19.405.030 through 19.405.050;
  - (j) The integration of the demand forecasts, resource evaluations, and resource adequacy requirement into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs, including mitigating overgeneration events and implementing RCW 19.405.030 through 19.405.050, at the lowest reasonable cost and risk to the utility and its customers, while maintaining and protecting the safety, reliable operation, and balancing of its electric system;

- (k) An assessment, informed by the cumulative impact analysis conducted under RCW 19.405.140, of: Energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits, costs, and risks; and energy security and risk; and
- (l) A ten-year clean energy action plan for implementing RCW 19.405.030 through 19.405.050at the lowest reasonable cost, and at an acceptable resource adequacy standard, that identifies the specific actions to be taken by the utility consistent with the long-range integrated resource plan.
- 4. RCW 19.280.050 requires that Grant PUD’s Commission encourage participation of its consumers in development of the Integrated Resources Plan and approve the plan after it has provided public notice and hearing which occurred on July 26, 2022;
  - 5. Grant PUD’s staff has prepared and submitted an Integrated Resources plan which meets the requirements of RCW Chapter 19.280.010 et seq., a copy of which is attached hereto as Exhibit A; and
  - 6. Grant PUD’s General Manager/Chief Executive Officer has reviewed the proposed Integrated Resources Plan and it complies with the requirements of RCW Chapter 19.280.010 et seq. and recommends its adoption by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that the attached Integrated Resources Plan is hereby approved, and Grant PUD’s General Manager/Chief Executive Officer is directed to file the plan with the Washington Department of Commerce.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 23rd day of August 2022.

|              |                |
|--------------|----------------|
|              | <hr/>          |
|              | President      |
| ATTEST:      |                |
| <hr/>        | <hr/>          |
| Secretary    | Vice President |
| <br><hr/>    | <br><hr/>      |
| Commissioner | Commissioner   |



# List of Contributors

|                    |   |                                 |
|--------------------|---|---------------------------------|
| Rich Flanigan      | Senior Manager Wholesale Marketing and Supply | IRP Core Team                   |
| Dr. Wesley Cole    | Project Specialist                            | IRP Core Team                   |
| Michael Frantz     | Senior Power Supply Analyst                   | IRP Core Team                   |
| Phillip Law        | Term Marketer                                 | IRP Core Team                   |
| Lisa Stites        | Lead Financial Analyst                        | IRP Core Team                   |
| Richard Cole       | Customer Solutions Program Supervisor         | Energy Efficiency               |
| Mitchell Delabarre | General Counsel/Chief Legal Officer           | Legal                           |
| Melissa Lyons      | Senior Term Marketer                          | Policy and Regulations          |
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| Amanpreet Singh    | Economist                                     | Load Forecasting                |
| Louis Szablya      | Senior Manager Large Power Solutions          | Large Power Customers           |
| Lindsay Thompson   | Communications Specialist                     | Communications                  |

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# List of Acronyms and Abbreviations

## Acronym: Definition

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### A

aMW: Average MegaWatt ·  
ARS: Automatic Resource Selection ·

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### B

BPA: Bonneville Power Administration ·

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### C

CAISO: California Independent System Operator ·  
CCA: Climate Commitment Act ·  
CEAP: Clean Energy Action Plan ·  
CEIP: Clean Energy Implementation Plan ·  
CETA: Clean Energy Transformation Act ·  
CPA: Conservation Potential Assessment ·

---

### D

DC: Direct Current ·

---

### E

EIA: Energy Independence Act ·  
ELCC: Effective Load Carrying Capability ·  
EUDL: Estimated Unmet District Load ·

---

### G

GHG: Greenhouse Gas ·

---

### I

IRP: Integrated Resource Plan ·

---

### K

kcfs: Thousand cubic feet per second ·

---

### M

Mid-C: Mid-Columbia Trading Hub ·



MVA: Megavolt amperes ·  
MW: MegaWatt ·

---

## ***N***

NWPP: Northwest Power Pool ·

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## ***P***

PRP: Priest Rapids Project ·  
PUD: Public Utility District ·  
PV: Photovoltaic ·

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## ***R***

RCW: Revised Code of Washington ·  
RECS: Renewable energy credits ·  
RICE: Reciprocating Internal Combustion Engine ·  
RPS: Renewable Portfolio Standard ·

---

## ***S***

SMR: Small Modular Reactor ·  
SPP: Southwest Power Pool ·

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## ***W***

WECC: Western Electric Coordinating Council ·  
WEIM: Western Energy Imbalance Market ·  
WPP: Western Power Pool ·  
WRAP: Western Resource Adequacy Program ·

---

## ***Z***

ZEV: Zero Emissions Vehicle ·

# 1 | Executive Summary

Grant PUD has prepared this Integrated Resource Plan (IRP) pursuant to State requirements and as part of its long-term planning process. Analysis shows that load growth, increased focus on system adequacy concerns, and resource-specific regulatory requirements, including the Energy Independence Act (EIA) and the Clean Energy Transformation Act (CETA), will require us to acquire additional capacity and energy resources over the 10-year planning period.

Utilizing our current portfolio, and considering our 2021 Sales and Load Forecast, Grant PUD:

- has sufficient resources to meet forecast energy requirements through the expiration of our pooling agreement in 2025
- will need to obtain additional capacity resources to increase our capacity margin for potential future resource adequacy requirements
- has sufficient resources to meet the renewable portfolio standard of the EIA through 2028
- will need to obtain additional clean energy resources to meet primary CETA compliance beginning in 2030.

Given current projections of future load growth, technology performance and resource costs, this analysis determines that obtaining the following additional resources, as well as utilizing wholesale markets, alternative regulatory compliance including the purchase of renewable energy credits (RECs), and continued investment in cost-effective conservation, would reliably provide for customer needs and clean energy requirements through 2031. Resources could be obtained either through purchase agreements or built by Grant PUD. Acquisition of clean energy resources beyond what is required for interim CETA compliance could be utilized to benefit customers through a decrease in revenue requirements.

**Table 1. Modeled portfolio additions by year, nameplate capacity in MW**

| Technology                 | Present – 2025 | 2026 - 2028 | 2029 - 2031 | Total |
|----------------------------|----------------|-------------|-------------|-------|
| Solar                      | 170            | 300         | 200         | 670   |
| Solar with Battery Storage | 100            | 0           | 70          | 170   |
| Wind                       | 100            | 0           | 0           | 100   |
| Gas – RICE                 | 180            | 90          | 0           | 270   |
| Total                      | 550            | 390         | 270         | 1,210 |

While the portfolio additions proposed here were assessed under currently available information as the most cost-efficient means of reliably meeting customer needs into the future, we commit to continued, ongoing evaluation of available alternatives. Alternatives or complements to the modeled portfolio warranting additional evaluation include, but are not limited to, Bonneville Power Administration (BPA) Tier 1 or Tier 2 power, and small modular nuclear reactor (SMR) technology. Prior to any resource acquisition or contractual agreement, additional evaluation of alternate strategies will occur.

In compliance with RCW 19.280, we will submit the following integrated resource plan cover sheet to the Department of Commerce by September 2, 2022.

**Table 2. Energy Integrated Resource Plan Cover Sheet for submission to Washington State Department of Commerce**

|                                | Base Year |        |        | 5-Year Estimate |         |        | 10-Year Estimate |         |        |
|--------------------------------|-----------|--------|--------|-----------------|---------|--------|------------------|---------|--------|
| Estimate Year                  | 2021      |        |        | 2026            |         |        | 2031             |         |        |
| Period                         | Winter    | Summer | Annual | Winter          | Summer  | Annual | Winter           | Summer  | Annual |
| Units                          | MW        | MW     | aMW    | MW              | MW      | aMW    | MW               | MW      | aMW    |
| <b>Loads</b>                   | 833.57    | 929.18 | 639.33 | 1008.99         | 1146.55 | 821.73 | 1134.57          | 1289.25 | 923.95 |
| <b>Exports</b>                 |           |        |        |                 |         |        |                  |         |        |
| <b>Resources:</b>              |           |        |        |                 |         |        |                  |         |        |
| Future Conservation/Efficiency |           |        |        | 8.14            | 8.40    | 8.27   | 17.91            | 18.91   | 18.41  |
| Demand Response                |           |        |        |                 |         |        |                  |         |        |
| Cogeneration                   |           |        |        |                 |         |        |                  |         |        |
| Hydro                          | 114.46    | 124.00 | 117.74 | 1089.19         | 1011.29 | 628.70 | 1142.00          | 1059.18 | 638.90 |
| Wind                           | 0.93      | 1.56   | 3.52   | 8.74            | 12.85   | 50.10  | 7.80             | 10.47   | 46.82  |
| Other Renewables               |           |        |        | 62.95           | 82.30   | 93.85  | 114.40           | 149.41  | 210.57 |
| Thermal – Natural Gas          |           |        |        | 198.00          | 198.00  | 11.51  | 270.00           | 270.00  | 5.91   |
| Thermal – Coal                 |           |        |        |                 |         |        |                  |         |        |
| Net Long-Term Contracts        | 702.73    | 788.18 | 401.59 |                 |         |        |                  |         |        |
| Net Short-Term Contracts       |           |        | 110.57 |                 |         | 23.90  |                  |         | -2.06  |
| BPA                            | 15.44     | 15.44  | 5.90   | 15.44           | 15.44   | 5.40   | 15.44            | 15.44   | 5.40   |
| Other                          |           |        |        |                 |         |        |                  |         |        |
| Imports                        |           |        |        |                 |         |        |                  |         |        |
| Distributed Generation         |           |        |        |                 |         |        |                  |         |        |
| Undecided                      |           |        |        |                 |         |        |                  |         |        |
| <b>Total Resources</b>         | 833.57    | 929.18 | 639.33 | 1382.46         | 1328.28 | 821.73 | 1567.55          | 1523.41 | 923.96 |
| <b>Load Resource Balance</b>   | 0.00      | 0.00   | 0.00   | 373.47          | 181.73  | 0.00   | 432.98           | 234.16  | 0.00   |

## 2 | Requirements and Objectives

Grant PUD has developed this IRP to assess our long-term power supply as required in the Revised Code of Washington, Chapter 19.280. It is our objective to continually assess customers' future energy needs and develop plans to meet those needs while addressing risks and uncertainties in the changing regional and clean-energy focused environment. This IRP should be viewed as a decision support tool as we continually work to support our mission:

**To safely, efficiently, and reliably provide electric power and fiber optic broadband services to our customers.**

### REQUIREMENTS FOR INTEGRATED RESOURCE PLANNING AND OBJECTIVES

The state of Washington has provided regulations for how public utility districts should develop Integrated Resource Plans and describes the uses for the information provided in these plans. We have used the requirements listed in these regulatory documents as guidance in completing this IRP. These regulatory requirements are described below.

#### Revised Code of Washington (RCW) Chapter 19.280

RCW 19.280 outlines the requirements of electric utility resource plans. The intent of this chapter of the Revised Code of Washington (RCW) is to encourage the development of safe, clean, and reliable energy resources. Information from the integrated resource plans that are developed will be used to identify and develop: new energy generation; conservation and efficiency resources; methods, commercially available technologies, and facilities for integrated renewable resources, including addressing over-generation events; and related infrastructure to meet the state's electricity needs. The requirements listed in RCW 19.280.30 for large utility districts include:

(1a) A range of forecasts, for at least the next ten years, of projected customer demand which takes into account econometric data and customer usage;

(1b) An assessment of commercially available conservation and efficiency resources, as informed, as applicable, by the assessment for conservation potential under RCW 19.285.040 for the planning horizon consistent with (a) of this subsection. Such assessment may include, as appropriate, opportunities for development of combined heat and power as an energy and capacity resource, demand response and load management programs, and currently employed and new policies and programs needed to obtain the conservation and efficiency resources;

(1c) An assessment of commercially available, utility scale renewable and nonrenewable generating technologies including a comparison of the benefits and risks of purchasing power or building new resources;

(1d) A comparative evaluation of renewable and nonrenewable generating resources, including transmission and distribution delivery costs, and conservation and efficiency resources using "lowest reasonable cost" as a criterion;

(1e) An assessment of methods, commercially available technologies, or facilities for integrating renewable resources, including but not limited to battery storage and pumped storage, and addressing overgeneration events, if applicable for the utility's resource portfolio.

(1f) An assessment and ten-year forecast of the availability of regional generation and transmission capacity on which the utility may rely to provide and deliver electricity to its customers;

(1g) A determination of resource adequacy metrics for the resource plan consistent with the forecasts;

(1h) A forecast of distributed energy resources that may be installed by the utility's customers and an assessment of their effect on the utility's load and operations;

(1i) An identification of an appropriate resource adequacy requirement and measurement metric consistent with prudent utility practice in implementing RCW 19.405.030 through 19.405.050;

(1j) The integration of the demand forecasts, resource evaluations, and resource adequacy requirement into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs, including mitigating overgeneration events and implementing RCW 19.405.030 through 19.405.050, at the lowest reasonable cost and risk to the utility and its customers, while maintaining and protecting the safety, reliable operation, and balancing of its electric system;

(1k) An assessment, informed by the cumulative impact analysis conducted under RCW 19.405.140, of: Energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits, costs, and risks; and energy security and risk; and

(1l) A ten-year clean energy action plan for implementing RCW 19.405.030 through 19.405.050 at the lowest reasonable cost, and at an acceptable resource adequacy standard, that identifies the specific actions to be taken by the utility consistent with the long-range integrated resource plan.

(3a) An electric utility shall consider the social cost of greenhouse gas emissions, as determined by the commission for investor-owned utilities pursuant to RCW 80.28.405 and the department for consumer-owned utilities, when developing integrated resource plans and clean energy action plans.

The items listed above are not a complete listing of all requirements. For a full listing, please reference RCW Chapter 19.280.

### 3 | Existing Resources

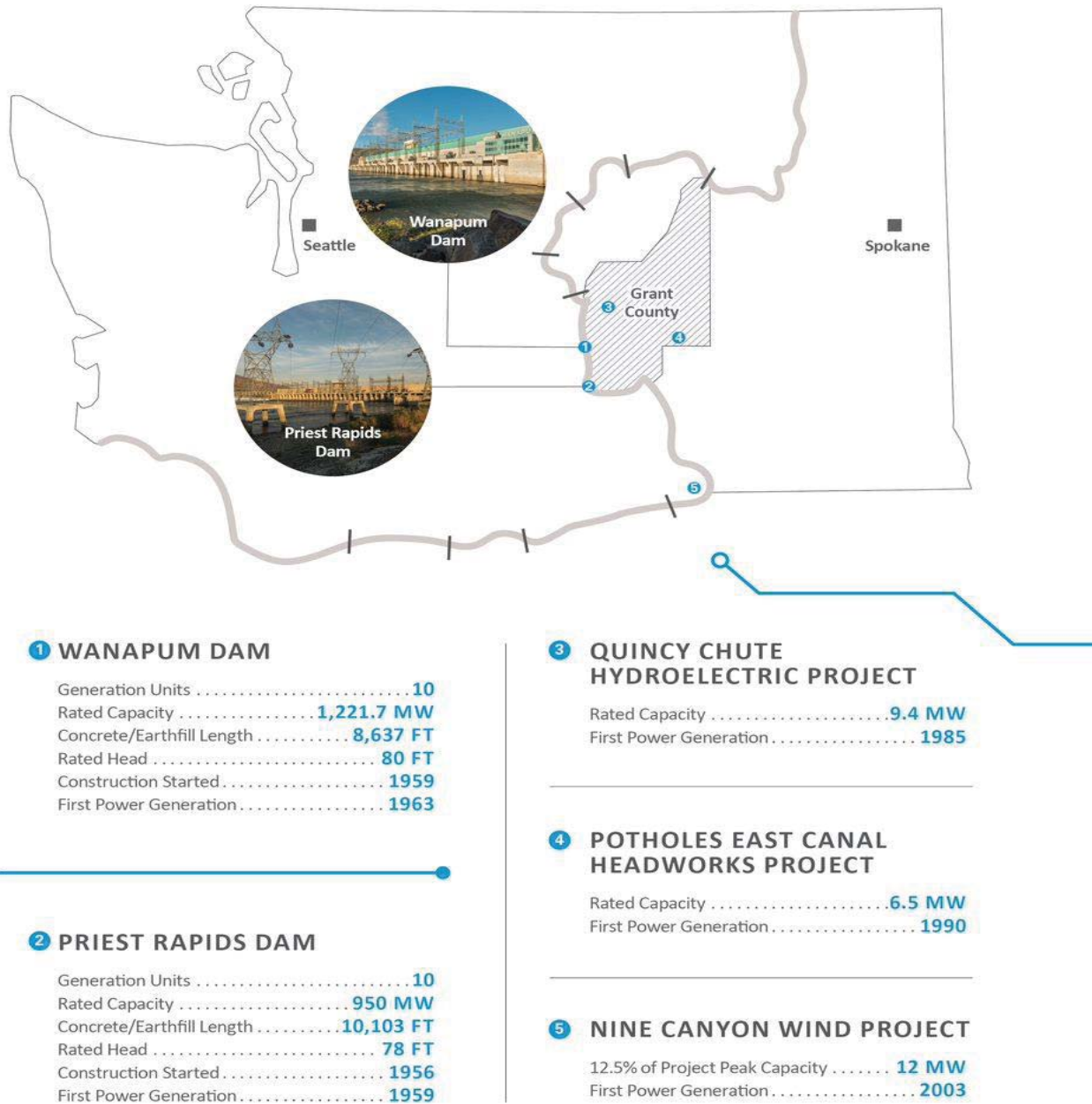


Figure 1. Map of Grant County PUD existing electric generating resources.

## SUPPLY SIDE RESOURCES

Figure 1 illustrates the portfolio we currently utilize to generate and deliver power to our customers. The backbone of this portfolio are the two Columbia River dams, Wanapum and Priest Rapids, collectively referred to as the Priest Rapids Project (PRP). In addition to 63.31% of the physical resources of PRP, Grant PUD also holds financial rights to up to an additional 30% of the project. Additionally, our portfolio includes contracts for the output of two irrigation projects, a share of a wind facility, and resources supplied by BPA. Each of these is described in more detail below.

### The Wanapum Development

The Wanapum Development consists of a dam and ten-unit hydroelectric generating station with a nameplate rating of 1,221 MW. Located on the Columbia River in Grant and Kittitas Counties 18 miles upstream of the Priest Rapids Development, the Wanapum Development includes certain switching, transmission, and other facilities necessary to deliver electric output to the transmission networks of Grant PUD, BPA, and certain other power purchasers. We hold the rights to 63.31% of this development.

### The Priest Rapids Development

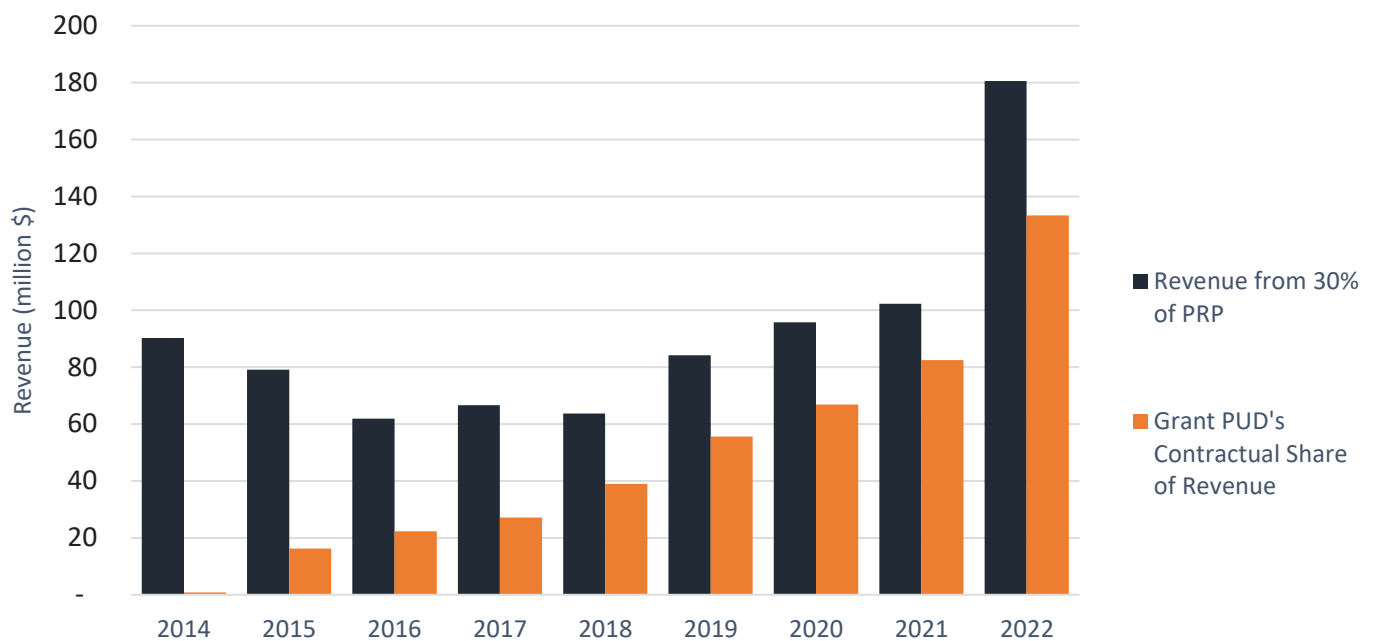
The Priest Rapids Development consists of a dam and ten-unit hydroelectric generating station with a nameplate rating of 950 MW. Located on the Columbia River in Grant and Yakima Counties 18 miles downstream of the Wanapum Development, the Priest Rapids Development includes certain switching, transmission, and other facilities necessary to deliver the electric output to the transmission networks of Grant PUD, BPA, and certain other power purchasers. We hold the rights to 63.31% of this development.

Together, Wanapum and Priest Rapids Developments, collectively called PRP, provides Grant PUD with attributes including energy, capacity, ancillary services, energy storage, and carbon-free attributes. These large hydroelectric resources have been Grant PUD's foundational supply of carbon-free electricity.

### EUDL Market Purchases

Grant PUD has the right to receive financial resources from the Priest Rapids Project to purchase power to serve the Estimated Unmet District Load (EUDL). These financial resources are limited to approximately 30% of the market value of the output of PRP. The amount of the 30% limit available to us is calculated annually based on our load requirements and portfolio resources. The EUDL mechanism allows us to serve load up to this approximate 30% of PRP output at the net cost of PRP production. This is a financial position that must be converted to a physically firm position through the course of our hedging strategy. The energy and capacity derived from this financial resource is not received directly from PRP output but through using the share of revenue to procure market purchases.

Figure 2 illustrates the total proceeds from the sale of 30% of PRP versus our contractual share of those proceeds for the period 2014 through 2022. While the EUDL proceeds have been sufficient to meet system load requirements in the past, it is anticipated that, at forecasted load growth rates, the cost of unmet load requirements will exceed the funds available through the EUDL mechanism by 2025.



**Figure 2. Revenue from sale of 30% of Priest Rapids Project and revenue allotted to Grant PUD for the EUDL**

#### Quincy Chute Project

Under an agreement with the East, Quincy and South Columbia Basin Irrigation Districts, Grant PUD operates and purchases the entire capability of the Quincy Chute hydroelectric generating facility. This 9.4 MW project is located on one of Grant County's main irrigation canals of the Columbia Basin Irrigation Project. We financed, designed, and constructed the project and are responsible for operation and maintenance during the period of the current agreement, which expires in 2025. This facility operates only during the irrigation season of March through October.

#### Potholes East Canal Headworks Project

Under an agreement with the East, Quincy and South Columbia Basin Irrigation Districts, Grant PUD operates and purchases the entire capability and output of the Potholes East Canal hydroelectric generating facility. This 6.5 MW project is located at the Potholes East Canal Headworks at the O'Sullivan Dam in southern Grant County. We financed, designed, and constructed the project and are responsible for operation and maintenance during the period of the current agreement, which expires in 2030. This facility operates only during the irrigation season of March through October.

#### Nine Canyon Wind Project

Under a power purchase agreement with Energy Northwest, Grant PUD receives 12.54% of Phase I, II and III of the Nine Canyon Wind Project located in the Horse Heaven Hills near Kennewick, Washington. The Nine Canyon facility is a 63-turbine facility with a total generating capacity of 95.9 MW. The power purchase agreement is in effect until July 1, 2030.



## DEMAND SIDE RESOURCES

### Conservation and Efficiency

In accordance with the EIA, in 2021 we conducted a biennial Conservation Potential Assessment (CPA) to estimate the conservation potential for the 20 year planning period of 2022 to 2041. The CPA evaluated four sectors: residential, commercial, industrial, and agricultural. The industrial sector is where we could potentially receive the greatest gains by installation of more energy efficient cooling and power supplies in data centers, converting to more efficient lighting, upgrading refrigeration storage, and performing cold storage equipment tune-ups and retrofits. The commercial sector represents the second greatest potential for conservation from lighting and HVAC upgrades.

Table 3 illustrates CPA findings of the cost-effective capacity and energy potential of the sectors examined. The full CPA report is attached as Appendix 3.

**Table 3. Cost effective conservation energy potential from 2021 CPA (aMW)**

| Sector       | 2-Year | 4-Year | 10-Year | 20-Year |
|--------------|--------|--------|---------|---------|
| Residential  | 0.13   | 0.65   | 2.57    | 7.01    |
| Commercial   | 0.43   | 1.20   | 6.63    | 20.68   |
| Industrial   | 3.98   | 4.32   | 8.71    | 18.13   |
| Agricultural | 0.02   | 0.06   | 0.50    | 1.33    |
| Total        | 4.57   | 6.24   | 18.41   | 47.15   |

### Demand Response

In 2021, we conducted an Electric Demand Response Potential Assessment in a manner consistent with requirements of the Washington Clean Energy Transformation Act. The study evaluated resources available over the period 2022-2031. Results showed demand response resources to be relatively expensive compared to supply side resources. We do not currently offer demand response programs to our customers.

## EXISTING CONTRACTS AND WHOLESALE TRADING

As outlined by internal policies, Grant PUD's energy risk management approach aims to capitalize on the low cost of production of the PRP without retaining an imprudent amount of water risk or price volatility risk. As a strategy to hedge against water risk, we have entered into wholesale slice and pooling agreements to sell capacity and energy from our retained 63.3% share of the PRP output. We also participate in wholesale trading activity to increase the predictability of net wholesale revenues by mitigating the effect of fluctuation of wholesale power prices and water variability. These contracts and trading activities directly contribute to our ability to maintain a strong financial position while maintaining stable and predictable retail prices.

### Slice Contracts

We employ a slice hedging strategy to mitigate the effects of the volatility of river flows from year to year. This hedging is accomplished by selling a portion, or slice, of our PRP capacity and energy to buyers who then assume the associated water availability and wholesale price risks. We then use the revenues from these sales to purchase firm energy from the same counterparties. Counterparties are also required to return incremental hydro, qualified as renewable energy, or an eligible substitute. The slice agreements are paid in equal monthly installments over the term of each agreement. We regularly monitor our exposure and retain the right to call for additional assurances at any time and have the right to curtail delivery in the event of nonpayment or non-delivery of firm energy. We obtain stable revenues from these contracts and realize a premium associated with environmental attributes and associated ancillary services of the PRP. This strategy has proven to be an effective and low-cost approach to mitigating water availability risk and wholesale price volatility and ultimately reducing the energy burden of our customers. However, these contracts impact our ability to claim PRP output for EIA and CETA compliance (See Section 4.) Currently, we have two slice contracts for a total of 30% of PRP output, the last of which expires December 31, 2024.

### Pooling Agreements

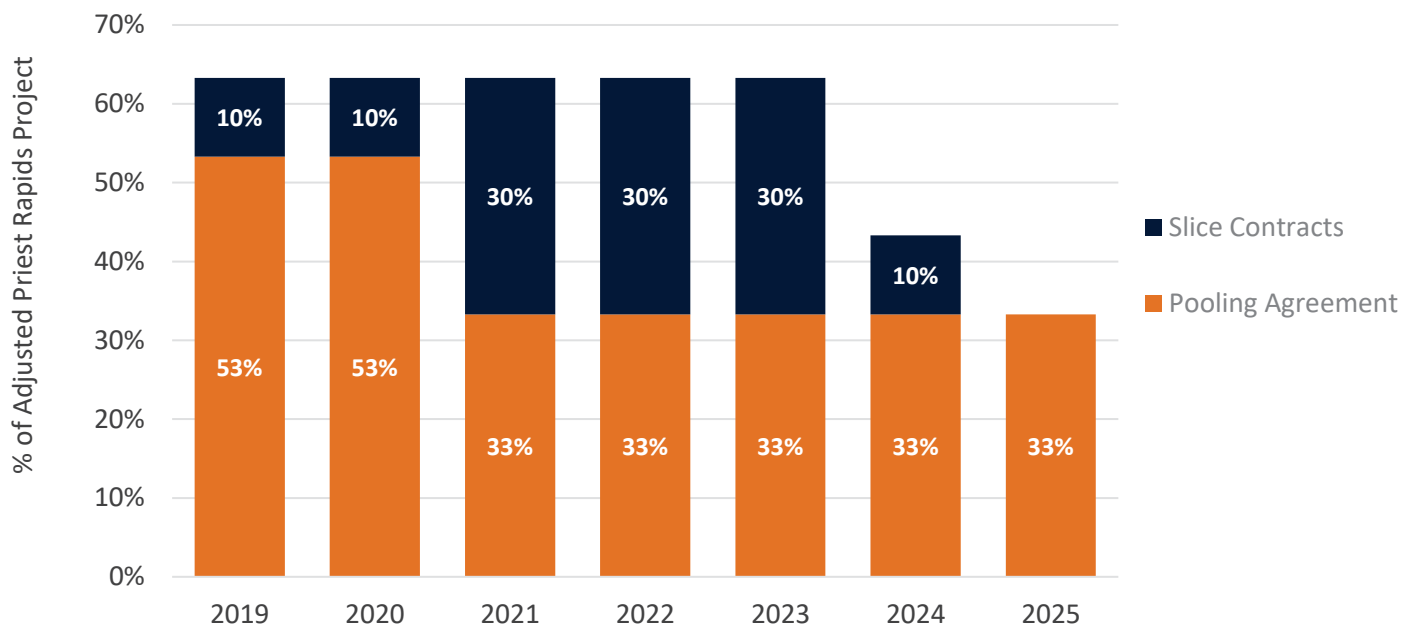
Pooling agreements are another strategy we employ to mitigate the effects of volatility of river flows. These types of agreements allow participants to satisfy differing peak demands, accommodate outages, diversify supply, and enhance reliability of their portfolios by using a combination of their pooled resources.

Under the terms of our current pooling agreement, the counterparty receives rights to a defined portion of the actual output of PRP, output which varies with water conditions, and in return provides firm, unspecified-source power to meet our load. The counterparty provides this power regardless of the actual output of the PRP. The counterparty also provides certain scheduling services.

It is expected that over the life of this agreement the products exchanged will be of approximately equal value. However, there will be monthly payments owed by either the counterparty or Grant PUD due to the seasonal differences between capacity and energy amounts and loads. These payments are presented as a net of sales and purchases. Certain non-hydrological performance metrics were assumed at the beginning of the contract and differences in these metrics are trued up monthly and payment made accordingly. Our current pooling agreement, for 33.31% of PRP expires September 29, 2025.

Under our current pooling agreement, to meet compliance with the EIA and CETA, we have retained the right to incremental hydro from PRP. This incremental hydro output is qualified as renewable energy. We remain aware that participation in future pooling agreements may affect our ability to claim PRP output toward EIA and CETA compliance.

For the years 2019-2025, our 63.3% retained share of PRP output has been allocated to pooling and slice agreements as shown in Figure 3.



**Figure 3. Priest Rapids Project slice contracts and pooling agreements from 2022-2025.**

#### Bonneville Power Administration Contracts

Grant PUD holds a priority firm power contract with BPA, effective October 1, 2011, and terminating October 1, 2028, that provides for service of our loads in the Grand Coulee area. The priority contract covers a small area not interconnected to our transmission system, representing roughly 1%, or approximately 5 aMW, of our total load. We do not currently have a contract with BPA to serve other load but do have the option to exercise our statutory rights to apply for more priority power from BPA after 2028. We intend to maintain this option to secure a significant post-2028 priority contract with BPA and are actively working with the region's preference customers and participating in BPA's Provider of Choice process that will determine the structure of new contracts offered by BPA.

#### Wholesale Trading

Grant PUD engages in wholesale trading activity to moderate portfolio risk and to stabilize energy costs and revenue. We currently operate within the Western Electric Coordinating Council (WECC). Within the WECC, there are numerous bilateral trading hubs. We currently rely heavily on these markets with specific concentration at the Mid-Columbia (Mid-C) trading hub. The Mid-C is one of the most liquid trading hubs in North America and provides us with ready access to market energy, for both sales and purchases, as well as market price discovery. A robust and liquid wholesale energy market is vital to meeting our customers' energy needs.

## 4 | Key Considerations

As we have worked to develop plans for meeting our customers' long-term power supply needs, several key considerations have been assessed. We expect these considerations, discussed below, to be significant drivers of uncertainty, and change for us over the next decade and beyond. We believe an informed understanding and ongoing evaluation of these factors is essential for ensuring we meet our objective of providing a reliable, cost-effective power supply for our customers.

### LOAD

#### Evolving Customer Requirements

Early in our history, Grant PUD's retail load consisted primarily of irrigation, residential, and small commercial customers with traditional Industrial customers accounting for less than 20% of our load. Beginning in the early 1980's, this began to change. Within a decade, while our total load grew by 70%, industrial loads grew by almost 250%. This period of rapid industrial growth can be clearly seen in Figure 4 as starting in the early 1980's and continuing through 1991. That initial rapid growth in the 1980's was followed by a period of lackluster growth, and from 1991 to 2000, while the total loads grew by over 30%, industrial loads grew only 3%. It was not until the early 2000's that there was a noticeable change in the growth rate of Industrial loads. Data Centers were not the initial increase during that period but have, since 2010, grown to dominate load growth in the sector. Over the last 10 years, Industrial class load growth has made up an ever-increasing portion of our total retail load.

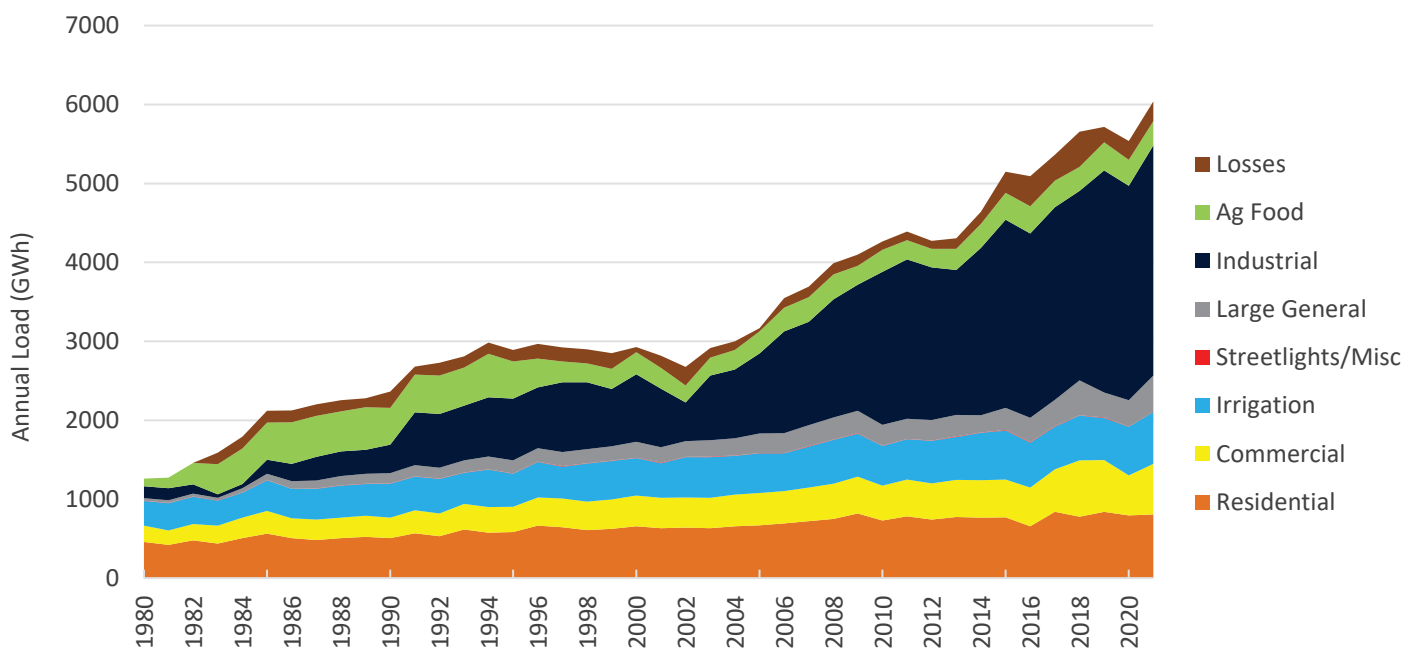


Figure 4. Grant PUD retail load by customer class, 1980 through 2021

#### The Source of Growth

In addition to the Industrial class, two other rate classes have experienced growth rates greater than the average: Large General, Industrial and Ag Food.

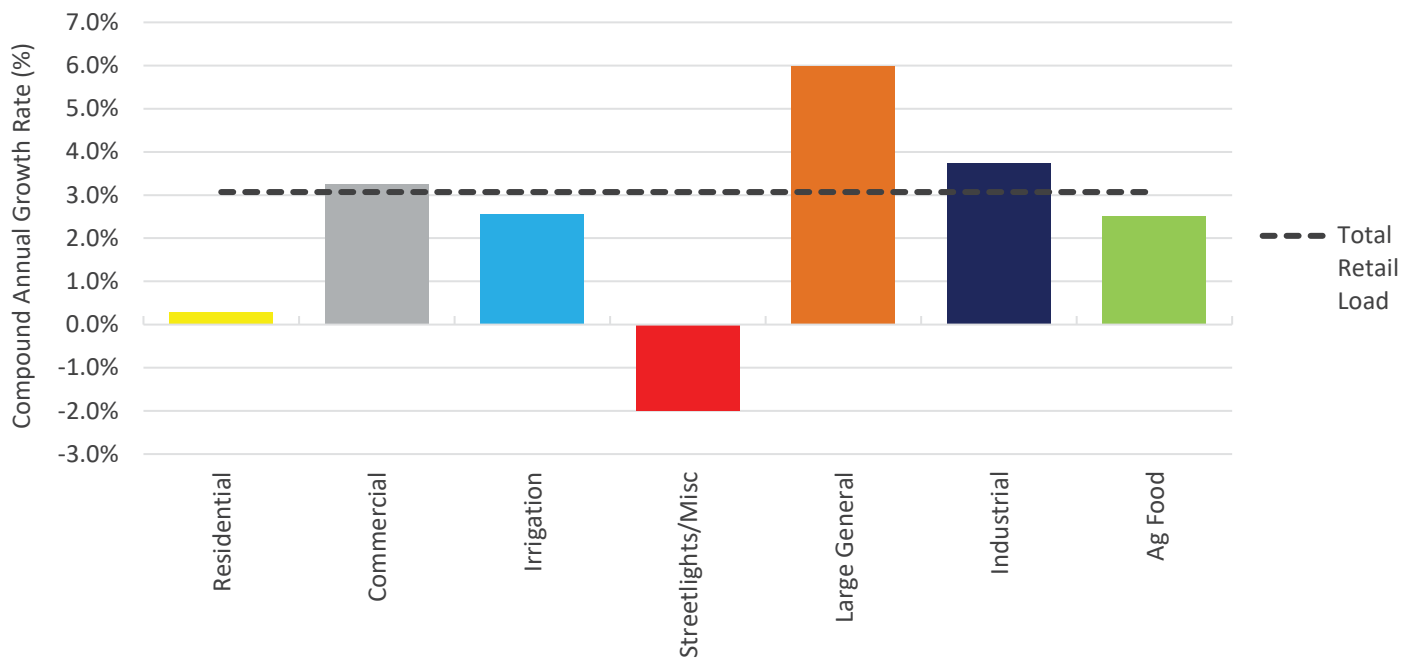
Large General, Industrial and Agricultural Food Processing loads which are generally greater than 500 kW make up a group we categorize as Large Loads. Large Load accounts are spread among seventeen industries as show in Table 4 below.

**Table 4. 2021 Large Loads by industry**

| Industry             | Average Number of Service Agreements | Load (aMW)   | Average Size (MW) |
|----------------------|--------------------------------------|--------------|-------------------|
| Data Center          | 14                                   | 203.3        | 14.5              |
| Chemical             | 6                                    | 40.9         | 6.8               |
| Ag. Processing       | 59                                   | 39.8         | 0.7               |
| Electronics          | 1                                    | 26.5         | 26.5              |
| Automotive           | 3                                    | 25.6         | 8.5               |
| Cryptocurrency       | 18                                   | 14.4         | 0.8               |
| Gas / Fluids         | 3                                    | 7.0          | 2.3               |
| Ag. Storage          | 12                                   | 6.6          | 0.6               |
| Minerals / Metals    | 7                                    | 6.1          | 0.9               |
| Medical / Health     | 6                                    | 5.7          | 1.0               |
| Manufacturing        | 6                                    | 3.9          | 0.7               |
| Utility / Government | 19                                   | 2.4          | 0.1               |
| Retail               | 12                                   | 2.4          | 0.2               |
| Education            | 13                                   | 1.6          | 0.1               |
| Aerospace            | 4                                    | 1.2          | 0.3               |
| Cannabis             | 6                                    | 0.8          | 0.1               |
| Construction         | 4                                    | 0.2          | 0.1               |
| <b>Total</b>         | <b>193</b>                           | <b>388.4</b> | <b>2.0</b>        |

Figure 4 shows that growth of the Large Load Group constitutes the bulk of the total growth over the last ten years to the point that in 2021, Large Load Customers represented over 60% of our total load. Between 2012 and 2021, Large Loads have grown at a compound annual growth rate of 3.9% while all remaining load classes grew at only 1.8%. In the last 20 years Large Loads compound annual growth rate is 5.7% compared to the remaining loads' 1.9% rate. We believe that this is long term trend of load growth concentration in the Large Load customer classes could continue into the future. However, while the compound annual growth rate shows positive long-term growth, the volatility of the Large Loads is significantly higher than the rest of the retail load (see Figure 4 for the period 2000 through 2004 for example.)

The ten-year compound annual load growth varies materially between customer class as shown in Figure 5. Residential loads have been growing at a rather staid 0.3% but Commercial and Irrigation loads have seen much more growth at 3.3% and 2.6% respectively, for a total compound annual growth rate for those classes of 1.9%. Streetlights show negative growth, largely due to increased efficiencies associated with LED adoption.



**Figure 5. Grant PUD ten-year compound annual growth rate by customer class**

### Forces Driving Customer Demand

Understanding the forces currently driving customer energy demand, and anticipating future trends, is key to deriving a plan to meet those needs. We believe customers are attracted by Grant PUD's competitive electric rates, advantageous location, and potential for green energy supply. We have received input from Large Load customers that their current and future energy demands are sensitive to many market pressures including environmental and social goals but that the cost of the energy we supply is the dominant factor. We believe competitive rates are critical to both retaining existing Large Loads and to attracting significant growth in the sector. Conversely, we believe upward pressure on rates could lead to decreased levels of load growth.

Customer loads are also sensitive to power quality including voltage, harmonics, and outage frequencies and durations. Data centers, the industry with the current largest load share of our Large Load customers, are particularly demanding. These customers are high load factor power consumers, with consistent high-quality power availability critical to their operational success. We realize that any plan crafted to meet customer needs into the future must consider resource capacity factors, as well as reliability and deliverability characteristics.

Price, reliability, and deliverability sensitivity in the fastest growing rate classes introduces a potential risk in the variability of the load forecast used in this IRP. We have reviewed potential risks associated with load uncertainty, will continue monitoring expectations of customers, and will incorporate these concerns into our long-term planning.

### Load Forecast

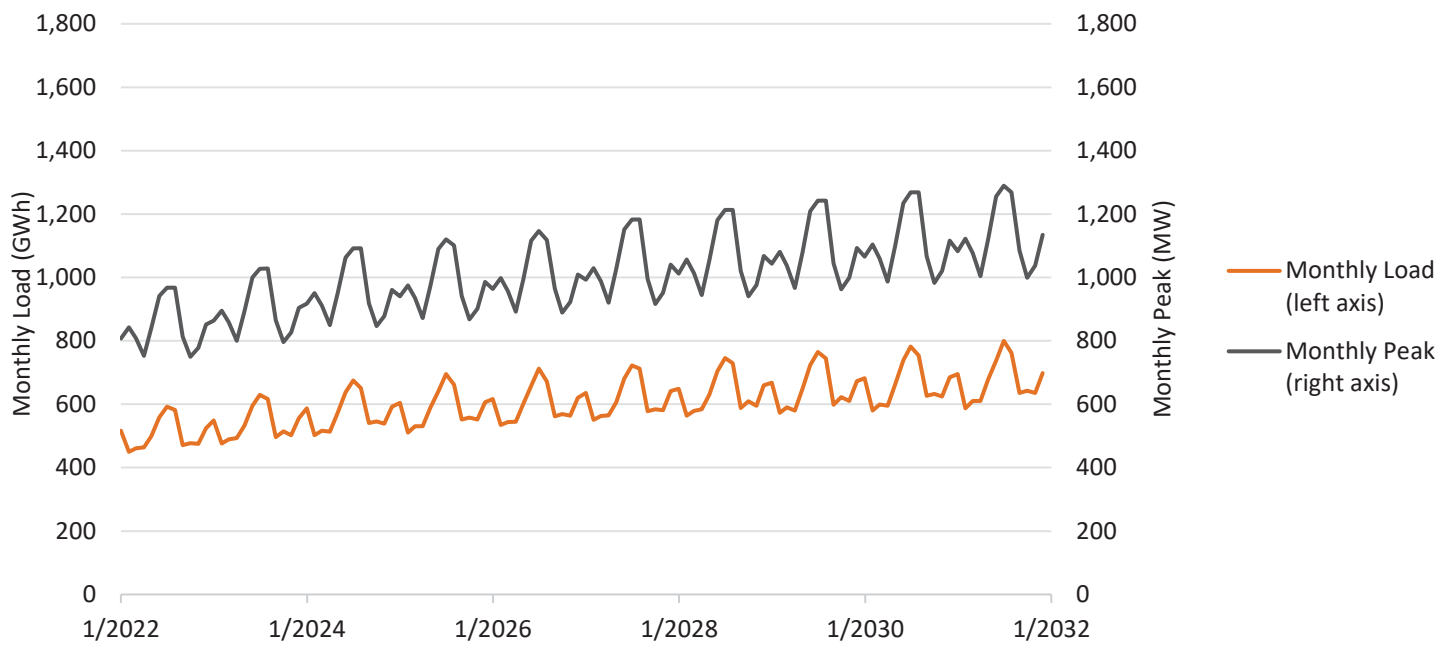
This IRP uses Grant PUD's 2021 Annual Sales and Load Forecast to inform the analysis of customer energy demands over the study period. To create the forecast, monthly historical customer sales data, along with weather, economic and demographic data are used to develop econometric regression models. The models forecast monthly load by individual rate schedule. Rate schedules are described in Table 5.

**Table 5. Customer Class and Rate Schedules**

| Customer Class    | Rate Schedule | Description  |
|-------------------|---------------|--|
| Residential       | 1             | Single family dwelling, individual apartment, and farmhouse with single-phase service  |
| Commercial        | 2             | Loads not exceeding 500 kW for general service, commercial, multi-residential and miscellaneous outbuilding requirements and single-phase loads not exceeding 500 Watts.             |
| Irrigation        | 3             | Irrigation, orchard temperature control and soil drainage loads not exceeding 2,500 horsepower and other miscellaneous power needs including lighting                                |
| Streetlights      | 6             | Street lighting  |
| Large General     | 7             | Loads not less than 200 kW or more than 5,000 kW demand for general service lighting, heating, and power requirements.   |
| Industrial        | 14 and 15     | Industrial customers, with a distinction between demand less than or greater than 15 MW/MVA  |
| Ag Food           | 16            | Plants with primary purpose of processing, canning, freezing, or the frozen storage of, agricultural food crops with demand greater than 5 MW/MVA and less than 15 MW/MVA            |
| Evolving Industry | 17            | Groups of industries or uses that collectively consume r could consume more than 5% of the 's total load and that present concentration risk and either business or regulatory risk. |
| Ag Food -Boiler   | 85            | Electric boilers which are separately metered and primarily used for the purpose of processing, canning, or freezing agricultural food crops   |
| New Large Load    | 94            | All New Large Loads, as defined by the District's Customer Service Policies.   |

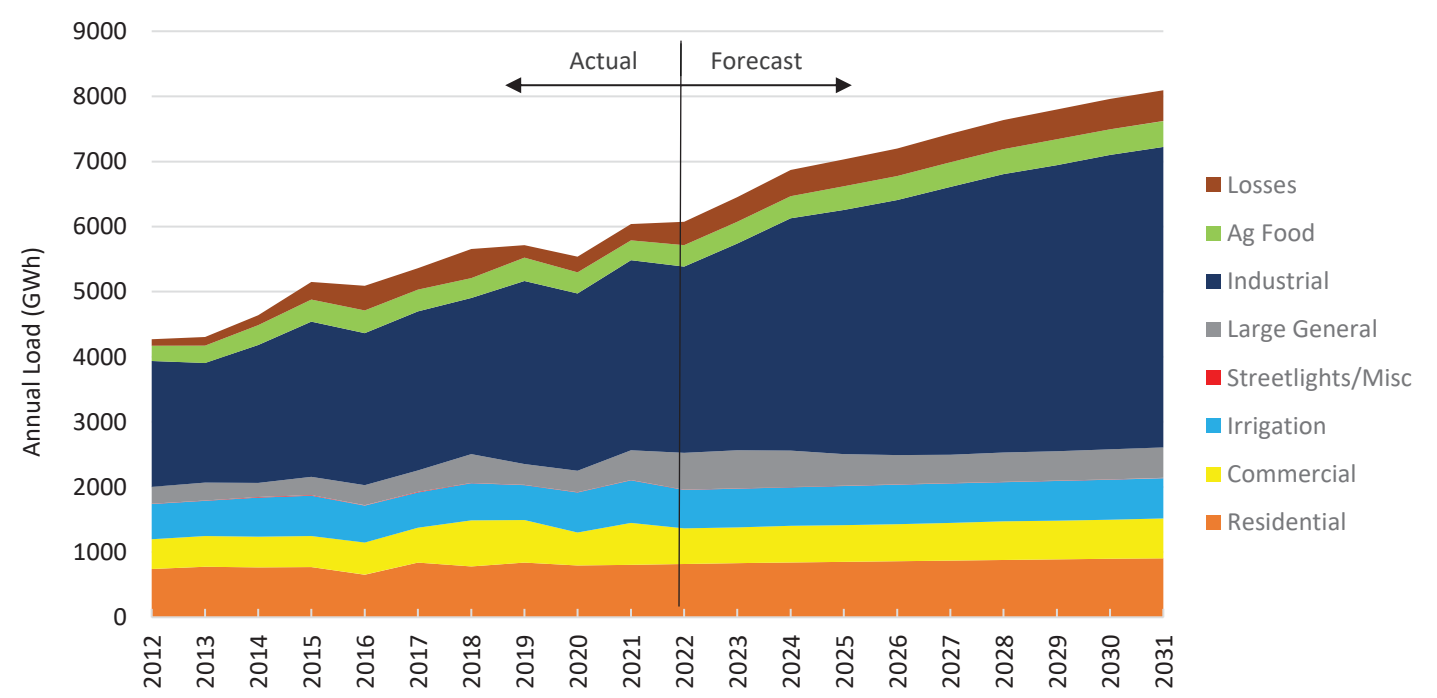
Once monthly loads are forecast by rate class, they are then aggregated and representative hourly load shapes, derived from historical data, are applied to produce hourly forecasts, with stochastic variability, used for modeling.

Forecast load requirements contained in the 2021 Annual Demand Forecast are referred to throughout this document as the reference load growth case. Figure 6 illustrates both the monthly forecasted energy for load, as well as the forecast monthly peak requirements from the reference case.



**Figure 6. Monthly projected load and monthly projected peak for reference case used in modeling work**

Figure 7 shows both historic values through 2021 and the reference case forecast by customer class for 2022 through 2031, illustrating the expected variation in load growth between customer classes and highlighting the forecast increase in load share of our industrial customer class.



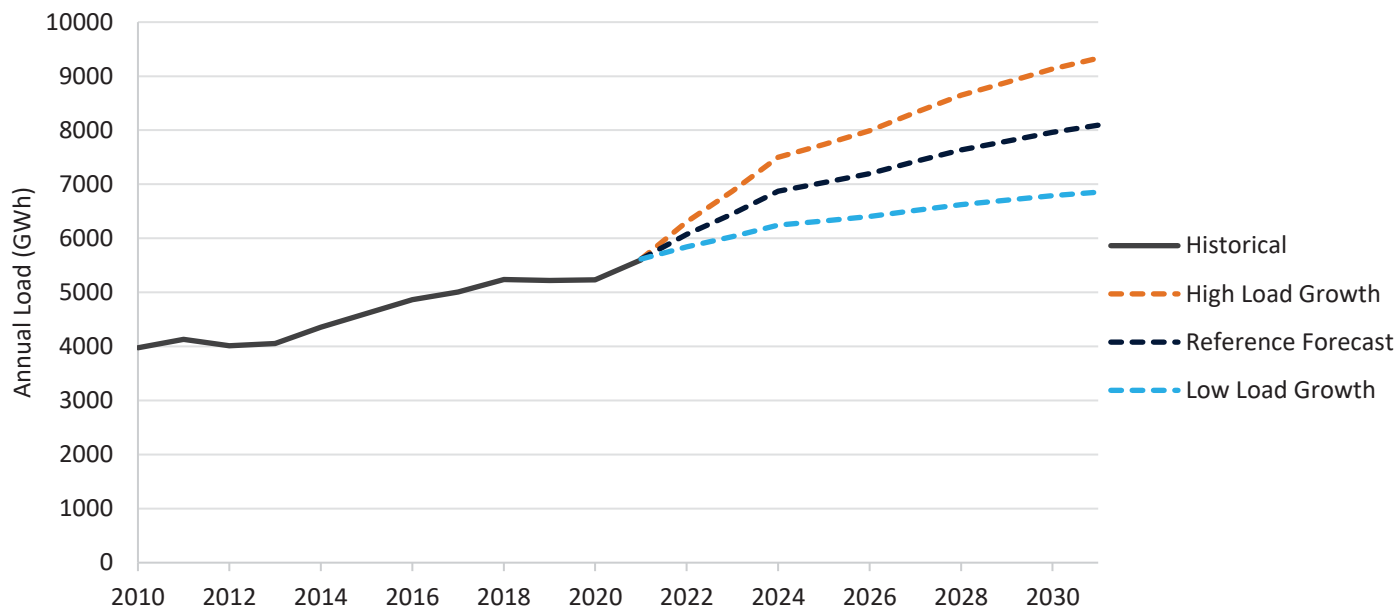
**Figure 7. Actual and forecasted load, 2012-2031**



Because load growth is both a key driver of resource needs and is highly uncertain, this plan considers two additional load growth sensitivities:

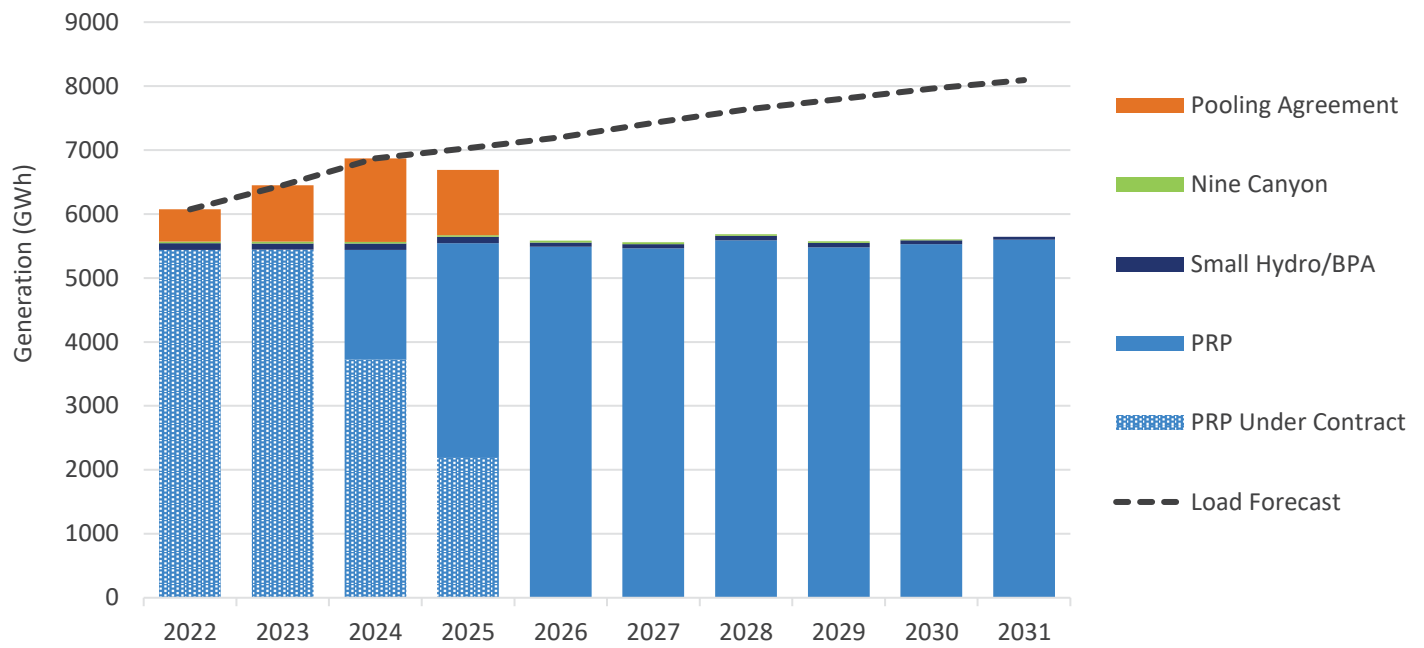
- Low Load: defined as an overall system growth rate 50% lower than the reference load growth case
- High Load: defined as an overall system growth rate 50% higher than the reference load growth case

These alternative load growth scenarios, illustrated in Figure 8, are not intended as predictions but used only to explore the impact of load growth on the type, timing, and magnitude of resource selections. It should be noted that the high load growth condition is unlikely to be currently feasible from an infrastructure standpoint. Evaluation of load growth conditions higher than our reference case also serves to help determine what type of infrastructure might be required to accommodate higher than expected load growth.



**Figure 8. Forecasted annual load for Grant PUD service territory for three conditions of load growth.**

Using the reference case load forecast, we can formulate expectations of the ability of our current resource portfolio to meet customer requirements. Figure 9 shows the projected generation capability of our current resource portfolio versus forecast system load. Our portfolio is well positioned to meet customer energy requirements through the expiration of our pooling agreement in 2025. Please note that that while we routinely rely on wholesale market participation to provide energy to our customers, to moderate portfolio risk, and to stabilize energy costs and revenue, to highlight our current portfolio, market resources and participation are not reflected in Figure 9. This in no way indicates our intent to discontinue those trading practices.



**Figure 9. Annual energy generation expectations vs. load forecast, current portfolio**

## CHANGING POWER MARKETS AND SYSTEM CONDITIONS

### Western Resource Adequacy Program (WRAP)

The Pacific Northwest's bulk electricity system is in transition. Historically it has been one of the least capacity constrained regions of the electric grid due to the presence of a significant amount of hydro-electric generating resources. These resources produced a system rich in generating capacity and flexibility, though subject to annual variations due to variable precipitation and snowpack. As the region adds increasing amounts of renewable resources, retires greenhouse gas emitting generation sources, and as hydro-electric system flexibility declines, the region finds itself transitioning into a capacity-constrained system.

Currently, most utilities in the Northwest conduct their own reliability studies. This lack of centralized planning, and use of varying methods and metrics, contains inherent risks for meeting region-wide and utility-specific goals to provide reliable power into the future. This risk is increased due to the changes in market participation, and policy driven shift to clean energy sources taking place in the region.

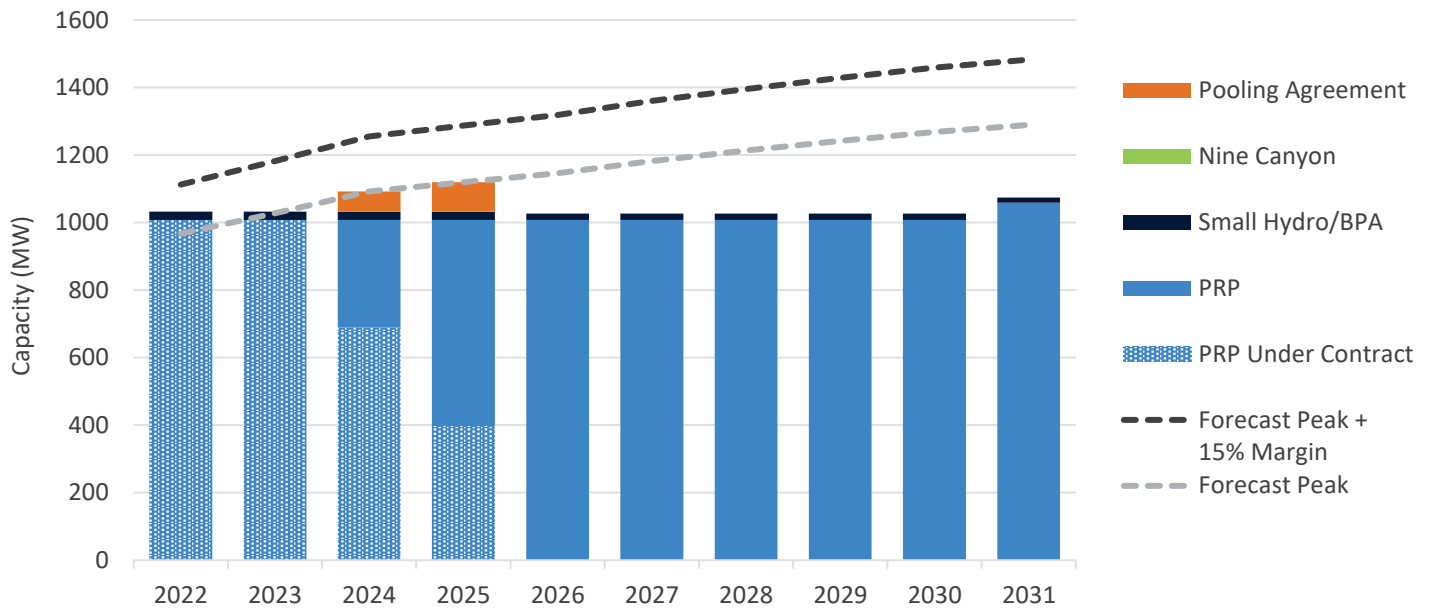
In response to growing concerns, in 2019 a coalition of stakeholders, acting through Northwest Power Pool (NWPP, Now WPP, Western Power Pool) began an effort to develop a voluntary resource adequacy (RA) program. The proposed RA program, referred to as the Western Resource Adequacy Program (WRAP), aims to set regional standards for planning methods and metrics, provide load and resource diversity savings, and establish a robust procurement process.

WRAP is expected to have a forward-showing period in which participating entities would be called on to prove they meet established regional metrics that ensure reliability. Penalties would be assessed if these metrics could not be proved. The program would also have an operational component that would unlock the load and resource diversity benefits in times of stress across the region. Currently 26 participants across the west, representing over 66 GW of summer peak load, are taking part in a non-binding preliminary phase. Current timelines project that WRAP be fully operational by summer 2025 (WPP 2022).

There are many challenges that will need to be overcome for establishing an RA program unique to the Northwest, including the lack of an organized market administrator, the large number of public utilities, the significant amount of hydropower resources and the size and role of Bonneville Power Administration (BPA). In addition, questions remain on how WRAP might coexist with energy imbalance and day-ahead markets. We are currently participating in the design of WRAP and using this effort to better understand and design our own RA response.

In recognition of the developing WRAP, and our internal need to ensure an adequate and reliable energy supply to its customers, a 15% planning reserve margin, calculated as a percentage of each forecast annual peak load, is used in the development and selection of the resource plan shown in this IRP. This planning capacity margin is intended to be adequate to cover most prolonged resource outages, variations in weather and water availability, and uncertainty in load projections. It is also consistent with values used by other regional entities including the planning reserve margin adopted by the California Public Utilities Commission for CAISO (Dupre et al. 2021) and used by WECC in its 2021 "Western Assessment of Resource Adequacy" (WECC 2021).

Using the reference case load forecast and the 15% planning reserve margin, we are able to formulate expectations of the ability of our current portfolio to meet potential future capacity requirements. Figure 10 shows the forecast ability of our current resource portfolio to meet potential firm capacity requirements. The portfolio is able to meet expected peak requirements through 2025. It should be noted that although we have, in the past, used market purchases to meet capacity requirements, and may choose to continue to do so in the future, for purposes of this illustration, market participation is not shown in Figure 10.



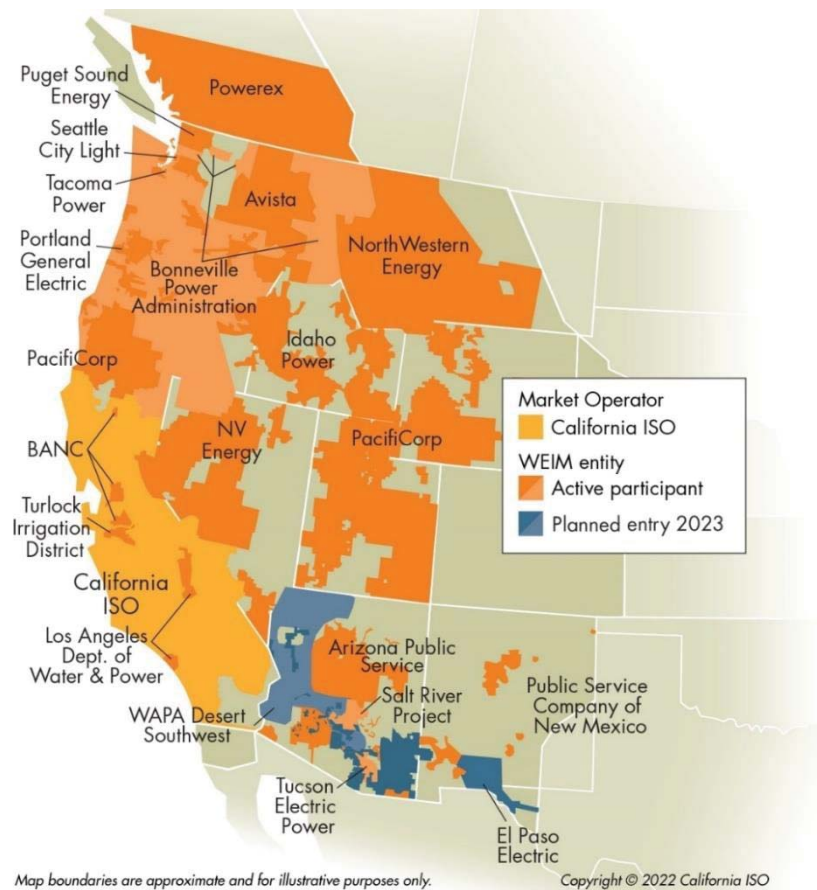
**Figure 10. Current portfolio capacity vs. potential capacity requirements under WRAP**

### Real-Time Electricity Market

Many of the same forces driving RA concerns, and development of the WRAP, impact the increasing value of real-time electricity markets in the Northwest. Real-time markets enable participants to essentially pool their generating resources to more reliably and cost effectively dispatch those resources to serve load, reducing operational costs, improving integration of renewable resources, potentially reducing individual participants' needs to hold reserves, and improving overall grid reliability.

In 2014, the California Independent System Operator (CAISO) began operation of the Western Energy Imbalance Market (WEIM.) Through the WEIM, CAISO extends the benefits of a real-time market to participants outside of its territory. According to a WEIM calculation comparing their market dispatch to a counterfactual dispatch without WEIM, participants have received more than \$2 billion in benefits since market opening (CAISO 2022b).

As of May 2022, the WEIM has nineteen active participants with three additional entities anticipating entry in 2023. Figure 11 shows the current footprint of participant boundaries and illustrates that Grant PUD is geographically surrounded by WEIM participants. With growing WEIM participation, we believe that non-participants will become increasingly economically distinct from participants.



**Figure 11. Footprint of active and pending WEIM participants (CAISO 2022b)**

For the purposes of this IRP, we do not make assumptions regarding our future real-time market participation. However, the impacts of WEIM are indirectly captured through forward-looking trading hub assumptions used in this plan. This IRP does assume that we will retain the ability to participate in wholesale trading activity.

### Day-Ahead Electricity Market

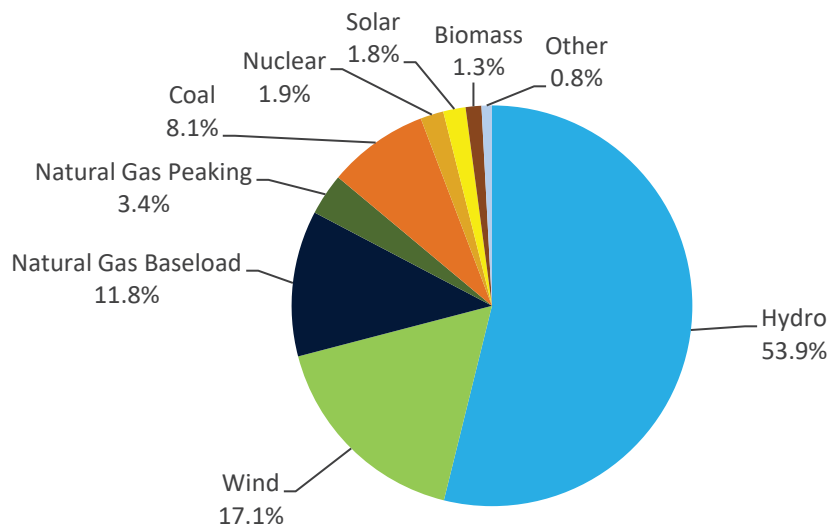
While energy imbalance markets, including WEIM, provide a venue for trading energy in real time, and have led to considerable operational savings in the West, the energy traded on the imbalance markets represents a relatively small share of the overall energy traded across the West. Day-head markets facilitate joint unit commitment along with real-time energy trading and have the potential to deploy resources more efficiently across the region. Coordinated day-ahead markets serve to lower production costs and increase utilization of renewable energy resources that might otherwise be curtailed.

Though no day-ahead market currently exists in the West outside of California, both CAISO and the Southwest Power Pool (SPP) are pursuing day-ahead market frameworks for the West, via the Extended Day-Ahead Market and Markets+, respectively. In May 2022 CAISO released a strawman proposal for the Extended Day-Ahead Market (CAISO 2022a), and SPP has plans to release a strawman proposal in late 2022 (SPP 2022). Both market operators are attempting to move quickly while providing robust solutions for interested stakeholders.

For the purposes of this IRP, we do not make assumptions regarding our future day-ahead market participation. However, the impacts of these markets are indirectly captured through forward-looking trading hub assumptions used in this plan. This IRP does assume that Grant PUD will retain the ability to participate in wholesale trading activity.

## Regional Resource Mix Evolution

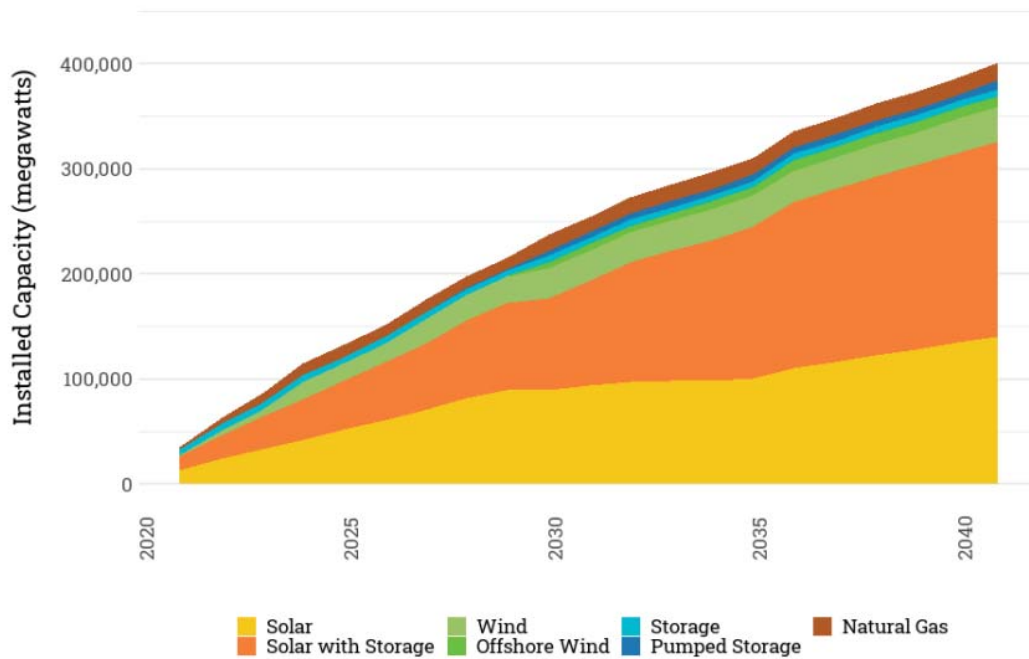
The Western Interconnection is undergoing rapid change, both in the market structure that can facilitate the sharing of resources across Western utilities, as well as in the resource mix used to serve regional load. Figure 12 shows the share of existing capacity by fuel type for the Pacific Northwest as of January 2021 (NWPCC 2022).



**Figure 12. Percentage of capacity by fuel type in the Power Act region or contracted to Pacific Northwest loads.**

Other includes geothermal, petroleum, pumped hydropower storage, and battery storage. Total installed nameplate capacity is 64,340 MW. Values are from January 2021 and based on inputs to the 2021 Power Plan (NWPCC 2022).

Hydroelectric power is currently the dominant generating resource in the region and reliance on hydropower has kept the region's power costs low in comparison with other regions of the country (EIA 2021). However, new regional capacity is expected to come from other resource types, reducing the overall percentage share of hydropower. Figure 13 shows the projected capacity additions for the Pacific Northwest from the Northwest Power and Conservation Council's 2021 Northwest Power Plan (NWPCC 2022). The projection relies heavily on the addition of variable renewable energy and storage, and, with the exception of natural gas, does not show much growth in resources that have traditionally been used to serve the bulk of the load in the region. The shift in resource mix expected from these additions is driven by cost reductions, state and federal policy actions, and voluntary procurement of clean energy resources, and will change the way the grid operates and how utilities in the region transact power with one another.



**Figure 13. Projected new capacity from the Northwest Power and Conservation Council’s 2021 Northwest Power Plan for the Pacific Northwest (NWPCC 2022)**

We anticipate that a change in the region’s resource mix, specifically an increased presence of clean energy variable resources, will have significant impacts on our trading with external parties. An increased reliance on variable resources means that shortages and surpluses of energy could vary considerably within a day and across seasons. This will impact prices for both buying and selling power (Seel et al. 2021). California has seen a significant depression in daytime prices and an increase in evening prices due to the large buildout of solar resources (Mills et al. 2019). With the anticipated large buildout of wind and solar resources in the region, similar pricing dynamics are likely to manifest themselves in the Pacific Northwest.

## POLICY AND REGULATIONS

Grant PUD faces uncertainty regarding the full magnitude and cost of clean energy and carbon-focused legislative action. Washington State has passed significant carbon emission reduction legislation with the adoption of CETA and the Climate Commitment Act (CCA). While the rule making for CETA is largely finished, the implementation impacts are not fully known. The law serves to eliminate the use of coal-sourced generation by 2025, requires carbon neutral generation by 2030 and has an ultimate target of 100% greenhouse gas (GHG) emission-free generation by 2045. The CCA is a cap-and-invest program which caps and reduces carbon emissions from the state's largest emitting resources, including the electricity sector, starting in 2023. The program allows for the sale and tracking of tradable emissions allowances and the rules are designed to allow for linking the program with similar programs in other jurisdictions. The CCA rulemaking is ongoing and is not anticipated to be finalized until late 2022.

### Clean Air Rule

In 2008, the Washington State Legislature passed, and the governor signed, legislation requiring reductions in GHG emissions, initiating GHG reporting requirements, and requiring the Department of Ecology to make recommendations for the development of a market-based cap and trade system (RCW 70.235). In 2016, the Washington State Department of Ecology adopted the Clean Air Rule (WAC 173-442), which addressed the major sources of greenhouse gases, including certain electric generators and fuel suppliers in Washington and required businesses that are responsible for large amounts of greenhouse gas emissions to cap and reduce their carbon emissions. Grant PUD is not a covered entity under the rule. However, implementation of the law affects the electric sector and potential demand for clean electricity in Washington State. Some large industrial customers in Grant County could be affected.

In March 2018, Thurston County Superior Court ruled that parts of the Clean Air Rule were invalid. The Superior Court's ruling prevented Ecology from implementing the Clean Air Rule regulations. On January 16, 2020, the Washington State Supreme Court ruled that the portions of the rule that applied to stationary sources were upheld, but that the portions that applied to indirect sources, such as natural gas distributors and fuel suppliers, representing the majority of emissions, were invalid. The Supreme Court remanded the case to Thurston County Superior Court to determine how to separate the rule.

While this rule is not currently affecting Grant PUD or its industrial customers, we will continue to monitor efforts to modify the rule or to grant additional authority to Ecology to regulate indirect GHG emissions.

### Energy Independence Act

In 2006, Ballot Initiative 937 (I-937) was passed. This legislation is now incorporated into RCW 19.285, also known as the Energy Independence Act (EIA). The EIA requires large utilities to pursue cost-effective, feasible energy conservation measures as well as obtain 15% of their electricity for sales to retail customers from renewable resources by 2020.

Beginning in 2010, qualifying utilities are required to, biennially, make public a target for conservation consistent with its identification of achievable opportunities. Qualifying utilities are required to meet their targets during the subsequent two-year period. Opportunities for conservation are identified using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council.

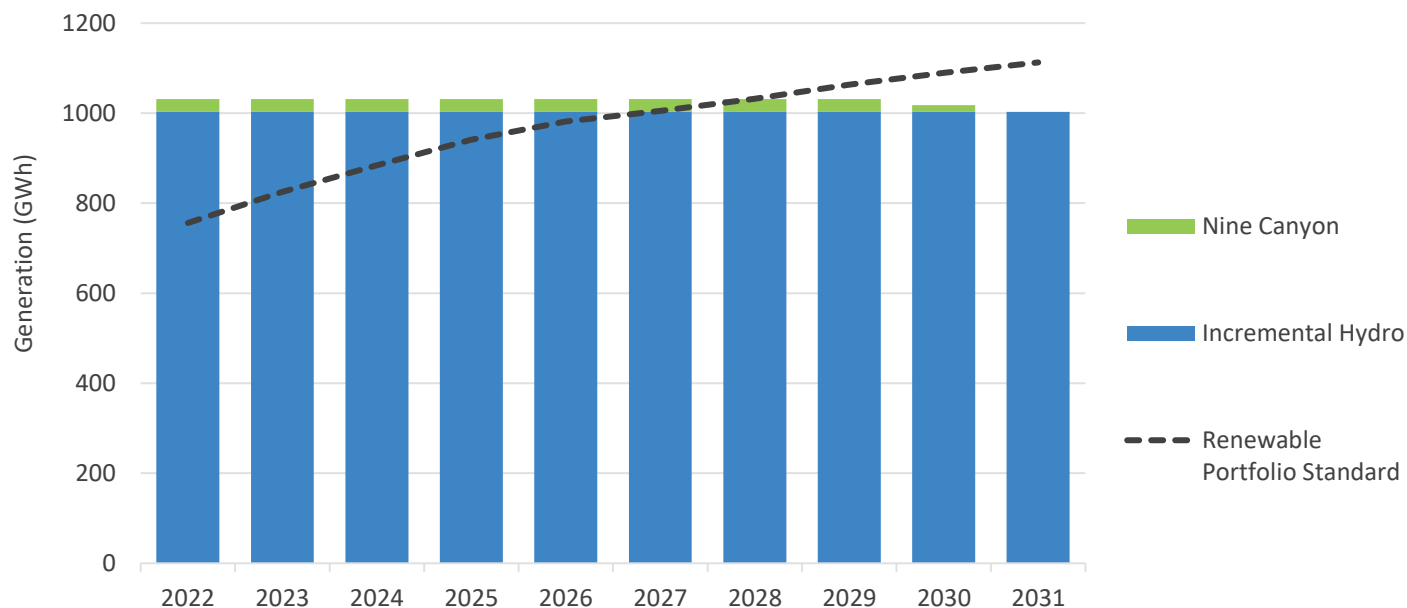
In compliance with EIA, Grant PUD has completed our 2021 conservation potential assessment, covering the time period 2022 – 2041. The report of this assessment is attached as Appendix 1. By adoption of Resolution No. 8974 in November of 2021, the Commission of Grant PUD has established a ten-year conservation potential of 161,272 MWh and a two-year conservation target of 40,033 MWh. A conservation potential assessment, and adoption of targets will be completed every two years and we will work to meet adopted targets during the subsequent two-year periods.

The EIA also establishes a renewable portfolio standard (RPS) such that by January 1, 2020, and every year thereafter, qualifying utilities must use eligible renewable resources or acquire RECs to serve at least 15% of the amount of electricity delivered to their retail customers. For purposes of calculating the annual targets, retail sales are calculated as the average of the utility's load for the previous two years.

The EIA definition of eligible resources does not include Grant PUD's total share of hydro assets, but only the incremental electricity produced as a result of efficiency improvements completed after March 31, 1999. EIA also dictates that other renewable resources must be located in the Pacific Northwest or delivered to the state on a real-time basis to count toward the RPS. As shown in Figure



14, with our current share of incremental hydro and the wind generation contained in our portfolio, we are positioned to meet the EIA RPS requirement through 2028.



**Figure 14. Grant PUD forecast RPS requirement and contribution of eligible resources in current portfolio**

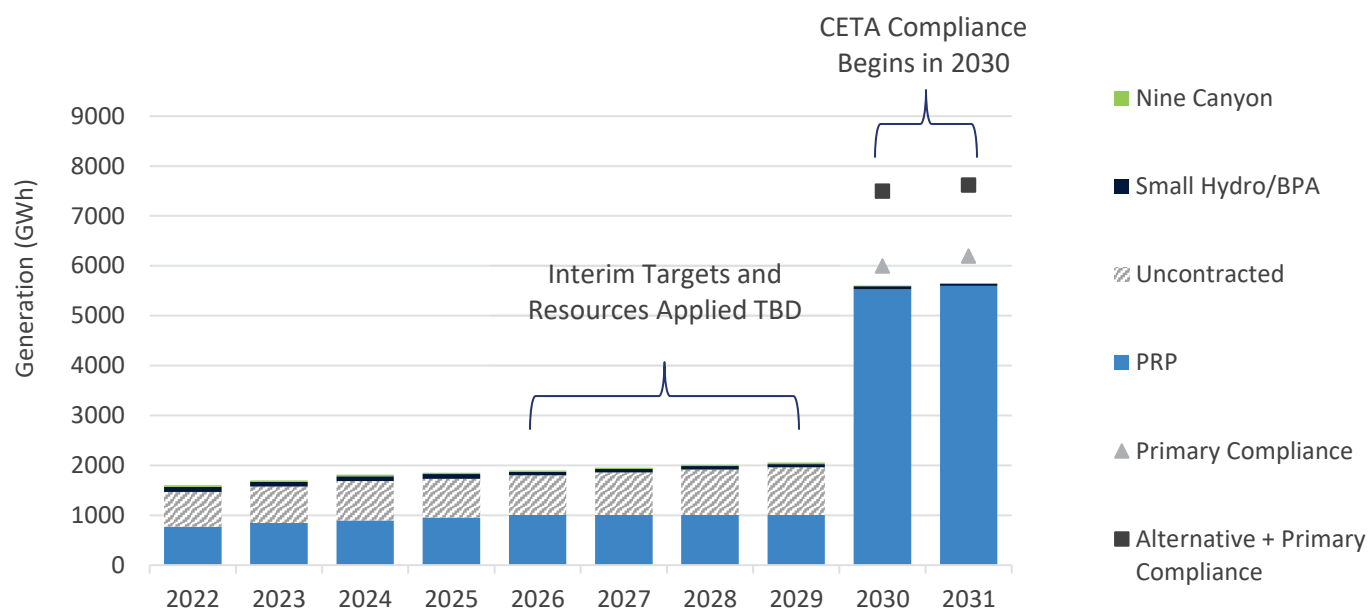
### Clean Energy Transformation Act

On May 7, 2019, Washington Governor Jay Inslee signed into law the Clean Energy Transformation Act (CETA) (E2SSB 5116 or RCW 19.405.) CETA commits Washington utilities to a transition to a greenhouse gas free electricity supply. There are three major milestones during this transition. By the end of 2025, utilities must eliminate coal-fired electricity from portfolios used to serve Washington load. By January 1, 2030, electric generation for all retail sales must be greenhouse gas neutral. To meet this goal, utilities must use a combination of non-emitting resources and renewable resources to meet at least 80% of their retail load over a 4-year compliance period beginning in 2030. Alternative compliance options, such as RECs or energy transformation projects, may be used for the remaining 20% of retail load. By January 1, 2045, all sales of electricity to retail customers must be from non-emitting and renewable resources.

Starting in 2022 and every four years thereafter, CETA requires that each utility publish a clean energy implementation plan (CEIP) with interim targets for renewable and non-emitting energy provision to retail customers, targets for energy efficiency, and methods to ensure we provide an equitable distribution of energy and non-energy benefits. In December 2021, Grant PUD submitted to the Department of Commerce its first Commission approved CEIP covering the period 2022-2025. Our next CEIP, for the period 2026 – 2029 will be available by the end of 2025.

Our current CEIP establishes a target of 28% of retail load to be served by renewable sources in each year of the four-year period. We anticipate meeting these interim targets with a combination of incremental hydropower, other renewable resources, and voluntary clean energy rate schedule options for customers.

While there will be compliance costs and reporting requirements going forward, due to our current renewable portfolio, we are well-positioned to meet the greenhouse gas neutral standard beginning in 2030 (see Figure 15). Our current CEIP and subsequent CEIPs will determine interim targets and actions to be taken under CETA.



**Figure 15. Grant PUD forecast CETA clean energy requirements and contribution of current portfolio**

Our current CEIP includes development of targeted energy assistance and energy conservation programs aimed to assist our customers in the most need of assistance. These efforts will focus on energy burdened customers, as well as customers who reside in highly impacted communities and include outreach for in-home energy audits and related actions, assistance programs including our internal Share the Warmth program and third-party programs with the Opportunities Industrialization Center, Salvation Army, and the Large Industrial Pay It Forward program.

Per the CETA requirement for pursuit of cost-effective conservation and efficiency measures, it is our intent to perform, biennially, a Conservation Potential Assessment and Demand Response Potential Assessment to aid in this compliance. Per our Commission Resolution No. 8797, we have established a two-year conservation target of 40,033 MWh.

RCW 19.280.030 requires submittal of a 10-year Clean Energy Action Plan (CEAP) for implementing CETA's clean energy goals at the lowest reasonable cost and at an acceptable resource adequacy standard. Our plan is included in Section 7 of this document.

The Washington State Department of Commerce, the Washington Utilities and Transportation Commission, and the Washington Department of Ecology are finalizing the rules to implement CETA. Currently, there are no penalty provisions in the event a utility does not meet the 100% clean energy obligation beginning in 2045. There are some cost-cap provisions and regulatory relief related to electric reliability standards and transmission availability. Moderate risk is inherent in the implementation phase as we manage regulatory and reporting requirements. We have and will continue to actively participate in the rulemaking and implementation process.

### Climate Commitment Act

On May 17, 2021, Washington Governor Jay Inslee signed into law the Climate Commitment Act (CCA) (E2SSB 5126 or RCW 70A.65), which establishes a comprehensive, market-based, cap-and-invest program to reduce carbon emissions and achieve the greenhouse gas reduction targets adopted by the Washington Legislature (RCW 70A.45.020). The greenhouse gas emissions reduction limits are as follows: (1) reduce emissions to 1990 levels by 2020; (2) reduce emissions to 45 percent below 1990 levels by 2030; (3) reduce emissions to 70 percent below 1990 levels by 2040; and (4) by 2050, reduce emissions to 95 percent below 1990 levels.

Beginning in 2023, the CCA will establish emission allowance budgets with the total number of allowances decreasing over time to align with statutory limits. The program will cover industrial facilities, certain fuel suppliers, in-state electricity generators, electricity importers, and natural gas distributors with annual carbon dioxide equivalent emissions above 25,000 metric tons. Other facilities and entities will be phased into the program beginning in 2027 and 2031.

Covered entities must either reduce their emissions or obtain allowances to cover any remaining emissions. No-cost allowances will be allocated to utilities, in alignment with the CETA requirements, to cover the “cost burden” associated with the CCA. Utilities who receive no cost allowances can either use those allowances to satisfy direct CCA compliance obligations or consign the allowances to auction and use the proceeds to offset costs incurred due to the CCA. Any allowances not freely allocated will be auctioned with the auction proceeds going to the state to support clean energy transition and assistance, clean transportation, and climate resiliency projects that promote climate justice.

Grant PUD does not own any emitting generation and is not an electricity importer as defined by CCA, therefore we do not expect to have a direct compliance obligation under the program. However, there is potential Grant PUD may be directly regulated if BPA elects to not be a covered entity under the program as the compliance obligation associated with BPA electricity imports would then transfer to downstream entities. Also, the CCA will impact wholesale energy prices as they increase to reflect the cost of allowances needed to cover the emissions associated with fossil-fuel generation. As a result of our market participation and potential for assuming a compliance obligation associated with BPA imports, we do expect to be allocated no-cost allowances to cover our cost burden under the CCA.

The Washington State Department of Ecology has begun developing rules to implement the CCA. Moderate risk is inherent in the rulemaking process to the extent there are unintended market impacts, and the associated cost burden may not be fully covered by no-cost allowances. Grant PUD is actively participating in the rulemaking process to ensure that implemented rules appropriately address the cost burden and are supportive of regional wholesale markets. We will continue to monitor the impacts of the CCA and evaluate potential changes to our hedging strategy.

### Emerging Carbon Policies

New and emerging emission reduction policies have focused on the electrification of the building and transportation sectors. In 2019, the Clean Buildings bill was signed into law. The law targets lower costs and pollution from fossil fuel consumption in the state’s existing buildings and has led to changes to the state’s building codes. In 2020, Governor Jay Inslee signed the Zero Emissions Vehicle Standard requiring automakers to deliver a certain number of zero emission vehicles each year (Department of Ecology 2022b). In 2021, the Clean Fuel Standard, which will require fuel suppliers to reduce the carbon intensity of their fuels by 20% by 2038 (Department of Ecology 2022a) was enacted. Also in 2021, the Legislature directed the State Building Code Council to adopt rules for electric vehicle infrastructure at new and retrofitted buildings. These and other policies will drive increased electricity demand as Washington State looks to electrification to help meet emission reduction targets in these other sectors. We will continue to monitor all legislative activity related to emission reductions for potential effects on operations and market position.

### Federal Policy

Although many factors of federal policy can impact our resource selection, the two current uncertainties that we give the highest consideration are the potential for an extension or expansion of the federal tax credits for clean energy technologies, and the potential requirements for faster adoption of clean energy resources.

The production tax credit for wind phased out at the end of 2021, and the investment tax credit for solar is scheduled to phase down to 10% in 2026. Both tax credits have faced phaseouts or phasedowns in the past, and in every instance, they have been extended (Frazier, Marcy, and Cole 2019), though in some cases that has happened retroactively. These tax credits can have a significant impact on lowering the cost of qualifying resources, and if they were to be extended, would have a substantial impact on the cost of new wind or solar resources. Further, recent bills put forward by lawmakers to extend the tax credits have included expansion of the tax credits to other clean energy resources and to storage technologies. These recent bills have also allowed for direct pay alternatives, which would lower the cost of financing new clean energy technologies by reducing the need for tax equity.

The current administration has a goal of having 100% clean electricity generation by 2035. This goal is more aggressive than the current Washington state CETA requirement which does not require 100% clean electricity until 2045. Although a goal is not a law or regulation, it signals the administration’s interest in promoting clean energy adoption at a rapid pace. Efforts by the administration or other lawmakers to mandate a clean energy requirement at a rate faster than CETA could impact Grant’s need for clean energy resources to serve its load obligations or might change the cost and availability of contracting for resources in the broader Western interconnection.

Other potential federal policy considerations we are monitoring include federal spending on research, development, and demonstration efforts for new clean energy technologies such as advanced nuclear reactors or hydrogen efforts, requirements to accelerate vehicle electrification that may lead to more rapid load growth, and federal efforts related to transmission planning.

## CLIMATE CHANGE AND WATER AVAILABILITY

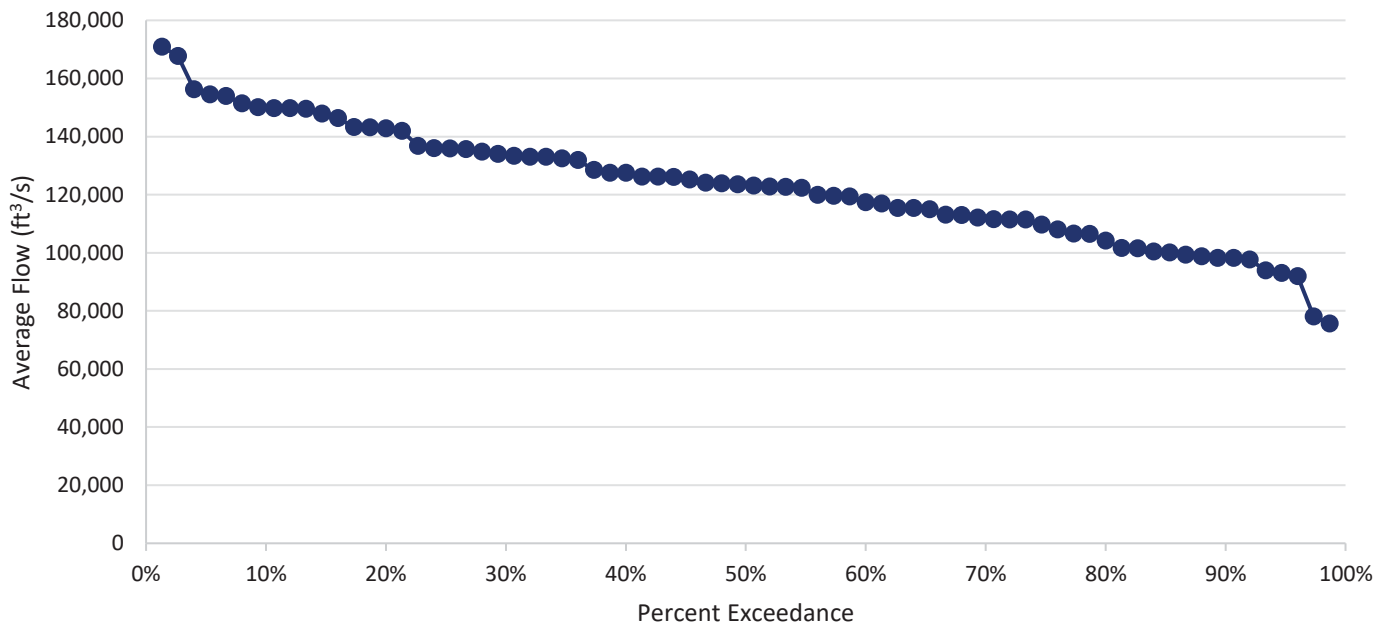
Grant PUD continues to monitor and assess the impacts of possible climate change on our planning and operations. To the extent that regional warming increases the average temperature in the watershed that feeds the Columbia River, that warming could result in earlier run-off into the Columbia River, or more winter precipitation and less snowpack in the mountains in the winter months (Glabau et al. 2020). These changes could affect the timing and amount of water availability and power generation at our hydropower projects. Impacts with a medium to high likelihood of occurring within the next 10 years have been integrated into our risk management program and into this plan. Among the risks evaluated are increased ambient air temperature implications for electric load, possible impacts to fish populations associated with changing river temperatures, precipitation and snowpack effects on generation, potential extreme weather and wildfire events, and changes to water availability.

### Water Availability

The principal resource in Grant PUD's portfolio is the PRP, consisting of Wanapum and Priest Rapids developments on the Columbia River (see Section 4). As hydropower resources, their ability to provide energy and capacity is a function of water availability. There is uncertainty and risk associated with the availability of water and this uncertainty exists at annual, seasonal, daily, and hourly timesteps. There is risk of the potential inability to generate power according to a desired plan over these various timesteps. When actual water availability is different from that which was assumed, changes must be made to operational plans and those changes carry price, availability, and environmental risks.

#### Annual Water Risk

Annual water risk affects the total volume of water available over the course of a year, usually measured from October through September in what is called a water year. Figure 16 shows the range of annual water volume, expressed as an average flow rate for the water year, measured below Priest Rapids Dam from 1949-2021. The volumes depicted are the natural, unregulated runoff volume as measured by the Northwest River Forecast Center. The lowest water year on record is 2001 with an average annual flow of 76,000 ft<sup>3</sup>/s while the highest annual flow rate during the period was 171,000 ft<sup>3</sup>/s in 1997. This history shows a potential swing of 62% of average to 140% of average annual flow.

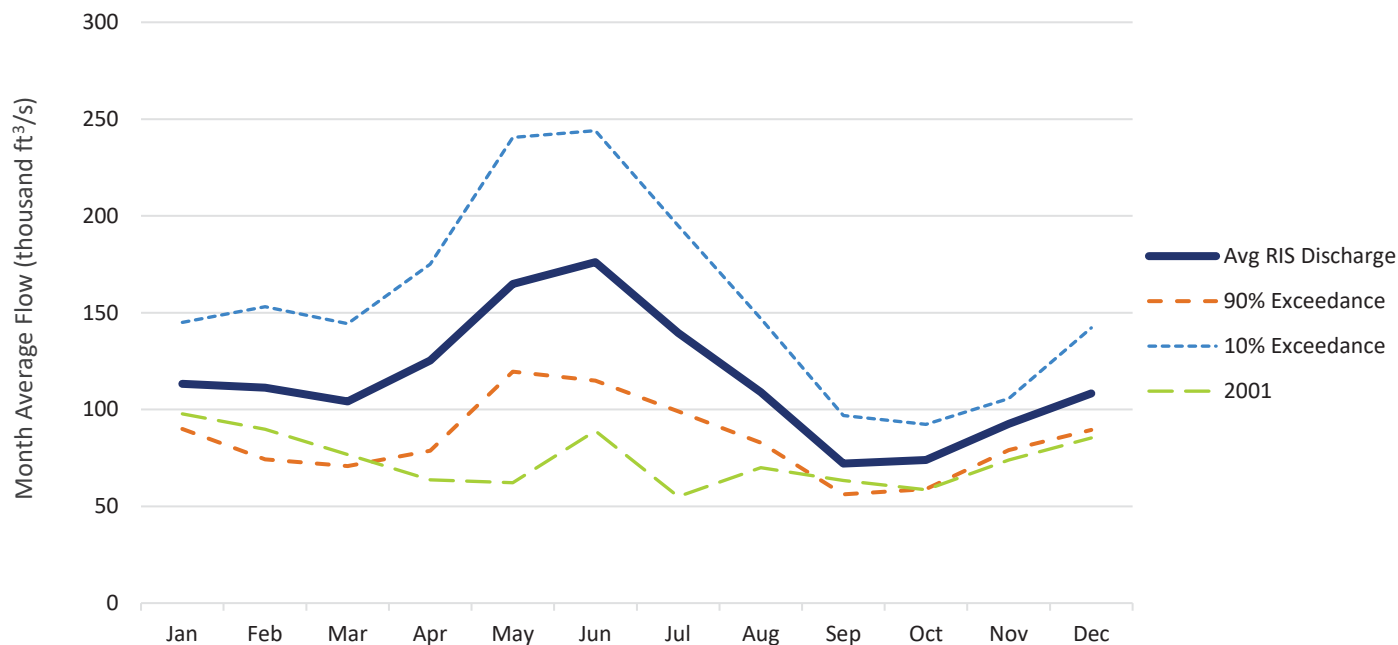


**Figure 16. Northwest River Forecast Center measurements of runoff volumes on the Columbia River below Priest Rapids for water years 1949-2021**

#### Seasonal Water Risk

The annual volume is the first timestep uncertainty associated with water. Another element of water risk involves the timing of when that water arrives within the year. The seasonal shaping is primarily determined by climate and weather, but the natural, unregulated runoff is also regulated by the large storage reservoirs in the river system used for purposes of flood control, biological

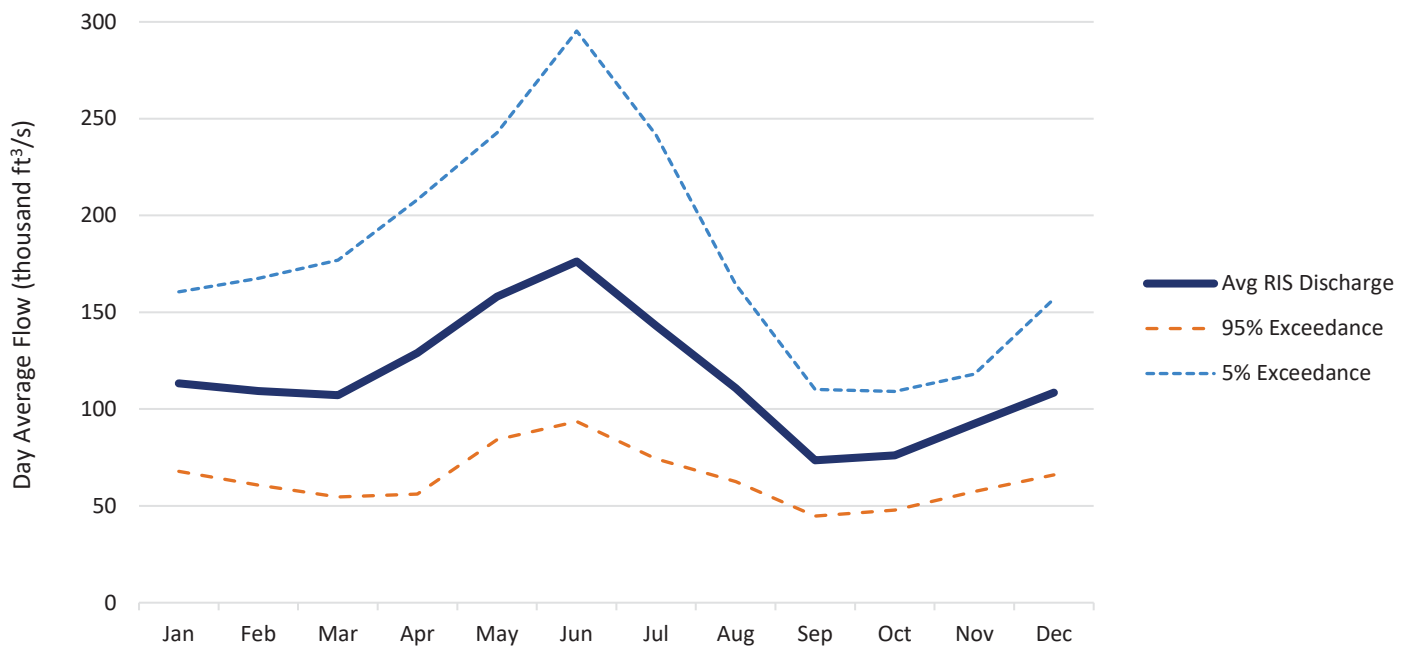
goals, and energy production. The US Army Corps of Engineers and Bonneville Power Administration together coordinate the operations of the large, seasonal storage to meet the various goals of the system. While the monthly volumes are to an extent predictable, there remains a degree of uncertainty around the seasonal volumes available to Priest Rapids Project. Figure 17 shows the month average inflows to the Wanapum reservoir as well as the variability of those flows expressed by 90% and 10% exceedance values. The period of record was restricted to more recent years (1995-2021) because the monthly shaping has changed throughout time and the more recent data is more reflective of future expectations. 2001 is explicitly shown to illustrate a “worst case” hydrologic condition reflected in monthly volumes over an entire year.



**Figure 17. Average monthly inflows for the Wanapum reservoir for 1995-2021, with the 2001 year shown for reference**

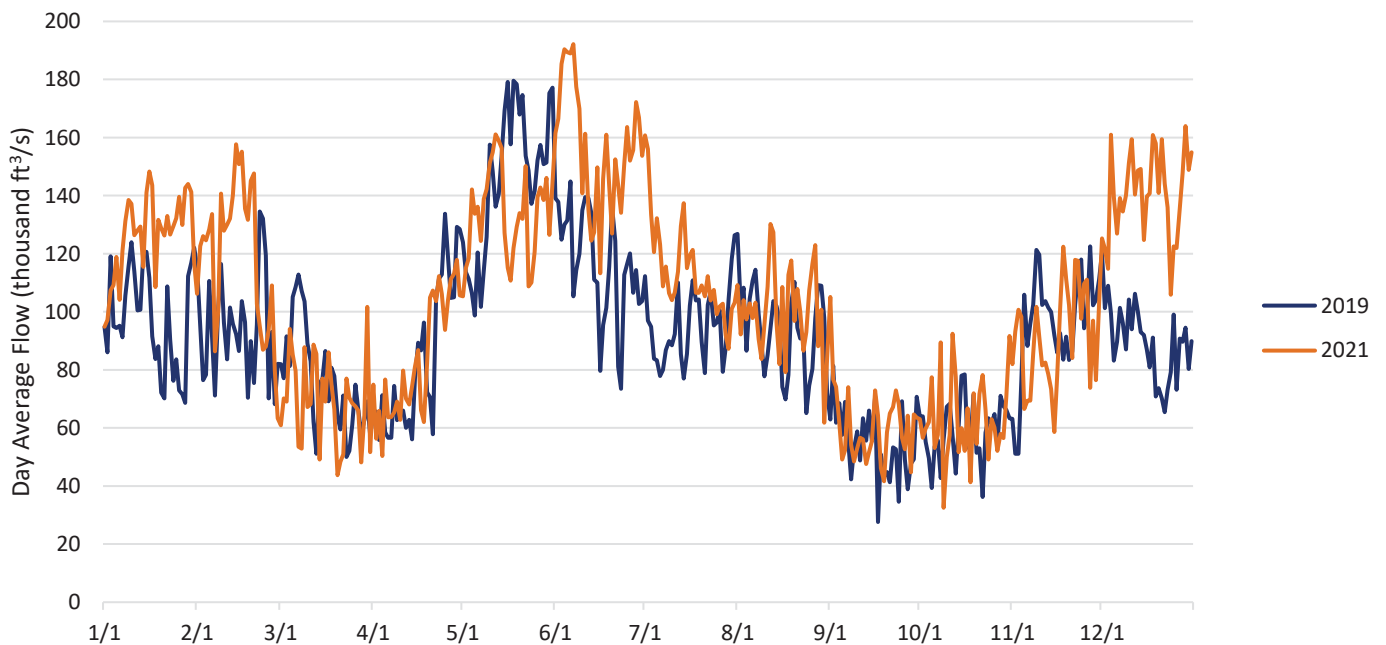
#### Daily Water Risk

Given the limited storage at both Wanapum and Priest Rapids, the daily variability of inflows to the projects represents an additional element of uncertainty and risk. The storage in the reservoirs can mitigate daily variability to an extent, but the ability to either supplement flows for near term needs or capture excess flow to use in future time periods is measured in hours, not days. Figure 18 shows the daily average inflows to the Wanapum reservoir by month with the variability captured with 95% Exceedance and 5% Exceedance values. As in the illustration of monthly inflows, only recent years are shown as they are expected to be more representative of future conditions.



**Figure 18. Average daily inflows to the Wanapum reservoir using inflow data from January 1995 through April 2022**

Figure 19 shows two years, 2019 and 2021, in more detail to further illustrate how that there is variability not only between years and months, but also between days within the same year.

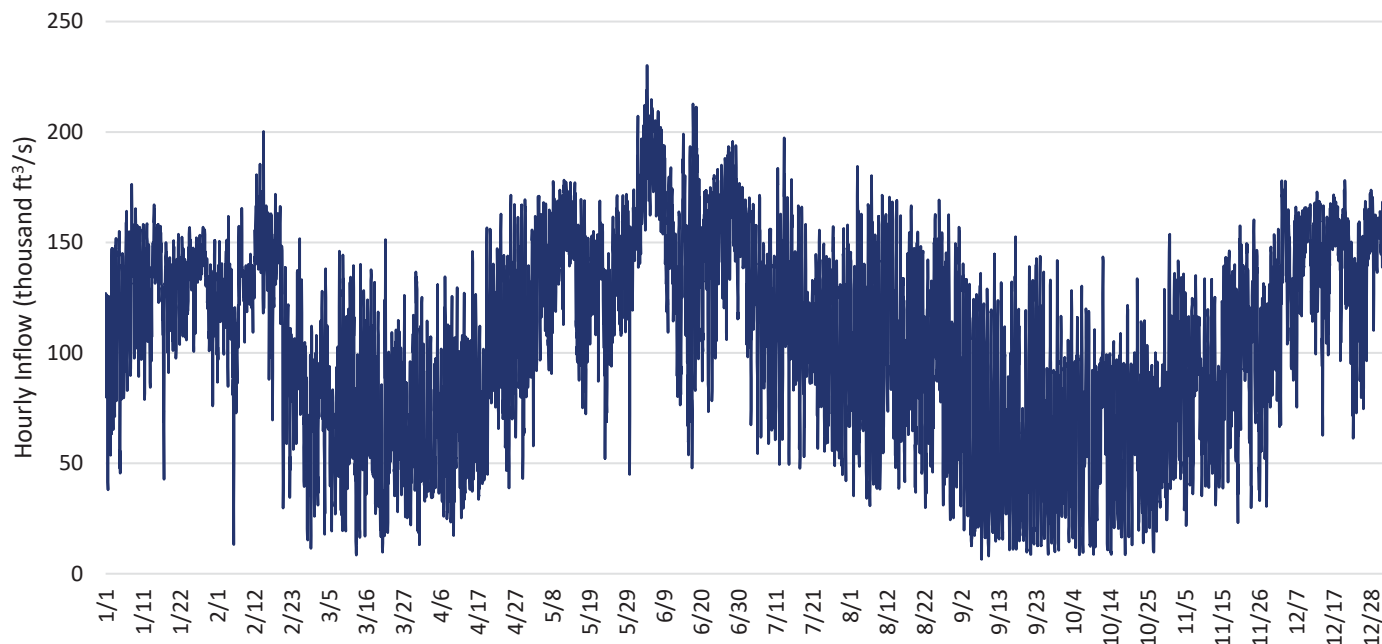


**Figure 19. Average daily historical inflows to the Wanapum reservoir in 2019 and 2021**

#### Hourly Water Risk

The timing of water inflows within the day also adds to the uncertainty of water availability. While somewhat predictable, hourly variability can significantly impact operations especially as that uncertainty interacts with operational constraints and biological flow requirements. Figure 20 illustrates the hourly Wanapum inflow variability for a single year. While the details are difficult to see in this hourly annual view, the takeaway is that the range of inflow rates can vary widely within relatively short periods of time. That variability must be accommodated by either using storage or matching generation to inflow. With inadequate storage or large

deviations from expected flows, rapid changes to the daily plan may be required. The risk associated with hourly inflow uncertainty changes throughout the year based on total water volume and operational regimes. For example, a high-water year might have less hourly variability because the flow rates throughout the entire river system will tend to always be high to accommodate the runoff.



**Figure 20. Hourly Wanapum Inflows as estimated by Rock Island discharges for 2021**

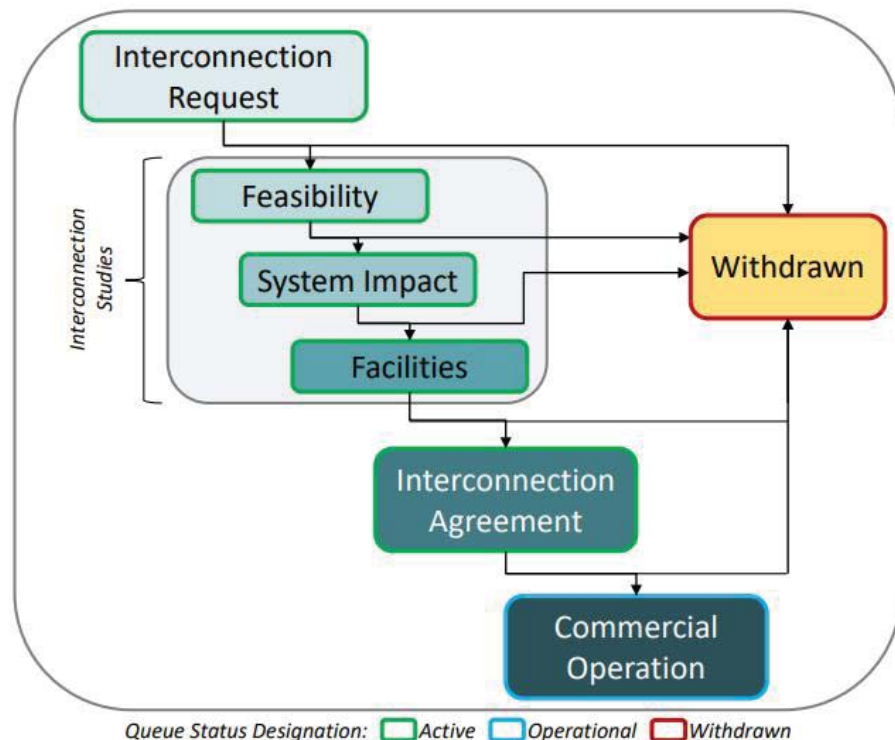
Given that water availability is variable and somewhat uncertain, and that the potential effects of climate change may further impact our experience of this variability, we will continue to review and update these risks.

## TRANSMISSION AND DELIVERABILITY

Transmission is an essential part of our service. Delivery of our product through the transmission system connects Grant PUD's electric resources with the needs of our customers. As we look to the future, and contemplate the addition of new generation resources, our plan for providing electric service depends on an evaluation of the practicality, feasibility, and cost of bringing these new resources to our customer load.

If in the future we were to import power from either a new or existing resource outside of the Grant PUD balancing authority, we anticipate that our transmission system would have the capacity to receive the import of power in quantities necessary to meet forecast load. To make such imports, we would need to acquire commercial transmission rights from BPA or other transmission providers. In the region, processes exist to apply for and receive this type of service. Current availability of transmission capacity to deliver to the Grant PUD system will vary on a case-by-case basis. In some cases, we may need to participate in a Network Open Season of a transmission provider and may also need to pay for necessary upgrades to a transmission provider's system to receive the desired service. During selection of any specific resource addition, additional analyses will need to occur to identify the particular impact of that resource on the transmission grid and to related costs.

Grant PUD has interconnection procedures and an existing queue of interconnection requests from various entities. Connection of a new generator to our transmission system would follow the same process that is currently available to independent power producers. As part of this process, a series of studies is completed for each application for interconnection to determine the impacts of the interconnection to the reliability of the Grant PUD system and to determine what facilities must be built or upgraded to accommodate the interconnection. The study process also identifies if neighboring transmission systems would be affected by the proposed interconnection and allows an opportunity for affected systems to identify any upgrades necessary for the neighboring system prior to the interconnection. Figure 21 is a simplified representation of the interconnection study process.



**Figure 21. Simplified illustration of the interconnection study process**

Figure reproduced with permission from Rand et al. (2022).

As we work to form a plan to meet our customer demands into the future, we anticipate that connection of new resources bears some availability and cost risks. This IRP attempts to quantify the costs of potential new connections using representative transmission wheeling costs based on current market values.



# 5 | Potential Future Resources

This section provides a summary of the potential future resources considered in development of our IRP. More detail on the specific resources evaluated is provided in Appendix 2.

## SUPPLY SIDE RESOURCES

### Aeroderivative Gas Turbine

Natural gas fueled combustion turbines produce energy by using the mechanical energy produced by the expansion of hot combustion gas moving through the blades of a turbine to spin a generator. Aeroderivative gas turbines are based on aircraft gas turbine engines and are relatively small and light. Favorable characteristics of aeroderivative gas turbines include their compact size, simplified installation, and quick start-up and ramping capabilities for meeting peak or emergency generation needs, and integration of variable generation sources such as wind and solar. A major drawback of the use of gas turbines is the emission of carbon dioxide and other greenhouse gases.

Aeroderivative gas turbines considered in this plan were assumed to be 43 MW units to be owned and operated by Grant PUD.

### Reciprocating Internal Combustion Engines (RICE)

RICE generators use the mechanical energy of expansions of gases to drive a piston and converts the motion of the piston to a rotating movement to spin a generator. Attractive characteristics of RICE generators are their relatively small size, ability to cycle on and off with minimal wear and tear on components, and quick start-up and ramping capabilities for meeting peak or emergency generation needs and integration of variable generation sources. When operated using natural gas, RICE generators have the disadvantage of producing greenhouse gas emissions.

RICE units considered in this plan were assumed to be 18 MW natural gas-fired units to be owned and operated by Grant PUD.

Both the aeroderivative gas turbine and RICE units are impacted by the social cost of carbon when determining their cost-effectiveness as resources. See Appendix 2 for the social cost of carbon applied during evaluation.

### Solar Photovoltaics

Solar Photovoltaic (PV) resources convert sunlight into electricity using semiconductor materials. They are emission-free resources that have experienced considerable cost declines over the past several decades. Because they rely on sunlight to produce electricity, their output is influenced by cloud cover and the time of year. Their production patterns are location specific, as different locations will have different amounts of sunlight and cloud cover.

Solar PV systems considered in this plan were assumed to be one-axis tracking technology with a typical size of 100 MW and an inverter ratio of 1.3. Hourly profiles for PV generation output associated with considered resources were simulated using the National Renewable Energy Laboratory System Advisor Model (NREL 2022b) using weather data from 2018-2020 from the National Solar Radiation Database (NREL 2022a).

To provide some diversity in profiles and annual capacity factors, three generic weather locations were considered:

- Grant County (Local resource)
- South-central Oregon (Close resource)
- South-central Nevada (Far resource)

Selection of these locations resulted in the annual capacity factors and wheeling costs shown in Table 6. Solar PV resources considered in this plan were assumed to be procured through purchase power agreement.

**Table 6. Summary of capacity factors and wheeling cost for solar resource locations**

|                           | Annual Capacity Factor | Wheeling Cost (\$/kW/month) |
|---------------------------|------------------------|-----------------------------|
| Solar PV - Local Resource | 25%                    | 0                           |
| Solar PV - Close Resource | 29%                    | 1.96                        |
| Solar PV - Far Resource   | 33%                    | 4.96                        |

**Solar Photovoltaic/Battery Hybrids**

Solar PV resources have the option to be paired with battery storage. Solar/Battery hybrid units considered in this plan were 4-hour duration battery storage sized at 50% of the solar PV inverter, and tightly DC coupled, meaning they can charge only through the PV array. Storage coupled with PV is eligible for the investment tax credit if it charges at least 75% of the time from solar, which is a requirement of the tightly coupled DC configuration. These tax credits were applied to cost considerations of these resources. Solar/Battery hybrid resources considered in this plan were assumed to be procured through purchase power agreement.

**Wind**

Wind generators convert the kinetic energy of moving air into electrical energy using a wind-driven turbine connected to an electrical generator. Wind generator output is both variable and uncertain because the wind that is used to create the electricity is both variable and uncertain. Unlike solar PV generation which has a regular diurnal pattern, wind tends to have irregular generation driven by several weather and climate factors.

Wind resources considered for this plan were assumed to be 85-meter hub height systems with a typical total size of 200 MW. The wind power curves used were based on a Senvion 3 MW turbine with a 122-meter rotor diameter. Hourly wind profiles were generated using the System Advisor Model (NREL 2022b) using 2011-2013 weather data, the most recent weather data available in that model (Draxl et al. 2015).

Like the Solar PV, three generic weather locations were selected to provide diversity on production profiles and annual capacity factors:

- Grant County (Local resource)
- North-central Oregon (Close resource)
- North-western Montana (Far resource)

Selection of these locations resulted in the annual capacity factors and wheeling costs shown in Table 7. Wind resources considered in this plan were assumed to be procured through purchase power agreement.

**Table 7. Summary of capacity factors and wheeling cost for wind resource locations**

|                | Annual Capacity Factor | Wheeling Cost (\$/kW/month) |
|----------------|------------------------|-----------------------------|
| Local Resource | 26%                    | 0                           |
| Close Resource | 37%                    | 1.96                        |
| Far Resource   | 42%                    | 4.96                        |

**Stand-alone Battery Storage**

Battery storage systems are devices that do not produce power but allow power from other sources to be stored and then released when needed. A benefit of battery storage is that they can hold power from renewable and non-carbon emitting sources and deploy that power during periods during which that resource type would not be available. Another attractive characteristic of battery storage is that it can also improve electric grid reliability using their ability to quickly go from standby mode to full power.

Stand-alone battery storage considered in this plan is assumed to be based on lithium-ion technology, with a round-trip efficiency of 85% and no leakage rate. Batteries of both 4-hour or 8-hour discharge duration were considered. To limit overuse and associated degradation, batteries are assumed to cycle no more than 365 times per year. A 15-year resource life was assumed.

Battery storage considered in this plan was assumed to be procured through purchase power agreement.

### **Small Modular Reactor (SMR)**

Nuclear reactors use nuclear fission to generate heat to produce steam, which moves through the blades of a turbine to spin a generator. Small module reactors are advanced nuclear technologies, distinct from conventional reactors due to their size and the modular assembly of their components.

Advantages of SMRs are that they are non-greenhouse gas emitting and a reliable and efficient source of baseload energy, with the flexibility to integrate intermittent energy sources. Because of their modular design, they can be deployed incrementally. Drawbacks of SMRs are that they are currently in a development stage, expensive to build and require additional considerations for licensing and siting.

The SMR considered in this plan is based on Nth-of-a-kind cost and performance data provided by NuScale but implemented in the modeling in a generic manner to capture the uncertainty in the specific type of small modular technology that could be adopted in the future. Based on anticipated project online dates, we do not allow SMR technologies to be selected for the plan until 2030. SMR units considered in this plan were assumed to be owned and operated by Grant PUD.

### **Bonneville Power Administration**

While we do not currently have a contract with BPA to serve any other load than that in the Grand Coulee city area, we have the option to exercise our statutory rights to apply for more priority power from BPA after 2028. We intend to maintain this option and are currently actively working with the region's preference customers and participating in BPA's Provider of Choice process that will determine the structure of new contracts offered by BPA. Because of uncertainties surrounding this process, we have chosen not to include any potential future additional contract with BPA in this plan. This should not be construed as an indication that we are not actively pursuing a post-2028 BPA priority contract as a potential economic addition to our resource portfolio.

### **Slice Contracts and Pooling Agreements**

While we may have the opportunity to continue to engage in utilizing slice contracts and pooling agreements after the expiration of the current contract terms, use of such a strategy was not permitted as a resource during resource selection modeling for this plan.

### **Wholesale Trading**

We currently participate in energy market trading activity and this plan reflects an intention to continue to do so into the future. When considering our future resource portfolio, we allow for both wholesale purchase and sale transactions. We expect that policy and regulatory requirements, including the push toward renewable and carbon-free power, limited available transmission capacity to move power throughout the region, and expansions of organized markets will impact future wholesale prices. Market trading considered in this plan is assumed to transact at the Mid-C trading hub and purchases are assumed to be from unspecified sources when accounting for clean energy goals and compliance. Hourly Mid-C price forecasts are provided by Ascend Analytics and are derived using Ascend Analytics' proprietary weather-driven simulation engine.

## DEMAND SIDE RESOURCES

In accordance with RCW 19.405.050 and RCW 19.285.040, this IRP considers meeting projected demand by pursuing cost-effective, reliable, and feasible conservation and efficiency resources, and demand response.

### Conservation and Efficiency

It is our intent to pursue cost effective conservation and efficiency identified as identified in the 2021 CPA. In November of 2021, the Commission of Grant County PUD adopted Resolution No. 8974 establishing a ten-year conservation potential of 161,272 MWh and a two-year conservation target of 40,033 MWh. We will review and update our ten-year conservation potential plan and establish a biennial acquisition target every two years. This plan assumes conservation and efficiency reduction to customer load as shown in the results of the 2021 CPA. The full results of the 2021 CPA can be found in Appendix 3.

### Demand Response

Results of 2021 Electric Demand Response Potential Assessment showed demand response resources to be relatively expensive compared to supply side resources. We do not currently offer demand response programs to our customers and no utilization of these programs was considered in this IRP.

## 6 | Assessment of Potential Resources

This section describes the methods used to assess potential new resources and shows the results of the modeling exercise performed for that assessment. It also provides discussion about the implications of the modeling results.

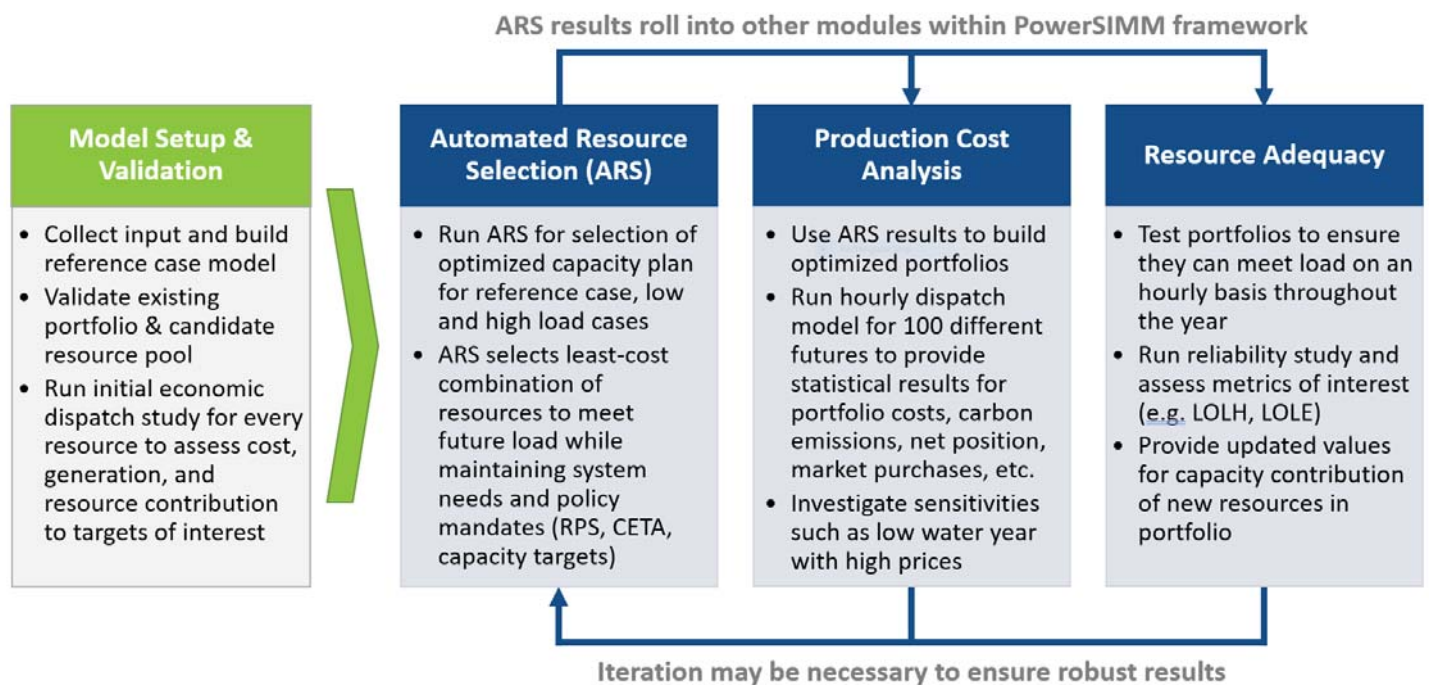
Through the planning process used to formulate this IRP, we identified several primary objectives. These objectives, modeled as constraints inside the PowerSIMM model were to:

- Serve customer load in a least-cost, reliable manner
- Maintain a 15% capacity planning reserve margin
- Maintain a 15% RPS required by the Energy Independence Act
- Meet CETA requirement of 80% primary compliance beginning in 2030

### METHODS

The PowerSIMM modeling platform developed by Ascend Analytics was used to evaluate the potential future resources described in the previous section and formulate a plan to meet identified objectives. The Automated Resource Selection (ARS) module of PowerSIMM was used for selection of resource additions, and the dispatch module was used to investigate hourly operations of selected potential future resource portfolios. Ascend Analytics staff performed all modeling with input from our IRP team.

An overview of the modeling framework, indicative of what was employed for the IRP analysis is shown in Figure 22.



**Figure 22. Modeling framework to develop compliant, reliable, and least cost portfolios in PowerSIMM.**

First, historical generation data, resource specifications, cost projections, and other relevant input to set up the model was gathered. We then verified that modeled systems behaved as anticipated under alternative weather and pricing conditions. A set of economic dispatch studies were then run for every resource to assess costs, generation, and contribution to plan objectives. The results of these dispatch studies were input to the ARS module, which used the information to select resource additions based on minimizing the cost of procuring and operating new and existing resources while simultaneously meeting system requirements, including serving customer

load, maintaining a sufficient planning reserve margin, meeting the RPS associated with the Energy Independence Act, and complying with CETA clean energy requirements.

Once additional resources were selected by ARS, they were incorporated into a portfolio including our existing resources and evaluated using an hourly dispatch model to understand the portfolio's operational feasibility and the overall implications of the selections. To capture the uncertainty in future conditions, these hourly dispatch studies used a stochastic framework to simulate 100 different future conditions, in which market prices, weather patterns, renewable generation, water availability, and load were varied according to distributions observed in the historical data. To capture the risk associated with the distribution of portfolio costs resulting from the 100 different futures, a risk premium metric that indicated the cost at risk or the actuarial value of the portfolio's exposure to market price volatility, variation in generation and load, and changes in weather conditions was included.

Additional details on the PowerSIMM model capabilities and methods employed are provided in Appendix 1. Specific details about inputs used for the modeling process are provided in Appendix 2.

## MODELING RESULTS

Throughout the planning process used to formulate this IRP, we focused on several key considerations. Through the modeling analysis performed for this plan, a future potential resource portfolio was selected as the current best, least-cost alternative to meet customer needs while addressing these considerations. We recognize that the model was bound by the information and constraints we provided it, and although information used in our modeling is our current best estimate of what the future may look like, given a different view of future possibilities we would well expect the modeling effort to provide a different solution. We present the following results of our 2022 IRP modeling and commit to continued ongoing assessment and analysis to ensure we make the best decisions for our customers.

### Resource Mix of Selected Portfolio

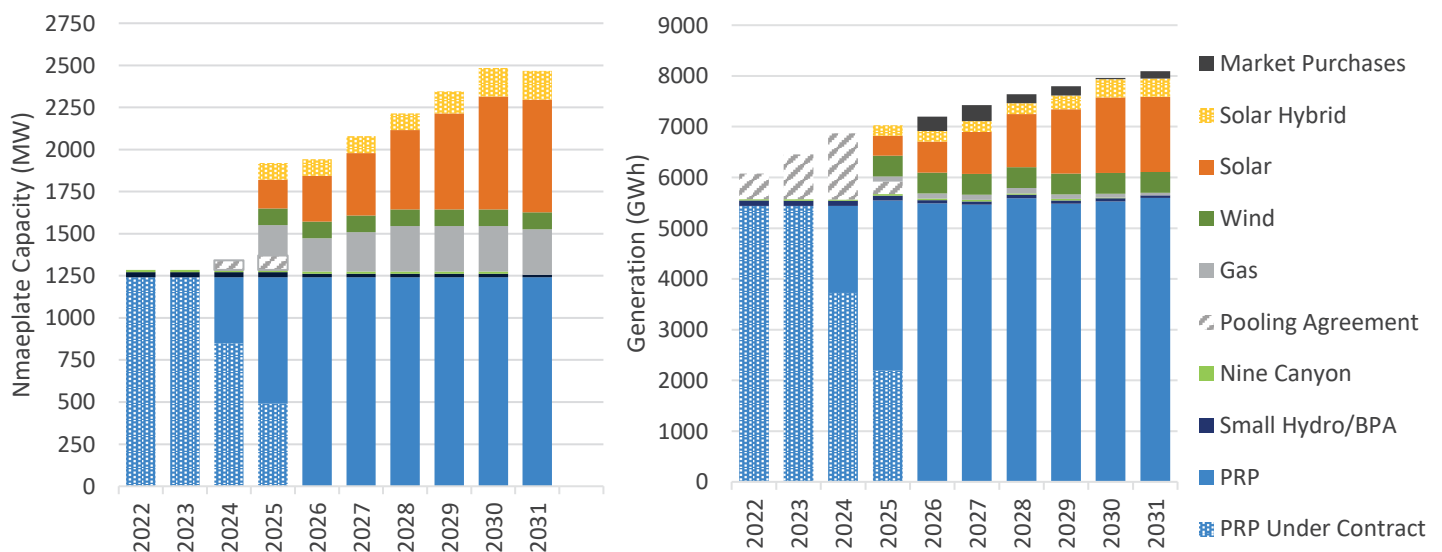
The selected portfolio is the modeled least-cost portfolio based on the given inputs, constraints, and reference case load growth. In addition to our existing resources, the selected portfolio includes the resources shown in Table 8. These resources include a mix of wind, solar PV, solar PV and battery hybrids, and natural gas peaking units. Market purchases are also used to help meet energy needs throughout the model horizon, while market sales serve to reduce cost.

**Table 8. Modeled resource nameplate capacity addition by year, in MW**

| Nameplate Capacity      | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
|-------------------------|------|------|------|------|------|------|------|-------|
| Solar PV – Local        | 100  | 100  | 100  | 100  | 100  | 100  | 0    | 600   |
| Solar PV – Close        | 70   | 0    | 0    | 0    | 0    | 0    | 0    | 70    |
| Solar PV/Battery Hybrid | 100  | 0    | 0    | 0    | 30   | 40   | 0    | 170   |
| Wind – Close            | 100  | 0    | 0    | 0    | 0    | 0    | 0    | 100   |
| RICE                    | 180  | 18   | 36   | 36   | 0    | 0    | 0    | 270   |
| Total                   | 550  | 118  | 136  | 136  | 130  | 140  | 0    | 1210  |

Per the modeling specifications, no new capacity is allowed until 2025. This delay in the addition of potential resources is used to simulate a realistic acquisition timeframe. Also, while we may have the opportunity to continue to engage in utilizing slice contracts and pooling agreements after the expiration of the current contract terms, use of such a strategy was not permitted as a resource during ARS modeling. The exclusion of slice contracts and pooling agreements from the modeling analysis should not be construed as a reluctance to pursue these types of agreements in the future.

Figure 23 shows the nameplate capacity and generation values for the selected portfolio, by resource type, through 2031. Market purchases are shown in the plots as net annual amounts. Years shown on the graph as having no market purchases do not mean that there are not market purchases modeled in that year, but that annual market purchases are equivalent to annual market sales. New resources added in 2025 considerably reduce dependence on market purchases.



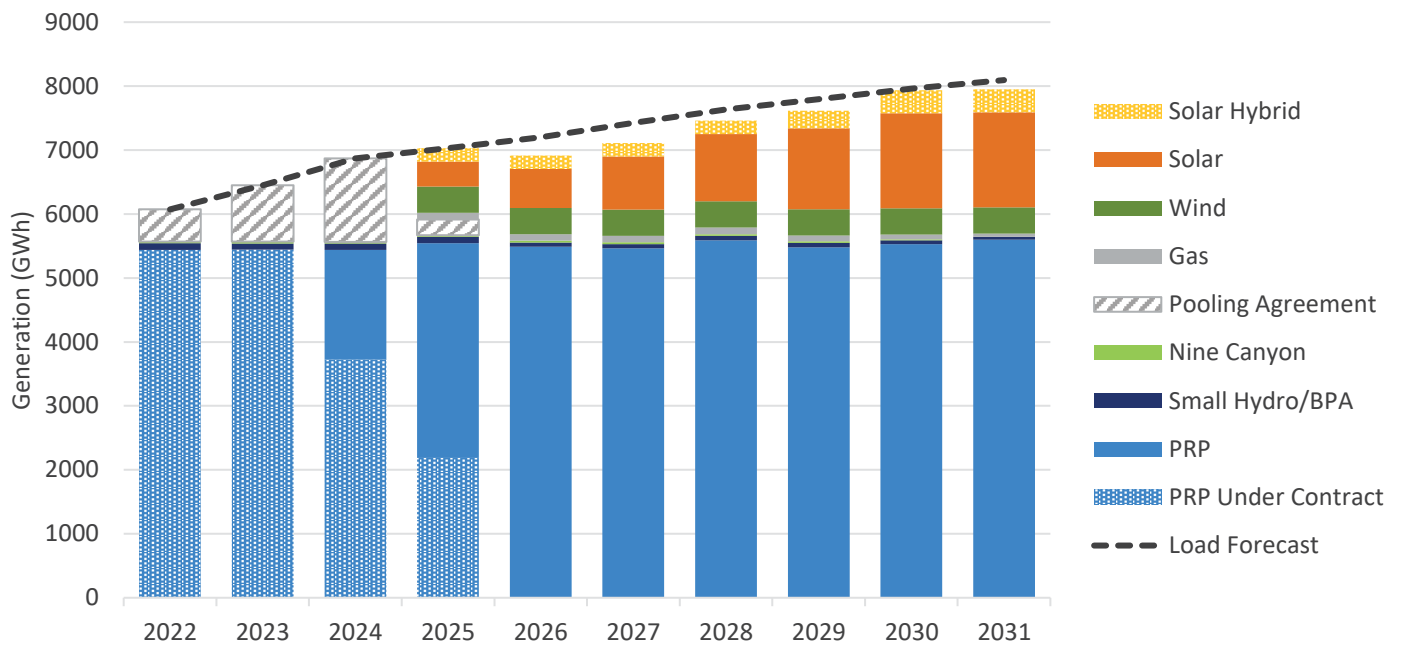
**Figure 23. Nameplate capacity (left) and generation (right) of the selected portfolio from 2022 through 2031**

**Energy Expectations of Selected Portfolio**

Given modeled inputs and constraints, the selected portfolio is chosen as the least-cost means to serve customer energy requirements. Figure 24 is a visual representation of our selected portfolio over the planning horizon showing the energy output expected from each resource as well as our reference case load expectation. Using existing resources, we are well positioned to meet load through 2025, after which time wind and solar additions make up much of the difference between the current resource capability and customer needs. The selected RICE units provide only a minimal amount of energy, their use being limited to a small number of system peaking or elevated market pricing conditions. Restraints imposed by CETA will limit the use of these gas-fired units during future compliance periods.

Note that Figure 24 is a representation only of how we may choose to serve customer demand. We currently utilize wholesale markets to economically meet customer needs, and this IRP allows that we will continue to do so into the future. Market participation is not represented in Figure 24 to highlight the energy expectations of the selected portfolio.

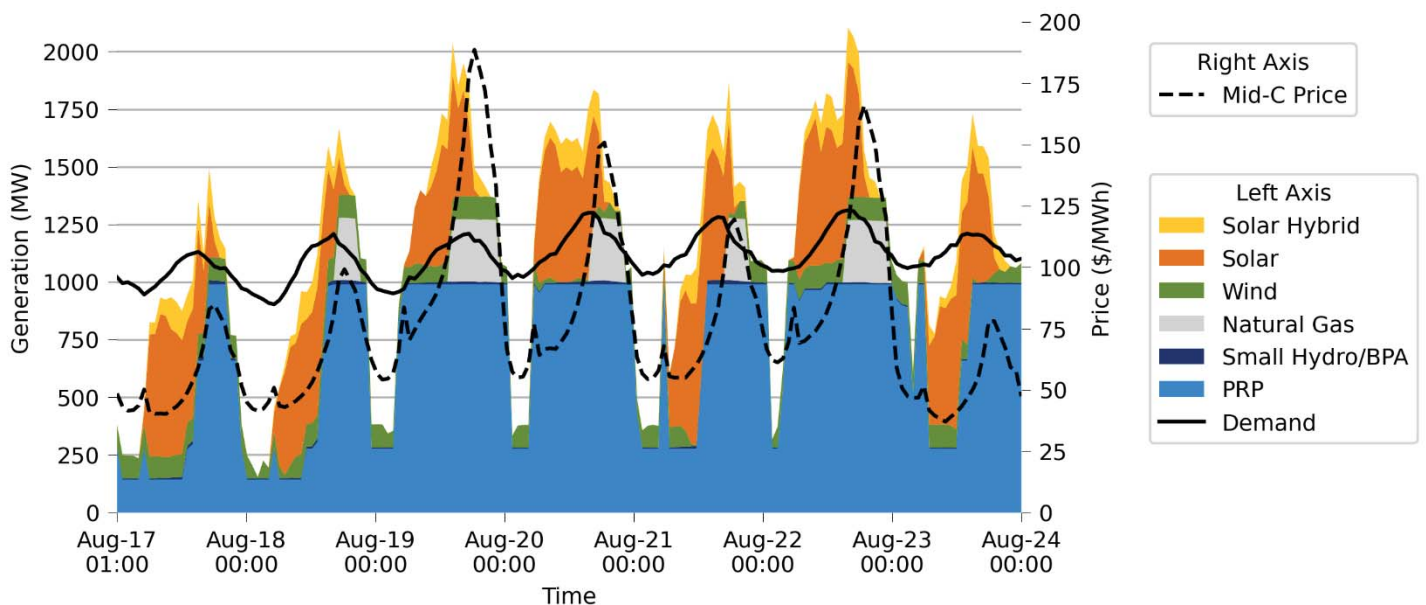




**Figure 24. Generation expectations of the selected portfolio**

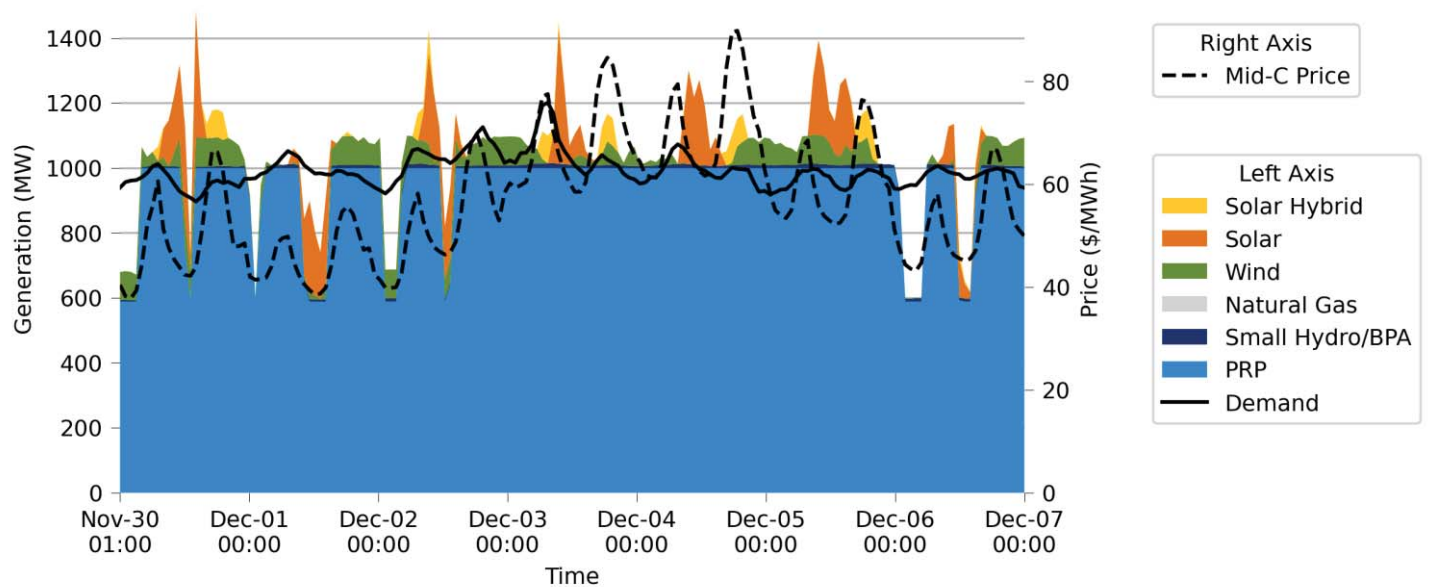
To further illustrate the potential performance of the selected portfolio, Figure 25 and Figure 26 show weeklong snapshots of expected generation for 2030 summer and winter peak net demand periods compared to customer demand and Mid-C market price. Net demand is defined as demand minus wind and solar generation, and tends to be more indicative of times of system stress than peak demand alone (Jorgenson et al. 2021.)

In both snapshots, most of the energy supplied comes from PRP. In summer, the solar technologies have much higher generation outputs, resulting in more generation than required by load during most daytime hours. This energy above load is sold into the Mid-C market. During periods of high load and elevated Mid-C prices, the natural gas RICE units are called to generate, even with their increased cost burden due to the applied social cost of carbon.



**Figure 25. Hourly dispatch for the week with the highest summer peak net demand using the 2030 portfolio**

During the winter, solar generation is considerably reduced. Natural gas does not dispatch during the winter net peak period.



**Figure 26. Hourly dispatch for the week with the highest winter net peak net demand using the 2030 portfolio**

Other conditions, explored across the 100 dispatch simulations performed, result in slightly different dispatch outputs than those shown in the figures above due to differences in Mid-C prices, wind and solar resource availability, demand levels, and Wanapum reservoir inflows.

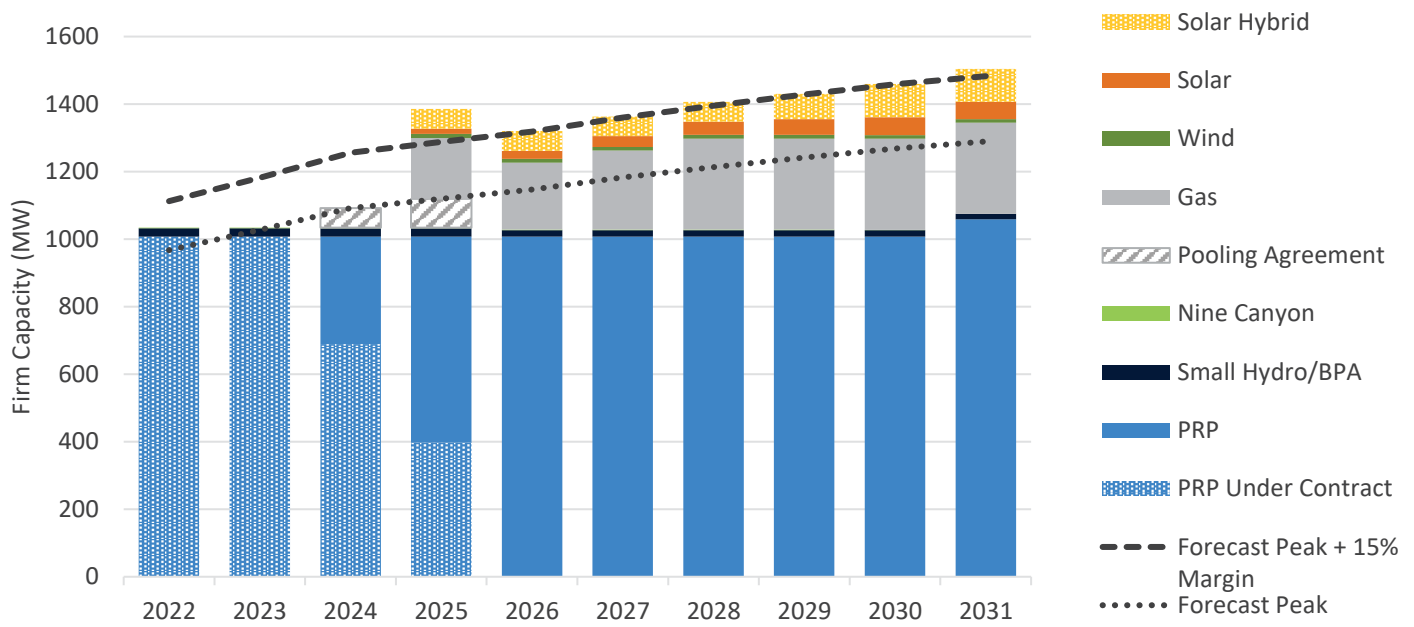
#### Firm Capacity of Selected Portfolio

In recognition of the developing WRAP, and our need to ensure an adequate and reliable energy supply to our customers, the modeled scenario was selected such that a 15% planning capacity margin, calculated as a percentage of each forecast annual peak load, is maintained from 2025 to the end of the planning period. Figure 27 shows how the firm capacity contributions of the resources in the selected portfolio could work to meet this requirement.

The bulk of capacity contribution comes from PRP related resources but these resources alone are not sufficient to maintain the planning reserve margin. The increase in PRP firm capacity in 2031 is due to the completion of the turbine upgrades, which will allow all 10 Priest Rapids dam units to be online beginning in that year.

As soon as the model was allowed to do so, additional resources were selected to fill capacity needs. Because wind and solar PV have relatively low firm capacity contributions (see Appendix 2 for details), they provide only small shares of firm capacity relative to their total rated capacity. The bulk of new firm capacity is provided by the natural gas RICE units. The selected portfolio has slightly more capacity in 2025 than required by the planning reserve margin as the model seeks to add resources at a favorable cost. Additional capacity above resource adequacy requirements could be used to reduce the cost burden of retail customers.

Note that Figure 27 is only a representation of how we may choose to serve customer demand. We currently utilize wholesale markets, and this IRP allows that we will continue to do so into the future. The market is not represented in Figure 27 to highlight the capacity expectations of the selected portfolio.

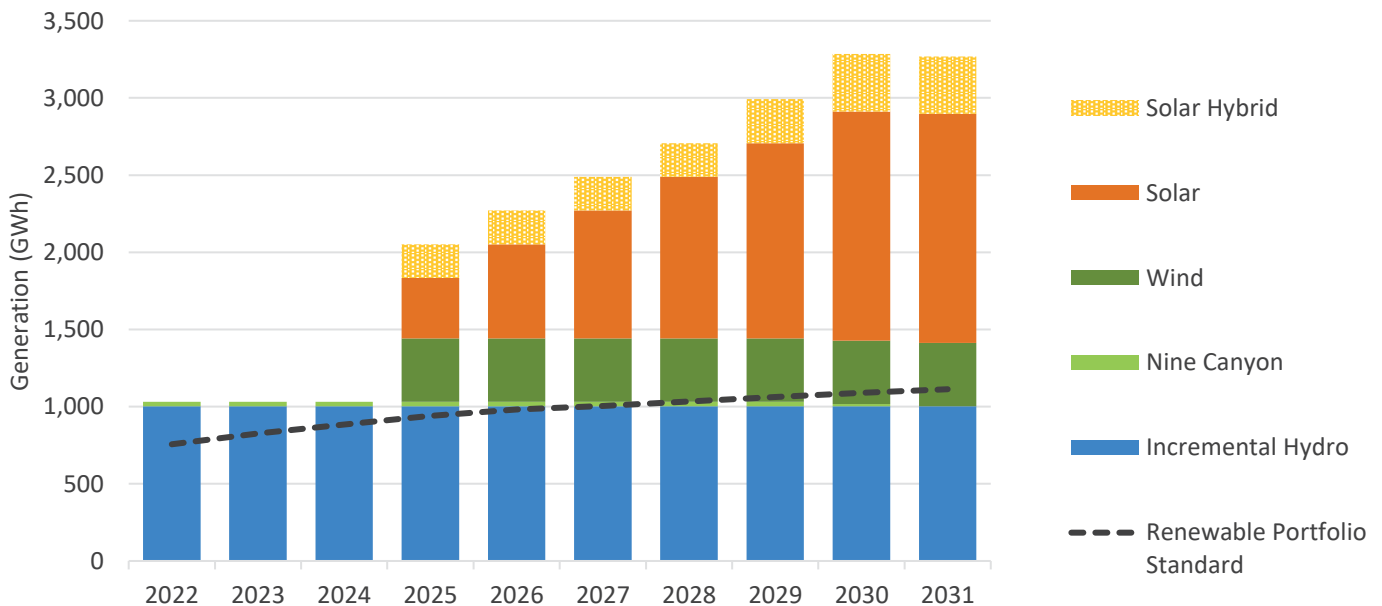


**Figure 27. Firm capacity of the selected portfolio**

The resource adequacy target (15% planning reserve) is shown as the dashed line and the projected peak demand as the dotted line. Shortages before 2025 are met via existing slice contracts and power sale agreements.

#### Potential RPS Compliance with Selected Portfolio

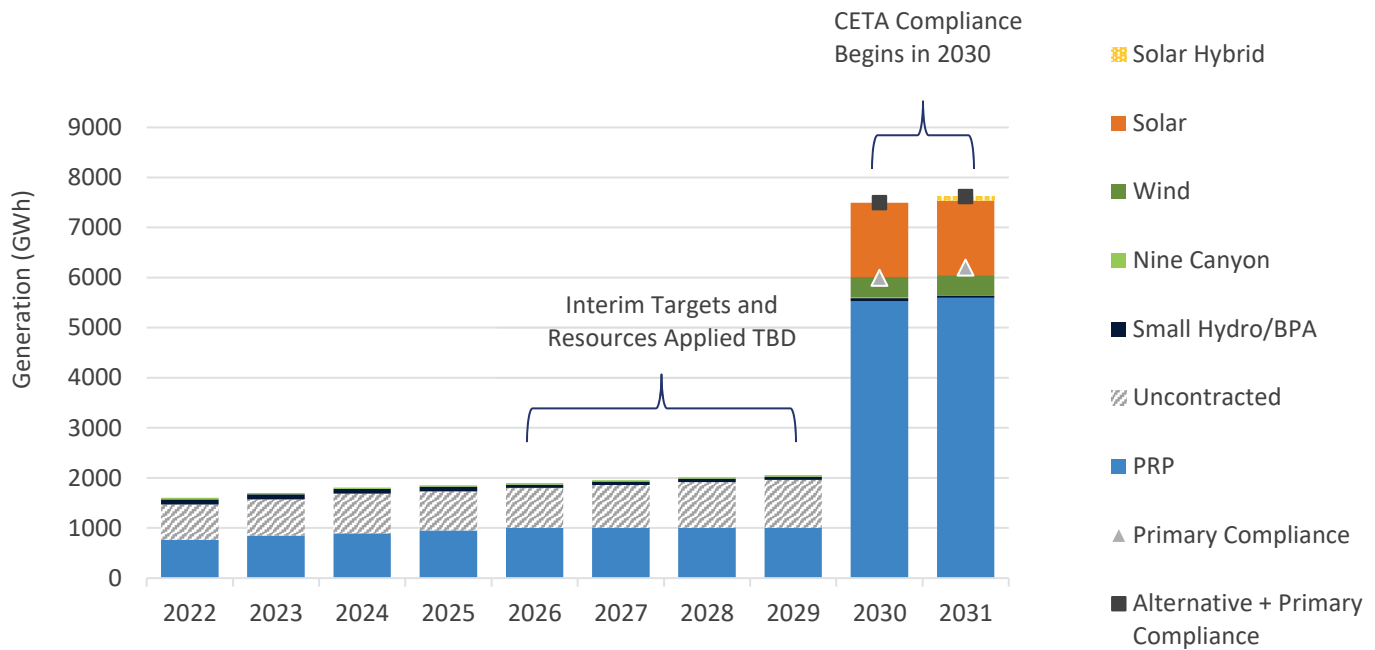
Even though only the portion of PRP termed “incremental hydro” qualifies for RPS compliance under the EIA, the selected portfolio has more than sufficient renewable generation to satisfy the 15% requirement.



**Figure 28. Potential path to RPS compliance with selected portfolio**

### Potential Path to CETA Compliance with Selected Portfolio

The selected portfolio was chosen such that our portfolio resources could be sufficient to meet CETA primary compliance beginning in 2030. A potential path for compliance with CETA requirements is shown in Figure 29. Both the primary compliance, 80% of sales to retail customers, and the alternative compliance, the additional 20% of sales to retail customers, could be met using the selected portfolio's carbon-free generation.

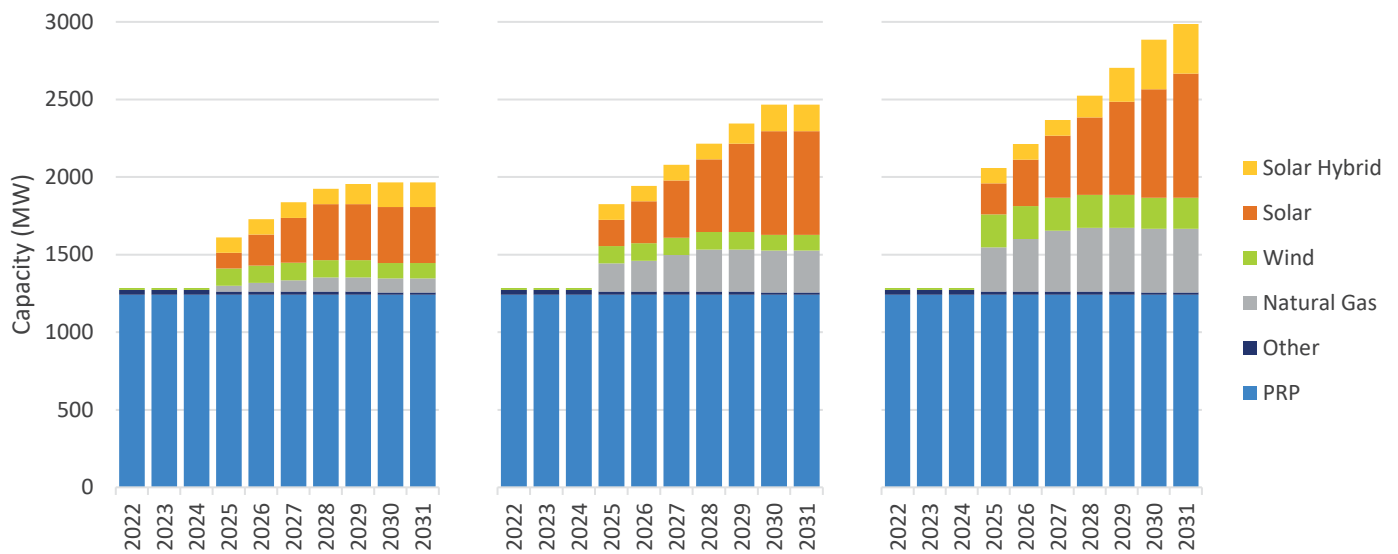


**Figure 29. CETA eligible generation in selected portfolio**

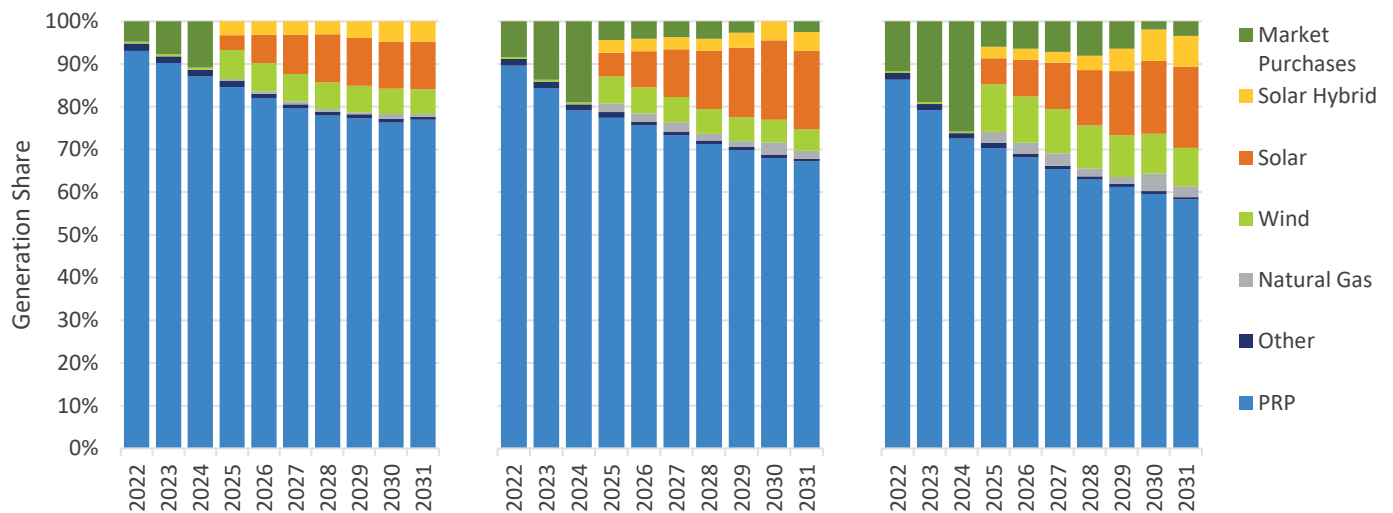
The 80% CETA generation requirement is indicated by the grey triangles and the 100% GHG neutral CETA requirement is shown by the black squares. Please note that the illustration for the period 2026 through 2031 does not constitute an implementation plan for meeting CETA requirements but is only a representation of resources available through the selected portfolio.

### Selected Resource Mix for Low and High Load Growth Cases

Figure 30 shows the capacity buildout of the selected portfolios for the low and high load growth scenarios compared to that of the reference case. The generation mix for these scenarios is shown in Figure 31. The capacity additions in the low and high load growth scenarios rely on the same types of resources as the reference case, but the magnitude of resources added tracks with the load growth. Natural gas peaking plants are added in all three cases to help meet firm capacity needs, while wind and solar provide shares of clean energy. The low load growth scenario differs from the other scenarios in that once new resources are added there is less reliance on market purchases to meet energy needs.



**Figure 30. Capacity buildout with low (left), base (middle), and high (right) load growth assumptions.**  
Other is Quincy Chute, Potholes East Canal, and BPA imports.



**Figure 31. Generation mixes of the low (left), reference (middle), and high (right) load growth assumptions.**  
Other is Quincy Chute, Potholes East Canal, and BPA imports.

## 7 | Conclusions and Action Plan

We are operating a system in a very dynamic environment with considerable uncertainty surrounding future conditions. Load forecasts show that with our current resource portfolio we will be physically short on energy at the expiration of our current pooling agreement in 2025 and physically short on capacity by 2026. To date, physical short positions have easily and cost-effectively been addressed via slice contracts, pooling agreements, and bilateral wholesale energy trading. However, detailed system modeling suggests that portfolio additions of wind, solar, solar/battery hybrid and RICE resources could be part of a least-cost solution for serving the future electricity needs of customers. The selected portfolio, containing these additions can meet energy requirements over the ten-year planning horizon, has been shown via modeling to operate robustly on an hourly basis, is capable of meeting capacity planning reserve targets, is compliant with the RPS, and provides a path for meeting 2030-2031 CETA requirements.

The magnitude of additional resources required is strongly dependent on the rate of load growth, which is a significant factor of uncertainty. Given the assumptions in this analysis, it is unlikely that changes to load growth expectations alone will change the resource mix selected.

There are other resource options under consideration, including nuclear small modular reactors, post-2028 BPA priority contracts, and continued reliance on slice contracts, pooling agreements, and bilateral trades. As further information becomes available, these options may affect future resource decisions.

### ACTION PLAN

Based on the work completed in this IRP, we will take the following actions:

- Continue to develop in-house the tools and capabilities needed to assess hourly and sub-hourly dispatch of our cascaded hydropower system, variable renewable energy systems, thermal generation, and storage. This capability will be important for resource evaluation, estimating the costs and benefits of various types of market participation, and understanding the system impacts of load growth and water availability.
- Continue to enhance capabilities to assess future load growth to better understand the potential magnitude and desired characteristics of future resource needs.
- Integrate resource selection modeling capabilities with rate design and load forecasting. Integration will allow investigation into how modeled resource options might influence rates, and how rates might then influence load forecasts, enabling feedback among the various efforts to be appropriately captured.
- Quantify the value of procuring new resources relative to relying on wholesale market purchases to fill gaps in energy and capacity requirements. This will help determine the appropriate balance of reliance on the market and procurement of new resources.
- Continue to investigate demand-side resource options to improve our understanding of how those resources might cost-effectively integrate into our resource portfolio.
- Continue to actively engage in market development activities underway in the region.
- Assess the value of adding new resources within the Grant PUD service territory relative to outside the service territory to better understand the locational value of resources.
- Investigate the option of claiming additional qualified incremental hydropower from the upgrades currently underway at Priest Rapids dam.
- Continue to be attentive to the need to value the additional services that hydropower provides and assess the costs associated with potential changes to our wholesale hedging strategy.

## CLEAN ENERGY ACTION PLAN

In accordance with RCW 19.280.030, Grant PUD's CEAP is included here. Per this RCW, this plan outlines our compliance with RCW 19.405.030 through RCW 19.405.050 at the lowest reasonable cost, and at an acceptable resource adequacy standard, and identifies the specific actions to be taken.

### RCW 19.405.030

This chapter requires that on or before Dec 31, 2025 we must eliminate all coal-fired resources from our energy allocation. While we do not hold any coal-fired resources in our resource portfolio, nor do we intend to add any of these resources in the future, we do participate in wholesale energy market trading. For compliance with this requirement, we must remain cognizant of the impacts of trading in unspecified-source power and may need to modify trading practices after 2025.

### RCW 19.405.040

This chapter requires that all retail sales to customers must be greenhouse gas neutral by January 1, 2030. For the four-year compliance period beginning January 1, 2030, and for each multi-year compliance period through December 31, 2044, we must demonstrate compliance using a combination of non-emitting electric generation and electricity from renewable resources, or, for up to 20% of our compliance obligation, use of alternative compliance options. Alternative compliance options include an alternative compliance payment, unbundled RECs produced from eligible renewable resources, investment in energy transformation projects, or use of electricity from an energy recovery facility using municipal solid waste as the principal fuel source. For this 2022 IRP, the selected portfolio was chosen such that our portfolio resources could be sufficient to meet CETA primary compliance beginning in 2030. A potential path for compliance with CETA requirements is shown in Figure 29. Both the primary compliance, 80% of sales to retail customers, and the alternative compliance, the additional 20% of sales to retail customers, could be met using the selected portfolio's carbon-free generation if we chose to do so. Even with consideration of the social cost of greenhouse gas, the selected portfolio does include gas-fired RICE resources to help meet resource adequacy metrics in a cost-effective manner. If we do choose to acquire gas-fired capacity in the future, generation from these assets would be monitored and controlled to maintain compliance with RCW 19.405.040. As plans develop and portfolio updates are made, we will provide updated specific pathways to meeting this RCW requirement.

This chapter also requires that we pursue all cost-effective, reliable, and feasible conservation and efficiency resources to reduce or manage retail electric load. To aid in meeting this requirement we will review and update our ten-year conservation potential assessment and establish a biennial acquisition target every two years. It is our intent to pursue cost effective conservation and efficiency identified in these assessments. Based on our 2021 assessment, in November of 2021, the Commission of Grant County PUD adopted Resolution No. 8974 establishing a ten-year conservation potential of 161,272 MWh and a two-year conservation target of 40,033 MWh.

### RCW 19.405.050

This chapter requires that 100% of all sales of electricity to our customers be sourced from non-emitting and renewable resources by January 1, 2045. The selected portfolio was chosen such that, for both 2030 and 2031, both the primary compliance, 80% of sales to retail customers, and the alternative compliance, the additional 20% of sales to retail customers, could be met using the selected portfolio's carbon-free generation. This is consistent with moving toward 100% non-emitting and renewable resources by January 1, 2045. However, the period after 2031 is beyond the scope of this IRP. Further planning remains to be done to determine a pathway for compliance for the period after 2031 and we remain committed to determining that pathway through continued analysis and planning.

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# Public Notice of IRP Hearing

You're invited to Grant PUD's

## PUBLIC HEARING

on the 2022 Integrated  
Resource Plan



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**JULY 26, 2022**

during the 1:00 p.m.  
business meeting

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Ephrata Headquarters  
Commission Room

30 C St. SW  
Ephrata, WA

# Appendix 1: PowerSIMM Model Description

## POWERSIMM MODEL

Ascend Analytics was contracted to perform PowerSIMM modeling of the Grant PUD system, including the evaluation of potential future resources. The PowerSIMM framework leverages the power of modern computing to solve power system optimization problems using Monte Carlo simulation techniques, stochastic optimization, and artificial intelligence. PowerSIMM was built to support planning for systems where renewables are increasing their share of system energy and can provide insight needed to make decisions that yield value for utility customers and avoid stranded asset risks. PowerSIMM is a commercial software solution for planning and portfolio management used by utilities across the United States.

Table 9 summarizes the PowerSIMM modeling philosophy and how it relates to modern resources planning for a robust power system.

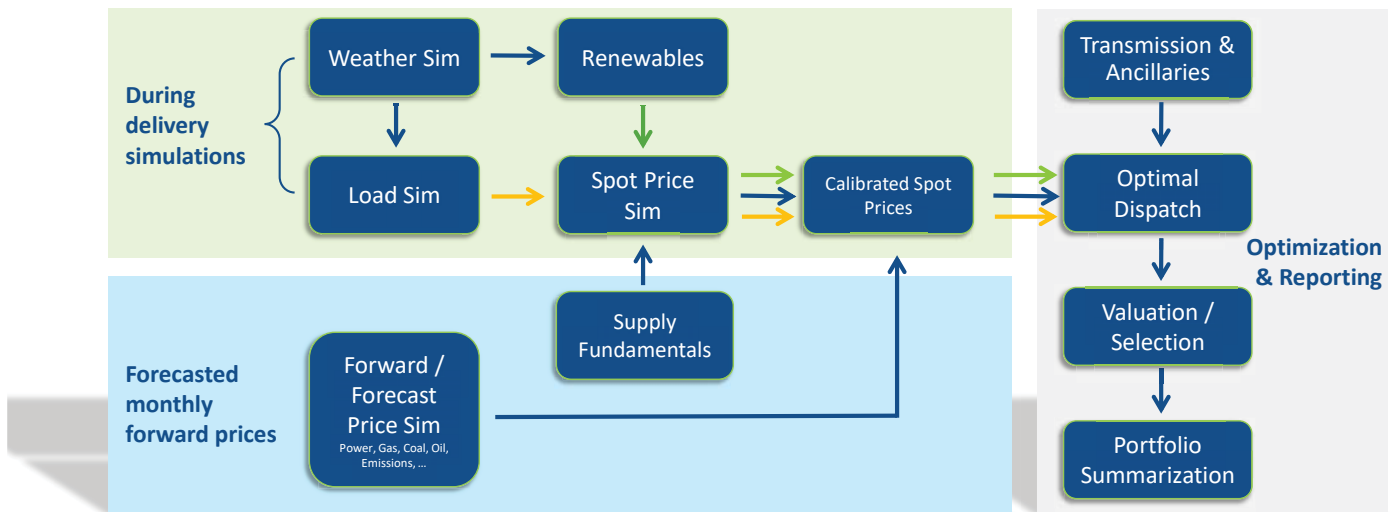
**Table 9. PowerSIMM modeling philosophy.**

| The Approach   | The Reason  |
|--|---|
| Simulate renewable generation, loads, and market prices as a function of weather   | Weather is a fundamental driver of uncertainty, especially with renewables where weather serves as the fuel. PowerSIMM’s simulation approach generates “meaningful uncertainty” which enables insight into resource value in real-world conditions, rather than relying on idealized average conditions that rarely occur.  |
| Identify risk using a risk-premium calculation   | Not all least-cost portfolios in traditional modeling are truly least cost in real life. For example, some models might rely on the average or typical week approach due to computing limitations. However, the grid with high renewables is unlikely to experience typical weeks. By simulating and probabilistically enveloping future states, including unlikely but high-impact tail events (i.e., Black Swans), the model can quantify the risk profile of different portfolios and use that information in decision analysis. PowerSIMM can assess a portfolio’s risk exposure to volatility in power prices, fuel cost, carbon prices, etc. Portfolios that balance these risks while also keeping portfolio cost low become the most “all-weather” plan going forward into an increasingly uncertain world. |
| Understand reliability and resilience implications of renewables and storage using Loss of Load Probability and Effective Load Carrying Capability (ELCC) analyses | Before the growth of variable renewable energy resources, there was less need to simulate loss of load probability. A standard reserve margin calculation was typically enough. Now and into the foreseeable future, the grid must maintain reliability with resources of uncertain output and storage with state of charge constraints, alongside traditional resources with forced outage rates. Reliability in a low carbon/high renewable portfolio should be viewed through the lens of loss of load probability analysis. Through simulation of weather, load, renewables, and forced outages, the PowerSIMM modeling framework can determine the reliability impacts of different portfolios and the true capacity contribution of renewables and batteries.   |

PowerSIMM works by leveraging Monte Carlo simulation, a process of using statistical distributions and randomized draws to simulate key input variables, the foremost of which is weather. Weather variables are built using over 30 years of historical data and characterized through a stochastic process. Characterized weather variables then form the key driver of load, renewable generation, and electricity market prices, which in turn dictate the dynamics of the energy system physically and economically. The model diagram for PowerSIMM is shown in Figure 32.

### Unified simulation framework reflecting joint financial and physical uncertainty

- Rigorous validation
- Capture of critical causal effects

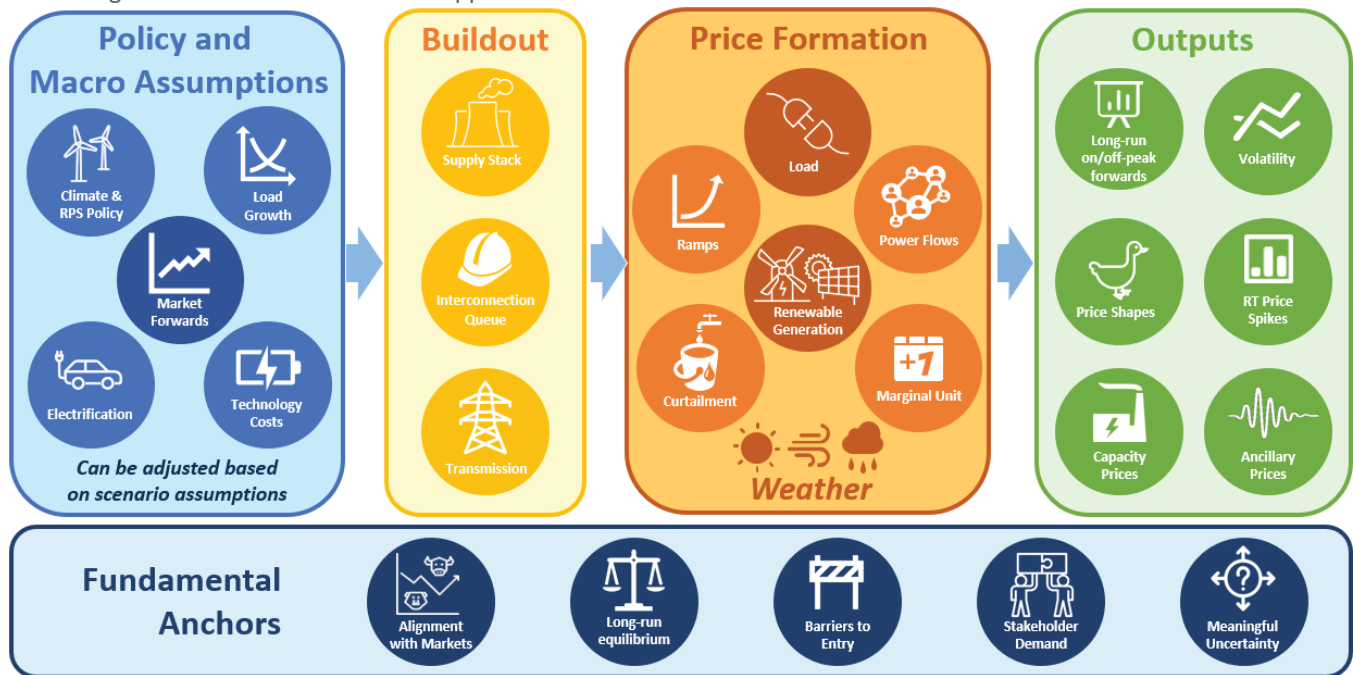


**Figure 32. PowerSIMM modeling framework**

PowerSIMM simulates hourly spot price conditions as a function of weather, system load, and renewable generation. The simulated spot prices are then scaled so that the average of on-peak/off-peak spot prices equal the simulated monthly forward price for that time period. These simulated forward prices blend market forward data in the near term (1-5 years) with Ascend’s long-term fundamental forecasts of power prices (refer to next section for more details). PowerSIMM’s hybrid approach captures the uncertainty in the factors that create price risk in power markets and trading hubs, including variability in weather, load, renewable output, congestion risk, LMPs, and forward prices volatility. PowerSIMM trains its econometric “sim engine” model with extensive historical weather data to estimate the impact weather has on load and renewable production and capture extreme events. Ascend parameterizes its weather uncertainty using both time (month, day, hour) and autoregressive terms to create discrete chronological weather simulations, which are used to model Grant and the Pacific Northwest system load, as well as output from renewable generation. In Grant PUD’s IRP, 100 different future conditions (simreps) were simulated, where market prices, weather patterns, renewable generation, water availability, and load were varied. Results are summarized across these simreps to capture the full distribution of outcomes, including the mean, median, 5<sup>th</sup> percentile, and 95<sup>th</sup> percentile estimates.

## FUNDAMENTAL PRICE FORECAST FOR MID-C

Energy markets are rapidly changing. Renewables and storage deployment across the US are disrupting traditional approaches to fundamental price forecasting, driving the need for new approaches and fresh insights. Ascend Market Intelligence provides expert analysis and 20+ year fundamental price forecasts to support resource planning and procurement decision-making. Ascend maintains a unique fundamental modeling framework to support resource planning and valuation activities, purposefully designed to capture the dynamics of structural change in the electricity sector, including price depression, curtailment, and negative price formation, Figure 33 shows the general schematic of Ascend’s approach.



**Figure 33. Ascend’s fundamental wholesale market price modeling framework**

By focusing on these key policy, economic, and physical constraints that govern resource buildout and dispatch, Ascend’s forecasts focus on the most important drivers of uncertainty and risk in long-term planning and valuation. Ascend’s forecasting is anchored to several fundamental drivers, principally near-term market expectations paired with long-term expectations of load growth and supply changes driven by policy and economics. All forecasts align to market forwards in the near-term, which reflect the consensus market expectation of all macro level assumptions, including greenhouse gas (GHG) and renewable portfolio standard (RPS) policy, economic growth, electrification, and technology costs. For pricing after the end of the liquid forward curves, forecasts are firmly anchored to “long-run equilibrium” conditions, in which market prices for energy, ancillaries, and capacity sum up to allow new resources to earn no more than normal returns.

Ascend also forecasts price conditions at the nodal level for valuation of existing and candidate resources. Geographic barriers, such as dense populations, bodies of water, mountains, interconnect boundaries, and variation in renewable resource potential, all lead to geographic variation in returns that can persist in the long run with limited mitigation potential. Nodal prices are simulated as a basis from the hub, with a modeled evolution in basis and volatility driven by expectations of local fundamental conditions.

## 1.1 RESOURCE PLANNING IN POWERSIMM

Ascend used PowerSIMM to perform production cost modeling and capacity expansion modeling for Grant PUD's resource portfolio. PowerSIMM offers a suite of tools, including stochastic simulations, portfolio modeling with market interactions, Automated Resource Selection for optimal capacity expansion, and reliability analysis (see Figure 34.)

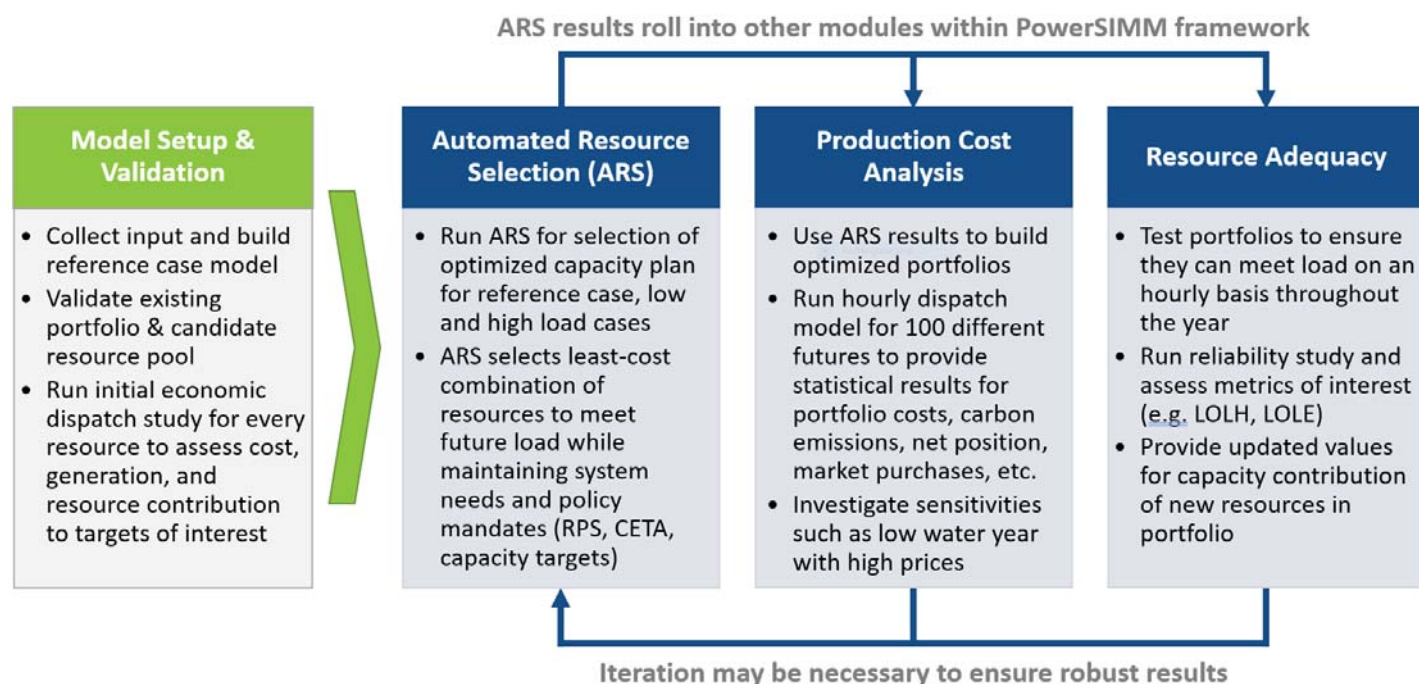


Figure 34. Modeling framework to develop compliant, reliable, and least cost portfolios in PowerSIMM.

### 1.1.1 Model Setup & Validation

In order to model Grant PUD's portfolio, Ascend collected information about load, generation assets, existing contracts, and market constraints. For load, Ascend uses historical data to determine weather correlations for its simulations. Ascend also has a wealth of experience working with utilities throughout the US on altering forecasted load shapes to reflect growth in electric vehicles, behind-the-meter solar, and energy efficiency measures.

For generation assets, Ascend worked with Grant PUD to collect the physical and financial parameters of all Grant PUD generation resources, including all owned assets and all contractual resources. Renewables were modeled using actual historic output data and simulated National Renewable Energy Laboratory (NREL) data in some cases. For market interactions, Ascend worked with Grant PUD to define agreed-upon constraints and implement them in the model. After model configuration, Ascend ran a base case with a series of validation steps to assure the simulation engine matched observed weather patterns, renewable output, load response to weather, hydro generation, and individual unit capacity factors.

### 1.1.2 Capacity Expansion Planning

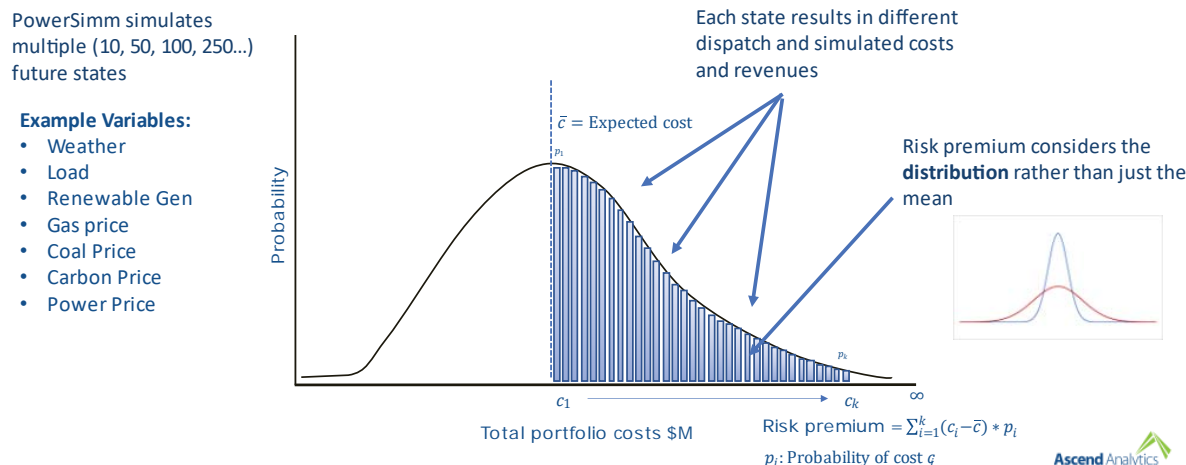
Ascend uses PowerSIMM's Automated Resource Selection (ARS) to provide a least-cost least-risk portfolio expansion plan for serving load over the planning horizon, including both supply-side and demand-side resources. Within the ARS framework, Ascend specifies the physical and financial aspects of all candidate resources for meeting load. We also create appropriate constraints such as meeting clean energy targets, meeting an RPS goal, maintaining reliability, achieving carbon reduction targets, and maintaining energy load balance.

Ascend's ARS optimizes resource additions and can also indicate economic retirement dates for existing resources. Because the model optimizes over all simulated future states, the resulting portfolio represents the best resource mix across both cost and risk. Ascend can also perform several ARS runs with varying inputs for macro level uncertainties, according to each of the different cases to be

considered. For example, runs can be performed with and without carbon costs, according to different RPS or clean energy targets, with different planning reserve margins, forcing retirement of existing resources in specific years, forcing procurement of resources in specific years (e.g., Small Modular Reactors), etc. The final results include one or several portfolio expansion plans to choose from as “preferred portfolios.”

### 1.1.3 Production Cost Analysis and Risk Capturing

Once portfolios were selected, they were evaluated using an hourly dispatch model to understand their operational feasibility and the overall implications of the portfolio. In order to better capture the uncertainty in future conditions, a stochastic framework was used to simulate over 100 different future conditions, where market prices, weather patterns, renewable generation, water availability, and load were significantly varied.



**Figure 35. Risk premium concept for capturing the cost at risk associated with different portfolios**

To capture the risk associated with the distribution of portfolio costs (resulting from the 100 different futures), we use the “risk premium” metric (shown in Figure 35) that indicates the cost at risk or the actuarial value of a portfolio’s exposure to market price volatility, variation in generation and load, and changes in weather conditions. The risk premium concept allows portfolios with different risk characteristics to be compared.

### 1.1.4 Reliability and Capacity Analysis

Ascend’s reliability analysis is trusted by clients across the US. Our Resource Adequacy model is a probabilistic tool to analyze the risk of a load serving entity not having adequate resources to meet load. A key feature of the PowerSIMM Resource Adequacy module is the use of weather, load and renewable energy simulations that maintain the relationships between these variables to properly account for reliability risk from intermittent resources. Unexpected or forced outages from thermal generation, hydro generation, or storage are also accounted for in the reliability assessment. Ascend will evaluate this risk with hourly simulations using the standard loss of load metrics: Loss of Load Probability, Loss of Load Expectation, and Expected Unserved Energy (see Figure 36.) Additionally, Ascend can perform effective load carrying capacity (ELCC) analysis to estimate the capacity contribution of renewables and storage for planning purposes.

Given system uncertainty, how likely will resources supply customer load all hours of the year?

- Large sources of uncertainty include renewable generation, forced outages, and load
- Probabilistic models provide metrics on loss of load events to fully understand potential harm

| Metric    | Description  |
|-----------|--|
| LOLP      | <b>Loss of load probability</b> – The probability of an event where load exceeds available generation resources  |
| LOLH/LOLE | <b>Loss of load hours / expectation</b> – The expected number of hours (LOLH) or days (LOLE) where load cannot be met with available generation resources  |
| EUE       | <b>Expected energy unserved</b> – The expected amount of load, in MWh, that cannot be met with available generation  |
| MW Short  | The largest shortfall from inadequate generation resources   |
| ELCC      | <b>Effective load carrying capability</b> – The expected capacity contribution from variable renewable resources, usually as a function of the penetration of a renewable technology in a power system |

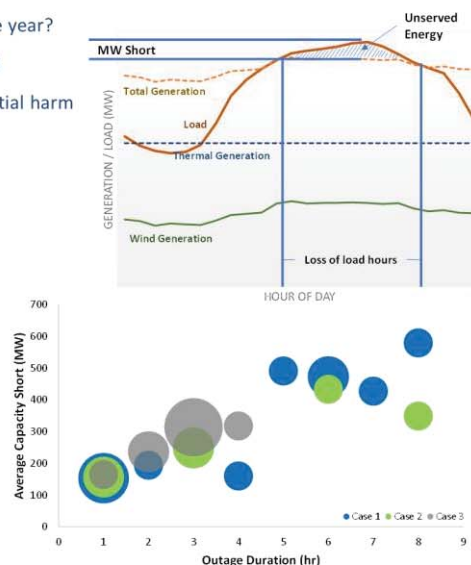


Figure 36. Overview of resource adequacy metrics and results.



# Appendix 2: Modeling Inputs and Assumptions

## PRIEST RAPIDS PROJECT

The Priests Rapids Project consists of the Wanapum Dam and the Priest Rapids Dam. Both dams are subject to a number of constraints, which are summarized in Table 10. Most of these constraints are intended to facilitate a healthy salmon habitat, especially in the area downstream of the Priest Rapids Dam.

**Table 10. Constraints applied to the Priest Rapids Project**

| Constraint   | Start Date                 | End Date     | Impact   |
|--|----------------------------|--------------|--|
| Minimum Flow   | Year-round                 | Year-round   | Priest Rapids Dam must always maintain a minimum flow of 36 kcfs   |
| Required Spill for Fish Ladder                         | Year-round                 | Year-round   | Monthly requirements range from 0.5-2.0 kcfs for Wanapum Dam and 0.5-1.5 kcfs for Priest Rapids Dam. The higher values occur from April through August.  |
| Stranding Bands  | March 15                   | June 15      | Daily flow fluctuations from Priest Rapids Dam must stay within a specified threshold, where that threshold varies based on the volume of inflows.   |
| Required Spill for Fish Passage                        | April 15*                  | August 20*   | Wanapum Dam must spill at least 22 kcfs<br>Priest Rapids Dam must spill at least 29 kcfs   |
| Fish Mode  | April 15**                 | August 20**  | Wanapum Dam cannot operate at more than 84% capacity<br>Priest Rapids Dam cannot operate at more than 95% capacity   |
| Memorial Day Recreation                                | Friday before Memorial Day | Memorial Day | Wanapum reservoir must be within 1 meter of full to ensure that boat docks have water access   |
| Independence Day Recreation                            | Varies*                    | Varies*      | Wanapum reservoir must be within 1 meter of full to ensure that boat docks have water access   |
| Labor Day Recreation                                   | Friday before Labor Day    | Labor Day    | Wanapum reservoir must be within 1 meter of full to ensure that boat docks have water access   |
| Reverse Load Factoring Part 1                          | October 15                 | November 20* | The maximum daytime flow from Priest Rapids Dam during this time period becomes the minimum flow through May 15 of the following year. Based on historical experience, the maximum daytime flow is typically around 55 kcfs until the beginning of November and around 65 kcfs through the remainder of the November period. |
| Reverse Load Factoring Part 2 – Protection Level Flows | November 20*               | May 15       | The flow from Priest Rapids Dam must always be above the maximum flow experienced in Part 1. Typically, this value is around 65 kcfs.  |

\* Indicates an approximate date

\*\* The period includes Independence Day through the nearest weekend.

The Wanapum Dam has a nameplate capacity rating of 1,204 MW, but for this analysis we use a functional rating of 1,040 MW based on historical observations of generation. Similarly, the Priest Rapids Dam has a nameplate rating of 950 MW, but we assign it a functional rating of 920 MW. There are no ramping limits applied to the dams, though we inspect the hourly model outputs to ensure that generation behavior is not likely to be problematic. We assume a lag of 45 minutes between the Wanapum Dam and Priest Rapids Dam.

Both the Wanapum and Priest Rapids reservoirs are able to store water for later use, though neither reservoir is particularly large. The Priest Rapids reservoir is less than half the size of the Wanapum reservoir and can store a water volume equivalent to just a few hours of maximum generation. The Wanapum reservoir can store water amounts approximately equal to just under half a day of



generation. Actual storage capacity varies based on the constraints shown in Table 10, especially required spill constraints, the amount of inflow, and the head height at the time of generation.

Outages for the two dams were modeled using daily expected outage data based on maintenance plans. Average annual planned outage rates are 5.9% for Wanapum and 4.1% for Priest Rapids. The turbine generator upgrades at Priest Rapids that keep one unit offline through 2030 are represented as an additional 10% planned outage. Forced outages are represented assuming a 2% forced outage rate.

Hourly inflows to Wanapum are based on historical estimated hourly discharges from Rocky Reach dam, the dam immediately upstream of Wanapum. Total annual discharges from Rocky Reach were 2% lower than the annual flows measured below Priest Rapids dam by the U.S. Geological Survey, so for this analysis, the hourly Rocky Reach discharges were uniformly increased by 2% in order to match the annual flows measured by the U.S. Geological Survey.

## **OTHER EXISTING GENERATION ASSETS**

The Nine Canyon Wind resource, Quincy Chute, and Potholes East Canal were all represented as must-take variable renewable energy resources. Generation profiles were based on historical hourly profiles from 2015-2021, and the resources were assumed to provide as many average MWhs in future years as they did on average from 2015-2021. These three resources are assumed to retire from the Grant PUD portfolio upon the expiration of their contracts. The Nine Canyon contracts end on July 1, 2030, Quincy Chute on October 1, 2025, and Potholes East Canal on September 1, 2030.

## POTENTIAL FUTURES RESOURCES

### Aeroderivative Gas Turbine

Cost and operating characteristics of Aeroderivative units were provided by our consulting partner, Ascend Analytics as shown in Table 11.

**Table 11. Aeroderivative modeling assumptions**

| Characteristic         | Value          |
|------------------------|----------------|
| Overnight Capital Cost | \$900/kW       |
| Fixed Cost             | \$0.9/kW-month |
| Cold Start Up Cost     | \$500          |
| VOM                    | \$5.75/MWh     |
| Min Up and Down Time   | 1 hour         |
| Ramp Rate              | 50 MW/Min      |
| Heat Rate              | 9,472 Btu/kWh  |
| CO2 Emission Rate      | 118 lbs/MMBtu  |

AECO hub gas prices were used as fuel costs. For portfolio selection, Aeroderivative resources were available in 43 MW increments and no addition of these resources was allowed before 2025.

### Reciprocating Internal Combustion Engines

Cost and operating characteristics of RICE units were provided by our consulting partner, Ascend Analytics as shown in Table 12.

**Table 12. RICE modeling assumptions**

| Characteristic         | Value          |
|------------------------|----------------|
| Overnight Capital Cost | \$1,000/kW     |
| Fixed Cost             | \$0.9/kW-month |
| Cold Start Up Cost     | \$0            |
| VOM                    | \$5.75/MWh     |
| Min Up and Down Time   | 0 hour         |
| Ramp Rate              | 90 MW/Min      |
| Heat Rate              | 8,275 Btu/kWh  |
| CO2 Emission Rate      | 121 lbs/MMBtu  |

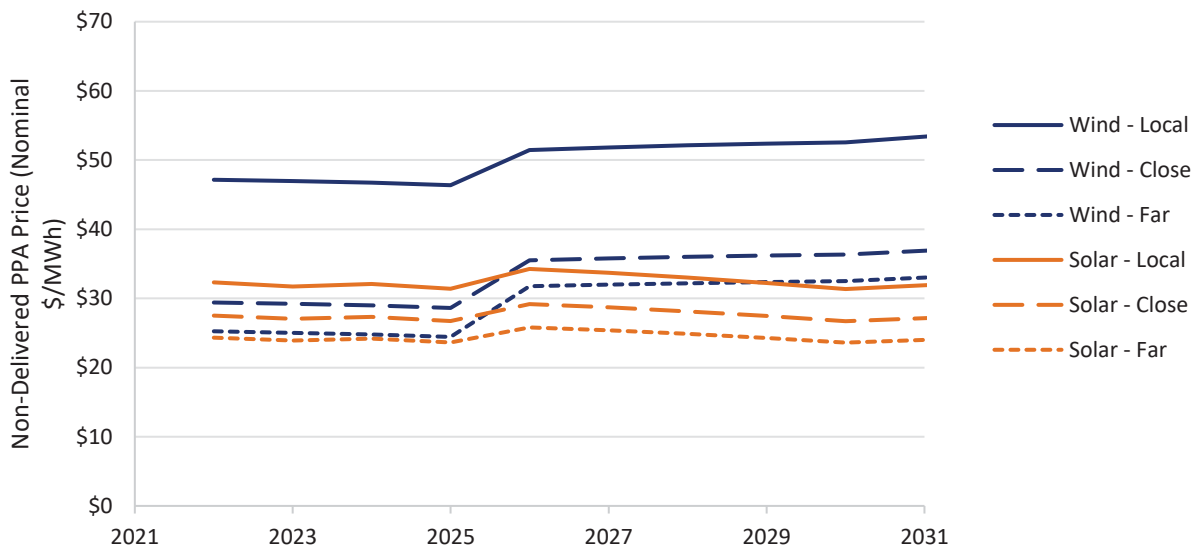
AECO hub gas prices were used as fuel costs. For portfolio selection, RICE resources were available in 18 MW increments and no addition of these resources was allowed before 2025.

### Solar PV and Wind

PPA prices for solar PV and wind are based on the cost, performance, and financing projections for utility scale solar PV and land-based wind from the NREL 2021 Annual Technology Baseline (ATB) moderate case.<sup>1</sup> Federal tax credit policy is assumed to follow current law as of April 2022. A 30-year project lifetime and the market factor financials from the ATB were used when calculating a PPA price. The Utility-Scale Solar, 2021 Edition shows that for the most recent 5 years of PPA pricing data, PPA prices track the levelized cost of energy (LCOE).<sup>2</sup> Because of that observed relationship, we assume that PPA prices will continue to track LCOE and use the LCOE values from the 2021 ATB as projections for PPA prices. The ATB lists values in real 2019\$, so to convert these to nominal dollars we first converted the 2019\$ to 2021\$ using the consumer pricing index from 2019 to 2021 and then applied a constant inflation rate of 2.5%/year to years after 2021. The resulting PPA prices at the point of generation are shown in Figure 37.

<sup>1</sup> See [atb.nrel.gov](https://atb.nrel.gov).

<sup>2</sup> See slide 34 at [https://eta-publications.lbl.gov/sites/default/files/utility\\_scale\\_solar\\_2021\\_edition\\_slides.pdf](https://eta-publications.lbl.gov/sites/default/files/utility_scale_solar_2021_edition_slides.pdf).



**Figure 37. Assumed PPA prices for solar and wind resources at the point of generation.**

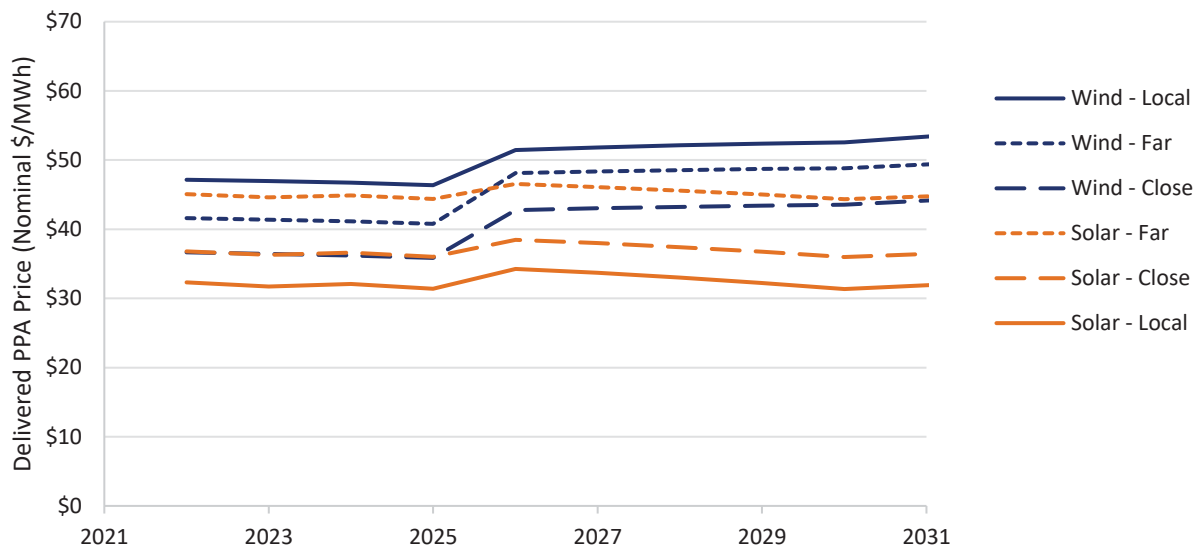
“Close” and “Far” resources will need to be delivered to Grant PUD and will therefore have a higher delivered cost based on wheeling charges (see Table 6 and Table 7.)

Because the “Close” and “Far” resource locations are not located near the Grant PUD transmission system, we assume a delivery cost of wheeling the solar and wind generation to the Grant PUD system. Wheeling costs are summarized in Table 13. The “Close” wheeling cost is based on the cost of wheeling on the BPA system, and the “Far” wheeling cost is based on wheeling across the BPA system plus one other system that has an assumed wheeling cost of \$3/kW/month. Wheeling capacity is procured based on the rated capacity of the wind or solar system. No attempt was made to procure lower wheeling capacity amounts to result in a lower overall cost.

**Table 13. Capacity factor and wheeling costs for wind and solar resources.**

|       | Capacity Factor (%) |       | Wheeling Cost (\$/kW/month) |       | Wheeling Cost (\$/MWh) |       |
|-------|---------------------|-------|-----------------------------|-------|------------------------|-------|
|       | Wind                | Solar | Wind                        | Solar | Wind                   | Solar |
| Local | 26%                 | 25%   | 0                           | 0     | 0                      | 0     |
| Close | 37%                 | 29%   | 1.96                        | 1.96  | 7.23                   | 9.28  |
| Far   | 42%                 | 33%   | 4.96                        | 4.96  | 16.35                  | 20.73 |

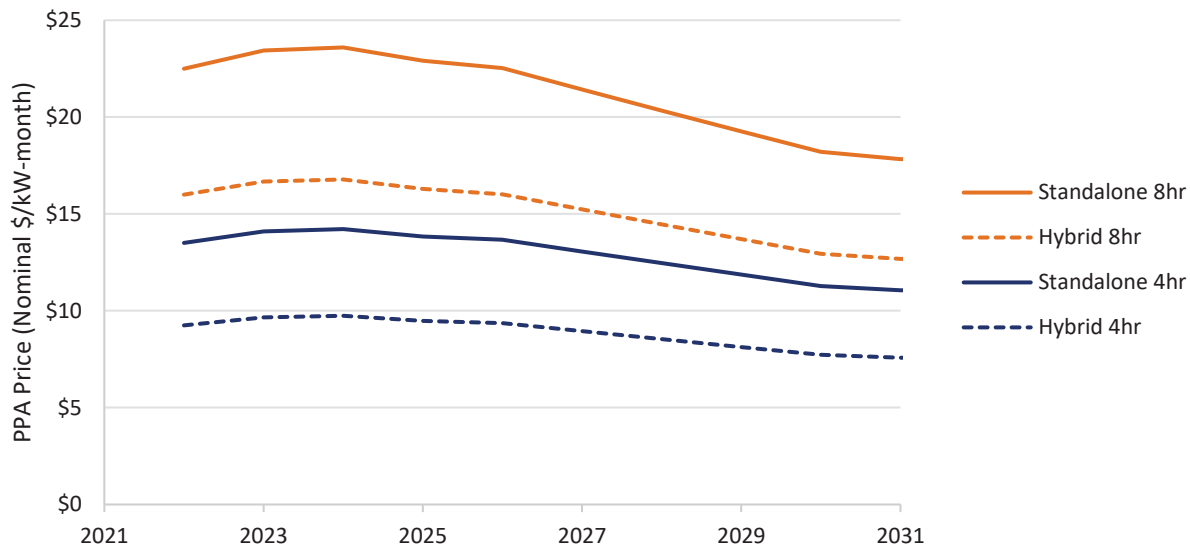
The PPA price at the point of generation is combined with the wheeling cost to produce a delivered PPA price for Grant PUD. This delivered PPA price is shown in Figure 38, and is the PPA price seen by the model for selecting new resource options.



**Figure 38. Assumed PPA prices for delivery to Grant PUD.**  
The increase from 2025 to 2026 is driven by the phase-down of the tax credits.

### Battery Storage

Battery storage technologies can either be standalone with 4 or 8 hours of duration or can be hybrid resources where they are tightly DC-coupled with PV systems. When in a hybrid configuration, the storage is sized at 50% of the PV inverter capacity, and the storage is eligible for the investment tax credit. The assumed PPA prices are based on recommended values provided by Ascend Analytics and are shown in Figure 39. Any new battery storage resources are assumed to be connected to the Grant PUD system. For hybrid systems, this means that the hybrid option is only available for “Local” solar resources.



**Figure 39. Assumed PPA prices for storage technologies**

Battery storage technologies have an assumed lifetime of 15 years and are allowed to cycle up to 365 times per year. They have a round-trip efficiency of 85%.

### Small Modular Reactor

We represent a small modular reactor with the input cost information shown in Table 14. Cost information was provided by NuScale for an nth-of-a-kind plant (NuScale 2022). The overnight capital costs include the cost of decommissioning the plant at the end of its 60-year life. We assume an availability factor of 96%, a minimum turndown of 40%, a ramp rate of 3% per minute, and a construction time of 3 years. Based on current estimated online dates for small modular reactors that are under development, we do not allow the model to select a small modular reactor until 2030.

**Table 14. Input costs for a small modular reactor technology.** Values in nominal dollars using a 2.5% inflation rate post 2021

| Year | Overnight Capital Cost<br>(\$/kW) | FOM<br>(\$/kW-yr) | VOM<br>(\$/MWh) | Fuel Cost<br>(\$/MWh) |
|------|-----------------------------------|-------------------|-----------------|-----------------------|
| 2030 | 6,163                             | 84.5              | 0               | 8.73                  |
| 2031 | 6,317                             | 86.6              | 0               | 8.95                  |

### Market Purchases

Market purchases considered in this plan are assumed to transact at the Mid-C trading hub and to be from un-specified sources when accounting for clean energy goals and compliance. Hourly Mid-C price forecasts were provided by Ascend Analytics and were derived using Ascend's proprietary weather-driven simulation engine. Prices included a cost of carbon component reflecting the region's move toward carbon free power. For this analysis, market purchases were considered an energy only product and provided no capacity benefit to meet capacity margin requirements.

EFFECTIVE LOAD CARRYING CAPABILITY OF RESOURCES

New and existing resources are assigned the Effective Load Carrying Capability (ELCC) values shown in Figure 40. Natural gas units and SMRs have an ELCC of 100%. Throughout the document we refer to the ELCC capacity as firm capacity.

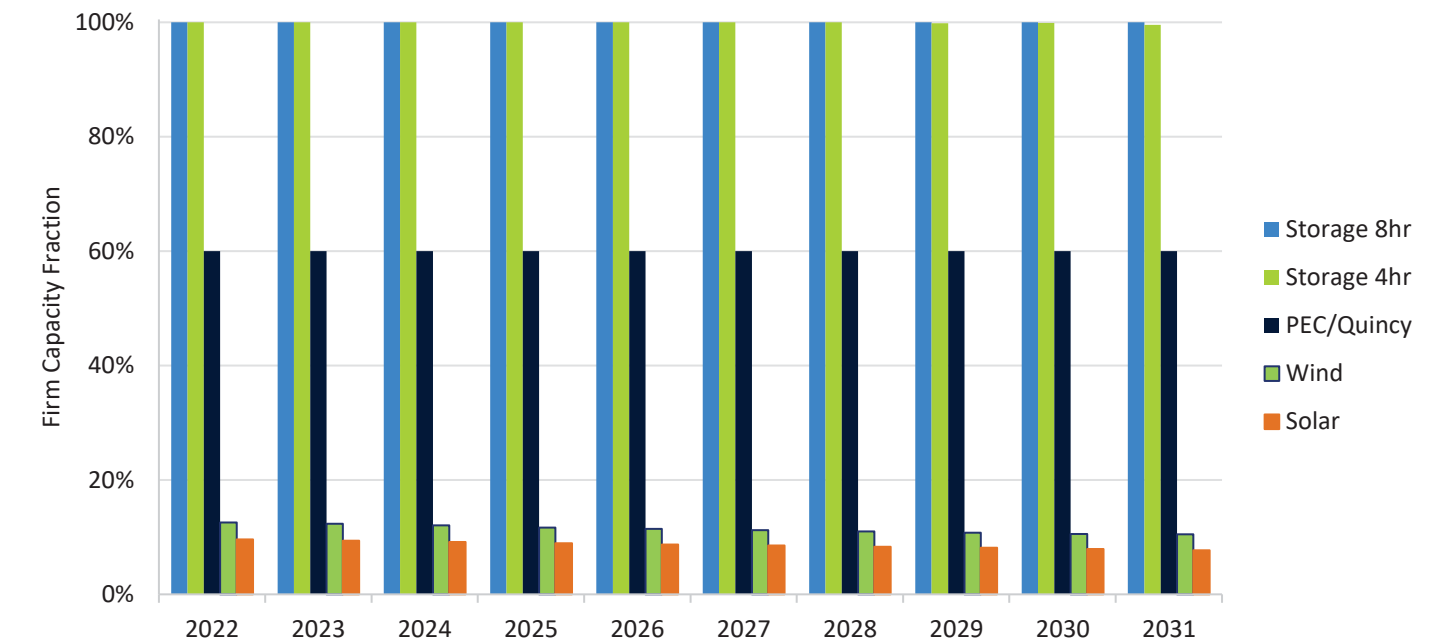
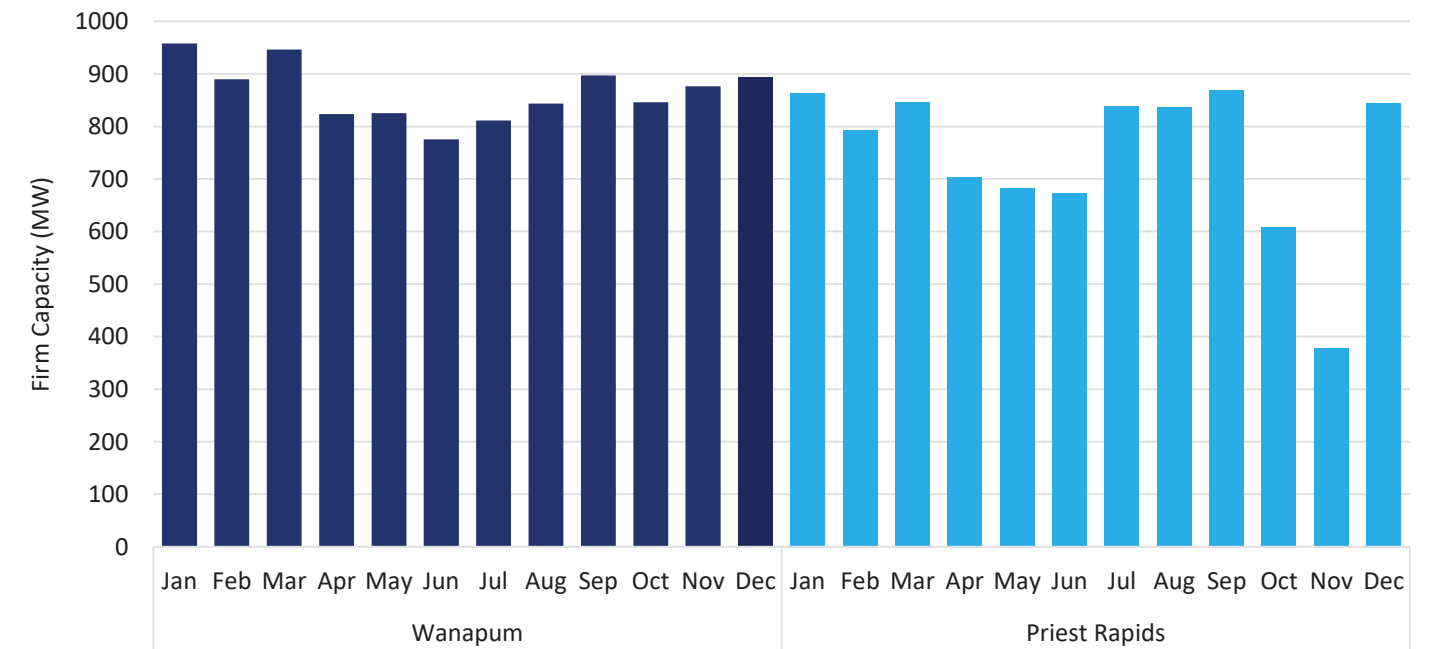


Figure 40. ELCC of new and existing resources by technology type

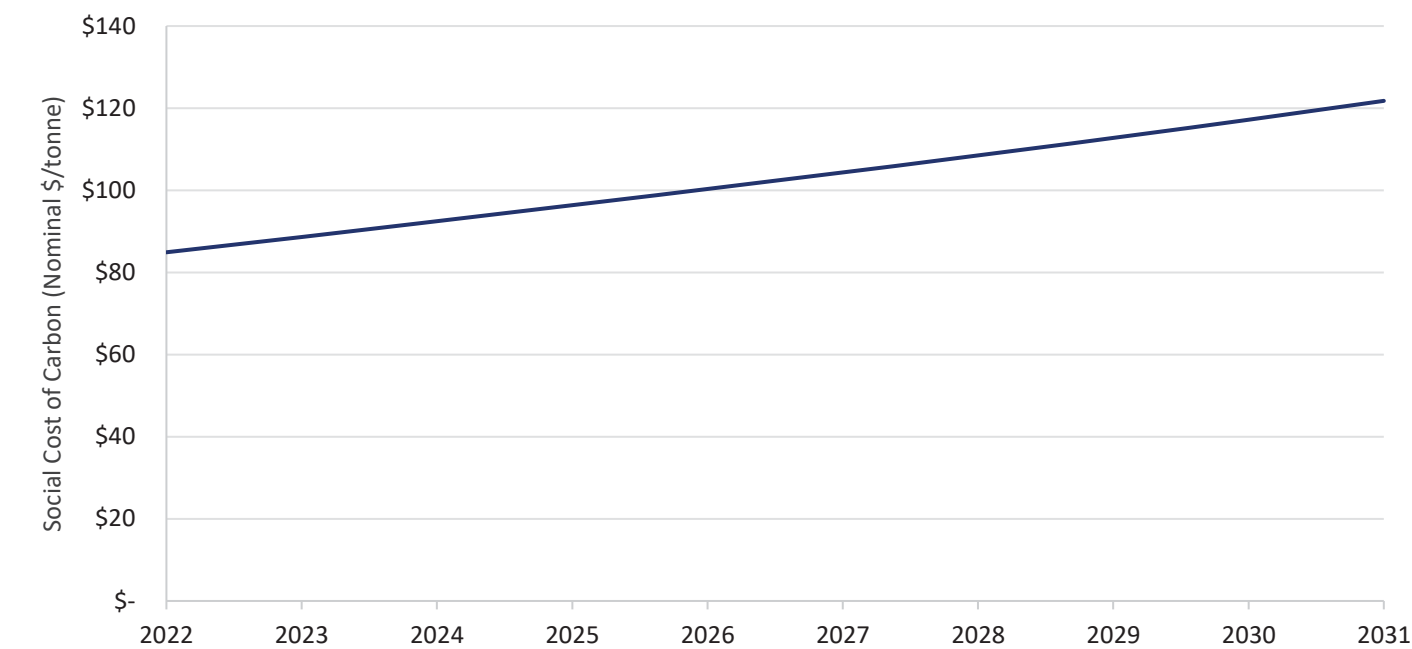
The firm capacity contribution of each of the PRP dams is calculated using flows and operations observed over the last 10 years and imposes all constraints shown in Table 10. Capacity values vary by month, as shown in Figure 41. During times of reliability events, the Fish Mode constraint can be violated for short periods, but that exception was not modeled when determining the firm capacity of the dams because it is unclear if the short duration of the allowed violation would be sufficient to provide additional firm capacity. For modeling purposes, we implemented an annual firm capacity contribution of 855 MW for Wanapum and 818 MW for Priest Rapids. Because of the upgrades occurring at Priest Rapids, one of the ten units is assumed to be offline through 2030 which reduces the firm capacity contribution of Priest Rapids by 10% until that time.



**Figure 41. Firm capacity contribution of the Wanapum and Priest Rapids dams for each month of the year.**

**SOCIAL COST OF CARBON**

The social cost of carbon is included in the modeling as shown in Figure 42. Values are from WAC 194-40-100 and are adjusted to nominal dollars.



**Figure 42. Social cost of carbon applied in the modeling. From WAC 194-40-100.**

Because the only carbon-emitting resource considered in this IRP were the Aeroderivative Gas Turbine and the Reciprocating Internal Combustion Engine, this social cost of carbon impacts only those two resources according to their emission rates (shown in Table 11 and Table 12) and the amount of energy they generate.

## Appendix 3: Conservation Potential Assessment



PREPARED BY EES CONSULTING

# Grant Public Utility District

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## *Conservation Potential Assessment*





Amber Gschwend, Managing Director  
amber.gschwend@gdsassociates.com

October 11, 2021

Mr. Richard Cole  
Grant PUD  
P.O. Box 1519  
Moses Lake, WA 98837

SUBJECT: 2021 Conservation Potential Assessment – Final Report

Dear Mr. Cole:

Please find attached the draft report summarizing the 2021 Grant Public Utility District Conservation Potential Assessment (CPA). This report covers the 20-year time period from 2022 through 2041.

The 2-year potential has increased from the 2019 CPA, largely due to the addition of data center projects expected to be completed in the 2022/2023 biennium. Potential in other sectors has decreased compared with the previous CPA due to increased efficiency baselines, program participation, and updated ramp rates that reflect the District's historic program achievement.

Respectfully,

Amber Gschwend

**Managing Director, EES Consulting**

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# 1 EXECUTIVE SUMMARY

This report describes the methodology and results of the 2021 Conservation Potential Assessment (CPA) for Grant County Public Utility District No. 2 (District). This assessment provides estimates of energy savings by sector for the period 2022 to 2041. The assessment considers a wide range of conservation resources that are reliable, available and cost-effective within the 20-year planning period.

## 1.1 Background

The District provides electricity service to over 46,900 customers located in Grant County, Washington. Over half of the District's load requirements are for serving commercial and industrial customers. The District has completed conservation potential assessments every two years since the Energy Independence Act (EIA) was effective in 2010. The EIA requires that utilities with more than 25,000 customers (known as qualifying utilities) pursue all cost-effective conservation resources and meet conservation targets set using a utility-specific conservation potential assessment methodology.

The EIA sets forth specific requirements for setting, pursuing and reporting on conservation targets. The methodology used in this assessment complies with RCW 19.285.040 and WAC 194-37-070 Section 5 parts (a) through (d) and is consistent with the methodology used by the Northwest Power and Conservation Council (Council) in developing the Seventh Power Plan. Thus, this Conservation Potential Assessment will support The District's compliance with EIA requirements.

This assessment was built on the same model used in the 2019 CPA, which was based on the completed Seventh Power Plan. The model was updated to reflect changes since the completion of the 2019 CPA including measure data available from the draft 2021 Power Plan supply Curves and updated ramp rate assumptions. The primary model updates included the following:

- **Avoided Costs**
  - Recent forecast of power market prices
  - Avoided generation capacity
  - Environmental costs adjusted to meet CETA requirements
- **Updated Customer Characteristics Data**
  - Residential home counts and characteristics
  - Commercial floor area based on recent load data which factors in COVID impacts
  - Industrial sector consumption, which includes COVID impacts
- **Measure Updates**
  - Measure savings, costs, and lifetimes were updated based on the latest data available from the Regional Technical Forum (RTF) and the 2021 Power Plan draft supply curves
  - New measures not included in the Seventh Plan but subsequently reviewed by the RTF were added in the 2021 Power Plan
- **Accounting for Recent Achievements**
  - Internal programs
  - NEEA programs
- **Adjusting measure ramp rates**
  - Specific large data center analysis
  - Alignment of future potential with historic program savings

The first step of this assessment was to carefully define and update the planning assumptions using the new data. The Base Case conditions were defined as the most likely market conditions over the planning horizon, and the conservation potential was estimated based on these assumptions. Additional scenarios were also developed to test a range of conditions.

## 1.2 Results

Table 1-1 shows the high-level results of this assessment, the cost-effective potential by sector in 2, 6, 10, and 20-year increments. The total 20-year energy efficiency potential is 47.15 aMW. The most important numbers per the EIA are the 10-year potential of 18.41 aMW, and the two-year potential of 4.57 aMW. These numbers are also illustrated in Figure 1-1 below.

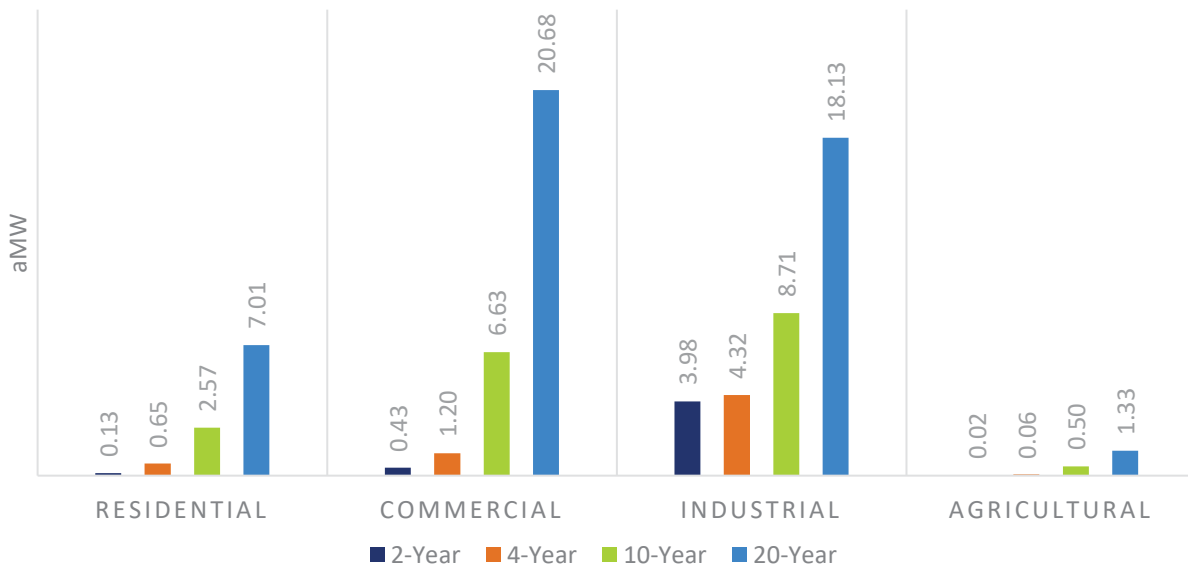
These estimates include energy efficiency achieved through The District’s own utility programs and through its share of the Northwest Energy Efficiency Alliance (NEEA) accomplishments. Some of the potential may be achieved through code and standards changes, especially in the later years. In some cases, the savings from those changes will be quantified by NEEA or through BPA’s Momentum Savings work.

**TABLE 1-1: COST-EFFECTIVE POTENTIAL (aMW)**

|                     | 2-Year      | 4-Year      | 10-Year      | 20-Year      |
|---------------------|-------------|-------------|--------------|--------------|
| <b>Residential</b>  | 0.13        | 0.65        | 2.57         | 7.01         |
| <b>Commercial</b>   | 0.43        | 1.20        | 6.63         | 20.68        |
| <b>Industrial</b>   | 3.98        | 4.32        | 8.71         | 18.13        |
| <b>Agricultural</b> | 0.02        | 0.06        | 0.50         | 1.33         |
| <b>Total</b>        | <b>4.57</b> | <b>6.24</b> | <b>18.41</b> | <b>47.15</b> |

*Note: Numbers in this table and others throughout the report may not add to total due to rounding.*

**FIGURE 1-1: COST-EFFECTIVE ENERGY EFFICIENCY POTENTIAL ESTIMATE**



Energy efficiency also has the potential to reduce peak demands. Estimates of peak demand savings are calculated for each measure using the Council’s ProCost tool, which uses hourly load profiles developed for the Seventh Power Plan and the District-specific definition of when peak demand occurs. These unit-level estimates are then aggregated across sectors and years in the same way energy efficiency measure savings potential is calculated. The reductions in peak demand provided by energy efficiency are summarized in Table 1-2 below.

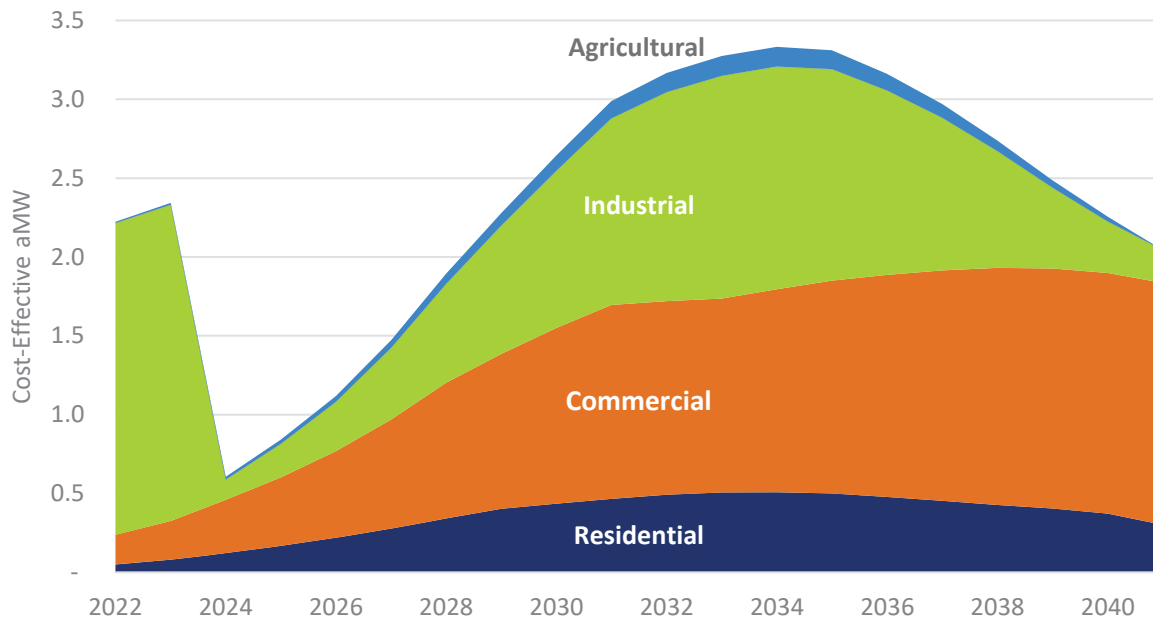
The savings from most energy efficiency measures is concentrated in those periods when energy is being used, and not evenly throughout the day. Thus, the peak demand reduction, measured in MW, is greater than the annual average energy savings. The District's annual peak occurs most frequently in summer evenings, between 4 and 6 PM. In addition to these peak demand savings, demand savings would occur in varying amounts throughout the year.

**TABLE 1-2: COST-EFFECTIVE DEMAND SAVINGS (MW)**

|              | 2-Year       | 4-Year       | 10-Year      | 20-Year      |
|--------------|--------------|--------------|--------------|--------------|
| Residential  | 0.26         | 1.41         | 5.40         | 14.74        |
| Commercial   | 0.33         | 0.83         | 3.54         | 7.44         |
| Industrial   | 35.45        | 35.83        | 40.60        | 50.86        |
| Agricultural | 0.03         | 0.07         | 0.25         | 0.32         |
| <b>Total</b> | <b>36.07</b> | <b>38.13</b> | <b>49.80</b> | <b>73.36</b> |

The 20-year energy efficiency potential is shown on an annual basis in Figure 1-2.

**FIGURE 1-2: ANNUAL COST-EFFECTIVE ENERGY EFFICIENCY POTENTIAL ESTIMATE**



As Figure 1-2 shows, about a 10% of the potential is in the residential sector. The largest contributing measure categories for residential applications include water heating. Measures with notable potential in this end use include:



- Efficient clothes washers
- Low flow shower heads efficiency 1.5 gallons per minute (gpm) or better
- Behavior measures

The largest share of conservation available is in the District’s commercial and industrial sectors. The 20-year potential in the commercial sector is higher compared with the potential estimated in the 2019 CPA. Savings in the commercial sector are spread across numerous end uses, but the primary areas for opportunity are in the HVAC and lighting categories. Notable measures in this area include:

- Residential sized and commercial sized heat pump water heaters
- Variable refrigerant flow HVAC systems
- Commercial energy management
- Commercial Lighting
- Refrigeration

Data center savings potential is responsible for the large savings in 2022/2023. The District works with new data center, and other high load factor customers such as cryptocurrency, at the time of application for new large loads. The District works with new large loads to incentivize the installation of energy efficient measures. The 2-year data center savings potential estimate is based on a planned project for a new data center load. Going forward, the District will continue to work on identifying data center projects with new loads. Current data center loads have already been optimized for energy efficiency by the customer. Therefore, future potential is based only on the load growth portion, which is updated every two years through the CPA process. Due to the uncertainty in future data center load growth, some data center saving scenarios are discussed separately in this study.

### 1.3 Comparison to Previous Assessment

Table 1-3 shows a comparison of the 2, 10, and 20-year Base Case conservation potential by customer sector for this assessment and the results of the District’s 2019 CPA.

**TABLE 1-3: COMPARISON OF 2019 CPA AND 2021 CPA COST-EFFECTIVE POTENTIAL**

|                     | 2-Year      |             |            | 10-Year      |              |             | 20-Year      |              |            |
|---------------------|-------------|-------------|------------|--------------|--------------|-------------|--------------|--------------|------------|
|                     | 2019        | 2021        | % Change   | 2019         | 2021         | % Change    | 2019         | 2021         | % Change   |
| <b>Residential</b>  | 0.66        | 0.13        | -80%       | 3.59         | 2.57         | -29%        | 5.71         | 7.01         | 23%        |
| <b>Commercial</b>   | 0.82        | 0.43        | -47%       | 4.83         | 6.63         | 37%         | 6.94         | 20.68        | 198%       |
| <b>Industrial</b>   | 2.42        | 3.98        | 65%        | 15.53        | 8.71         | -44%        | 25.23        | 18.13        | -28%       |
| <b>Agricultural</b> | 0.19        | 0.02        | -90%       | 1.01         | 0.50         | -50%        | 1.27         | 1.33         | 5%         |
| <b>Total</b>        | <b>4.09</b> | <b>4.57</b> | <b>12%</b> | <b>24.95</b> | <b>18.41</b> | <b>-26%</b> | <b>39.15</b> | <b>47.15</b> | <b>20%</b> |

\*Note that the 2019 columns refer to the CPA completed in 2019 for the time period of 2020 through 2039. The 2021 assessment is for the timeframe: 2022 through 2041.

The change in conservation potential estimated since the 2019 study is the result of several changes to the input assumptions, including measure data and avoided cost assumptions. Additionally, new measures were added to the assessment and ramp rates were adjusted to account for program maturity and 2021 Power Plan draft assumptions. Finally, the potential for data center savings is estimated based on individual project review for new loads. These are discussed below, and a detailed analysis is provided in the Results section of this study.

#### 1.3.1 Measure Data

The 2021 Power Plan includes measures that impact residential lighting use including daylight exterior bulbs and lamp replacements for interior applications. These savings estimates are included in the 2021 potential estimate.

Electric vehicle charging measures have increased cost-effectiveness compared with previous savings and cost assumptions. Finally, a Washington code reduced water heating savings potential beginning in 2021 by establishing a more efficient baseline for showerheads.

In the commercial sector, heat pump water heaters replace efficient tank measures increasing the 20-year potential. New commercial lighting measures such as controls equipment and lamps, were also added increasing the potential available.

### 1.3.2 Industrial Potential

The industrial potential for potential data center savings includes estimates for new large data centers. Savings from disaggregated servers is included in the commercial sector under “Electronics.” The Council does not provide measures or savings analysis for large, centralized data centers. Historically, the District’s CPAs have utilized commercial sector server measures to estimate data center potential. Conversely, this study evaluates data center savings for new customers at the project level. This methodology evaluates savings potential more specifically to the District’s loads and unique nature of large data center operations. The bulleted list below summarizes some of the issues identified in developing large data center energy efficiency potential estimates.

- Large data centers are often willing to work with the District at the time of new service to identify, measure, and verify energy efficiency improvements. Through its relationship with existing customers, the District has learned existing loads are continually optimized without measurement and verification practices in place. Due to the unique nature of data center loads, customers are incentivized to choose the most efficient hardware when regular updates are made. Because these improvements are happening naturally and cannot be claimed through the State’s audit process for compliance with targets, the potential for savings in existing data center loads is excluded from the target and future potential estimates.
- Historic data center project savings have been significant saving up to 10% of new data center total load. However, this historic savings amount cannot be applied to future load growth estimates due to the nature of how energy use is evolving for large data centers. Specifically, historic savings have been achieved through cooling measures as data centers have been housed inside buildings requiring specific HVAC equipment. New data centers are typically housed in containers or other non-building structures removing a large portion of the HVAC savings potential.
- Data center measures are largely cost-effective from the utility and ratepayer perspectives. Due to their low incremental costs compared with savings potential, these measures are also cost-effective from a total resource cost perspective.
- The District plans to update the data center savings potential every two years for the purposes of defining an accurate 2-year savings target based on planned new loads. Scenario analysis provides a range of potential savings over the longer-term study period.

### 1.3.3 Avoided Cost

An updated forecast of market prices was used to value energy savings. This forecast is lower than the forecast used in the 2019 assessment, but still higher than the 2021 draft Power Plan market price forecast. Other avoided cost assumptions remained largely the same.

### 1.3.4 Customer Characteristics

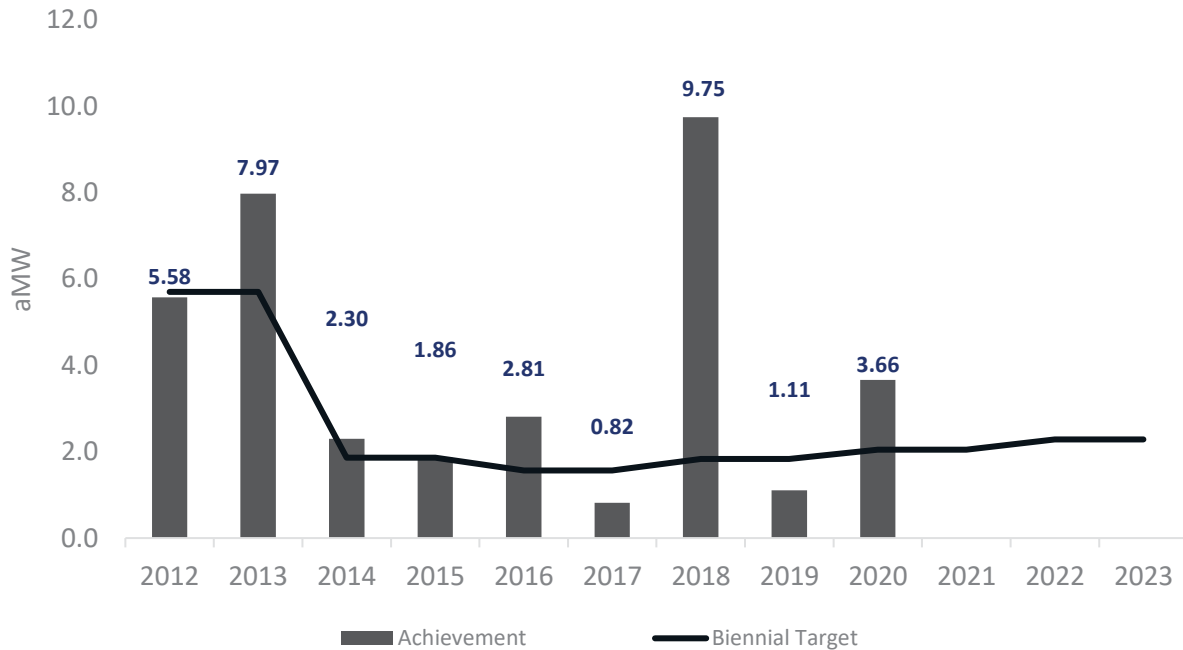
No changes were made from the last CPA. However, growth in usage and number of customers was accounted for in the update.

## 1.4 Targets and Achievement

Figure 1-3 compares the District’s historic achievement with its targets. The estimated potential for 2022 and 2023

is based on the Base Case scenario presented in this report and represents approximately a 12% increase over the 2020-21 biennium. This increase is due to the treatment of data center savings potential and adjusted ramp rates that better reflect the District's historic program savings trends. The figure below also shows the District has consistently met its biennial energy efficiency targets, and the potential estimates presented in this report are achievable through the District's various programs and the District's share of NEEA savings.

**FIGURE 1-3: HISTORIC ACHIEVEMENT AND TARGETS**



## 1.5 Conclusion

This report summarizes the CPA conducted for the District for the 2022 to 2041 timeframe. Many components of the CPA are updated from previous CPA models including items such as energy market price forecast, code and standard changes, recent conservation achievements, revised savings values and ramp rates for RTF and Council measures, and multiple scenario analyses.

The near-term results of this assessment are lower than the previous assessment, primarily due to the large amount of efficiency already achieved both regionally and by the District and the updated ramp rates from the 2021 Power Plan technical pages. The results show a total 10-year cost effective potential of 18.41 aMW and a two-year potential of 4.57 aMW for the 2022-23 biennium, which is a 12% increase from the target for the previous biennium. This increase is due primarily to savings potential in new large data centers.

## 2 INTRODUCTION

### 2.1 Objectives

The objective of this report is to describe the results of the Grant Public Utility District (District) 2021 Electric Conservation Potential Assessment (CPA). This assessment provides estimates of energy savings by sector for the period 2022 to 2041, with the primary focus on the initial 10 years. This analysis has been conducted in a manner consistent with requirements set forth in RCW 19.285 (EIA) and 194-37 WAC (EIA implementation) and Washington Clean Energy Transformation Act (CETA) and is part of the District's compliance documentation. The results and guidance presented in this report will also assist the District in strategic planning for its conservation programs. Finally, the resulting conservation supply curves can be used in the District's 2022 Integrated Resource Plan (IRP).

The conservation measures used in this analysis are based on the measures that were included in the Council's Seventh Power Plan and were updated with subsequent changes and new measures approved by the Regional Technical Forum (RTF) and draft 2021 Power Plan conservation supply curves. The assessment considered a wide range of conservation resources that are reliable, available, and cost effective within the 20-year planning period.

### 2.2 Electric Utility Resource Plan Requirements

According to Chapter RCW 19.280, utilities with at least 25,000 retail customers are required to develop IRPs by September 2008 and biennially thereafter. The legislation mandates these resource plans include assessments of commercially available conservation and efficiency measures. This CPA is designed to assist in meeting these requirements for conservation analyses. The results of this CPA may be used in the next IRP due to the state by September 2022. More background information is provided below.

### 2.3 Energy Independence Act

Chapter RCW 19.285, the Energy Independence Act, requires, "each qualifying utility pursue all available conservation that is cost-effective, reliable and feasible." The timeline for requirements of the Energy Independence Act is detailed below:

- By January 1, 2010 – Identify achievable cost-effective conservation potential through 2019 using methodologies consistent with the Pacific Northwest Power and Conservation Council's (Council) latest power planning document.
- Beginning January 2010, each utility shall establish a biennial acquisition target for cost-effective conservation that is no lower than the utility's pro rata share for the two-year period of the cost-effective conservation potential for the subsequent ten years.
- On or before June 1, 2012, each utility shall submit an annual conservation report to the department (the Department of Commerce or its successor). The report shall document the utility's progress in meeting the targets established in RCW 19.285.040.
- Beginning on January 1, 2014, cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used to help meet the immediately subsequent two biennial acquisition targets, such that no more than twenty percent of any biennial target may be met with excess conservation savings.

- Beginning January 1, 2014, a qualifying utility may use conservation savings in excess of its biennial target from a single large facility to meet up to an additional five percent of the immediately subsequent two biennial acquisition targets.<sup>3</sup>

This report summarizes the preliminary results of a comprehensive CPA conducted following the requirements of the EIA and additions made by the passage of CETA. A checklist of how this analysis meets EIA requirements is included in Appendix III.

## 2.4 Other Legislative Considerations

Washington state enacted several laws that impact conservation planning. Washington HB 1444 enacts efficiency standards for a variety of appliances. Washington also enacted a clean energy law, SB 5116. CETA (2019) requires the use of specific values for avoided greenhouse gas emissions. This study follows the CETA requirements to value energy efficiency savings at the prescribed value established by the Department of Ecology. Finally, CETA requires all sales of electricity be greenhouse gas neutral by 2030 and greenhouse gas free by 2045. This provision has been incorporated into the assumptions of this CPA. Specifically, this impacts the avoided cost of conservation, as described in Appendix IV.

## 2.5 Study Uncertainties

The savings estimates presented in this study are subject to the uncertainties associated with the input data. This study utilized the best available data at the time of its development; however, the results of future studies will change as the planning environment evolves. Specific areas of uncertainty include the following:

- Customer characteristic data – Residential and commercial building data and appliance saturations are in many cases based on regional studies and surveys. There are uncertainties related to the extent that the District’s service area is similar to that of the region, or that the regional survey data represents the population.
- Measure data – In particular, savings and cost estimates (when comparing to current market conditions), as prepared by the Council and RTF, will vary across the region. In some cases, measure applicability or other attributes have been estimated by the Council or the RTF based on professional judgment or limited market research.
- Market Price Forecasts – Market prices (and forecasts) are continually changing. The market price forecasts for electricity and natural gas utilized in this analysis represent a snapshot in time. Given a different snapshot in time, the results of the analysis would vary. However, different avoided cost scenarios are included in the analysis to consider the sensitivity of the results to fluctuating market prices over the study period.
- Utility System Assumptions – Credits have been included in this analysis to account for the avoided costs of transmission and distribution system expansion. Though potential transmission and distribution system cost savings are dependent on local conditions, the Council considers these credits to be representative estimates of these avoided costs. A value for generation capacity was also included but may change as the Northwest market continues to evolve.
- Discount Rate – The Council develops a real discount rate as well as a finance rate for each power plan. The finance rate is based on the relative share of the cost of conservation and the cost of capital for the various program sponsors. The Council has estimated these figures using the most current available information. This study reflects the current borrowing market although changes in borrowing rates will likely vary over the study period.
- Forecasted Load and Customer Growth – The CPA bases the 20-year potential estimates on forecasted loads and customer growth provided by the utility. These forecasts include a level of uncertainty especially considering the recovery from COVID related load impacts.

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<sup>3</sup> The EIA requires that the savings must be cost effective and achieved within a single biennial period at a facility whose average annual load before conservation exceeded 5 aMW. In addition, the law requires that no more than 25% of a biennial target may be met with excess conservation savings, inclusive of provisions listed in this section.

- **Load Shape Data** – The Council provides conservation load shapes for evaluating the timing of energy savings. In practice, load shapes will vary by utility based on weather, customer types, and other factors. This assessment uses the hourly load shapes used in the Seventh Plan to estimate peak demand savings over the planning period, based on shaped energy savings. Since the load shapes are a mix of older Northwest and California data, peak demand savings presented in this report may vary from actual peak demand savings.
- **Frozen Efficiency** – Consistent with the Council’s methodology, the measure baseline efficiency levels and end-using devices do not change over the planning period. In addition, it is assumed that once an energy efficiency measure is installed, it will remain in place over the remainder of the study period.

Due to these uncertainties and the changing environment, under the EIA, qualifying utilities must update their CPAs every two years to reflect the best available information.

## 2.6 COVID Impacts

Impacts from COVID-19 have been incorporated into this study in various ways such as:

- The base year for the study is 2020, which has impacted electric usage levels and patterns due to the economic downturn, work from home paradigm, business closures, and changes to work schedules and business hours.
- The base year, 2020, was adjusted for COVID impacts as detailed for each sector.

The above considerations have been modeled in this study.

## 2.7 Report Organization

The main report is organized with the following main sections:

- **Methodology** – CPA methodology along with some of the overarching assumptions
- **Recent Conservation Achievement** – The District’s recent achievements and current energy efficiency programs
- **Customer Characteristics** – Housing and commercial building data for updating the baseline conditions
- **Results** – Energy Savings and Costs – Primary base case results
- **Scenario Results** – Results of all scenarios
- **Environmental Justice and Social Welfare**
- **Summary**
- **References & Appendices**

# 3 CPA METHODOLOGY

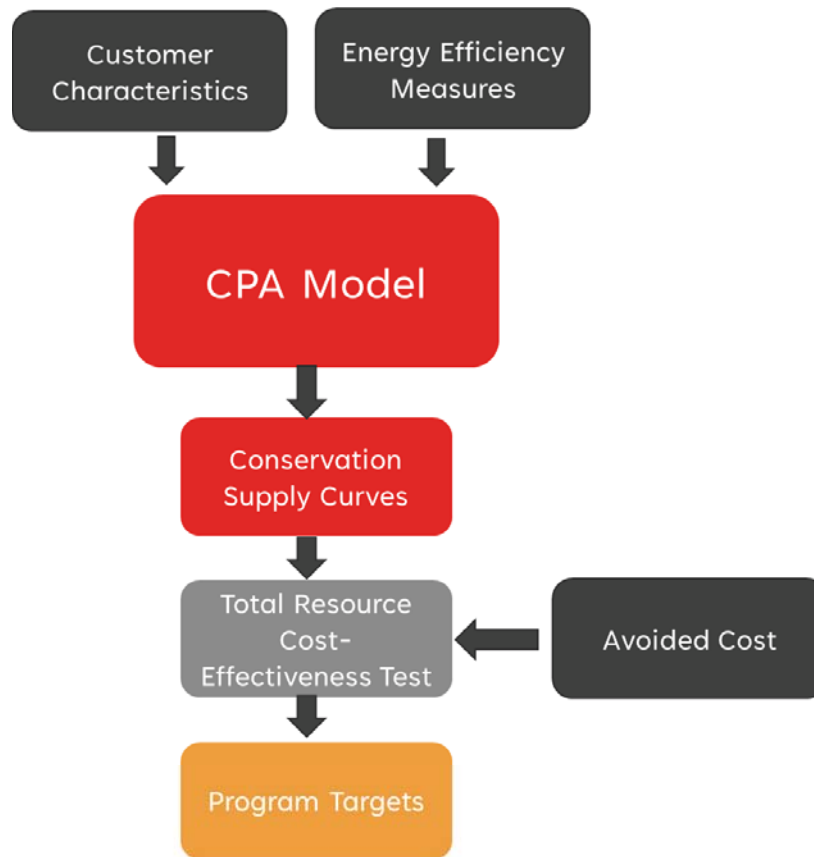
This study is a comprehensive assessment of the energy efficiency potential in the District’s service area. The methodology complies with RCW 19.285.040 and WAC 194-37-070 Section 5 parts (a) through (d) and is consistent with the methodology used by the Council in developing the Seventh Power Plan. This section provides a broad overview of the methodology used to develop The District’s conservation potential target. Specific assumptions and methodology as they pertain to compliance with the EIA and CETA are provided in the Appendix III of this report.

## 3.1 Basic Modeling Methodology

The basic methodology used for this assessment is illustrated in Figure 3-1. A key factor is the kilowatt hours saved annually from the installation of an individual energy efficiency measure. The savings from each measure is multiplied by the total number of measures that could be installed over the life of the program. Savings from each

individual measure are then aggregated to produce the total potential.

**FIGURE 3-1: CONSERVATION POTENTIAL ASSESSMENT PROCESS**



### 3.2 Customer Characteristic Data

Assessment of customer characteristics includes estimating both the number of locations where a measure could be feasibly installed as well as the share—or saturation—of measures that have already been installed. For this analysis, the characterization of The District’s baseline was determined using data provided by the District, NEEA’s commercial and residential building stock assessments, and census data. Details of data sources and assumptions are described for each sector later in the report.

This assessment primarily sourced baseline measure saturation data from the Council’s Seventh Plan measure workbooks. The Council’s data was developed from NEEA’s Building Stock Assessments, studies, market research and other sources. This data was updated with NEEA’s 2016 Residential Building Stock Assessment and the District’s historic conservation achievement data, where applicable. The District’s historic achievement is discussed in detail in the next section.

### 3.3 Energy Efficiency Measure Data

The characterization of efficiency measures includes measure savings, costs, and lifetime. Other features, such as measure load shape, operation and maintenance costs, and non-energy benefits are also important for measure definition. The Council’s Seventh Power Plan is the primary source for conservation measure data. Where appropriate, the Council’s Seventh Plan supply curve workbooks have been updated to include any subsequent updates from the RTF. New measures reviewed by the RTF were also added to the model. Finally, the Council’s draft 2021 Power Plan conservation supply curves were sourced for additional measures.

The measure data include adjustments from raw savings data for several factors. The effects of space-heating interaction, for example, are included for all lighting and appliance measures, where appropriate. For example, if an electrically-heated house is retrofitted with efficient lighting, the heat that was originally provided by the inefficient lighting will have to be made up by the electric heating system. These interaction factors are included in measure savings data to produce net energy savings. Other financial-related data needed for defining measure costs and benefits include: discount rate, line losses, and deferred capacity-expansion benefits.

A list of measures by end-use is included in Appendix VI.

### 3.4 Types of Potential

Once the customer characteristics and energy efficiency measures are fully described, energy efficiency potential can be quantified. Three types of potential are used in this study: technical, achievable, and economic or cost-effective potential. Technical potential is the theoretical maximum efficiency available in the service territory if cost and market barriers are not considered. Market barriers and other consumer acceptance constraints reduce the total potential savings of an energy efficient measure. When these factors are applied, the remaining potential is called the achievable potential. Economic potential is a subset of the achievable potential that has been screened for cost effectiveness through a benefit-cost test. Figure 3-2 illustrates the four types of potential followed by more detailed explanations.



**FIGURE 3-2: TYPES OF ENERGY EFFICIENCY Potential<sup>4</sup>**

**Technical** – Technical potential is the amount of energy efficiency potential that is available, regardless of cost or other technological or market constraints, such as customer willingness to adopt a given measure. It represents the theoretical maximum amount of energy efficiency possible in a utility’s service territory absent these constraints.

Estimating the technical potential begins with determining a value for the energy efficiency measure savings. Additionally, the number of applicable units must be estimated. Applicable units are the units across a service territory where the measure could feasibly be installed. This includes accounting for units that may have already been installed. The value is highly dependent on the measure and the housing stock. For example, a heat pump measure may only be applicable to single family homes with electric space heating equipment. A saturation factor accounts for measures that have already been completed.

In addition, technical potential considers the interaction and stacking effects of measures. For example, interaction occurs when a home installs energy efficient lighting and the demands on the heating system rise due to a reduction in heat emitted by the lights. If a home installs both insulation and a high-efficiency heat pump, the total savings of these stacked measures is less than if each measure were installed individually because the demands on the heating system are lower in a well-insulated home. Interaction is addressed by accounting for impacts on other energy uses. Stacked measures within the same end use are often addressed by considering the savings of each measure as if it were installed after other measures that impact the same end use.

The total technical potential is often significantly more than the amount of achievable and economic potential. The difference between technical potential and achievable potential is a result of the number of measures assumed to be affected by market barriers. Economic potential is further limited due to the number of measures in the achievable potential that are not cost-effective.

**Achievable Technical** – Achievable technical potential, also referred to as achievable potential, is the amount of potential that can be achieved with a given set of market conditions. It takes into account many of the realistic barriers to adopting energy efficiency measures. These barriers include market availability of technology, consumer acceptance, non-measure costs, and the practical limitations of ramping up a program over time. The level of achievable potential can increase or decrease depending on the given incentive level of the measure. In the Seventh Power Plan, the Council assumes that 85% of technical potential can be achieved over the 20-year study period. This is a consequence of a pilot program offered in Hood River, Oregon where home weatherization

<sup>4</sup> Reproduced from U.S. Environmental Protection Agency. *Guide to Resource Planning with Energy Efficiency*. Figure 2-1, November 2007

measures were offered at no cost. The pilot was able to reach over 90% of homes. These assumptions will be updated in the next study based on a measure-by-measure analysis of maximum achievability rates as finalized in the forthcoming 2021 Power Plan. The Council also uses a variety of ramp rates to estimate the rate of achievement over time. This CPA follows the Council’s methodology, including both the achievability and ramp rate assumptions.

**Economic** – Economic potential is the amount of potential that passes an economic benefit-cost test. In Washington State, EIA requirements stipulate that the total resource cost test (TRC) be used to determine economic potential. The TRC evaluates all costs and benefits of the measure regardless of who pays a cost or receives the benefit. Costs and benefits include the following: capital cost, O&M cost over the life of the measure, disposal costs, program administration costs, environmental benefits, distribution and transmission benefits, energy savings benefits, economic effects, and non-energy savings benefits. Non-energy costs and benefits can be difficult to enumerate, yet non-energy costs are quantified where feasible and realistic. Examples of non-quantifiable benefits might include: added comfort and reduced road noise from better insulation or increased real estate value from new windows. A quantifiable non-energy benefit might include reduced detergent costs or reduced water and sewer charges from energy efficient clothes washers.

For this potential assessment, the Council’s ProCost model was used to determine cost effectiveness for each energy efficiency measure. The ProCost model values measure energy savings by time of day using conservation load shapes (by end-use) and segmented energy prices. The version of ProCost used in the 2021 CPA evaluates measure savings on an hourly basis, but ultimately values the energy savings during two segments covering high and low load hour time periods.

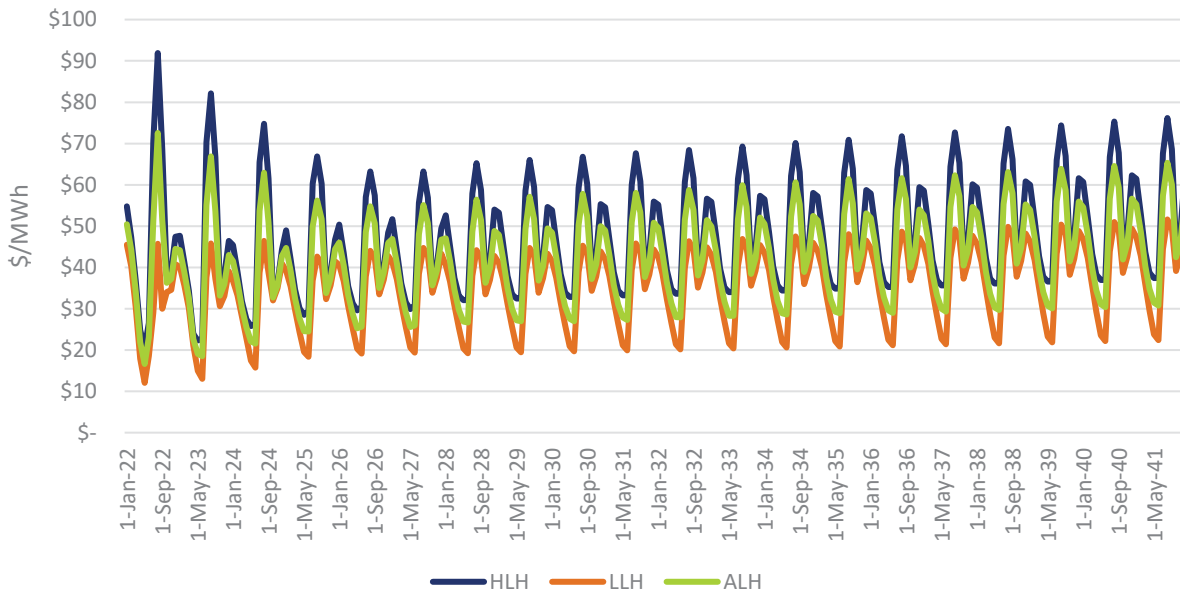
### 3.5 Avoided Cost

Each component of the avoided cost of energy efficiency measure savings is described below. Additional information regarding the avoided cost forecast is included in Appendix IV.

#### 3.5.1 Energy

The avoided cost of energy is the cost that is avoided through the acquisition of energy efficiency in lieu of other resources. Avoided costs are used to value energy savings benefits when conducting cost effectiveness tests and are included in the numerator in a benefit-cost test. The avoided costs typically include energy-based values (\$/MWh) and values associated with the demand savings (\$/kW) provided by energy efficiency. These energy benefits are often based on the cost of a generating resource, a forecast of market prices, or the avoided resource identified in the IRP process.

Figure 3-3 shows the price forecast used as the primary avoided cost component for the planning period. The price forecast is shown for heavy load hours (HLH), light load hours (LLH), and average load hours (flat price).

**FIGURE 3-3: 20-year market price forecast (mid-Columbia)**

The EIA requires utilities “...set avoided costs equal to a forecast of market prices” and as discussed in Appendix IV, the District relies on market purchases to meet peak energy demands. Therefore, the market price forecast shown in Figure 3 is appropriate for modeling the value of avoided energy.

### 3.5.2 Social Cost of Carbon

The social cost of carbon is a cost society incurs when fossil fuels are burned to generate electricity. Both the EIA rules and CETA requires CPAs include the social cost of carbon when evaluating cost effectiveness using the total resource cost test (TRC). CETA further specifies the social cost of carbon values to be used in conservation and demand response studies. These values are shown in Table 3-1 below and were the same valued used in the 2019 CPA.

**Table 3-1: Social Cost of Carbon Values<sup>5</sup>**

| Year in Which Emissions Occur or Are Avoided | Social Cost of Carbon Dioxide (in 2007 dollars per metric ton) | Social Cost of Carbon Dioxide (in 2021 dollars per metric ton) |
|--|--|--|
| <b>2020</b>                                  | \$62   | \$77   |
| <b>2025</b>                                  | \$68   | \$85   |
| <b>2030</b>                                  | \$73   | \$91   |
| <b>2035</b>                                  | \$78   | \$97   |
| <b>2040</b>                                  | \$84   | \$105  |

According to WAC 194-40-110, values may be adjusted for any taxes, fees or costs incurred by utilities to meet portfolio mandates.<sup>6</sup> For example, the social cost of carbon is the full value of carbon emissions which includes the cost to utilities and ratepayers associated with moving to non-emitting resources. Rather than adjust the social cost of carbon for the cost of RECs or renewable energy, the values for RECs and renewable energy are excluded from the analysis to avoid double counting.

The emissions intensity of the marginal resource (market) is used to determine the \$/MWh value for the social cost of carbon. Ecology states that unspecified resources should be given a carbon intensity value of 0.437 metric tons of CO<sub>2</sub>e/MWh of electricity (0.874 lbs/kWh).<sup>7</sup> This is an average annual value applied to all months in the conservation potential model.<sup>8</sup> The resulting levelized cost of carbon is \$34/MWh over the 20-year study.

### 3.5.3 Renewable Portfolio Standard Cost

Renewable energy purchases need to meet both RPS and CETA and can be avoided through conservation. Utilities may meet Washington RPS through either bundled energy purchases such as purchasing the output of a wind resource where the non-energy attributes remain with the output, or they may purchase unbundled RECs. Unbundled RECs do not have energy associated with them; therefore, the generation profile of the renewable resource is not considered in resource planning. As such, many jurisdictions exclude unbundled RECs from eligible greenhouse gas free resources. CETA rules support this methodology by allowing unbundled RECs as an offset only through 2044.

As stated above, the value of avoided renewable energy credit purchases resulting from energy efficiency is accounted for within the social cost of carbon construct. The social cost of carbon already considers the cost of moving from an emitting resource to a non-emitting resource. Therefore, it is not necessary to include an additional value for renewable energy purchases prior to 2045 when all energy must be non-emitting or renewable.

Beginning in 2045, the social cost of carbon may no longer be an appropriate adder in resource planning.

<sup>5</sup> WAC 194-40-100. Available at: <https://apps.leg.wa.gov/wAc/default.aspx?cite=194-40-100&pdf=true>

<sup>6</sup> WAC 194-40-110 (b).

<sup>7</sup> WAC 173-444-040 (4)

<sup>8</sup> For reference, the Seventh Power Plan evaluated 0.95 lbs/kWh and 0 lbs/kWh. Typically, the emissions intensity would be higher in months outside of spring run-off (June-July). The seasonal nature of carbon intensity is not modeled due to the prescriptive annual value established by Ecology in WAC 173-444-040.

However, prior to 2045 utilities may still use offsets to meet CETA requirements. Since the study period of this evaluation ends prior to 2045, the avoided social cost of carbon is included in each year. For future studies that extend to 2045 and beyond, it would be appropriate to include renewable energy or non-emitting resource costs as the avoided cost of energy rather than market plus the social cost of carbon.

### 3.5.4 Transmission and Distribution System

The EIA requires deferred capacity expansion benefits for transmission and distribution systems be included in the assessment of cost effectiveness. To account for the value of deferred transmission and distribution system expansion, a distribution system credit value of \$7.18/kW-year and a transmission system credit of \$3.23/kw-year were applied to peak savings from conservation measures, at the time of the regional transmission and the District's local distribution system peaks (adjusted to \$2021). These values were developed by Council staff in preparation for the 2021 Power Plan.<sup>9</sup>

### 3.5.5 Generation Capacity

The 2020 IRP recommended the District obtain capacity resources in addition to some reliance on the market. To represent the value of capacity in the base case, the District provided a value that represents a 3 percent premium over market prices. This value is based on the opportunity cost of selling excess capacity created by energy savings in the market.

In the low scenario, it is assumed that a market will continue to be available to meet the District's needs for peak demands, so no capacity value is included.

In the Council's Seventh Power Plan,<sup>10</sup> a generation capacity value of \$135/kW-year was explicitly calculated (\$2021). This value will be used in the high scenario.

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<sup>9</sup> Northwest Power and Conservation Council Memorandum to the Power Committee Members. Subject; Updated Transmission & Distribution Deferral Value for the 2021 Power Plan. March 5, 2019. Available at: [https://www.nwcouncil.org/sites/default/files/2019\\_0312\\_p3.pdf](https://www.nwcouncil.org/sites/default/files/2019_0312_p3.pdf)

<sup>10</sup> <https://www.nwcouncil.org/energy/powerplan/7/home/>

### 3.5.6 Risk

With the generation capacity value explicitly defined, the Council's analysis found that a risk credit did not need to be defined as part of its cost-effectiveness test. In this CPA, risk was modeled by varying the base case input assumptions. In doing so, this CPA addresses the uncertainty of the inputs and looks at the sensitivity of the results. The avoided cost components that were varied included the energy prices and generation capacity value. Through the variance of these components, implied risk credits of up to \$9/MWh and \$36/kW-year were included in the avoided cost. Note the capacity value of energy efficiency measures is associated with more uncertainty compared with the energy value. Because of the upcoming implementation of the energy imbalance market (EIM) in the Pacific Northwest, and increased renewables in the region, capacity values are expected to be more volatile compared with energy market prices.

Additional information regarding the avoided cost forecast and risk mitigation credit values is included in Appendix IV.

### 3.5.7 Power Planning Act Credit

Finally, a 10% benefit was added to the avoided cost as required by the Pacific Northwest Electric Power Planning and Conservation Act.

## 3.6 Discount and Finance Rate

The Council develops a real discount rate for each of its Power Plans. In preparation for the 2021 Power Plan, the Council proposed using a discount rate of 3.75%. This discount rate was used in this CPA. The discount rate is used to convert future costs and benefits into present values. The present values are then used to compare net benefits across measures that realize costs and benefits at different times and over different useful lives.

In addition, the Council uses a finance rate that is developed from two sets of assumptions. The first set of assumptions describes the relative shares of the cost of conservation distributed to various sponsors. Conservation is funded by the Bonneville Power Administration, utilities, and customers. The second set of assumptions looks at the financing parameters for each of these entities to establish the after-tax average cost of capital for each group. These figures are then weighted, based on each group's assumed share of project cost to arrive at a composite finance rate.

## 3.7 2021 Power Plan Methodology Changes

The Council is in the process of completing the portfolio modeling for the 2021 Power Plan. As part of the target-setting approach, the Council is considering adding additional values to the avoided cost so the portfolio model selects the optimal amount of energy efficiency. These attributes are discussed in this section; however, additional avoided costs are not included at this time.

### 3.7.1 Adequacy

Adding efficiency to the regional system reduces the frequency, duration, and magnitude of adequacy events. Energy efficiency, as demand-side resource, is often higher quality but higher cost than alternative supply-side reserves. In particular, energy efficiency will have relatively more benefit on a solar-rich system if they reduce load in the hours following sunset, and this benefit may not be captured immediately in the capacity and energy cost forecast. This adequacy consideration addresses deferred generation benefits estimated in the Seventh Plan. While there is a time-value for adequacy, the current version of ProCost does not allow for time-varied input for

adequacy costs. Since this study relies in the Seventh Plan version of ProCost,<sup>11</sup> the deferred generation capacity credit is used to represent adequacy benefits of energy efficiency.

### 3.7.2 Equity

The equity attribute refers to measures that require additional incentive or push to achieve equitable distribution of benefits. The Council defines these measures as the following:

1. Historic and long-term cost-effectiveness
2. Significant regional penetration from past program activity
3. Data demonstrating that untouched pockets are not reflective of the population (i.e., different socioeconomic status)

Equity measures are likely to be envelope measures in residential buildings. These upgrades may be expensive to homeowners or there may be a renter/landlord issue. By definition, the equity component identifies measures that are cost-effective, and have been cost-effective for a period of time. Therefore, the 2021 CPA does not add value to capture measures with equity attributes. Rather, equitable distribution of energy efficiency benefits should be addressed on the program side, rather than from the conservation target point of view.

### 3.7.3 Resilience

Resilience measures are those that support building resilience, or the ability to maintain building functions/comfort through extended power outages. The Council provides weatherization measures as resilient measures. The 2021 CPA identifies measures in the Base case that are not cost-effective but may provide building resilience benefits. The measures will be summarized in a table analysis that indicates how close to cost-effectiveness the measures are at the time of the study and what the targets may look like if those close to cost-effectiveness measures are included.

### 3.7.4 Flexibility

The Council defines the flexibility attribute as those measures that support grid flexibility. The rules for measure identification include the following:

1. Measures inherently include enabling technologies to support load management for grid flexibility
2. Reduce or eliminates impacts on end-use customers from load management or DR events
3. Value of measure is significant relative to its baseline

Example measures include weatherization and smart controls. Similar to the analysis for resiliency, the 2021 CPA identifies measures in the Base case that are not cost-effective but may provide grid flexibility benefits. The measures will be summarized in a table analysis that indicates how close to cost-effectiveness the measures are at the time of the study and what the targets may look like if those close to cost-effectiveness measures are included.

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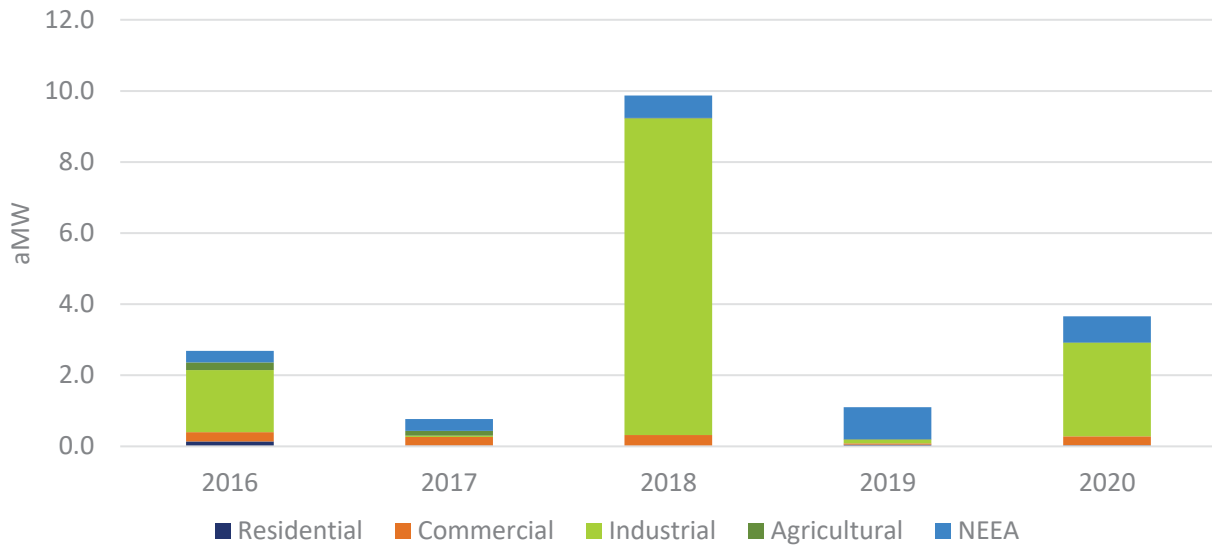
<sup>11</sup> The Seventh Power Plan is the current power plan. All methodologies are designed to be consistent with the Seventh Power Plan with consideration of updates for the 2021 Power Plan scheduled to be adopted in early 2022.

## 4 RECENT CONSERVATION ACHIEVEMENT

The District has pursued conservation and energy efficiency resources for many years. Currently, the utility offers a variety of programs for residential, commercial, industrial and agricultural customers. These include residential weatherization, Irrigation system upgrades, new construction programs for commercial customers, and energy-efficiency audits. In addition to utility programs, the District receives credit for market-transformation activities that are accomplished by the Northwest Energy Efficiency Alliance (NEEA) in its service territory.

Figure 4-1 shows the distribution of conservation among the District’s customer sectors and through Northwest Energy Efficiency Alliance (NEEA) efforts over the past five years. NEEA’s work helps bring energy efficient emerging technologies, like ductless heat pumps and heat pump water heaters to the Northwest markets. Note that savings achievement for 2020 were lower than historic achievements primarily due to the COVID-19 pandemic. Economic factors and risk for COVID-19 transmission both likely contributed to fewer measures being implemented in the District’s service area. More detail for these savings is provided below for each sector.

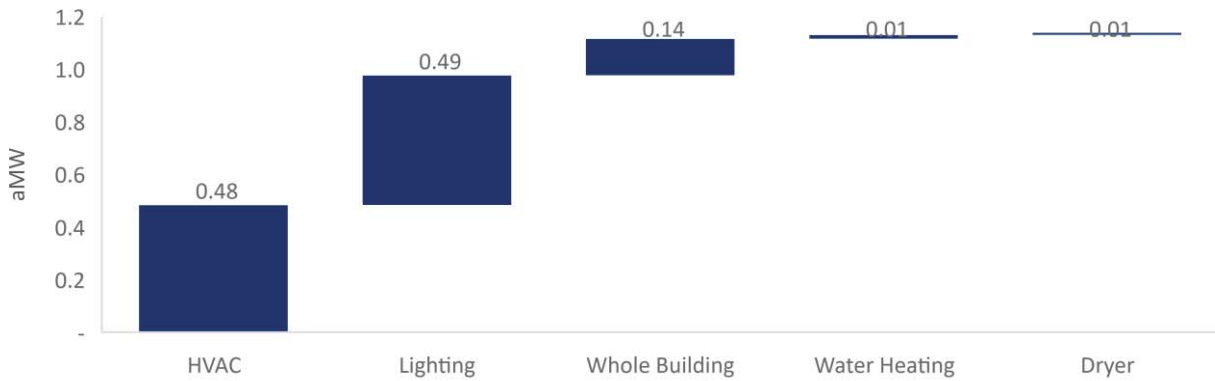
**FIGURE 4-1: Recent conservation history by sector**



### 4.1 Residential

Figure 4-2 shows historic conservation achievement by end use in the residential sector. Savings from HVAC and lighting measures account for most of the savings. Note that in the figure below, HVAC includes weatherization measures.



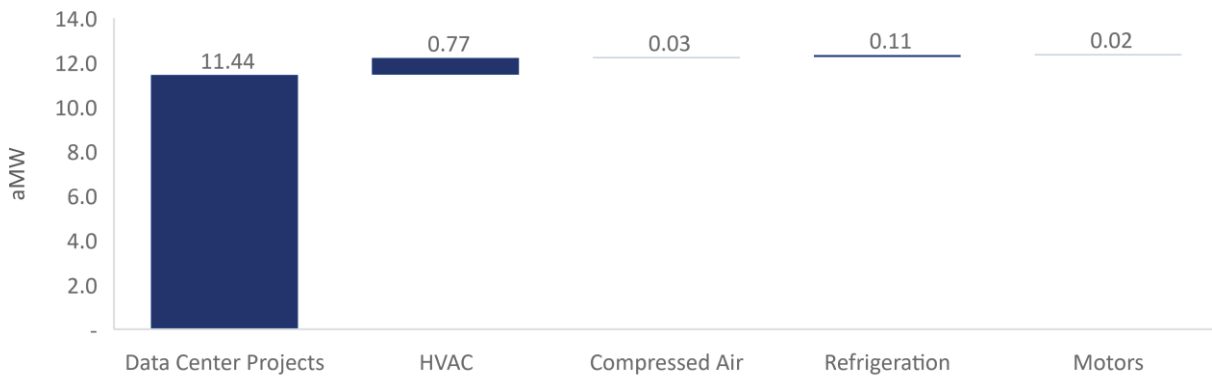
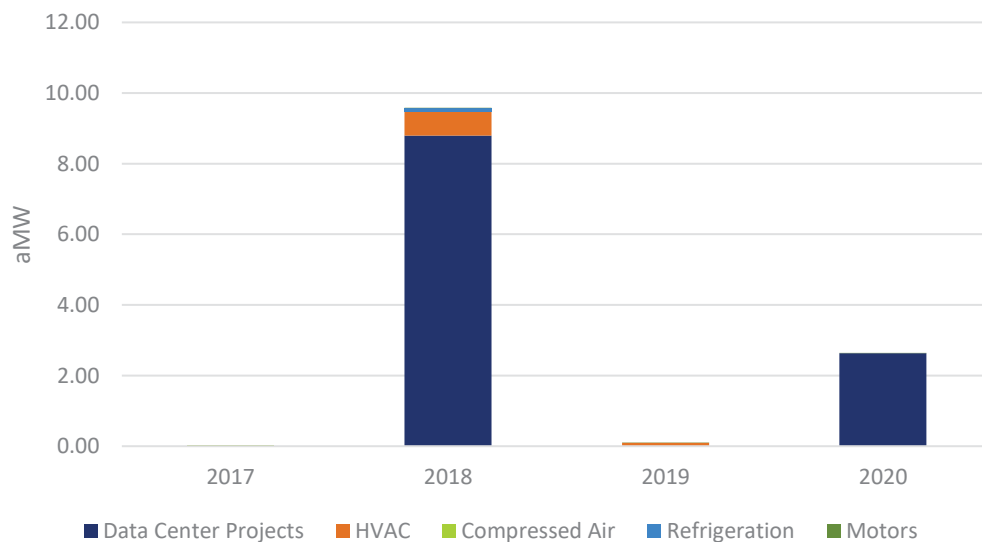
**FIGURE 4-2: 2017-2021 residential savings achievement**

## 4.2 Commercial & Industrial

Historic achievement in the commercial and industrial sectors is primarily due to lighting, Strategic Energy Management, and custom HVAC projects. Figures 4-3 and 4-4 show the breakdown of commercial and industrial savings, respectively, from 2017 to 2020.

Recent industrial achievement has been acquired through custom projects at Grant PUD's large data centers as well as smaller savings from other end uses. Figure 4-5 summarizes the industrial sector achievement in 2017-20.

**FIGURE 4-3: 2017-2021 commercial savings**

**FIGURE 4-4: 2017-2020 industrial savings****FIGURE 4-5: 2017-2020 industrial savings by year**

### 4.3 Agriculture

Agriculture program achievement has been acquired through irrigation hardware and other system upgrades, such as variable frequency drives. Achievement from 2016-2020 in this sector totals 0.38 aMW.

### 4.4 Current Conservation Programs

The District offers a wide range of conservation programs to its customers. These programs include many types of deemed conservation rebates, energy audits, net metering, and custom projects. The current programs offered by the District are detailed below.

#### 4.4.1 Residential

- *Weatherization* – This program provides rebates for both windows and insulation.
- *HVAC Rebates* – This program provides rebates for a variety of space conditioning upgrades including rebates for HVAC upgrades and conversions.

#### 4.4.2 Commercial & Industrial

- *Lighting Energy Efficiency Program (LEEP)* – Owners of commercial buildings can apply for a lighting energy audit. Applicable rebate amounts are determined upon completion of the audit.
- *Custom Projects Rebates* – The District offers rebates for special projects that improve efficiency or process related systems including, but not limited to, compressed air, variable frequency drives, industrial lighting interactive with HVAC systems, and refrigeration. Rebates for this program vary.

#### 4.4.3 Agriculture

- *Agricultural Rebate Program* – This program offers incentives for irrigation sprinklers, nozzles, and regulators as well as replacement.

### 4.5 Summary

The District plans to continue to invest in energy efficiency by offering incentives to all sectors. The results of this CPA will help the District program managers to structure energy efficiency program offerings, establish appropriate incentive levels, comply with the EIA and CETA requirements and provide continued energy efficiency as a customer service.

## 5 CUSTOMER CHARACTERISTICS DATA

The District serves over 46,900 electric customers in Grant County, Washington, with a service area population of approximately 100,000. A key component of an energy efficiency assessment is to understand the characteristics of these customers—primarily the building and end-use characteristics. These characteristics for each customer class are described below.

### 5.1 Residential

For the residential sector, the key characteristics include house type, space heating fuel, and water heating fuel. Tables 5-1, 5-2 and 5-3 show relevant residential data for single family, multi-family and manufactured homes in the District's service territory as analyzed in the 2019 CPA. Residential characteristics are based on data collected through home audits provided by Grant PUD. This data provides estimates of the current residential characteristics in Grant PUD's service territory and are utilized as the baseline in this study.

**Table 5-1: residential building characteristics**

| Heating Zone | Cooling Zone | Solar Zone | Residential Households<br>2022 Forecast | Total Population<br>2022 Forecast |
|--------------|--------------|------------|---|-----------------------------------|
| 1            | 3            | 3          | 39,797                                  | 100,994                           |

**table 5-2a: Existing Homes – Heating / Cooling System Saturations**

|                             | Single Family | Multifamily - Low Rise | Manufactured |
|-----------------------------|---------------|------------------------|--------------|
| Electric Forced Air Furnace | 25%           | 1%                     | 85%          |
| Heat Pump                   | 35%           | 1%                     | 15%          |
| Ductless Heat Pump          | 1%            | 2%                     | 0%           |
| Electric Zonal/Baseboard    | 39%           | 96%                    | 0%           |
| Central Air Conditioning    | 48%           | 2%                     | 11%          |
| Room Air Conditioning       | 42%           | 35%                    | 3%           |

**Table 5-2B: New Homes – Heating / Cooling System Saturations**

|                             | Single Family | Multifamily - Low Rise | Manufactured |
|-----------------------------|---------------|------------------------|--------------|
| Electric Forced Air Furnace | 0%            | 0%                     | 74%          |
| Heat Pump                   | 97%           | 2%                     | 26%          |
| Ductless Heat Pump          | 2%            | 97%                    | 0%           |
| Electric Zonal/Baseboard    | 0%            | 0%                     | 0%           |
| Central Air Conditioning    | 97%           | 2%                     | 26%          |
| Room Air Conditioning       | 1%            | 0%                     | 10%          |

**table 5-3a: Existing Homes - appliance saturations**

|                     | Single Family | Multifamily - Low Rise | Manufactured |
|---------------------|---------------|------------------------|--------------|
| Electric Water Heat | 97%           | 97%                    | 97%          |
| Refrigerator        | 129%          | 103%                   | 121%         |
| Freezer             | 53%           | 4%                     | 43%          |
| Clothes Washer      | 99%           | 47%                    | 99%          |
| Clothes Dryer       | 98%           | 47%                    | 95%          |
| Dishwasher          | 89%           | 78%                    | 77%          |
| Electric Oven       | 98%           | 97%                    | 98%          |
| Desktop             | 96%           | 44%                    | 71%          |
| Laptop              | 68%           | 26%                    | 42%          |
| Monitor             | 102%          | 45%                    | 72%          |

**Table 5-3b: New Homes – Appliance Saturations**

|                     | Single Family | Multifamily - Low Rise | Manufactured |
|---------------------|---------------|------------------------|--------------|
| Electric Water Heat | 99%           | 99%                    | 99%          |
| Refrigerator        | 129%          | 103%                   | 121%         |
| Freezer             | 53%           | 4%                     | 43%          |
| Clothes Washer      | 99%           | 47%                    | 99%          |
| Clothes Dryer       | 99%           | 47%                    | 99%          |
| Dishwasher          | 89%           | 78%                    | 77%          |
| Electric Oven       | 98%           | 97%                    | 98%          |
| Desktop             | 96%           | 44%                    | 72%          |
| Laptop              | 68%           | 26%                    | 52%          |
| Monitor             | 102%          | 45%                    | 72%          |

## 5.2 Commercial

Building floor area is the key parameter in determining conservation potential for the commercial sector as many of the measures are based on savings as a function of building area. Generally, floor area additions are analyzed by reviewing kWh growth in a utility's service area; however, the 2020 kWh usage data for commercial buildings was impacted by COVID-19. Overall, commercial sector usage was 7% lower in 2020 compared with the usage data recorded in 2018. When using energy use intensity (EUI) data to translate kWh to square footage, the lower consumption would result in lower square footage. Because of these COVID impacts, the 2022 floor area estimate is based on the 2018 kWh data.

The 2018 data was developed by coding each general service customer based on the Commercial Building Stock Assessment (CBSA)<sup>12</sup> building definitions. The appropriate EUI is then applied to the sum of kWh for each building type resulting in estimated square feet. Table 5-4 compares the 2018 estimates with the 2020 estimates and shows the 2022 floor area estimate is the same as the 2018 estimate. These assumptions mean that commercial building usage returns to pre-pandemic levels by 2022. After 2022, a 1% growth rate is applied to commercial building growth.

**table 5-4: commercial building square footage by segment**

| Segment      | 2018 Floor Area | 2020 Floor Area based on kWh | 2022 Floor Area Estimate |
|--------------|-----------------|------------------------------|--------------------------|
| Large Office | 22,128          | 34,187                       | 22,128                   |

<sup>12</sup> Navigant Consulting. 2014. *Northwest Commercial Building Stock Assessment: Final Report*. Portland, OR: Northwest Energy Efficiency Alliance.

|                  |                   |                   |                   |
|------------------|-------------------|-------------------|-------------------|
| Medium Office    | 777,053           | 752,724           | 777,053           |
| Small Office     | 1,035,713         | 992,067           | 1,035,713         |
| Large Retail     | 956,650           | 851,057           | 956,650           |
| Medium Retail    | 773,412           | 732,660           | 773,412           |
| Small Retail     | 1,723,534         | 1,622,449         | 1,723,534         |
| School (K-12)    | 4,019,941         | 3,234,442         | 4,019,941         |
| University       | 883,927           | 854,103           | 883,927           |
| Warehouse        | 23,158,268        | 20,596,673        | 23,158,268        |
| Supermarket      | 348,008           | 345,981           | 348,008           |
| Mini Mart        | 203,509           | 203,111           | 203,509           |
| Restaurant       | 467,747           | 415,549           | 467,747           |
| Lodging          | 2,137,264         | 1,997,382         | 2,137,264         |
| Hospital         | 632,421           | 654,052           | 632,421           |
| Residential Care | 42,059            | 46,446            | 42,059            |
| Assembly         | 1,434,465         | 1,168,661         | 1,434,465         |
| Other Commercial | 5,640,209         | 5,836,101         | 5,640,209         |
| <b>Total</b>     | <b>44,256,309</b> | <b>40,337,646</b> | <b>44,256,309</b> |

### 5.3 Industrial

The methodology for estimating industrial potential is different than the approaches used for the residential and commercial sectors primarily because most energy efficiency opportunities are unique to specific industrial segments. The Council and this study use a “top-down” methodology that utilizes annual consumption by industrial segment and then disaggregates total usage by end-use shares. Estimated measure savings are applied to each sector’s end-use shares.

The District provided 2020 energy use for its industrial customers. Individual industrial customer usage is summed by industrial segment in Table 5-5. Industrial usage decreased 6% in 2020 compared to the 2018 consumption used in the previous study. The decrease is likely due to COVID shutdowns and industrial shifts. Given the uncertain timing of economic recovery in the County following COVID-19, the industrial consumption is not escalated at high growth rates in the near-term. Rather, the load growth rate of 1.15% is based on the previous CPA. This load growth reflects industrial sector growth for non-data center loads.

**table 5-5: industrial sector load by segment, MWh**

| Industry                    | 2019 CPA         | 2021 CPA         |
|-----------------------------|------------------|------------------|
| Paper                       | 14,914           | 16,587           |
| Foundries                   | 28,022           | 42,202           |
| Frozen Food                 | 236,214          | 229,975          |
| Other Food                  | 17,099           | 76,313           |
| Silicon                     | 50,340           | 9,929            |
| Metal Fabrication           | 3,281            | -                |
| Equipment                   | 140,923          | 21,741           |
| Cold Storage                | 40,047           | 34,919           |
| Fruit Storage               | 42,111           | 47,471           |
| Refinery                    | 158,970          | 70,956           |
| Chemical                    | 555,539          | 595,547          |
| Miscellaneous Manufacturing | 422,780          | 241,641          |
| <b>Total</b>                | <b>1,710,241</b> | <b>1,387,280</b> |
|                             |                  |                  |
| Data Centers/Cryptocurrency | 1,315,668        | 1,531,597        |

## 5.4 Agriculture

To determine agriculture sector characteristics in the District's service territory, EES utilized data provided by the United States Department of Agriculture (USDA) as shown in Table 5-6. The USDA conducts a census of farms and ranches in the U.S. every five years. EES further refined this data based on zip code data published in an earlier census.

The District did not identify significant changes in agricultural loads, therefore, the customer characteristics in this sector are unchanged from what was used in the 2019 CPA (Table 5-6).

**table 5-6: agricultural inputs**

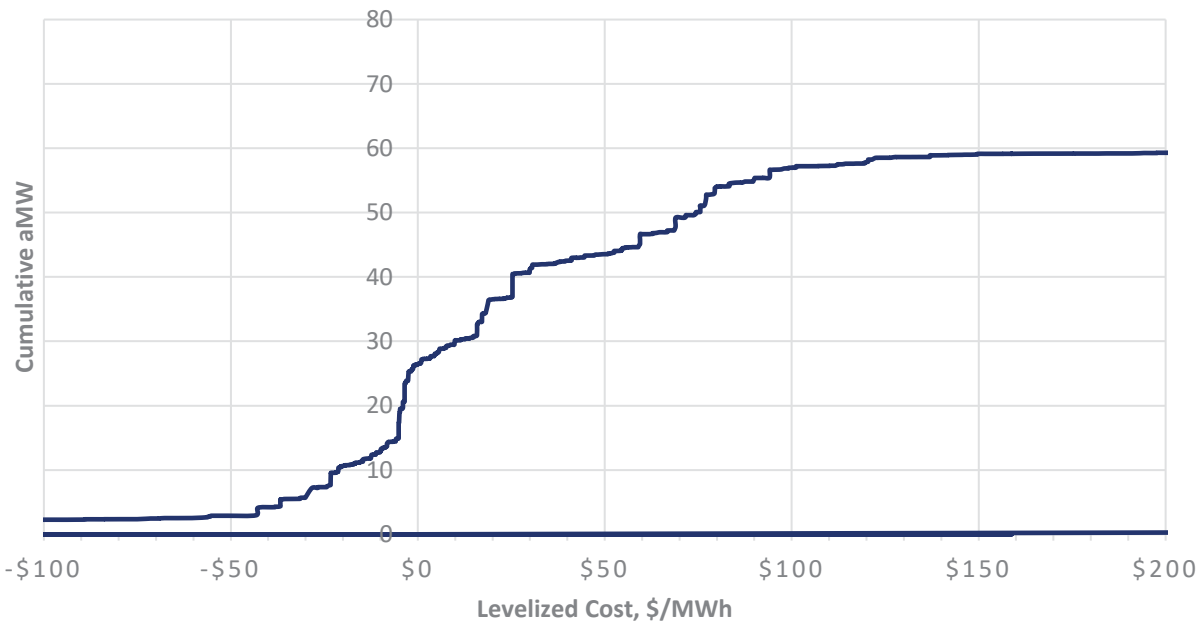
|                         |         |
|-------------------------|---------|
| Number of Dairy Cows    | 28,103  |
| Total Irrigated Acreage | 406,093 |
| Total Number of Farms   | 1,517   |

## 6 RESULTS – ENERGY SAVINGS AND COSTS

### 6.1 Achievable Conservation Potential

Achievable potential is the amount of energy efficiency potential available regardless of cost. Figure 6-1, below, shows a supply curve of 20-year achievable potential. A supply curve is developed by plotting cumulative energy efficiency savings potential (aMW) against the levelized cost (\$/MWh) of the savings when measures are sorted in order of ascending cost. The potential shown in Figure 6-1 has not been screened for cost effectiveness. Costs are levelized, allowing for the comparison of measures with different lifetimes. The supply curve facilitates comparison of demand-side resources to supply-side resources and is often used in conjunction with integrated resource plans. Figure 6-1 shows that approximately 40 aMW of cumulative saving potential are available for less than \$30/MWh.

**figure 6-1: 20-year achievable potential levelized cost supply curve**



### 6.2 Economic Conservation Potential

Economic or cost-effective potential is the amount of potential that passes the Total Resource Cost (TRC) test. This means the present value of the benefits attributed to the conservation measure exceeds the present value of the measure costs over its lifetime.

Table 6-1 shows the economic potential by sector in 2, 6, 10 and 20-year increments. Compared with the technical and achievable potential, it shows that 47.15 aMW of the total 82 aMW is cost effective for the District. The last section of this report discusses how these values could be used for setting targets.

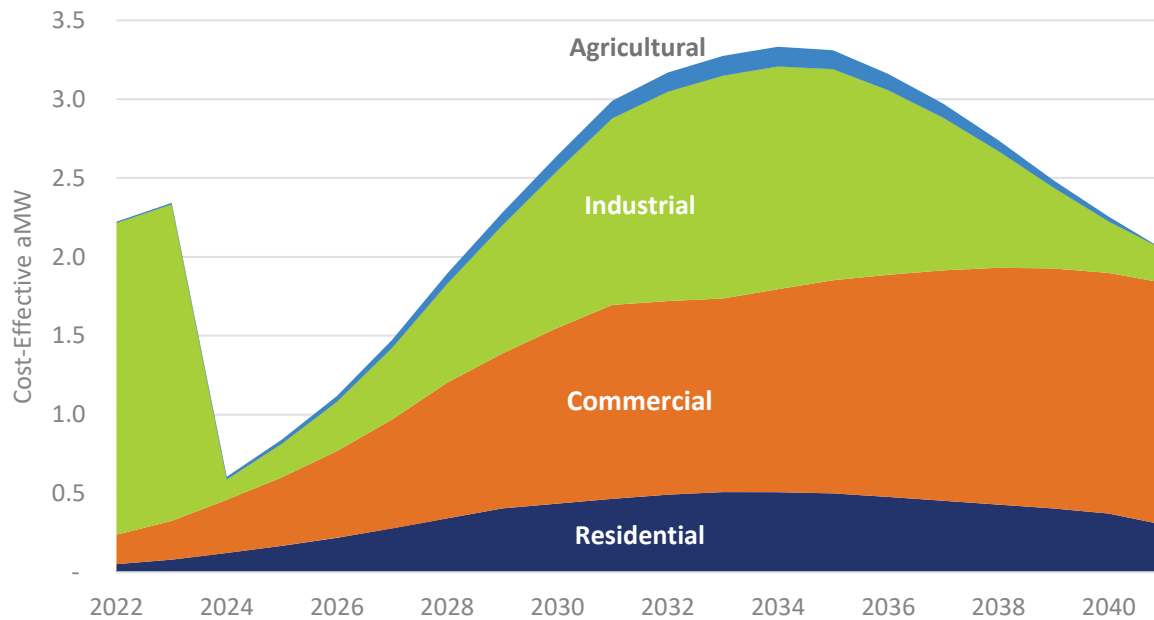


**table 6-1: cost-effective achievable potential – base case (aMW)**

|                     | 2-Year      | 4-Year      | 10-Year      | 20-Year      |
|---------------------|-------------|-------------|--------------|--------------|
| <b>Residential</b>  | 0.13        | 0.65        | 2.57         | 7.01         |
| <b>Commercial</b>   | 0.43        | 1.20        | 6.63         | 20.68        |
| <b>Industrial</b>   | 3.98        | 4.32        | 8.71         | 18.13        |
| <b>Agricultural</b> | 0.02        | 0.06        | 0.50         | 1.33         |
| <b>Total</b>        | <b>4.57</b> | <b>6.24</b> | <b>18.41</b> | <b>47.15</b> |

## 6.3 Sector Summary

Figure 6-2 shows economic potential by sector on an annual basis.

**figure 6-2: annual cost-effective potential by sector**

The largest share of the potential is in the commercial sector followed by substantial savings potential in the industrial sector. Ramp rates for all measures were adjusted to account for the District's historic program savings. Achievement levels are affected by factors including timing of equipment turnover and new construction, program and technology maturity, market trends, and current utility staffing and funding.

### 6.3.1 Residential

Near-term residential conservation potential is higher than what was identified in the 2019 assessment. Savings potential has been impacted by new measures added by the Council for the 2021 Power Plan, the avoided cost updates, and program achievement.

Within the residential sector, water heating and HVAC (including weatherization) measures make up the largest share of savings (Figure 6-3). This is due, in part, to the fact that the District's residential customers rely mostly on electricity for space and water heating. Many weatherization measures are no longer cost-effective due to changes in costs and in energy savings values. The large amount of potential for water heating is primarily due to 1.5 gpm shower heads, efficient clothes washers, and behavior measures that reduce water heater temperatures. Additional savings are available from efficient TVs (2021 Power Plan measure) and residential electric vehicle charges (whole building/meter level).

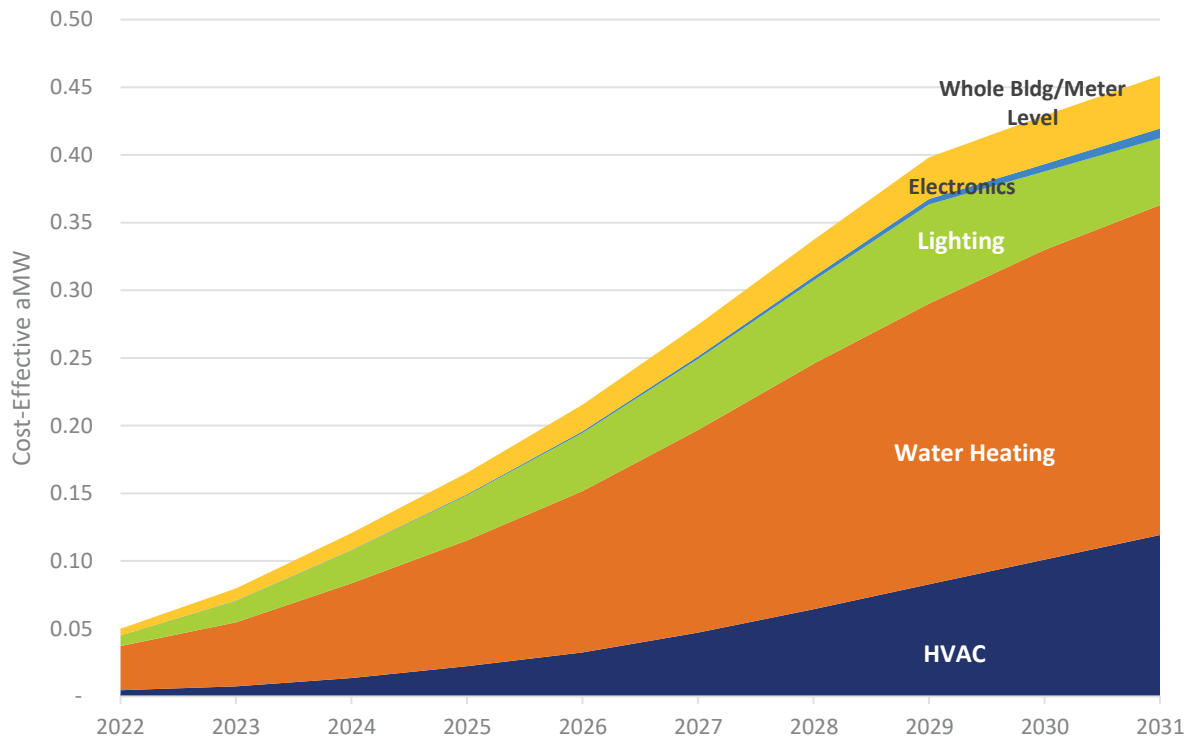
**figure 6-3: annual residential cost-effective potential by end use**

Figure 6-4 shows how the 10-year residential potential breaks down into end uses and key measure categories. The area of each block represents its share of the total 10-year residential potential.

**figure 6-4: residential cost-effective potential  
by end use and measure category**

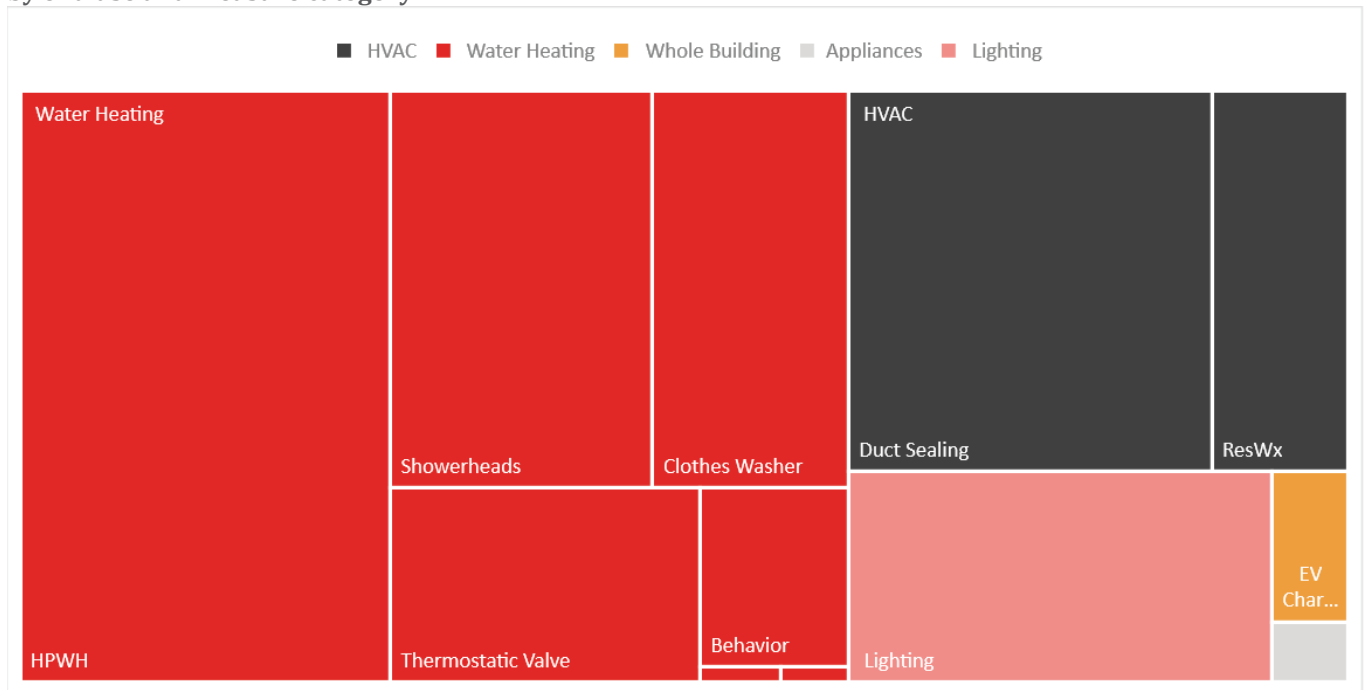


Table 6-2 compares how the savings potential has changed since the 2019 CPA.

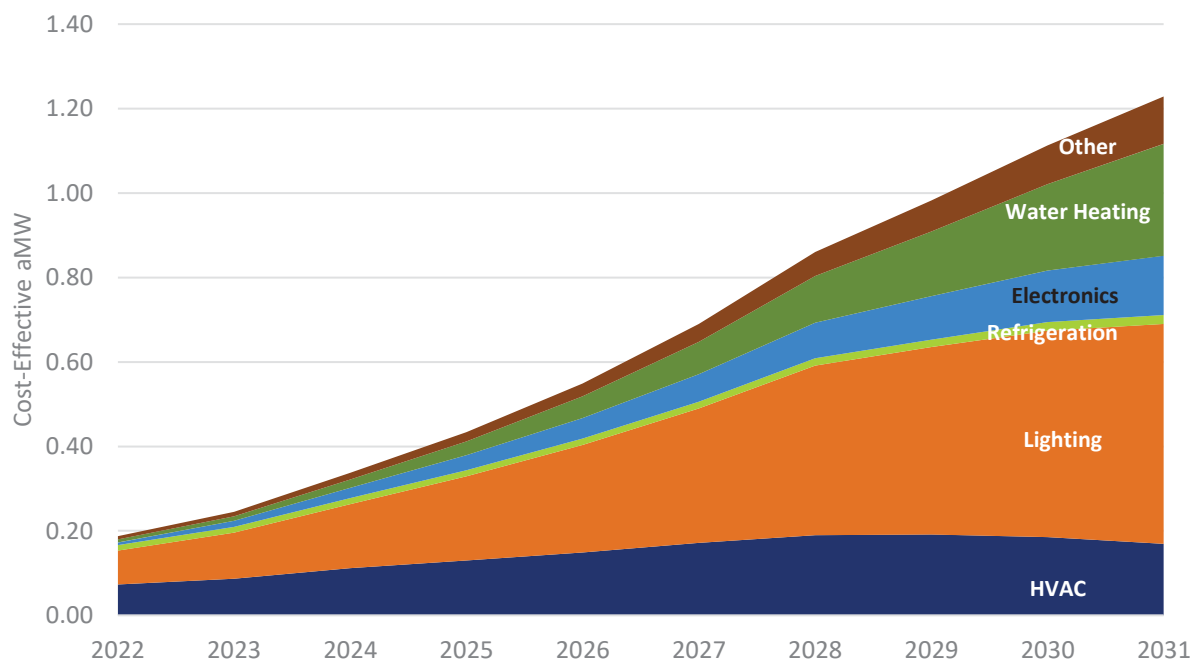
**table 6-2: Comparison Residential 20-Year Economic Achievable Potential, AMW**

| End Use                | 2019 CPA    | 2021 CPA    | Discussion   |
|------------------------|-------------|-------------|--|
| Water Heating          | 3.63        | 3.62        | Multiple impacts. Added additional measures from 2021 Power Plan such as Circulator Controls, Valve on ERWH an HPWH. Updated ramp rates to reflect program achievement, WA code changes for showerhead minimum efficiency. |
| HVAC                   | 1.64        | 1.42        | Ramp rate adjustment for program savings   |
| Lighting               | 0.00        | 0.70        | Added New Lighting Measures from 2021 Plan   |
| Electronics            | 0.27        | 0.93        | Added New Energy Star TV Measures  |
| Food Preparation       | 0.00        | 0.05        | Microwave measures now cost-effective.   |
| Dryer                  | 0.00        | 0.00        | No Change  |
| Refrigeration          | 0.00        | 0.10        | Increased cost-effectiveness for refrigeration measures  |
| Whole Bldg/Meter Level | 0.00        | 0.20        | Reduced cost for Level 2 EV Charger  |
| <b>Total</b>           | <b>5.54</b> | <b>7.24</b> |  |

### 6.3.2 Commercial

The diverse nature of commercial building energy efficiency is reflected in the variety of end-uses and corresponding measures. Beyond HVAC and lighting, additional sources of potential are available in water heating, electronics, compressed air, motors, food preparation and process loads.

figure 6-5: annual commercial cost-effective potential by end use



The key end uses and measures within the commercial sector are shown in Figure 6-6. The area of each block represents its share of the 10-year commercial potential.

figure 6-6: commercial cost-effective potential by end use and measure category

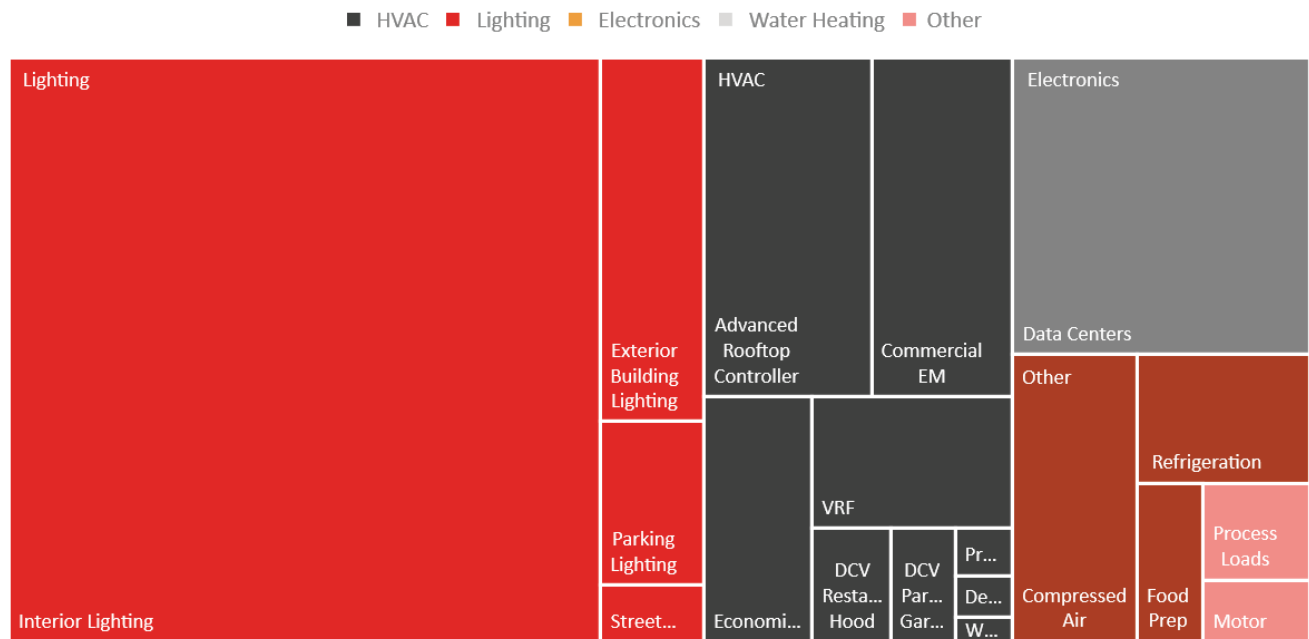


Table 6-3 provides a summary of the differences between the 2019 assessment and this 2021 CPA by end-use.

**table 6-3: Comparison Commercial 20-Year Economic Achievable Potential, aMW**

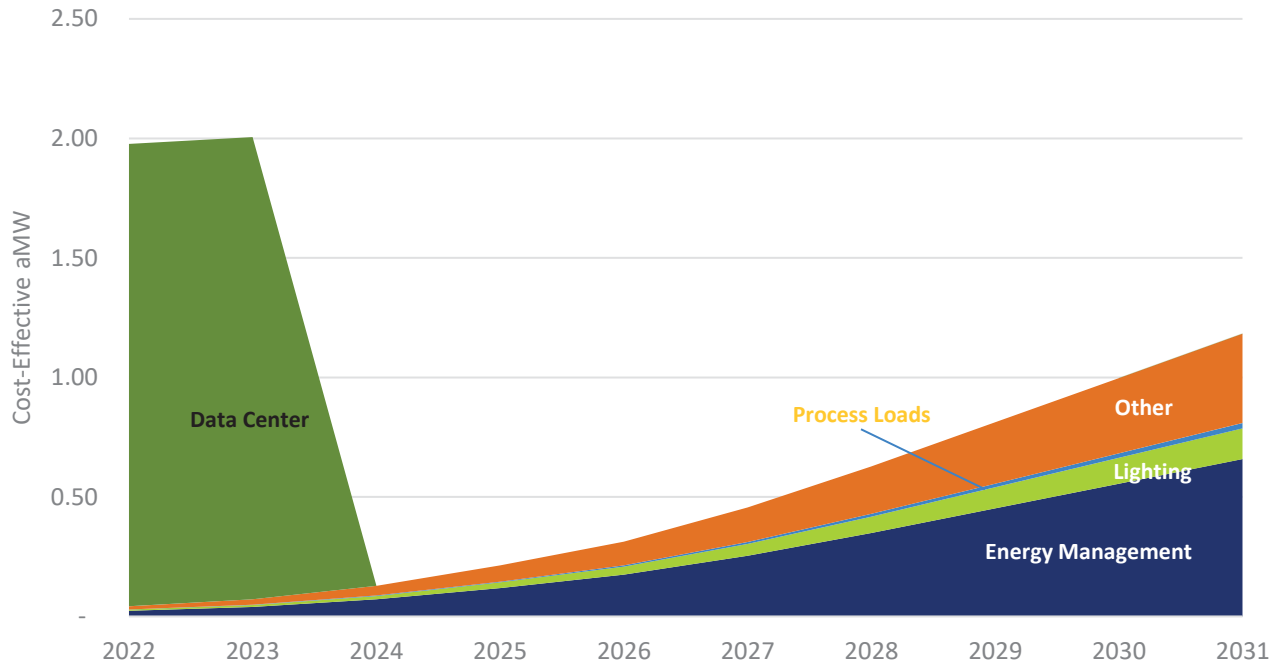
| End Use          | 2019 CPA     | 2021 CPA     | Discussion  |
|------------------|--------------|--------------|---|
| Food Preparation | 0.21         | 0.20         | Minimal change  |
| Lighting         | 3.33         | 8.1          | Added 2021 Power Plan Measures                                      |
| Electronics      | 0.00         | 0.7          | Increased cost-effectiveness  |
| Refrigeration    | 0.87         | 0.40         | Added 2021 Power Plan grocery measures                              |
| Process Loads    | 0.09         | 0.09         | No Change   |
| Compressed Air   | 0.26         | 2.10         | Increased ramp rates per 2021 Power Plan                            |
| HVAC             | 1.56         | 2.22         | Slight increase in cost-effectiveness                               |
| Motors/Drives    | 0.28         | 0.16         | Slower ramp rates applied per 2021 Power Plan and District programs |
| Water Heating    | 0.34         | 6.70         | Added heat pump water heaters to replace all tank upgrades          |
| <b>Total</b>     | <b>13.25</b> | <b>20.68</b> |   |

### 6.3.3 Industrial

Approximately half of the District's industrial loads are in data center and cryptocurrency processes. The Council does not provide measures or savings analysis for large, centralized data centers. Historically, the District's CPAs have utilized commercial sector server measures to estimate data center potential. Conversely, this study evaluates data center savings for new customers at the project level. This methodology evaluates savings potential more specifically to the District's loads and unique nature of large data center operations. The bulleted list below summarizes some of the issues identified in developing large data center energy efficiency potential estimates.

- Large data centers are often willing to work with the District at the time of new service to identify, measure, and verify energy efficiency improvements. Through its relationship with existing customers, the District has learned that existing loads are continually optimized without measurement and verification practices in place. Due to the unique nature of data center loads, customers are incentivized to choose the most efficient hardware when regular updates are made. Because these improvements are happening naturally and cannot be claimed through the State's audit process for compliance with targets, the potential for savings in existing data center loads is excluded from the target and future potential estimates.
- Historic data center project savings have been significant, saving up to 10% of new data center total load. However, this historic savings amount cannot be applied to future load growth estimates due to the nature of how energy use is evolving for large data centers. Specifically, historic savings have been achieved through cooling measures as data centers have been housed inside buildings requiring specific HVAC equipment. New data centers are typically housed in containers or other non-building structures removing a large portion of the HVAC savings potential.
- Data center measures are largely cost-effective from the utility and ratepayer perspectives. Due to their low incremental costs compared with savings potential, these measures are also cost-effective from a total resource cost perspective.
- The District plans to update the data center savings potential every two years for the purposes of defining an accurate 2-year savings target based on planned new loads. Scenario analysis provides a range of potential savings over the longer-term study period.

The other half of the District's industrial load is composed primarily of food processing and chemical facilities. These segments contribute significantly to end-use savings in the energy management measures (Figure 6-7). Energy management measures include both Strategic Energy Management and improved management of motor-driven systems. In Figure 6-7, the Other category is largely comprised of savings in refrigeration and fan systems, as well as smaller amounts of savings from compressed air and pump systems.

**figure 6-7: annual industrial cost-effective potential by end use**

If the growth in data centers continues, and the District is able to reduce future baseline energy use by 10%, the District can expect approximately 17.2 aMW in data center savings over the 20-year study period. If, future savings are not achieved at the same rate of 10% baseline usage, these savings estimates are reduced to 10.5 aMW (assuming 5% savings). Finally, it's expected that state energy codes will be updated in the near-term thereby eliminating future potential savings.

Figure 6-8 shows how the 10-year industrial potential breaks down by end use and measure categories.

figure 6-8: industrial cost-effective potential by end use and measure category

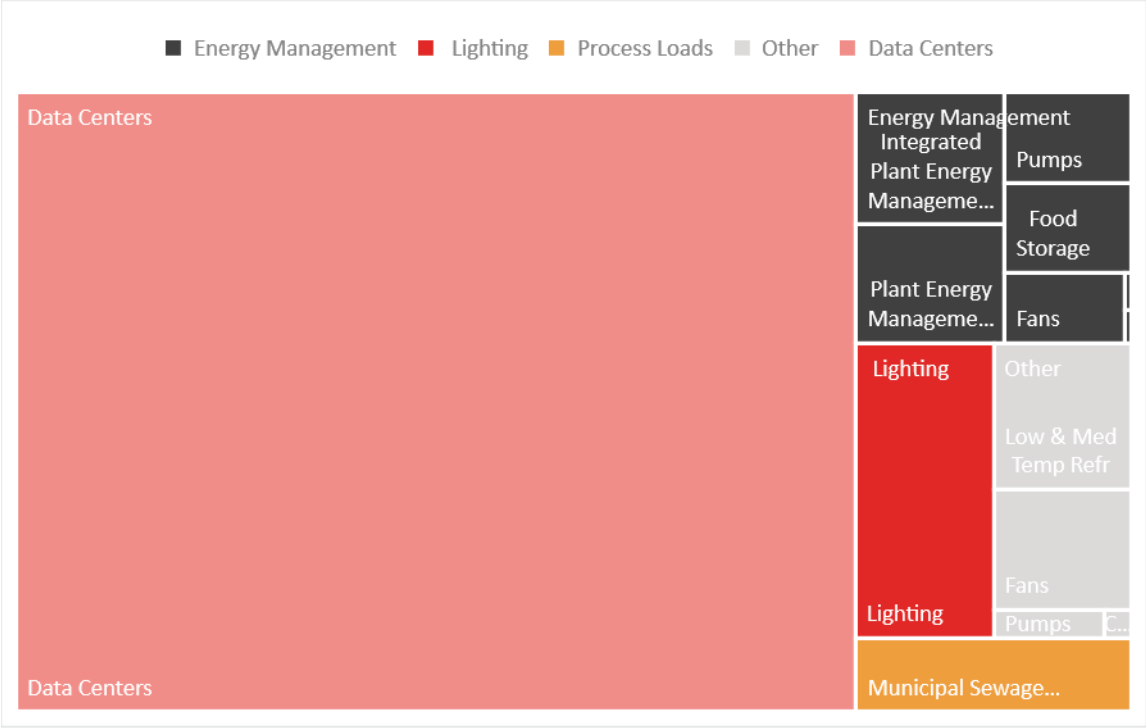


Table 6-4 compares the 20-year results to the previous CPA. The differences are typically due to shifts in industrial load (Silicon, food, chemical, fruit storage, etc.). Also, overall industrial loads were also lower for 2020 due to COVID impacts. Finally, potential for data centers was estimated using specific project analysis as detailed above.

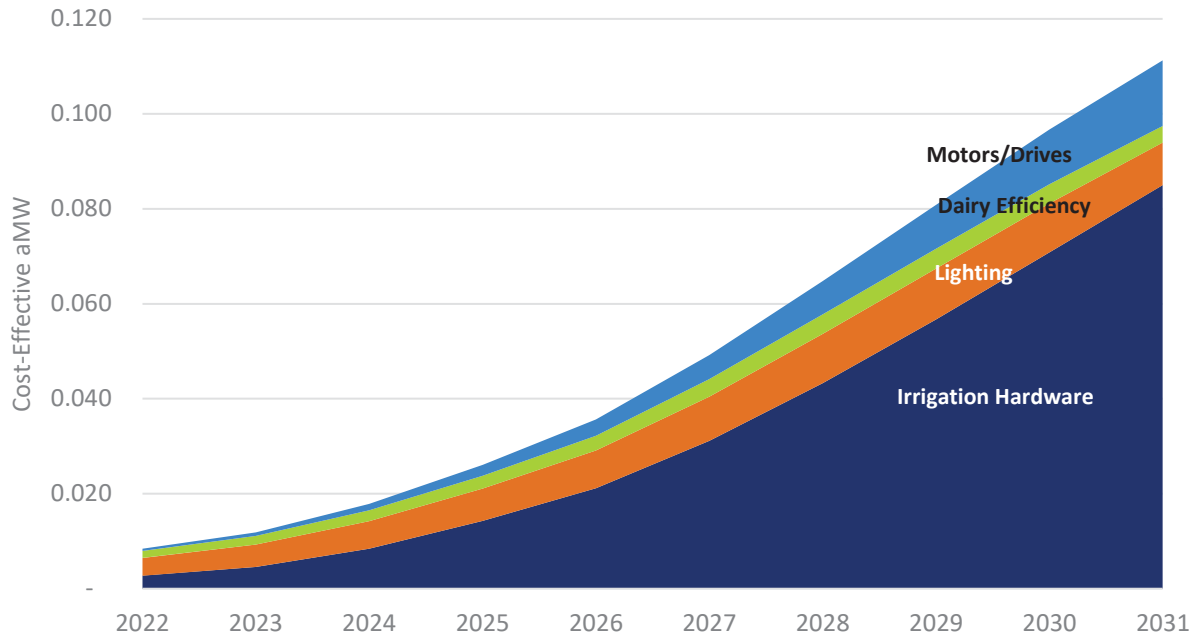
**table 6-4: Comparison Industrial 20-Year Economic Achievable Potential, aMW**

| End Use                            | 2019 CPA     | 2021 CPA     | Discussion  |
|------------------------------------|--------------|--------------|---|
| Data Centers                       | 6.31         | 3.9          | Updated estimation methodology                      |
| Compressed Air                     | 0.59         | 0.43         | Lower loads and adjusted for achievement since 2019 |
| Energy Project Management          | 1.57         | 1.70         | Updated Industrial Loads                            |
| Fans                               | 1.92         | 1.25         | Lower loads and adjusted for achievement since 2019 |
| Food Processing                    | 1.91         | 1.42         | Lower loads and adjusted for achievement since 2019 |
| Food Storage                       | 2.37         | 1.74         | Lower loads and adjusted for achievement since 2019 |
| Hi-Tech                            | 0.48         | 0.19         | Lower loads and adjusted for achievement since 2019 |
| Integrated Plant Energy Management | 1.38         | 1.50         | Lower loads and adjusted for achievement since 2019 |
| Lighting                           | 2.88         | 1.55         | Lower loads and adjusted for achievement since 2019 |
| Material Handling                  | 0.02         | 0.02         | No Change   |
| Metals                             | 0.01         | 0.01         | No Change   |
| Municipal Sewage Treatment         | 0.27         | 0.26         | Lower loads and adjusted for achievement since 2019 |
| Paper                              | 0.03         | 0.02         | No Change   |
| Plant Energy Management            | 2.10         | 1.37         | Lower loads and adjusted for achievement since 2019 |
| Pumps                              | 3.38         | 2.77         | Lower loads and adjusted for achievement since 2019 |
| <b>Total</b>                       | <b>25.98</b> | <b>14.26</b> |   |

### 6.3.4 Agriculture

Potential in agriculture is a product of total acres under irrigation in the District's service territory, number of pumps, and the number of farms. As shown in Figure 6-9, most of the cost-effective conservation potential is due to irrigation measures, with additional savings from lighting, dairy, and pumps/motors.



**figure 6-9: annual agriculture cost-effective potential by end use**

The 10-year agricultural potential is shown in Figure 6-10, split by end use and measure categories.

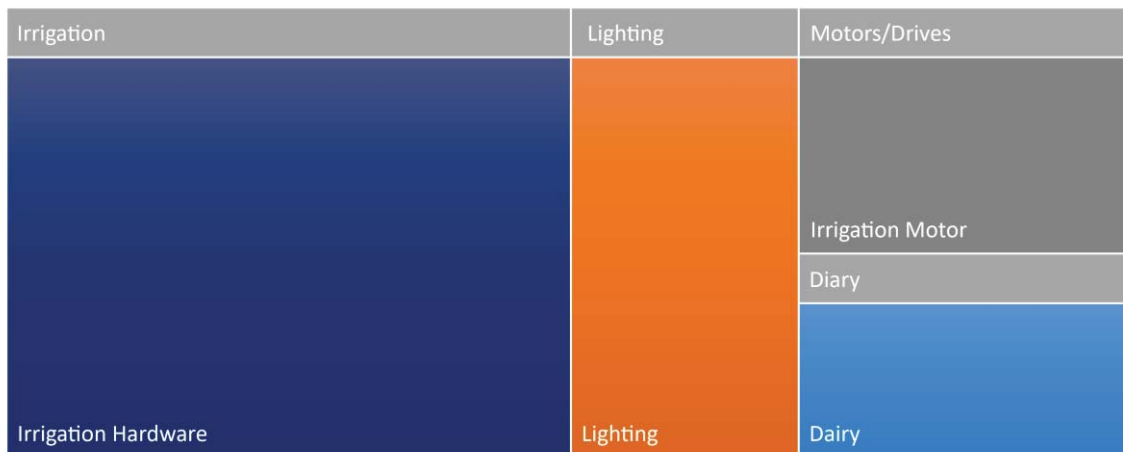
**figure 6-10: agricultural cost-effective potential by end use measure category**

Table 6-5 compares the results of the 2019 CPA with this updated assessment. Because the inputs and measures are largely unchanged, the 20-year potential is almost identical. The small differences between the two studies are primarily in the application of ramp rates. As with the other sectors, agricultural measure ramp rates were adjusted to better align with the District's historic achievement within the sector.

**table 6-5: Comparison Agricultural 20-Year Economic Achievable Potential, aMW**

| End Use          | 2019 CPA    | 2021 CPA    |
|------------------|-------------|-------------|
| Dairy Efficiency | 0.04        | 0.04        |
| Irrigation       | 0.99        | 1.03        |
| Lighting         | 0.09        | 0.09        |
| Motors/Drives    | 0.16        | 0.17        |
| <b>Total</b>     | <b>1.27</b> | <b>1.33</b> |

## 6.4 Cost

Budget costs can be estimated at a high level based on the incremental cost of the measures (Table 6-6). The assumptions in this estimate include: 20 percent of measure cost for administrative costs and 35 percent of the incremental measure costs is assumed to be paid by the utility as incentives. A 20 percent allocation of measure costs to administrative expenses is a standard assumption for conservation programs. This figure was used in the Council's Seventh Power Plan and was unchanged in the Draft 2021 Power Plan. The 35 percent utility-share of measure costs is used in all sectors except in the utility distribution efficiency category, where the District is likely to pay the entire cost of any measures implemented and no incentives will be paid. These assumptions are consistent with the District's previous CPA.

This chart shows that the District can expect to spend approximately \$1.6 million over the next biennium to realize estimated savings across all sectors excluding data centers. These costs include incentives and program administration. The bottom row of Table 6-6 shows the cost per MWh of first year savings.

**table 6-6: utility program costs (2021\$)**

|                                     | 2-Year             | 6-Year             | 10-Year             | 20-Year             |
|-------------------------------------|--------------------|--------------------|---------------------|---------------------|
| Residential                         | \$190,000          | \$615,000          | \$3,926,000         | \$8,990,000         |
| Commercial                          | \$746,000          | \$1,999,000        | \$10,390,000        | \$31,690,000        |
| Industrial                          | \$622,000          | \$486,000          | \$5,173,000         | \$15,226,000        |
| Agricultural                        | \$26,000           | \$79,000           | \$564,000           | \$1,431,000         |
| <b>Total Excluding Data Centers</b> | <b>\$1,584,000</b> | <b>\$3,179,000</b> | <b>\$20,053,000</b> | <b>\$57,337,000</b> |
| \$/First Year MWh                   | \$40               | \$155              | \$158               | \$151               |

The cost estimates presented in this report are conservative estimates for future expenditures since they are based on historic values. Future conservation achievement is expected to be more costly than historic conservation achievement since utilities often choose to implement the lowest cost programs first. In addition, as energy efficiency markets become more saturated, it may require more effort from the District to acquire conservation through its programs. Although not included in the above estimates, residential Low-Income programs are also significantly more costly to implement due to rebates being paid at 3 to 5 times the level of non-low-income residential programs. The additional effort may result in increased administrative costs.

### 6.4.1 Cost Scenarios

To provide a range of program costs over the planning period, EES tested a range of high and low cost assumptions, relative to the expected cost assumptions above. For the high cost scenario, administrative costs were increased from 20 to 30 percent for non-residential programs and incentives are increased to 80% for residential measures to account for low income programs. The high cost scenario reflects the case where program administration costs may increase in order for the District to connect with hard-to-reach customers.

For the low cost scenario, the utility share of measure capital cost is reduced from 35 to 30 percent. A situation

where the utility is responsible for a lower share of measure capital cost may result from higher conservation achievement through programs for which the customer is responsible for a higher fraction of measure cost. An example of this would be if more conservation were achieved through commercial or industrial custom projects where lower incentives may be needed. Table 6-7 shows 2, 6, 10 and 20-year program costs for the expected, high and low cost scenarios. Table 6-8 shows the cost per average megawatt for each of the cost scenarios. The cost for the first 2 years is low due to the relatively inexpensive data center project.

**Table 6-7: utility cost scenarios for cost-effective potential (2021\$)**

|                       | 2-Year      | 4-Year      | 10-Year      | 20-Year      |
|-----------------------|-------------|-------------|--------------|--------------|
| <b>Expected Case</b>  | \$1,584,000 | \$3,179,000 | \$20,053,000 | \$57,337,000 |
| <b>Low Cost Case</b>  | \$1,440,000 | \$2,890,000 | \$18,230,000 | \$52,125,000 |
| <b>High Cost Case</b> | \$2,075,000 | \$4,165,000 | \$26,271,000 | \$75,117,000 |

**table 6-8: utility cost scenarios for cost-effective potential (2021\$/MWh)**

|                       | 2-Year | 4-Year | 10-Year | 20-Year |
|-----------------------|--------|--------|---------|---------|
| <b>Expected Case</b>  | \$40   | \$155  | \$158   | \$151   |
| <b>Low Cost Case</b>  | \$36   | \$141  | \$143   | \$138   |
| <b>High Cost Case</b> | \$52   | \$203  | \$207   | \$198   |

Over the next two years, conservation programs are expected to cost between \$36 and \$52/MWh (first year savings). Given an average measure life of 12 years, the levelized cost of energy for these programs is estimated between \$3/MWh and \$5/MWh. Overall, the District can expect the biennium potential estimates presented in this report to cost between \$1.4 and \$2.1 million for utility incentives and administrative expenditures.

## 6.5 Adequacy, Equity, Resiliency, and Flexibility

The Council is currently evaluating how to account for benefits or attributes of conservation measures that may be excluded from previous methodology. Section 3.7 of this study introduced for attributes that could be considered in energy efficiency program planning. A high-level review is provided below.

1. **Adequacy.** Adding efficiency to the utility system reduces the frequency, duration, and magnitude of regional adequacy events. In particular, energy efficiency that reduces load in the hours following sunset and overnight would have relatively more benefit in a solar-rich renewable portfolio. This capacity value may not be captured immediately in the capacity and energy cost forecast.
2. **Equity.** The equity attribute refers to measures that require additional incentive to achieve equitable distribution of benefits. The Council defines these measures as the following:
  - a. Historic and long-term cost-effectiveness
  - b. Significant regional penetration from past program activity
  - c. Data demonstrating that untouched pockets are not reflective of the population (i.e., different socioeconomic status)

Equity measures are likely to be envelope measures in residential buildings. These can be high-cost to homeowners or there may be a renter/landlord issue. By definition, the equity component identifies measures that are cost-effective, and have been cost-effective for a period of time.

3. **Resilience.** Resilience measures are those that support building resilience, or the ability to maintain building functions/comfort through extended power outages. The Council provides weatherization measures as resilient measures. The 2021 CPA identifies measures in the Base case that are not cost-effective but may provide building resilience benefits.
4. **Flexibility.** The Council defines the flexibility attribute as those measures that support grid flexibility. The rules for measure identification include the following:

- a. Measures inherently include enabling technologies to support load management for grid flexibility
- b. Reduce or eliminates impacts on end-use customers from load management or DR events
- c. Value of measure is significant relative to its baseline

Example measures include weatherization and smart controls. Similar to the analysis for resiliency, the 2021 CPA identifies measures in the Base case that are not cost-effective but may provide grid flexibility benefits. The measures will be summarized in a table analysis that indicates how close to cost-effectiveness the measures are at the time of the study and what the targets may look like if those close to cost-effectiveness measures are included.

### 6.5.1 Methodology

This section screens measures that do not pass the TRC test but may have passed the TRC previously, or the TRC ratio is greater than 0.5. Table 6-9 below shows the technical achievable potential for these measures and includes a high-level discussion of how a particular measure may provide benefits that fall under the 4 above categories.

**table 6-9: Measures To consider for Adequacy, Equity, Resilience, or Flexibility Impacts**

|  | <b>20-Year Technical<br/>Achievable<br/>Potential aMW</b> | <b>Adequacy, Equity, Resilience, or Flexibility</b>   |
|--|---|---|
| <b>Residential</b>                                 |   |   |
| Residential and Commercial Heat Pump Water Heaters | 1.3   | Many Tier 1-3 level HPWH are not cost effective but provide significant annual savings of over 1,000 kWh per unit<br>Water heating is a peak load and HPWH controls could reduce both peak demand and participate in demand response.   |
| Weatherization                                     | 3.5   | Much of the potential has been achieved and hard-to reach efforts are being addressed at the program level. Weatherization has adequacy impacts and measures provide resilience. Finally, programs can target equity measures to meet CETA requirements.                                      |
| <b>Commercial</b>                                  |   |   |
| Ductless Heat Pump                                 | 0.7   | Heating and cooling are profiles coincident with winter and summer peak demand. Could provide adequacy benefits to the region.  |
| VRF  | 1.25  | VRF systems provide heating and AC. Savings is from improved ventilation and loss reductions. Best applications are new buildings or significant remodels where an entire system is being replaced. Impacts from VRF to heating and cooling loads may provide adequacy impacts to the region. |

## 7 SCENARIO ANALYSIS

The costs and savings discussed throughout the report thus far describe the Base Case avoided cost scenario. Under this scenario, annual potential for the planning period was estimated by applying assumptions that reflect the District's expected avoided costs. In addition, the Council's 20-year ramp rates were applied to each measure and then adjusted to more closely reflect the District's recent level of achievement.

Additional scenarios were developed to identify a range of possible outcomes that account for uncertainties over the planning period. In addition to the Base Case scenario, this assessment tested low and high scenarios to test the sensitivity of the results to different future avoided cost values. The avoided cost values in the low and high scenarios reflect values that are realistic and lower or higher, respectively, than the Base Case assumptions.

To understand the sensitivity of the identified savings potential to avoided cost values alone, all other inputs were held constant while varying avoided cost inputs. Rather than using a single generic risk adder applied to each unit of energy, the Low and High avoided cost values consider lower and higher potential future values for each avoided cost input. These values reflect potential price risks based upon both the energy and capacity value of each measure. The final row tabulates the implied risk adders for the Low and High scenarios by summarizing all additions or subtractions relative to the Base Case values. Risk adders are provided in both energy and demand savings values. The first set of values is the maximum (or minimum in the case of negative values). The second set of risk adder values are the average values in energy terms. Further discussion of these values is provided in Appendix IV.

Table 7-1 summarizes the Base, Low, and High avoided cost input values.

**table 7-1: avoided cost assumptions by scenario, \$2021**

|  | <b>Base</b>                       | <b>Low</b>                          | <b>High</b>                             |
|--|-----------------------------------|-------------------------------------|---|
| <b>Energy</b>  | Market Forecast<br>\$41.93/MWh    | Market Forecast<br>\$33.55/MWh      | Market Forecast<br>\$50.32/MWh          |
| <b>Social Cost of Carbon</b>   | WAC 194-40-100<br>\$34/MWh        | WAC 194-40-100<br>\$34/MWh          | WAC 194-40-100<br>\$34/MWh              |
| <b>Avoided Cost of RPS Compliance</b>                                | Included in Social Cost of Carbon |                                     |   |
| <b>Distribution System Credit, \$/kW-yr</b>                          | \$7.18                            | \$0.00                              | \$7.18                                  |
| <b>Transmission System Credit, \$/kW-yr</b>                          | \$3.23                            | \$3.23                              | \$3.23                                  |
| <b>Deferred Generation Capacity Credit, \$/kW-yr</b>                 | 3% Premium                        | \$0                                 | \$135                                   |
| <b>Implied Risk Adder, 20-year Levelized<br/>\$/MWh<br/>\$/kW-yr</b> | N/A                               | Average:<br>-\$42/MWh<br>-\$7/kW-yr | Average:<br>\$9/MWh and<br>\$36/kW-year |

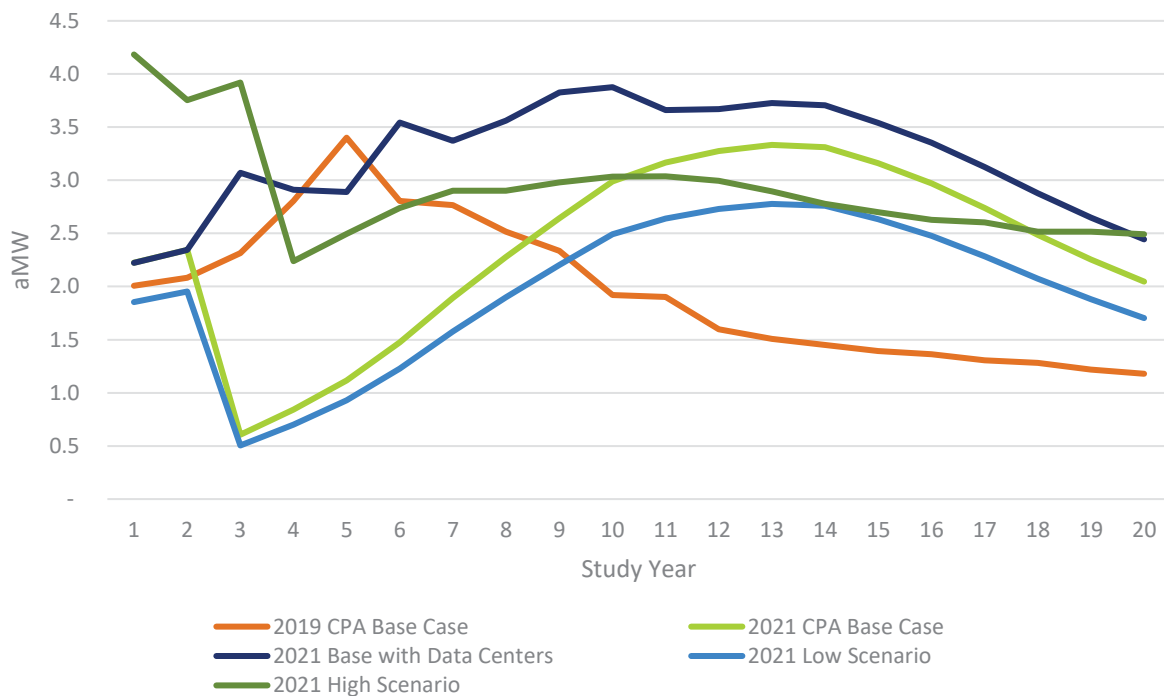
Table 7-2 summarizes results across each avoided input scenario, using Base Case load forecasts and measure acquisition rates. An additional scenario is added equal to the Base Case except with the addition of projected data center savings assuming historic trends of growth.

**table 7-2: cost-effective potential – avoided cost scenario comparison**

|                                    | 2-Year | 4-Year | 10-Year | 20-Year |
|------------------------------------|--------|--------|---------|---------|
| <b>Base Case</b>                   | 4.57   | 6.24   | 18.41   | 47.15   |
| <b>Base Case with Data Centers</b> | 4.57   | 10.55  | 31.61   | 64.36   |
| <b>Low Scenario</b>                | 3.81   | 5.01   | 15.34   | 39.30   |
| <b>High Scenario</b>               | 7.94   | 14.10  | 31.15   | 58.31   |

Overall, energy efficiency remains a low-risk resource for the District for several reasons. First, energy efficiency is purchased in small increments over time, meaning that buying too much energy efficiency is unlikely. Second, while the different avoided cost scenarios described above are all hypothetically possible, it is unlikely that energy prices will decrease further below their already historically low values.

Figure 7-1 compares the results of the scenario analysis with the base case from the 2019 assessment. In addition to the avoided cost assumptions, the high scenario applies 2021 Plan ramp rates with no adjustment for program achievement.

**Figure 7-1: scenario comparison**

The greatest sensitivity in the scenario results is with regard to data center potential. The District plans to continue to update data center savings potential in future assessments based on new customer load additions.

## 8 ENVIRONMENTAL JUSTICE AND SOCIAL WELFARE

Environmental aspects of demand response and energy efficiency resources can be evaluated from an environmental justice and social welfare perspective.

Environmental justice (EJ) is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. This goal will be achieved when everyone enjoys the same degree of protection from environmental and health hazards, and equal access to the decision-making process to have a healthy environment in which to live, learn, and work.

While this study does not identify all potential impacts on various stakeholders within or outside of the District's service area, it does analyze energy efficiency and demand response resources through an EJ lens. Specifically, the following conclusions can be made from the results of this study.

- Energy efficiency continues to be a low-cost, demand-side resource
- Energy efficiency resources avoid emissions
- Energy efficiency reduces customer bills and customer energy burden (share of income spent on energy including electricity and other fuels).

How these findings impact different groups of people within a community will vary depending on multiple factors such as program design and incentives. Programs that target low-income customers can be designed to maximize energy efficiency program potential. For example, for low-income rate discounts, customers might be required to participate in home energy audits that identify low-cost or free energy efficiency upgrades. Not only are customer bills reduced through rate discounts, but also bills are reduced through energy efficiency upgrades. Reaching these customers continues to be challenging as there may be barriers to program participation such as different languages spoken, renter/owner relationships, or reluctance for customers to share information. When these challenges are bridged, energy efficiency can meaningfully impact customer energy burdens and improve social welfare.

### 8.1 Geographical Analysis

Washington Department of Health's Washington Tracking Network tool (WTN).<sup>13</sup> The WTN utilizes GIS data to display various filters that demonstrate where disadvantaged communities exist and may benefit from targeted conservation programs. Disadvantaged communities are typically characterized by a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes, as well as high incidence of asthma and heart disease.

The above burdens are often a result of several factors including economic, social, or environmental. Some residents in Grant County may be impacted by social and economic factors such as income, language, or education. Figure 8-1 illustrates social and economic impacted populations by census block within the County. Much of the County ranks high for these factors which include education, limited English, high school diploma, transportation costs, unaffordable housing and employment.

<sup>13</sup> <https://fortress.wa.gov/doh/wtn/WTNIBL/>



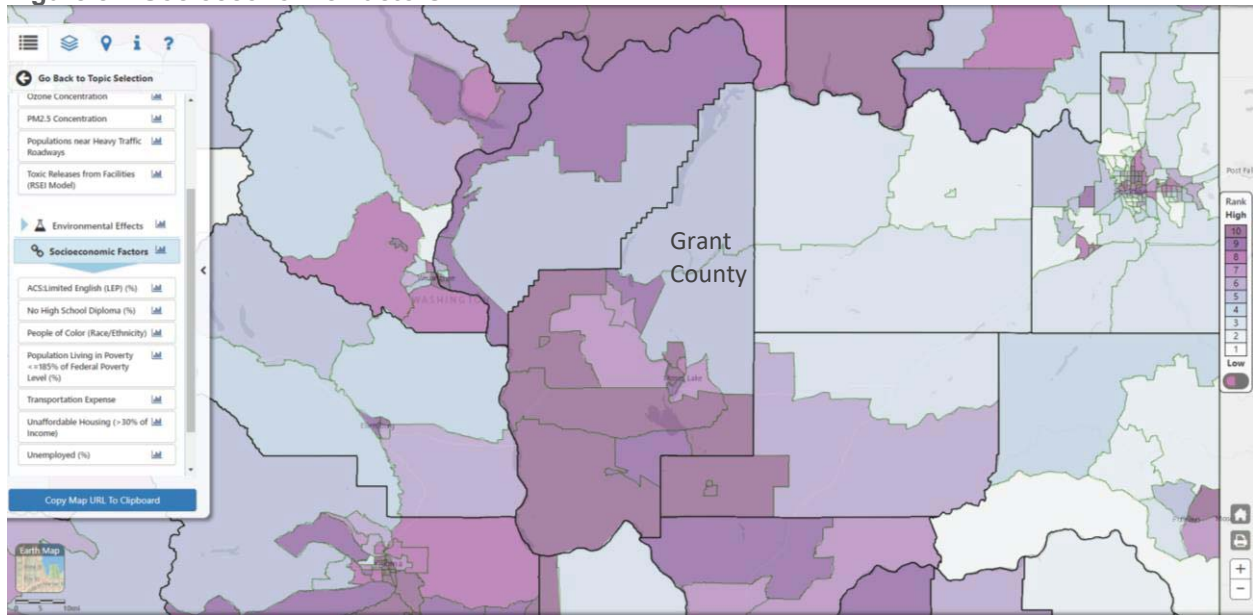
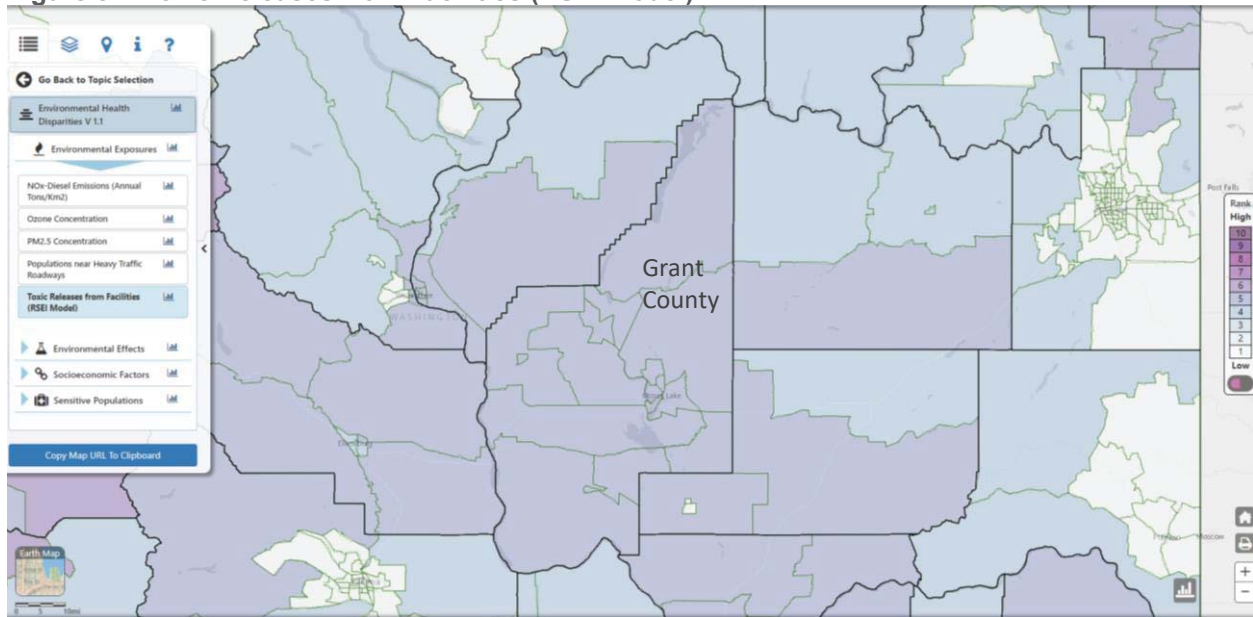
**Figure 8-1 Socioeconomic Factors**

Figure 8-2 illustrates the toxic releases from facilities. This measure is often used as part of EJ analysis. Toxic releases within Grant County are rated at the middle of the scale. There are several industrial facilities identified as toxic release centers in Moses Lake and surrounding areas. None of the facilities are related to the production of electricity.

**Figure 8-2 Toxic Releases from Facilities (RSEI Model)**

Based on the above high-level analysis of the available data, the District's low income energy efficiency programs are likely to create greater localized energy equity while reducing pollutants at a regional level.

## 9 SUMMARY

This report summarizes the results of the 2021 CPA conducted for the District. The assessment provides estimates of energy savings by sector for the period 2022 to 2041 with a focus on the first 10 years of the planning period, as required by the EIA. The assessment considered a wide range of conservation resources that are reliable, available, and cost effective within the 20-year planning period.

The cost-effective potential identified in this report is a low cost and low risk resource and helps to keep future electricity costs to a minimum. Additionally, conservation achievements inherently provide capacity savings to the District. Relative to the values used in the 2019 CPA, many of the avoided cost assumptions have decreased including energy and capacity estimates. These changes reduced the 20-year potential estimate due to decreased cost-effectiveness; however, the adjusted ramp rates for the new time horizon increase the near-term potential slightly compared with the 2019 results.

### 9.1 Methodology and Compliance with State Mandates

The energy efficiency potential reported in this document is calculated using methodology consistent with the Council’s methodology for assessing conservation resources. Appendix III documents the development of conservation targets for each WAC 194-37-070 requirement and describes how each item was completed. In addition to using methodology consistent with the Council’s Seventh Power Plan, this assessment utilized many of the measure assumptions that the Council developed for the Seventh Plan. Additional measure updates subsequent to the Seventh Plan were also incorporated. Utility-specific data regarding customer characteristics, service-area composition, and historic conservation achievements were used, in conjunction with the measures identified by the Council, to determine available energy-efficiency potential. This close connection with the Council methodology enables compliance with the Washington EIA.

Three types of energy-efficiency potential were calculated: technical, achievable, and economic. Most of the results shown in this report are the economic potential, or the potential that is cost effective in the District’s service territory. The economic and achievable potential considers savings that will be captured through utility program efforts, market transformation and implementation of codes and standards. Often, realization of full savings from a measure will require efforts across all three areas. Historic efforts to measure the savings from codes and standards have been limited, but regional efforts to identify and track savings are increasing as they become an important component of the efforts to meet aggressive regional conservation targets.

### 9.2 Conservation Targets

The EIA states that utilities must establish a biennial target that is “no lower than the qualifying utility’s pro rata share for that two-year period of its cost-effective conservation potential for the subsequent ten-year period.”<sup>14</sup> However, the State Auditor’s Office has stated that:

The term pro-rata can be defined as equal portions but it can also be defined as a proportion of an “exactly calculable factor.” For the purposes of the Energy Independence Act, a pro-rata share could be interpreted as an even 20 percent of a utility’s 10-year assessment but state law does not require an even 20 percent.<sup>15</sup>

<sup>14</sup> RCW 19.285.040 Energy conservation and renewable energy targets.

<sup>15</sup> State Auditor’s Office. Energy Independence Act Criteria Analysis. Pro-Rata Definition. CA No. 2011-03. [https://www.sao.wa.gov/local/Documents/CA\\_No\\_2011\\_03\\_pro-rata.pdf](https://www.sao.wa.gov/local/Documents/CA_No_2011_03_pro-rata.pdf)

The State Auditor’s Office expects that qualifying utilities have analysis to support targets that are more or less than the 20 percent of the ten-year assessments. This document serves as support for the target selected by the District and approved by its Commission.

### 9.3 Summary

This study shows a range of conservation target scenarios. These scenarios are estimates based on the set of assumptions detailed in this report and supporting documentation and models. Due to the uncertainties discussed in the Introduction section of this report, actual available and cost-effective conservation may vary from the estimates provided in this report.

## 10 REFERENCES

- Cadmus Group. 2018. *Residential Building Stock Assessment II: Single family Homes Report 2016-17*. Portland, OR: Northwest Energy Efficiency Alliance.
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## Appendix II – Glossary

*7<sup>th</sup> Power Plan: Seventh Northwest Conservation and Electric Power Plan*, Feb 2016. A regional resource plan produced by the Northwest Power and Conservation Council (Council).

*2021 Power Plan*: A regional resource plan produced by the Northwest Power and Conservation Council (Council). At the time of this study, the Final plan is scheduled to be released in early 2022.

*Average Megawatt (aMW)*: Average hourly usage of electricity, as measured in megawatts, across all hours of a given day, month or year.

*Avoided Cost*: Refers to the cost of the next best alternative. For conservation, avoided costs are usually market prices.

*Achievable Potential*: Conservation potential that takes into account how many measures will actually be implemented after considering market barriers. For lost-opportunity measures, there is only a certain number of expired units or new construction available in a specified time frame. The Council assumes 85% of all measures are achievable. Sometimes achievable potential is a share of economic potential, and sometimes achievable potential is defined as a share of technical potential.

*Cost Effective*: A conservation measure is cost effective if the present value of its benefits is greater than the present value of its costs. The primary test is the Total Resource Cost test (TRC), in other words, the present value of all benefits is equal to or greater than the present value of all costs. All benefits and costs for the utility and its customers are included, regardless of who pays the costs or receives the benefits.

*Economic Potential*: Conservation potential that considers the cost and benefits and passes a cost-effectiveness test.

*Levelized Cost*: Resource costs are compared on a levelized-cost basis. Levelized cost is a measure of resource costs over the lifetime of the resource. Evaluating costs with consideration of the resource life standardizes costs and allows for a straightforward comparison.

*Lost Opportunity*: Lost-opportunity measures are those that are only available at a specific time, such as new construction or equipment at the end of its life. Examples include heat-pump upgrades, appliances, or premium HVAC in commercial buildings.

*MW (megawatt)*: 1,000 kilowatts of electricity. The generating capacity of utility plants is expressed in megawatts.

*Non-Lost Opportunity*: Measures that can be acquired at any time, such installing low-flow shower heads.

*Northwest Energy Efficiency Alliance (NEEA)*: The alliance is a unique partnership among the Northwest region's utilities, with the mission to drive the development and adoption of energy-efficient products and services.

*Northwest Power and Conservation Council “The Council”*: The Council develops and maintains a regional power plan and a fish and wildlife program to balance the Northwest's environment and energy needs. Their three tasks are to: develop a 20-year electric power plan that will guarantee adequate and reliable energy at the lowest economic and environmental cost to the Northwest; develop a program to protect and rebuild fish and wildlife populations affected by hydropower development in the Columbia River Basin; and educate and involve the public in the Council's decision-making processes.

*Regional Technical Forum (RTF)*: The Regional Technical Forum (RTF) is an advisory committee established in 1999 to develop standards to verify and evaluate conservation savings. Members are appointed by the Council and include individuals experienced in conservation program planning, implementation and evaluation.

*Renewable Portfolio Standards:* Washington state utilities with more than 25,000 customers are required to meet defined percentages of their load with eligible renewable resources by 2012, 2016, and 2020.

*Retrofit (discretionary):* Retrofit measures are those that can be replaced at any time during the unit's life. Examples include lighting, shower heads, pre-rinse spray heads, or refrigerator decommissioning.

*Technical Potential:* Technical potential includes all conservation potential, regardless of cost or achievability. Technical potential is conservation that is technically feasible.

*Total Resource Cost Test (TRC):* This test is used by the Council and nationally to determine whether or not conservation measures are cost effective. A measure passes the TRC if the ratio of the present value of all benefits (no matter who receives them) to the present value of all costs (no matter who incurs them) is equal to or greater than one.

## Appendix III – Documenting Conservation Targets

### References:

- 1) Report – “Grant County Public Utilities 2021 Conservation Potential Assessment.” October 11, 2021.
- 2) Model – “EES CPA Model-v4.0.xlsm” and supporting files
  - a. MC\_and\_Loadshape-Grant-Base.xlsm – referred to as “MC and Loadshape file” – contains price and load shape data

| WAC 194-37-070 Documenting Development of Conservation Targets; Utility Analysis Option  |   |   |
|--|---|---|
| NWPCC Methodology  | EES Consulting Procedure  | Reference   |
| a) <b>Technical Potential:</b> Determine the amount of conservation that is technically feasible, considering measures and the number of these measures that could physically be installed or implemented, without regard to achievability or cost.  | The model includes estimates for stock (e.g., number of homes, square feet of commercial floor area, industrial load) and the number of each measure that can be implemented per unit of stock. The technical potential is further constrained by the amount of stock that has already completed the measure.   | Model – the technical potential is calculated as part of the achievable potential, described below.   |
| b) <b>Achievable Potential:</b> Determine the amount of the conservation technical potential that is available within the planning period, considering barriers to market penetration and the rate at which savings could be acquired.   | The assessment conducted for the District used ramp rate curves to identify the amount of achievable potential for each measure. Those assumptions are for the 20-year planning period. An additional factor of 85% was included to account for market barriers in the calculation of achievable potential. This factor comes from a study conducted in Hood River where home weatherization measures were offered for free and program administrators were able to reach more than 85% of home owners. | Model – the use of these factors can be found on the sector measure tabs, such as ‘Residential Measures’. Additionally, the complete set of ramp rates used can be found on the ‘Ramp Rates’ tab. |
| c) <b>Economic Achievable Potential:</b> Establish the economic achievable potential, which is the conservation potential that is cost-effective, reliable, and feasible, by comparing the total resource cost of conservation measures to the cost of other resources available to meet expected demand for electricity and capacity. | Benefits and costs were evaluated using multiple inputs; benefit was then divided by cost. Measures achieving a benefit-cost ratio greater than one were tallied. These measures are considered achievable and cost-effective (or economic).  | Model – Benefit-Cost ratios are calculated at the individual level by ProCost and passed up to the model.   |



**WAC 194-37-070 Documenting Development of Conservation  
Targets; Utility Analysis Option**

| NWPCC Methodology  | EES Consulting Procedure  | Reference   |
|--|---|---|
| d) <b>Total Resource Cost:</b> In determining economic achievable potential, perform a life-cycle cost analysis of measures or programs  | The life-cycle cost analysis was performed using the Council's ProCost model. Incremental costs, savings, and lifetimes for each measure were the basis for this analysis. The Council and RTF assumptions were utilized.   | Model – supporting files include all of the ProCost files used in the Seventh Plan. The life-cycle cost calculations and methods are identical to those used by the Council.  |
| e) Conduct a total resource cost analysis that assesses all costs and all benefits of conservation measures regardless of who pays the costs or receives the benefits  | Cost analysis was conducted per the Council's methodology. Capital cost, administrative cost, annual O&M cost and periodic replacement costs were all considered on the cost side. Energy, non-energy, O&M and all other quantifiable benefits were included on the benefits side. The Total Resource Cost (TRC) benefit cost ratio was used to screen measures for cost-effectiveness (i.e., those greater than one are cost-effective). | Model – the "Measure Info Rollup" files pull in all the results from each avoided cost scenario, including the BC ratios from the ProCost results. These results are then linked to by the Conservation Potential Assessment model. The TRC analysis is done at the lowest level of the model in the ProCost files. |
| f) Include the incremental savings and incremental costs of measures and replacement measures where resources or measures have different measure lifetimes   | Savings, cost, and lifetime assumptions from the Council's 7 <sup>th</sup> Plan, draft 2021 Power Plan Supply Curves, and RTF were used.  | Model – supporting files include all of the ProCost files used in the Seventh Plan, with later updates made by the RTF. The life-cycle cost calculations and methods are identical to those used by the Council.  |
| g) Calculate the value of energy saved based on when it is saved. In performing this calculation, use time differentiated avoided costs to conduct the analysis that determines the financial value of energy saved through conservation | The Council's Seventh Plan measure load shapes were used to calculate time of day of savings and measure values were weighted based upon peak and off-peak pricing. This was handled using the Council's ProCost tool, so it was handled in the same way as the Seventh Power Plan models.  | Model – See MC_AND_LOADSHAPE files for load shapes. The ProCost files handle the calculations.  |
| h) Include the increase or decrease in annual or periodic operations and maintenance costs due to conservation measures  | Operations and maintenance costs for each measure were accounted for in the total resource cost per the Council's assumptions.  | Model – the ProCost files contain the same assumptions for periodic O&M as the Council and RTF.   |

**WAC 194-37-070 Documenting Development of Conservation  
Targets; Utility Analysis Option**

| <b>NWPCC Methodology</b>  | <b>EES Consulting Procedure</b>   | <b>Reference</b>  |
|---|---|---|
| i) Include avoided energy costs equal to a forecast of regional market prices, which represents the cost of the next increment of available and reliable power supply available to the utility for the life of the energy efficiency measures to which it is compared | A regional market price forecast for the planning period was created and provided by EES. A discussion of methodologies used to develop the avoided cost forecast is provided in Appendix IV.   | Report –See Appendix IV.<br>Model – See MC_AND_LOADSHAPE files (“Base Market Forecast” worksheet).  |
| j) Include deferred capacity expansion benefits for transmission and distribution systems   | Deferred transmission capacity expansion benefits were given a benefit of \$3.23/kW-year in the cost-effectiveness analysis. A distribution system credit of \$7.18/kW-year was also used (\$2021). These values were developed by the Council in preparation for the 2021 Power Plan.                                  | Model – this value can be found on the ProData page of each ProCost file.   |
| k) Include deferred generation benefits consistent with the contribution to system peak capacity of the conservation measure  | Deferred generation capacity expansion benefits were given a value equal to a 3% premium to the forecast of market prices in the cost effectiveness analysis for the Base Case Scenario. This is based upon the District’s marginal cost for generation capacity. See Appendix IV for further discussion of this value. | Model – this value can be found on the ProData page of the ProCost Batch Runner file. The generation capacity value was not originally included as part of ProCost during the development of the 7 <sup>th</sup> Plan, so there is no dedicated input cell for this value. Instead, the value has been combined with the distribution capacity benefit since the timing of the District’s distribution system peak and the regional transmission peak occur at different times. |
| l) Include the social cost of carbon emissions from avoided non-conservation resources  | This CPA uses the social cost of carbon values specified in Washington’s recently enacted clean energy law, SB 5116.  | The MC_AND_LOADSHAPE files contain the carbon cost assumptions for each avoided cost scenario.  |
| m) Include a risk mitigation credit to reflect the additional value of conservation, not otherwise accounted for in other inputs, in reducing risk associated with costs of avoided non-conservation resources  | In this analysis, risk was considered by varying avoided cost inputs and analyzing the variation in results. Rather than an individual and non-specific risk adder, our analysis included a range of possible values for each avoided cost input.   | The scenarios section of the report documents the inputs used and the results associated. Appendix IV discusses the risk adders used in this analysis.  |

**WAC 194-37-070 Documenting Development of Conservation  
Targets; Utility Analysis Option**

| <b>NWPCC Methodology</b>  | <b>EES Consulting Procedure</b>  | <b>Reference</b>   |
|---|--|--|
| n) Include all non-energy impacts that a resource or measure may provide that can be quantified and monetized   | Quantifiable non-energy benefits were included where appropriate. Assumptions for non-energy benefits are the same as in the Council's Seventh Power Plan. Non-energy benefits include, for example, water savings from clothes washers.                       | Model – the ProCost files contain the same assumptions for non-power benefits as the Council and RTF. The calculations are handled in ProCost. |
| o) Include an estimate of program administrative costs  | Total costs were tabulated and an estimated 20% of total was assigned as the administrative cost. This value is consistent with regional average and BPA programs. The 20% value was used in the Fifth, Sixth, Seventh Power plans and draft 2021 Power Plans. | Model – this value can be found on the ProData page of the ProCost Batch Runner file.  |
| p) Include the cost of financing measures using the capital costs of the entity that is expected to pay for the measure   | Costs of financing measures were included utilizing the same assumptions from the Seventh Power Plan.  | Model – this value can be found on the ProData page of the ProCost Batch Runner file.  |
| q) Discount future costs and benefits at a discount rate equal to the discount rate used by the utility in evaluating non-conservation resources  | Discount rates were applied to each measure based upon the Council's methodology. A real discount rate of 3.75% was used, based on the Council's most recent analyses in support of the Seventh Plan   | Model – this value can be found on the ProData page of the ProCost Batch Runner file.  |
| r) Include a ten percent bonus for the energy and capacity benefits of conservation measures as defined in 16 U.S.C. § 839a of the Pacific Northwest Electric Power Planning and Conservation Act | A 10% bonus was added to all measures in the model parameters per the Conservation Act.  | Model – this value can be found on the ProData page of the ProCost Batch Runner file.  |

## Appendix IV – Avoided Cost and Risk Exposure

The 2021 Grant County Public Utility District No. 2 (District) Conservation Potential Assessment (CPA) was conducted for the period 2022 through 2041 as required under RCW 19.285 and WAC 194.37. According to WAC 197.37.070, the District must evaluate the cost-effectiveness of conservation by setting avoided energy costs equal to a forecast of regional market prices. In addition, several other components of the avoided cost of energy efficiency savings must be evaluated including generation capacity value, transmission and distribution costs, risk, and the social cost of carbon.

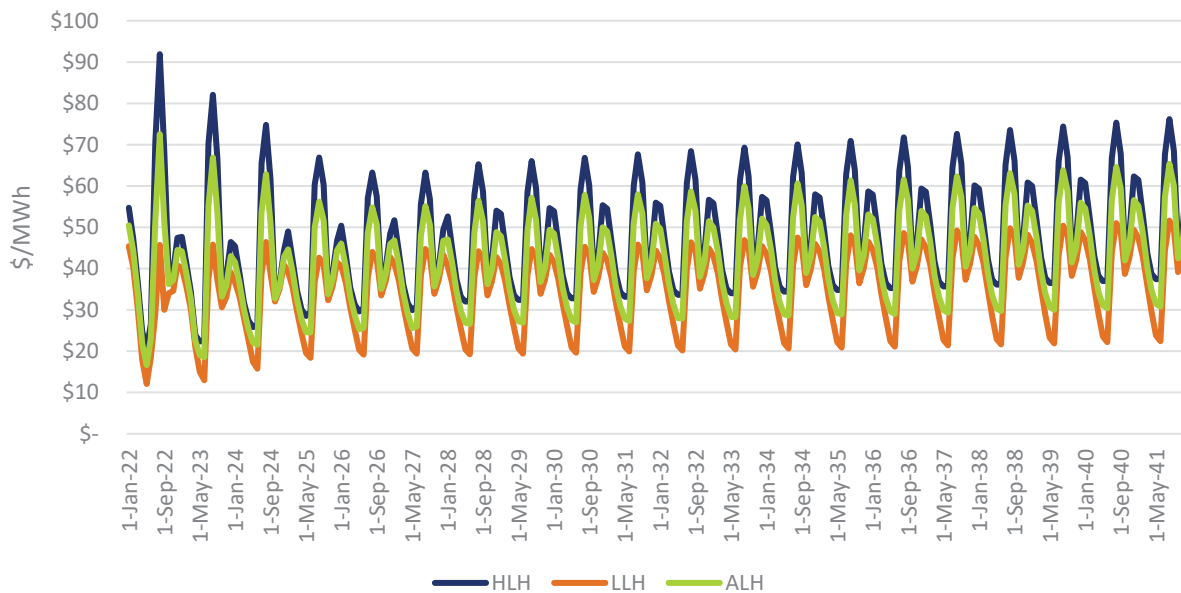
This appendix describes each of the avoided cost assumptions and provides a range of values that was evaluated in the 2021 CPA. The 2021 CPA considers three avoided cost scenarios: Base, Low, and High. Each of these is discussed below. Last, this appendix describes updates considered for the 2021 Power Plan methodology. Because the 2021 Power Plan will not be adopted until early 2022, this study relies on methodologies used in the Seventh Power Plan.

### Avoided Energy Value

The District provided a base, low, and high forecast of market prices for use in the 2021 CPA. The forecasts are monthly diurnal starting January 2022 and ending December 2041. This section benchmarks the base forecast and compares the forecast to the market forecast used in the District's 2019 CPA.

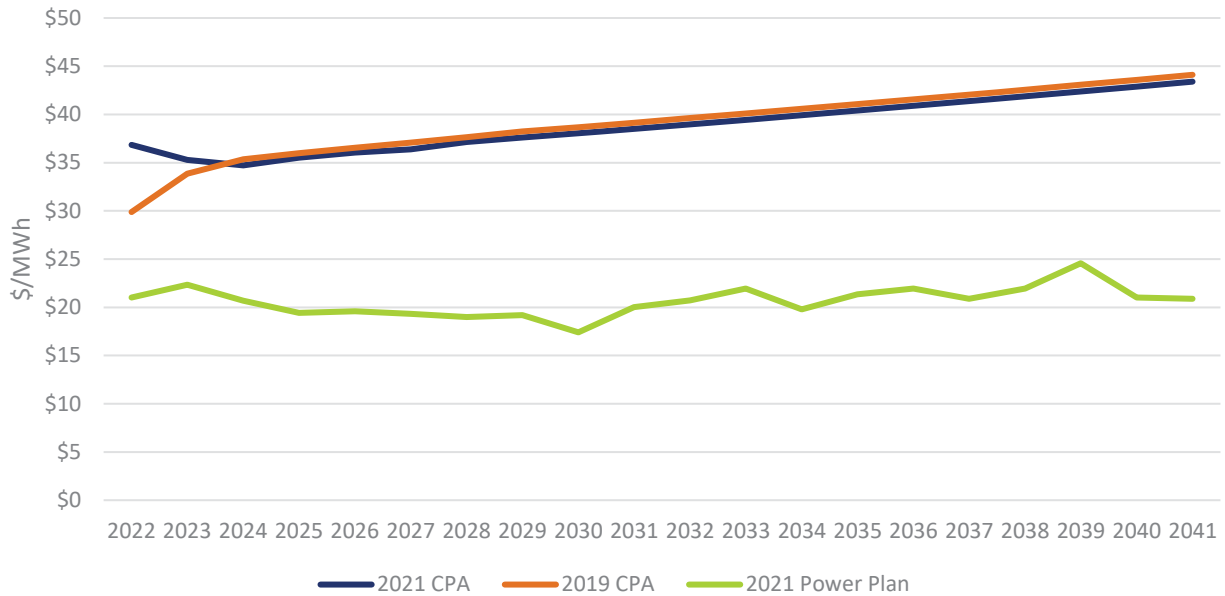
Figure IV-1 illustrates the resulting monthly, diurnal market price forecast. The levelized value of market prices over the study period is \$42/MWh in 2021 dollars, assuming a 3.75 percent real discount rate.

**Figure IV-1: Forecast Market Prices**



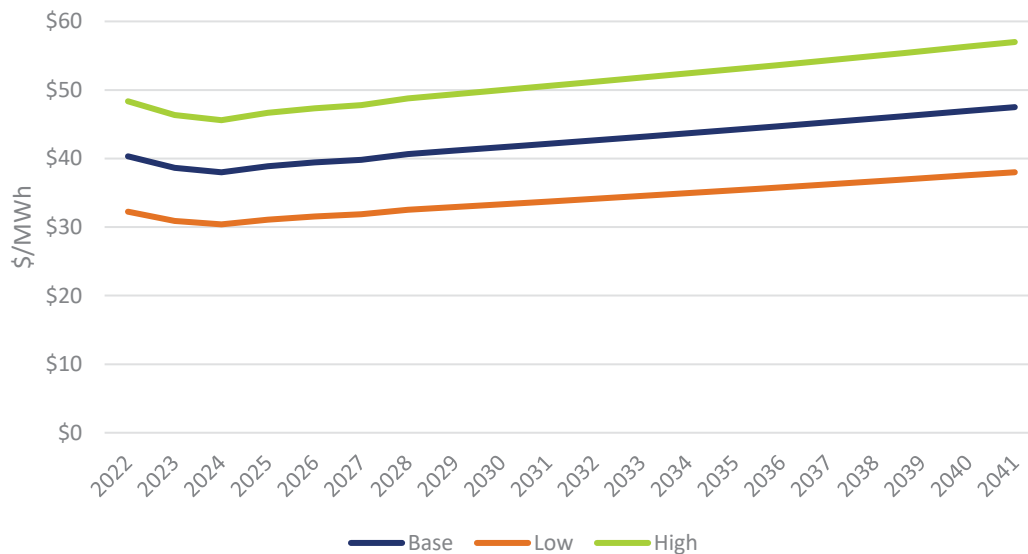
This market price forecast is 1% higher than the market price forecast used in the District's previous CPA (the 2019 CPA). Both of the District's forecasts are higher than the forecast developed for the 2021 Power Plan.<sup>16</sup> Figure IV-2 compares the average annual price of the forecasts used to benchmark the District's forecast.

<sup>16</sup> Wholesale Electricity Price Forecast – Final for NWPCC 2021 Power Plan. Monthly Prices. Revised January 2021. <https://www.nwcouncil.org/2021-power-plan-technical-information-and-data>

**Figure IV-2: Forecast Market Price Comparison, Real \$2016**

### 10.1.1 High and Low Scenarios

To reflect a range of possible future outcomes, the District developed high and low market price forecasts. Figure IV-3 illustrates the range of forecasts.

**Figure IV-3: Market Price Forecast Scenarios**

## 10.2 Avoided Cost Adders and Risk

From a total resource cost perspective, energy efficiency provides multiple benefits beyond the avoided cost of energy. These include deferred capital expenses on generation, transmission, and distribution capacity; as well as the reduction of required renewable energy credit (REC) purchases, avoided social costs of carbon emissions, and the reduction of utility resource portfolio risk exposure. Since energy efficiency measures provide both peak

demand and energy savings, these other benefits are monetized as value per unit of either kWh or kW savings.

**Figure IV-4: Overview of Portfolio Requirements**

| Energy-Based   | Capacity Based   |
|--|--|
| <ul style="list-style-type: none"> <li>• Social Cost of Carbon</li> <li>• Renewable Energy Credits</li> <li>• GHG-Free or Neutral Resources</li> <li>• Risk Reduction Premium</li> </ul> | <ul style="list-style-type: none"> <li>• Generation Capacity Deferral</li> <li>• Transmission Capacity Deferral</li> <li>• Distribution Capacity Deferral</li> </ul> |

The estimated values and associated uncertainties for these avoided cost components are based on the District's 2020 Integrated Resource Plan (IRP)<sup>17</sup> and relevant portfolio requirements from the Clean Energy Transformation Act (CETA). The timeline below summarizes the relevant milestones for portfolio planning. The type of energy the District will need to procure is based on these requirements; therefore, the requirements set the avoided cost as it relates to capacity, renewable, and GHG-free power supply.

**Figure IV-5: Overview of Portfolio Requirements**

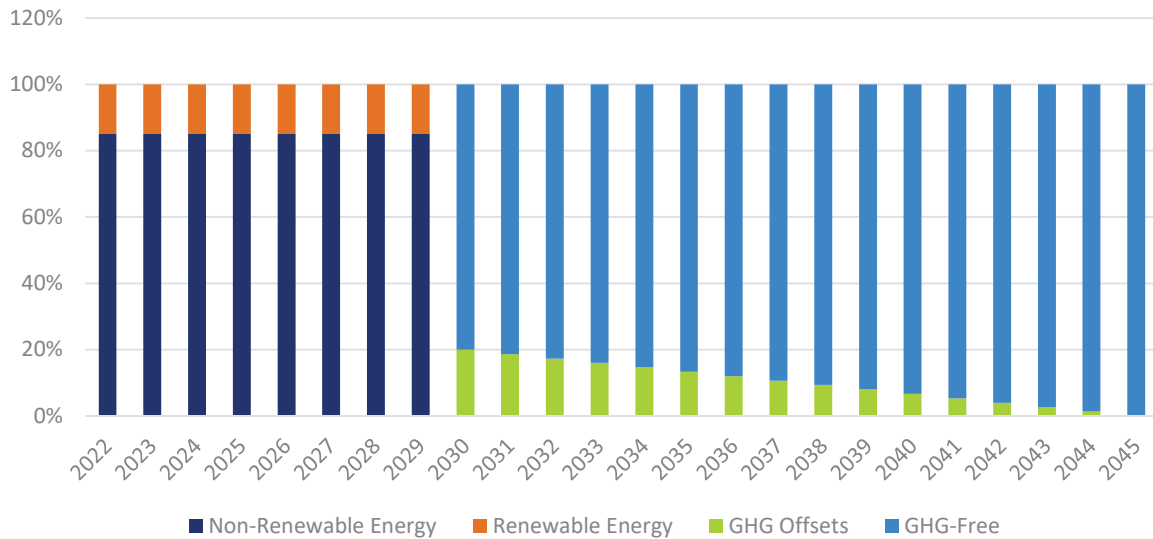


Through 2020, the District must meet the renewable portfolio standard (RPS) set for Washington State Utilities of 15% of the system load. The RPS can be met through either bundled or unbundled RECs. Next, CETA establishes a 100% GHG neutral requirement by 2030. The requirement states that at least 80% of a utility's portfolio must be sourced directly from either renewable<sup>18</sup> or non-emitting resources.<sup>19</sup> A utility may then meet the mandate by purchasing no more than 20% of its portfolio in offsets such as unbundled REC purchases. The offsets will then be phased out by 2045 as shown in Figure IV-6.

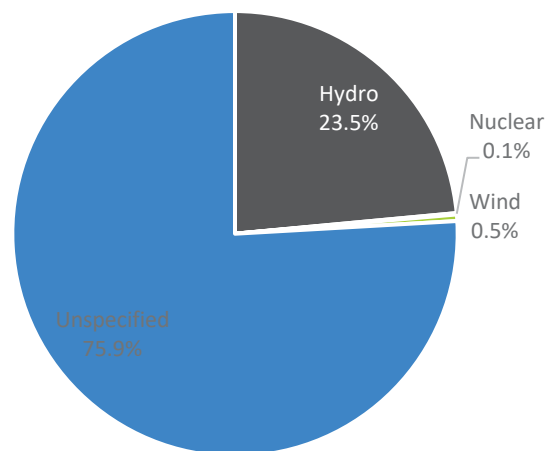
<sup>18</sup> Renewable resources include water, wind, solar energy, geothermal, renewable natural gas, renewable hydrogen, wave, ocean or tidal power, and biodiesel not derived from crops raised on land cleared from old growth forest or first growth, or biomass. (Chapter 173-444 WAC available at: <https://ecology.wa.gov/DOE/files/c0/c08b45ae-7140-4b30-a3c2-faf8aa042651.pdf>)

<sup>19</sup> Non-emitting resources are those that generate electricity, or provide capacity of ancillary services to an electric utility that do not emit greenhouse gases as a by-product. See id.



**Figure IV-6: Summary of RPS and CETA Portfolio Requirements****10.2.1 IRP**

The District's 2020 IRP concludes that the District will need to address its long-term plan for meeting energy and capacity needs through market purchases of firm generation, power purchase agreements and call options for capacity needs. A large share of the District's loads are met with unspecified resources. As the Pacific Northwest power markets contemplate resource adequacy issues, the District will need to evaluate the risks of relying on market purchases to meet the majority of its energy requirements. The District's 2019 Fuel mix is shown in Figure IV-7.

**Figure IV-7: Grant PUD 2019 Fuel mix**

The 2020 IRP concluded that the District has enough qualified resources to meet Washington State RPS through 2024. Beginning in 2025, the District plans to purchase renewable energy credits (RECs). Based on the above information, the District's current power supply mix is approximately 24% greenhouse gas free. In order to meet the CETA requirements illustrated in Figure IV-6, the District would need to replace approximately half of its current power supply (480 aMW, of unspecified power supply) with greenhouse gas free power by 2030. The



remainder (378 aMW) would be met with greenhouse gas free power (current hydro, nuclear, and wind) and market purchases plus offsets. These offsets can be used to meet CETA requirements until 2045 when the District must phase out offsets with additional non-emitting or renewable resources. There are numerous strategies the District could pursue to meet CETA requirements; however, this strategy is assumed in the analysis for renewable energy and social cost of carbon avoidance. Alternative strategies are unlikely to materially impact the avoided cost of conservation.

### 10.3 Social Cost of Carbon

The social cost of carbon is a cost that society incurs when fossil fuels are burned to generate electricity. Both the EIA rules and CETA requires that CPAs include the social cost of carbon when evaluating cost effectiveness using the total resource cost test (TRC). CETA further specifies the social cost of carbon values to be used in conservation and demand response studies. These values are shown in the table below.

**Table IV-1: Social Cost of Carbon Values<sup>20</sup>**

| <b>Year in Which Emissions Occur or Are Avoided</b> | <b>Social Cost of Carbon Dioxide (in 2007 dollars per metric ton)</b> | <b>Social Cost of Carbon Dioxide (in 2018 dollars per metric ton)</b> |
|---|---|---|
| 2020  | \$62  | \$74  |
| 2025  | \$68  | \$81  |
| 2030  | \$73  | \$87  |
| 2035  | \$78  | \$93  |
| 2040  | \$84  | \$100   |
| 2045  | \$89  | \$106   |
| 2050  | \$95  | \$113   |

According to WAC 194-40-110, values may be adjusted for any taxes, fees or costs incurred by utilities to meet portfolio mandates.<sup>21</sup> For example, the social cost of carbon is the full value of carbon emissions which includes the cost to utilities and ratepayers associated with moving to non-emitting resources. Rather than adjust the social cost of carbon for the cost of RECs or renewable energy, the values for RECS and renewable energy are excluded from the analysis to avoid double counting.

The emissions intensity of the marginal resource (market) is used to determine the \$/MWh value for the social cost of carbon. Ecology states that unspecified resources should be given a carbon intensity value of 0.437 metric tons of CO<sub>2</sub>e/MWh of electricity (0.874 lbs/kWh).<sup>22</sup> This is an average annual value applied to in all months in the conservation potential model.<sup>23</sup> The resulting levelized cost of carbon is \$34/MWh over the 20-year study.

### 10.4 Avoided Renewable Energy Purchases

Renewable energy purchases need to meet both RPS and CETA and can be avoided through conservation. Utilities

<sup>20</sup> WAC 194-40-100. Available at: <https://apps.leg.wa.gov/wAc/default.aspx?cite=194-40-100&pdf=true>

<sup>21</sup> WAC 194-40-110 (b).

<sup>22</sup> WAC 173-444-040 (4)

<sup>23</sup> For reference, the Seventh Power Plan evaluated 0.95 lbs/kWh and 0 lbs/kWh. Typically, the emissions intensity would be higher in months outside of spring run-off (June-July). The seasonal nature of carbon intensity is not modeled due to the prescriptive annual value established by Ecology in WAC 173-444-040.

may meet Washington RPS through either bundled energy purchases such as purchasing the output of a wind resource where the non-energy attributes remain with the output, or they may purchase unbundled RECs. Unbundled RECs do not have energy associated with them; therefore, the generation profile of the renewable resource is not considered in resource planning. As such, many jurisdictions exclude unbundled RECs from eligible greenhouse gas free resources. CETA rules support this consideration by allowing unbundled RECs as offsets only through 2044.

As stated above, the value of avoided renewable energy credit purchases resulting from energy efficiency is accounted for within the social cost of carbon construct. The social cost of carbon already considers the cost of moving from an emitting resource to a non-emitting resource. Therefore, it is not necessary to include an additional value for renewable energy purchases prior to 2045 when all energy must be non-emitting or renewable.

Beginning in 2045, the social cost of carbon may no longer be an appropriate adder in resource planning. However, prior to 2045 utilities may still use offsets to meet CETA requirements. Since the study period of this evaluation ends prior to 2045, the avoided social cost of carbon is included in each year. For future studies that extend to 2045 and beyond, it would be appropriate to include renewable energy or non-emitting resource costs as the avoided cost of energy rather than market plus the social cost of carbon.

#### **10.4.1 Risk Adder**

In general, the risk that any utility faces is that energy efficiency will be undervalued, either in terms of the value per kWh or per kW of savings, leading to an under-investment in energy efficiency and exposure to higher market prices or preventable investments in infrastructure. The converse risk—an over-valuing of energy and subsequent over-investment in energy efficiency—is also possible, albeit less likely. For example, an over-investment would occur if an assumption is made that economies will remain basically the same as they are today and subsequent sector shifts or economic downturns cause large industrial customers to close their operations. Energy efficiency investments in these facilities may not have been in place long enough to provide the anticipated low-cost resource.

In order to address risk, the Council develops a risk adder (\$/MWh) for its cost-effectiveness analysis of energy efficiency measures. This adder represents the value of energy efficiency savings not explicitly accounted for in the avoided cost parameters. The risk adder is included to ensure an efficient level of investment in energy efficiency resources under current planning conditions. Specifically, in cases where the market price has been low compared to historic levels, the risk adder accounts for the likely possibility that market prices will increase above current forecasts.

The value of the risk adder has varied depending on the avoided cost input values. The adder is the result of stochastic modeling and represents the lower risk nature of energy efficiency resources. In the Sixth Power Plan the risk adder was significant (up to \$50/MWh for some measures). In the Seventh Power Plan the risk adder was determined to be \$0/MWh after the addition of the generation capacity deferral credit. While the Council uses stochastic portfolio modeling to value the risk credit, utilities conduct scenario and uncertainty analysis. The scenarios modeled in the District's CPA include an inherent value for the risk credit such as higher market prices due to a number of factors including electrification, and increased renewables integrated onto the grid.

For the District's 2021 CPA, the avoided cost parameters have been estimated explicitly, and, a scenario analysis is performed. Therefore, no risk adder was used for the base case. Variation in other avoided cost inputs covers a range of reasonable outcomes and is sufficient to identify the sensitivity of the cost-effective energy efficiency potential to a range of outcomes. The scenario results present a range of cost-effective energy efficiency potential, and the identification of the District's biennial target based on the range modeled is effectively selecting the utility's preferred risk strategy and associated risk credit.

#### 10.4.2 Deferred Transmission and Distribution System Investment

Energy efficiency measure savings reduce capacity requirements on both the transmission and distribution systems. The Council's 2021 Power assumes these avoided costs are \$3.23/kW-year and \$7.18/kW-year for transmission and distribution systems, respectively (\$2021).<sup>24</sup> These assumptions are used in the base and high avoided cost scenarios. The low avoided cost scenario assumes no value for avoided distribution system costs. The low scenario reflects historically low growth in the service area. Previous analyses assumed a \$0 value for distribution system investment since capital costs have been historically due to reliability rather than growth or capacity needs. The recent growth in housing is reflected in the positive value assumed in the base case.

#### 10.4.3 Deferred Investment in Generation Capacity

The 2020 IRP recommended the District obtain capacity resources in addition to some reliance on the market. To represent the value of capacity in the base case, the District provided a value that represents a 3 percent premium over market prices. This value is based on the opportunity cost of selling excess capacity created by energy savings in the market.

In the low scenario, it is assumed that a market will continue to be available to meet the District's needs for peak demands, so no capacity value is included.

In the Council's Seventh Power Plan,<sup>25</sup> a generation capacity value of \$135/kW-year was explicitly calculated (\$2021). This value will be used in the high scenario.

#### 10.4.4 Northwest Power Act Credit

In accordance with the Northwest Power Act, a 10% adder is included as a bonus to the avoided costs.<sup>26</sup>

### 10.5 2021 Power Plan Methodology Changes

The Council is in the process of completing the portfolio modeling for the 2021 Power Plan. As part of the target-setting approach, the Council is considering adding additional values to the avoided cost so that the portfolio model selects the optimal amount of energy efficiency. These attributes are discussed in this section; however, additional avoided costs are not included at this time.

#### 10.5.1 Adequacy

Adding efficiency to the regional system reduces the frequency, duration, and magnitude of adequacy events. Energy efficiency, as demand-side resource, is often higher quality but higher cost than alternative supply-side reserves. In particular, energy efficiency that reduces load in the hours following sunset and overnight will have relatively more benefit, which may not be captured immediately in the capacity and energy cost forecast. This adequacy consideration addresses deferred generation benefits estimated in the Seventh Plan. While there is a time-value for adequacy, the current version of ProCost does not allow for time-varied input for adequacy costs.

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<sup>24</sup> Northwest Power and Conservation Council Memorandum to the Power Committee Members. Subject; Updated Transmission & Distribution Deferral Value for the 2021 Power Plan. March 5, 2019. Available at: [https://www.nwcouncil.org/sites/default/files/2019\\_0312\\_p3.pdf](https://www.nwcouncil.org/sites/default/files/2019_0312_p3.pdf)

<sup>25</sup> <https://www.nwcouncil.org/energy/powerplan/7/home/>

<sup>26</sup> in 16 U.S.C. § 839a of the Pacific Northwest Electric Power Planning and Conservation Act

Since this study relies in the Seventh Plan version of ProCost,<sup>27</sup> the deferred generation capacity credit is used to represent adequacy benefits of energy efficiency.

### 10.5.2 Equity

The equity attribute refers to measures that require additional incentive or push to achieve equitable distribution of benefits. The Council defines these measures as the following:

4. Historic and long-term cost-effectiveness
5. Significant regional penetration from past program activity
6. Data demonstrating that untouched pockets are not reflective of the population (i.e., different socioeconomic status)

Equity measures are likely to be envelope measures in residential buildings. These can be high-cost to homeowners or there may be a renter/landlord issue. By definition, the equity component identifies measures that are cost-effective, and have been cost-effective for a period of time. Therefore, the 2021 CPA does not add value to capture measures with equity attributes. Rather, equitable distribution of energy efficiency benefits should be addressed on the program side, rather than from the conservation target point of view.

### 10.5.3 Resilience

Resilience measures are those that support building resilience, or the ability to maintain building functions/comfort through extended power outages. The Council provides weatherization measures as resilient measures. The 2021 CPA identifies measures in the Base case that are not cost-effective but may provide building resilience benefits. The measures will be summarized in a table analysis that indicates how close to cost-effectiveness the measures are at the time of the study and what the targets may look like if those close to cost-effectiveness measures are included.

### 10.5.4 Flexibility

The Council defines the flexibility attribute as those measures that support grid flexibility. The rules for measure identification include the following:

4. Measures inherently include enabling technologies to support load management for grid flexibility
5. Reduce or eliminates impacts on end-use customers from load management or DR events
6. Value of measure is significant relative to its baseline

Example measures include weatherization and smart controls. Similar to the analysis for resiliency, the 2021 CPA identifies measures in the Base case that are not cost-effective but may provide grid flexibility benefits. The measures will be summarized in a table analysis that indicates how close to cost-effectiveness the measures are at the time of the study and what the targets may look like if those close to cost-effectiveness measures are included.

## 10.6 Summary of Scenario Assumptions

Table IV-2 summarizes the recommended scenario assumptions. The Base Case represents the most likely future.

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<sup>27</sup> The Seventh Power Plan is the current power plan. All methodologies are designed to be consistent with the Seventh Power Plan with consideration of updates for the 2021 Power Plan scheduled to be adopted in early 2022.



**Table IV-2 Avoided Cost Assumptions by Scenario, \$2021**

|  | <b>Base</b>                       | <b>Low</b>                          | <b>High</b>                             |
|--|-----------------------------------|-------------------------------------|---|
| <b>Energy</b>  | Market Forecast<br>\$41.93/MWh    | Market Forecast<br>\$33.55/MWh      | Market Forecast<br>\$50.32/MWh          |
| <b>Social Cost of Carbon</b>   | WAC 194-40-100<br>\$34/MWh        | WAC 194-40-100<br>\$34/MWh          | WAC 194-40-100<br>\$34/MWh              |
| <b>Avoided Cost of RPS Compliance</b>                                | Included in Social Cost of Carbon |                                     |   |
| <b>Distribution System Credit, \$/kW-yr</b>                          | \$7.18                            | \$0.00                              | \$7.18                                  |
| <b>Transmission System Credit, \$/kW-yr</b>                          | \$3.23                            | \$3.23                              | \$3.23                                  |
| <b>Deferred Generation Capacity Credit, \$/kW-yr</b>                 | 3% Premium                        | \$0                                 | \$135                                   |
| <b>Implied Risk Adder, 20-year Levelized<br/>\$/MWh<br/>\$/kW-yr</b> | N/A                               | Average:<br>-\$42/MWh<br>-\$7/kW-yr | Average:<br>\$9/MWh and<br>\$36/kW-year |

*\*As noted above prediction intervals were used based on the last 10 years of data for high and low estimates.*

## Appendix V – Ramp Rate Documentation

This section is intended to document how ramp rates were adjusted to align near term potential with recent achievements of the District programs.

Modelling work began with the 2021 Power Plan ramp rate assignments for each measure. The District's program achievements from 2020 and estimates for 2021 were compared at a sector level with the first two years of the study period, 2022-2023. This allowed for the identification of sectors where ramp rate adjustments may be necessary. Table V-1 below shows the results of the comparison by sector after ramp rate adjustments were made.

**Table V-1 Comparison of Sector-Level Program Achievement with Potential, aMW**

|              | Program History |             |             |             |             |             | CPA Potential |             |
|--------------|-----------------|-------------|-------------|-------------|-------------|-------------|---------------|-------------|
|              | 2017            | 2018        | 2019        | 2020        | 2021        | 17-'20 Avg  | 2022          | 2023        |
| Residential  | 0.02            | 0.01        | 0.05        | 0.03        |             | 0.03        | 0.05          | 0.08        |
| Commercial   | 0.24            | 0.30        | 0.04        | 0.25        |             | 0.21        | 0.19          | 0.25        |
| Industrial   | 0.03            | 8.91        | 0.10        | 2.64        |             | 2.92        | 1.98          | 2.01        |
| Agricultural | 0.14            | 0.01        | 0.02        | 0.00        |             | 0.04        | 0.01          | 0.01        |
| NEEA         | 0.34            | 0.63        | 0.90        | 0.74        | 0.77        | 0.68        |               |             |
| <b>Total</b> | <b>0.77</b>     | <b>9.87</b> | <b>1.11</b> | <b>3.66</b> | <b>0.77</b> | <b>3.87</b> | <b>2.22</b>   | <b>2.34</b> |

When viewing the achievement and potential at the sector level, adjustments were found to be necessary across all sectors. The draft 2021 Power Plan assumptions are not a good fit for the District due to several factors:

- 2021 Plan ramp rates do not consider COVID impacts
- 2021 Plan ramp rates reflect regional averages and do not consider the rural nature of some utility service areas or disadvantaged communities. Some of the characteristics of these communities create barriers to program participation.

The District plans to roll out low income programs and increase its efforts to reach customers who would not otherwise participate in energy efficiency programs. The ramp rates selected produce results that are attainable in the first two years of the study through utility programs or a mix of utility programs and NEEA savings. Because the 2021 Plan will set a new baseline for NEEA savings calculations, it's expected that the District will need to rely mostly on utility programs to meet the 2022/2023 target.

## Appendix VI – Measure List

This appendix provides a high-level measure list of the energy efficiency measures evaluated in the 2021 CPA. The CPA evaluated thousands of measures; the measure list does not include each individual measure; rather it summarizes the measures at the category level, some of which are repeated across different units of stock, such as single family, multifamily, and manufactured homes. Specifically, utility conservation potential is modeled based on incremental costs and savings of individual measures. Individual measures are then combined into measure categories to more realistically reflect utility-conservation program organization and offerings. For example, single family attic insulation measures are modeled for a variety of upgrade increments: R-0 to R-38, R-0 to R-49, or R-19 to R-38. The increments make it possible to model measure savings and costs at a more precise level. Each of these individual measures are then bundled across all housing types to result in one measure group: attic insulation.

The measure list used in this CPA was developed based on information from the Regional Technical Forum (RTF) and the Northwest Power and Conservation Council (Council). The RTF and the Council continually maintain and update a list of regional conservation measures based on new data, changing market conditions, regulatory changes, and technological developments. The measure list provided in this appendix includes the most up-to date information available at the time this CPA was developed.

The following tables list the conservation measures (at the category level) that were used to model conservation potential presented in this report. Measure data was sourced from the Council's Seventh Plan workbooks and the RTF's Unit Energy Savings (UES) workbooks. Please note that some measures may not be applicable to an individual utility's service territory based on characteristics of the utility's customer sectors.



| Table VI-1<br>Residential End Uses and Measures |                                     |                 |
|---|-------------------------------------|-----------------|
| End Use   | Measures/Categories                 | Data Source     |
| Dryer   | Heat Pump Clothes Dryer             | 7th Plan        |
| Electronics                                     | Advanced Power Strips               | 7th Plan, RTF   |
|   | Energy Star Computers               | 7th Plan        |
|   | Televisions                         | 2021 Power Plan |
|   | Energy Star Monitors                | 7th Plan        |
| Food Preparation                                | Electric Oven                       | 7th Plan        |
|   | Microwave                           | 7th Plan        |
| HVAC  | Air Source Heat Pump                | 7th Plan, RTF   |
|   | Controls, Commissioning, and Sizing | 7th Plan, RTF   |
|   | Ductless Heat Pump                  | 7th Plan, RTF   |
|   | Ducted Ductless Heat Pump           | 7th Plan        |
|   | Duct Sealing                        | 7th Plan, RTF   |
|   | Ground Source Heat Pump             | 7th Plan, RTF   |
|   | Heat Recovery Ventilation           | 7th Plan        |
|   | Attic Insulation                    | 7th Plan, RTF   |
|   | Floor Insulation                    | 7th Plan, RTF   |
|   | Wall Insulation                     | 7th Plan, RTF   |
|   | Windows                             | 7th Plan, RTF   |
|   | Wi-Fi Enabled Thermostats           | 7th Plan        |
| Lighting  | Linear Fluorescent Lighting         | 2021 Plan       |
|   | Floor/Table Lamps                   | 2021 Plan       |
|   | Ceiling and Wall Flush Mount        | 2021 Plan       |
|   | Downlight Fixture                   | 2021 Plan       |
|   | Exterior Porch                      | 2021 Plan       |
|   | Linear Porch                        | 2021 Plan       |
|   | Track Lighting                      | 2021 Plan       |
|   | Linear Base                         | 2021 Plan       |
|   | Decorative Base                     | 2021 Plan       |
| Refrigeration                                   | Freezer                             | 7th Plan        |
|   | Refrigerator                        | 7th Plan        |
| Water Heating                                   | Aerator                             | 7th Plan        |
|   | Behavior Savings                    | 7th Plan        |
|   | Clothes Washer                      | 7th Plan        |
|   | Dishwasher                          | 7th Plan        |
|   | Heat Pump Water Heater              | 7th Plan, RTF   |
|   | Showerheads                         | 7th Plan, RTF   |
|   | Solar Water Heater                  | 7th Plan        |
|   | Circulator Controls                 | 2021 Plan       |
| Whole Building                                  | Thermostatic Valve                  | RTF             |
|   | Wastewater Heat Recovery            | 7th Plan        |
| Whole Building                                  | EV Charging Equipment               | 2021 Plan       |

| Table VI-2<br>Commercial End Uses and Measures |   |                |
|--|---|----------------|
| End Use  | Measures/Categories                     | Data Source    |
| Compressed Air                                 | Controls, Equipment, & Demand Reduction | RTF            |
| Electronics                                    | Energy Star Computers                   | RTF            |
|  | Energy Star Monitors                    | RTF            |
|  | Smart Plug Power Strips                 | 7th Plan, RTF  |
|  | Data Center Measures                    | RTF            |
| Food Preparation                               | Combination Ovens                       | 7th Plan, RTF  |
|  | Convection Ovens                        | 7th Plan, RTF  |
|  | Fryers                                  | 7th Plan, RTF  |
|  | Hot Food Holding Cabinet                | 7th Plan, RTF  |
|  | Steamer                                 | 7th Plan, RTF  |
|  | Pre-Rinse Spray Valve                   | 7th Plan, RTF  |
| HVAC   | Advanced Rooftop Controller             | RTF            |
|  | Commercial Energy Management            | RTF            |
|  | Demand Control Ventilation              | RTF            |
|  | Ductless Heat Pumps                     | RTF            |
|  | Economizers                             | RTF            |
|  | Secondary Glazing Systems               | RTF            |
|  | Variable Refrigerant Flow               | RTF            |
|  | Web-Enabled Programmable Thermostat     | RTF            |
|  | ARC                                     | 2021 Plan      |
|  | PTPH                                    | 2021 Plan      |
| Lighting                                       | Bi-Level Stairwell Lighting             | 7th Plan       |
|  | Exterior Building Lighting              | 2021 Plan      |
|  | Exit Signs                              | 7th Plan       |
|  | Lighting Controls                       | 7th Plan       |
|  | Interior Lighting                       | 2021 Plan      |
|  | Street Lighting                         | 7th Plan       |
| Motors/Drives                                  | ECM for Variable Air Volume             | RTF            |
|  | Motor Rewinds                           | RTF            |
| Process Loads                                  | Municipal Water Supply                  | 7th Plan       |
| Refrigeration                                  | Grocery Refrigeration Bundle            | 2021 Plan, RTF |
|  | Water Cooler Controls                   | 7th Plan       |
| Water Heating                                  | Commercial Clothes Washer               | 7th Plan, RTF  |
|  | Showerheads                             | RTF            |
|  | Tank Water Heaters                      | RTF            |
|  | Heat Pump Water Heaters                 | 2021 Plan      |

| Table VI-3<br>Industrial End Uses and Measures |                                    |             |
|--|------------------------------------|-------------|
| End Use  | Measures/Categories                | Data Source |
| Compressed Air                                 | Air Compressor Equipment           | 7th Plan    |
|  | Demand Reduction                   | 7th Plan    |
| Energy Management                              | Air Compressor Optimization        | 7th Plan    |
|  | Energy Project Management          | 7th Plan    |
|  | Fan Energy Management              | 7th Plan    |
|  | Fan System Optimization            | 7th Plan    |
|  | Cold Storage Tune-up               | 7th Plan    |
|  | Chiller Optimization               | 7th Plan    |
|  | Integrated Plant Energy Management | 7th Plan    |
|  | Plant Energy Management            | 7th Plan    |
|  | Pump Energy Management             | 7th Plan    |
|  | Pump System Optimization           | 7th Plan    |
| Fans   | Efficient Centrifugal Fan          | 7th Plan    |
|  | Fan Equipment Upgrade              | 7th Plan    |
| Hi-Tech  | Clean Room Filter Strategy         | 7th Plan    |
|  | Clean Room HVAC                    | 7th Plan    |
|  | Chip Fab: Eliminate Exhaust        | 7th Plan    |
|  | Chip Fab: Exhaust Injector         | 7th Plan    |
|  | Chip Fab: Reduce Gas Pressure      | 7th Plan    |
|  | Chip Fab: Solid State Chiller      | 7th Plan    |
| Lighting                                       | Efficient Lighting                 | 7th Plan    |
|  | High-Bay Lighting                  | 7th Plan    |
|  | Lighting Controls                  | 7th Plan    |
| Low & Medium Temp Refrigeration                | Food: Cooling and Storage          | 7th Plan    |
|  | Cold Storage Retrofit              | 7th Plan    |
|  | Grocery Distribution Retrofit      | 7th Plan    |
| Material Handling                              | Material Handling Equipment        | 7th Plan    |
|  | Material Handling VFD              | 7th Plan    |
| Metals   | New Arc Furnace                    | 7th Plan    |
| Misc.  | Synchronous Belts                  | 7th Plan    |
|  | Food Storage: CO2 Scrubber         | 7th Plan    |
|  | Food Storage: Membrane             | 7th Plan    |
| Motors   | Motor Rewinds                      | 7th Plan    |
| Paper  | Efficient Pulp Screen              | 7th Plan    |
|  | Material Handling                  | 7th Plan    |
|  | Premium Control                    | 7th Plan    |
|  | Premium Fan                        | 7th Plan    |
| Process Loads                                  | Municipal Sewage Treatment         | 7th Plan    |
| Pulp   | Efficient Agitator                 | 7th Plan    |
|  | Effluent Treatment System          | 7th Plan    |
|  | Premium Process                    | 7th Plan    |
|  | Refiner Plate Improvement          | 7th Plan    |
|  | Refiner Replacement                | 7th Plan    |
| Pumps  | Equipment Upgrade                  | 7th Plan    |
| Transformers                                   | New/Retrofit Transformer           | 7th Plan    |
| Wood   | Hydraulic Press                    | 7th Plan    |
|  | Pneumatic Conveyor                 | 7th Plan    |

**Table VI-3**  
**Agriculture End Uses and Measures**

| <b>End Use</b>   | <b>Measures/Categories</b>       | <b>Data Source</b> |
|------------------|----------------------------------|--------------------|
| Dairy Efficiency | Efficient Lighting               | 7th Plan           |
|                  | Milk Pre-Cooler                  | 7th Plan           |
|                  | Vacuum Pump                      | 7th Plan           |
| Irrigation       | Low Energy Sprinkler Application | 7th Plan           |
|                  | Irrigation Hardware              | 7th Plan, RTF      |
| Lighting         | Agricultural Lighting            | 7th Plan           |
| Motors/Drives    | Motor Rewinds                    | 7th Plan           |

**Table VI-4**  
**Distribution Efficiency End Uses and Measures**

| <b>End Use</b>          | <b>Measures/Categories</b>        | <b>Data Source</b> |
|-------------------------|-----------------------------------|--------------------|
| Distribution Efficiency | LDC Voltage Control               | RTF                |
|                         | Minor System Improvements         | RTF                |
|                         | Major System Improvements         | RTF                |
|                         | EOL Voltage Control Method        | RTF                |
|                         | SCL Implement EOL w/ Improvements | RTF                |

## Appendix VII –Energy Efficiency Potential by End-Use

**Table VII-1**  
**Residential Economic Potential (aMW)**

|                        | 2 Year      | 4 Year      | 10 Year     | 20 Year     |
|------------------------|-------------|-------------|-------------|-------------|
| Dryer                  | 0.00        | 0.00        | 0.00        | 0.00        |
| Electronics            | 0.02        | 0.08        | 0.42        | 0.93        |
| Food Preparation       | 0.00        | 0.00        | 0.02        | 0.05        |
| HVAC                   | 0.01        | 0.05        | 0.49        | 1.42        |
| Lighting               | 0.01        | 0.04        | 0.22        | 0.70        |
| Refrigeration          | 0.00        | 0.00        | 0.01        | 0.10        |
| Water Heating          | 0.08        | 0.24        | 1.37        | 3.62        |
| Whole Bldg/Meter Level | 0.00        | 0.00        | 0.02        | 0.20        |
| <b>Total</b>           | <b>0.13</b> | <b>0.42</b> | <b>2.57</b> | <b>7.01</b> |

**Table VII-2**  
**Commercial Economic Potential (aMW)**

|                  | 2 Year      | 4 Year      | 10 Year     | 20 Year      |
|------------------|-------------|-------------|-------------|--------------|
| Compressed Air   | 0.00        | 0.01        | 0.26        | 2.10         |
| Electronics      | 0.02        | 0.08        | 0.65        | 0.70         |
| Food Preparation | 0.00        | 0.01        | 0.08        | 0.20         |
| HVAC             | 0.16        | 0.40        | 1.46        | 2.22         |
| Lighting         | 0.19        | 0.54        | 2.97        | 8.10         |
| Motors/Drives    | 0.00        | 0.01        | 0.05        | 0.16         |
| Process Loads    | 0.01        | 0.02        | 0.08        | 0.09         |
| Refrigeration    | 0.03        | 0.06        | 0.16        | 0.40         |
| Water Heating    | 0.02        | 0.07        | 0.93        | 6.70         |
| <b>Total</b>     | <b>0.43</b> | <b>1.20</b> | <b>6.63</b> | <b>20.68</b> |

NWPCC Methodology

EES Consulting Procedure

Reference

**Table VII-3**  
**Industrial Economic Potential (aMW)**

|                                    | 2 Year      | 4 Year       | 10 Year     | 20 Year      |
|------------------------------------|-------------|--------------|-------------|--------------|
| Compressed Air                     | 0.00        | 0.011        | 0.11        | 0.33         |
| Energy Management                  | 0.06        | 0.254        | 2.70        | 7.94         |
| Fans                               | 0.01        | 0.021        | 0.23        | 0.67         |
| Hi-Tech                            | 0.00        | 0.005        | 0.05        | 0.15         |
| Integrated Plant Energy Management | 0.00        | 0.000        | 0.00        | 0.00         |
| Lighting                           | 0.01        | 0.049        | 0.53        | 1.55         |
| Low & Med Temp Refr                | 0.02        | 0.067        | 0.72        | 2.11         |
| Material Handling                  | 0.00        | 0.001        | 0.01        | 0.02         |
| Metals                             | 0.00        | 0.000        | 0.00        | 0.01         |
| Misc                               | 0.00        | 0.000        | 0.00        | 0.00         |
| Motors                             | 0.00        | 0.000        | 0.00        | 0.00         |
| Paper                              | 0.00        | 0.001        | 0.01        | 0.02         |
| Process Loads                      | 0.00        | 0.008        | 0.09        | 0.26         |
| Pulp                               | 0.00        | 0.000        | 0.00        | 0.00         |
| Pumps                              | 0.01        | 0.038        | 0.41        | 1.20         |
| Transformers                       | 0.00        | 0.000        | 0.00        | 0.00         |
| Wood                               | 0.00        | 0.000        | 0.00        | 0.00         |
| <b>Total</b>                       | <b>0.11</b> | <b>0.456</b> | <b>4.84</b> | <b>14.26</b> |

**Table VII-4**  
**Agricultural Economic Potential (aMW)**

|                  | 2 Year      | 4 Year       | 10 Year     | 20 Year     |
|------------------|-------------|--------------|-------------|-------------|
| Dairy Efficiency | 0.00        | 0.008        | 0.03        | 0.04        |
| Irrigation       | 0.01        | 0.030        | 0.34        | 1.03        |
| Lighting         | 0.01        | 0.021        | 0.08        | 0.10        |
| Motors/Drives    | 0.00        | 0.005        | 0.05        | 0.17        |
| <b>Total</b>     | <b>0.02</b> | <b>0.064</b> | <b>0.50</b> | <b>1.33</b> |

MEMORANDUM

July 28, 2022

TO: Rich Wallen, General Manager/Chief Executive Officer

VIA: Dave Churchman, Chief Customer Officer  
Rich Flanigan, Senior Manager Wholesale Marketing Supply

FROM: Wesley Cole, Project Specialist VIII  
Lisa Stites, Lead Financial Analyst

SUBJECT: 2022 Integrated Resource Plan

Purpose: To request Commission approval of the Integrated Resource Plan (IRP) for submittal to the Washington State Department of Commerce by September 1, 2022.

Discussion: RCW 19.280 requires “electric utilities in Washington develop comprehensive resource plans that explain the mix of generation and demand-side resources they plan to use to meet their customers’ electricity needs in both the short term and the long term.” The District is required to submit its IRP every two years and the Commission must hold a public hearing prior to approving an IRP for submittal. The draft 2022 IRP will be presented to the Commission in a public hearing on July 26, 2022.

We have prepared 2022 IRP pursuant to State requirements and as part of our long-term planning process. It is intended to be a comprehensive decision support tool and road map for meeting the District’s objective of providing reliable and least-cost electric service to all of our customers while addressing the substantial risks and uncertainties inherent in the electric utility business. The Wholesale Marketing Supply Department will use the IRP and its associated modeling tools to continually monitor the load/resource balance of the District and recommend adjustments as necessary.

**Staff draws the following conclusions from the IRP analysis:**

1. Grant PUD has sufficient physical and contractual resources to meet customer demand through expiration of its current pooling agreement in September, 2025
2. Grant PUD is forecasting to be seasonally capacity-deficient during summer of 2026
3. Grant PUD will need to obtain additional capacity resources to increase its capacity margin for potential future resource adequacy requirements. These needs will begin in concert with participation in organized, voluntary, regional resource adequacy efforts such as the Western Power Pool Western Resource Adequacy Program.
4. Grant PUD has sufficient resources to meet the renewable portfolio standard of the Energy Independence Act through 2028
5. Grant PUD will need to obtain additional clean energy resources to meet primary Clean Energy Transformation Act compliance beginning in 2030
6. To meet these customer demand, capacity, resource adequacy and environmental compliance needs, current models indicate the least-cost resources to be power purchase agreements for, or ownership of, solar, wind, and natural gas generation with an emphasis on firm delivery. Market purchases will also be necessary to supplement these resources.

7. While the additions indicated by current models were assessed under currently available information as the most cost-efficient means of reliably meeting customer needs into the future, Grant PUD commits to continued, ongoing evaluation of available alternatives. Alternatives or complements to the portfolio warranting additional evaluation include, but are not limited to, Bonneville Power Administration Tier 1 or Tier 2 power, and small nuclear reactor (SMR) technology.
8. Grant PUD's long-term load forecast contains significant uncertainty due to the relatively high percentage of industrial load. Industrial loads could be significantly higher or lower than the forecast based on a number of factors, many of which are outside Grant PUD's control. Grant PUD has reviewed the potential risks associated with this load uncertainty and will continue monitoring these loads and expectations of this customer segment.
9. Grant PUD will need to stay abreast of changes to markets and regulations in the utility industry affecting the District's planning processes.

**Based on these conclusions, Staff recommends the following IRP Action Plan:**

- 1 Continue to develop in-house the tools and capabilities needed to assess hourly and sub-hourly dispatch of cascaded hydropower system, variable renewable energy systems, thermal generation, and storage. This capability will be important for resource evaluation, estimating the costs and benefits of various types of market participation, and understanding the system impacts of load growth and water availability.
- 2 Continue to enhance capabilities to assess future load growth to better understand the potential magnitude and characteristics of future resource needs.
- 3 Integrate resource selection modeling capabilities with rate design and load forecasting. Integration will allow investigation into how modeled resource options might influence rates, and how rates might then influence load forecasts, enabling feedback among the various efforts to be appropriately captured.
- 4 Quantify the value of procuring new resources relative to relying on wholesale market purchases to fill gaps in energy and capacity requirements to help determine the appropriate balance of reliance on the market and procurement of new resources.
- 5 Continue to investigate demand-side resource options to improve our understanding of how those resources might cost-effectively integrate into our resource portfolio.
- 6 Continue to actively engage in market development activities underway in the region.
- 7 Assess the value of adding new resources within the Grant PUD service territory relative to outside the service territory to better understand the locational value of resources.
- 8 Investigate the option of claiming additional RECs from the hydropower upgrades currently underway at Priest Rapids dam.
- 9 Continue to be attentive to the need to value the additional services that hydropower provides and assess the costs associated with potential changes to our wholesale hedging strategy.



Recommendation: Staff recommends the Commission approve the 2022 IRP during its August 23rd Commission Meeting for submittal to the state Department of Commerce.

Legal Review:

- Attached e-mail from General Council/Chief Legal Officer

RESOLUTION NO. 8997

A RESOLUTION AMENDING GRANT PUD'S STRATEGIC PLAN EFFECTIVE AUGUST 23, 2022

R e c i t a l s

1. On May 24, 2022, the Commission by Resolution No. 8993 amended Grant PUD's Strategic Plan;
2. The Strategic Plan is a living document that will be systematically reviewed every six months with the Commission. During these sessions, the board will review progress made towards our goals and identify the strengths, weaknesses, opportunities, and threats facing the utility;
3. Slight variations to the document are anticipated regularly and will be reviewed with the Commission. When formal action is taken to revise the Strategic Plan, staff will propose those changes via formal resolution; and
4. Grant PUD's General Manager / CEO recommends adoption of a revised Strategic Plan dated August 23, 2022.

NOW, THEREFORE, BE IT RESOLVED by the Commission of Public Utility District No. 2 of Grant County, Washington, that Grant PUD's Strategic Plan dated August 23, 2022 is hereby adopted and said Strategic Plan replaces and supersedes Grant PUD's Strategic Plan dated May 24, 2022.

BE IT FURTHER RESOLVED that Resolution No. 8993 is hereby superseded.

PASSED AND APPROVED by the Commission of Public Utility District No. 2 of Grant County, Washington, this 23<sup>rd</sup> day of August, 2022.

\_\_\_\_\_  
Judy Wilson, President

ATTEST:

\_\_\_\_\_  
Tom Flint, Secretary

\_\_\_\_\_  
Nelson Cox, Vice President

\_\_\_\_\_  
Terry Pyle, Commissioner

\_\_\_\_\_  
Larry Schaapman, Commissioner

# STRATEGIC PLAN 2022

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May 24, 2022

Date will be updated: August 23, 2022







# OUR MISSION

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To safely, efficiently and reliably provide electric power and fiber optic broadband services to our customers.

## OUR VISION

---

### EXCELLENCE IN SERVICE AND LEADERSHIP

We continually ask how we can improve safety, service quality, reliability and stewardship of our resources in the most cost-effective manner.





## OUR VALUES

### ■ SAFETY

We believe that employee and public safety is paramount.

### ■ INNOVATION

We make decisions that best serve present and future generations.

### ■ SERVICE

We are committed to excellent customer service.

### ■ TEAMWORK

We are one team with the same mission.

### ■ RESPECT

We honor the rights and beliefs of those we work with and serve.

### ■ INTEGRITY

We hold ourselves and others accountable to professionalism in our actions and words.

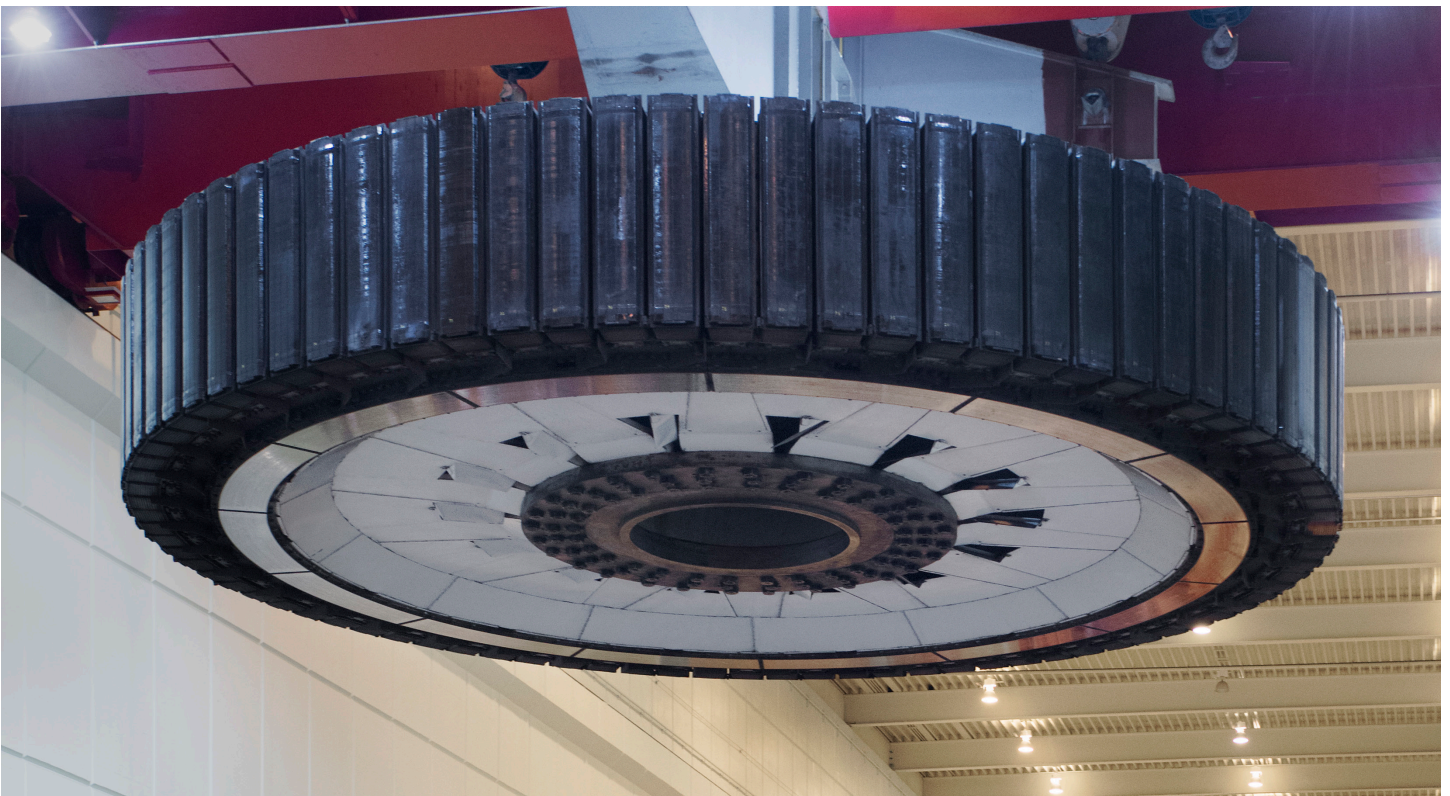
### ■ HERITAGE

We protect, preserve and perpetuate both the spirit of the Grant PUD and the Wanapum relationship.

# OUR KEY OBJECTIVES

---

- |   |   |   |   |
|---|---|---|---|
| 1 | Achieve and maintain a zero-incident workplace                | 5 | Provide outstanding service to our customers  |
| 2 | Design and sustain an engaging & fulfilling Grant PUD culture | 6 | Operate responsibly by attaining environmental, cultural resource and regulatory compliance |
| 3 | Maintain a strong financial position                          | 7 | Completion and maintenance of a sustainable wholesale fiber optic network                   |
| 4 | Provide long-term low rates                                   |   |   |







## OBJECTIVE 1

### ACHIEVE AND MAINTAIN A ZERO-INCIDENT WORKPLACE

Safety shall encompass industrial safety, dam safety, together with physical security of our employees and the public. Every employee plays a role in this objective. By prioritizing safe work practices over job completion, speaking up when safety concerns exist, ceasing to proceed in the face of uncertainty together with a data-driven analytical approach to industrial safety, we will ensure all employees, contractors, and members of the public always remain free from harm.

For consistency, please either remove all periods from both STRATEGIES AND KEY METRICS or add periods to each of the bullet points.

### STRATEGIES

- Employ a defense-in-depth approach to industrial safety.
- Ensure an industry leading Dam Safety Program exists with active engagement and awareness across all levels of the organization.
- Ensure rigorous root cause analysis and formal corrective action tracking programs exist.
- Develop a strong “see something, say something” culture with clear expectations that safety shall always preempt production.
- Employ a Lean / ~~6-Sigma~~ <sup>Strike / 6-Sigma</sup> management approach.

### KEY METRICS

- Recordable incident rate.





## OBJECTIVE 2

### DESIGN AND SUSTAIN AN ENGAGING & FULFILLING GRANT PUD CULTURE

Workplace culture is the infrastructure that guides how we function. Business outcomes, such as safety, compliance, financial results, and operational excellence, all hinge on a healthy workplace culture that supports people. We continuously design our culture so every role has purpose and every employee has value. We make meaningful investments in our workforce. We encourage transparent and authentic communication, and engage our teammates with respect and empathy.

### STRATEGIES

Add new bullet point:  
Reinforce commitment to the Code of Excellence

- Recruit, develop and retain a best-in-class workforce
- ~~Translate organizational values into actionable behaviors~~ Strike this bullet
- ~~Deliver a rigorous onboarding experience~~ Strike this bullet
- Sponsor a vibrant employee association
- Establish a deliberate, continuous learning strategy aligned to business outcomes
- Implement the ADDIE instructional systems design framework for training
- Articulate and reinforce our desired leadership culture
- Deliver industry-leading educational reimbursement programs

### KEY METRICS

- Organizational Health Index
- Employee Engagement Assessment
- Educational Reimbursement Target
- Training Effectiveness Assessment

Add new bullet: Establish a holistic approach to employee wellness





## OBJECTIVE 3

---

### MAINTAIN A STRONG FINANCIAL POSITION

Every employee plays a role in this objective. By making cost-conscious business decisions and watching out for our bottom line, we will maintain the funds necessary to get our work done and to keep the lights on for the people of Grant County at the lowest possible costs.

### STRATEGIES

- Achieve cost efficiencies.
- Manage risk.
- Set retail rates that meet the retail revenue requirement.
- Enhance project prioritization and project selection
- Increase process & method standardization.
- Optimize non-retail rate revenue.

### KEY METRICS

- Liquidity threshold (liquid working capital + R&C fund balance).
- Consolidated return on net assets.
- Consolidated debt service coverage.
- Consolidated debt to plant ratio.





## OBJECTIVE 4

---

### PROVIDE LONG TERM LOW RATES

Our customers expect to receive high-quality service at the lowest possible costs. To do this, we monitor how we use power from our resources to maximize net revenue to the utility. We also encourage energy conservation to ensure that the low-cost energy from our hydropower projects meet the needs of our county for as long as possible. By planning for our energy needs, both now and in the future, we can achieve long-term low rates for our customers.

### STRATEGIES

- Optimize Grant PUD's generating resources.
- Perform long-term integrated resource planning.
- Develop effective and efficient conservation programs.
- Build, operate and maintain T&D system to optimal levels.
- Develop, protect and enhance Grant PUD / Wanapum interests in local, state and national forums.

### KEY METRICS

- Retail operating ratio (adjusted).
- Grant PUD retail rate index (ASC) vs. "Peer group of excellence" retail rate index.
- Grant PUD credit rating.



# OBJECTIVE 5

## PROVIDE OUTSTANDING SERVICE TO OUR CUSTOMERS

Every action we take at this utility is in service to our customers. We continually ask ourselves how our performance aids in improving service quality and reliability. The concerns of people we impact and our fellow employees are important to us and we act quickly to resolve issues to exceed customer expectations.

### STRATEGIES

Add 5th bullet: Utilize sound Asset Management principles to maximize customer value

- Optimize Grant PUD's generating plant availability.
- Optimize critical spares inventory.
- Provide prompt response to customer inquiries and service requests.
- Provide convenient retail customer access to Grant PUD (physical & virtual).

### KEY METRICS

In the place of ASAI add SAIDI  
In the place of CAIDI add SAIFI

- Electric system reliability indices – ~~ASAI~~ and ~~CAIDI~~.
- Generating plant ~~HLH~~ availability.
- Retail customer satisfaction surveys.

Strike HLH  
after 'availability' in bullet 2  
add: and forced outage percentages







## OBJECTIVE 6

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### OPERATE RESPONSIBLY BY ATTAINING ENVIRONMENTAL, CULTURAL RESOURCE AND REGULATORY COMPLIANCE

We are one team with the same mission. We work together to find operational efficiencies and implement a common sense approach in our work. We care about the natural, cultural and financial resources that the public entrusts to us and diligently work to protect these resources in local, regional and national forums.

### STRATEGIES

- Employ “defense in depth” philosophy in compliance arenas.
- Clearly define and communicate compliance requirements.
- Engage in active stakeholder collaboration.
- Employ process standardization and strong internal controls throughout Grant PUD.
- Actively engage in relevant industry issue forums.

### KEY METRICS

- Internal and external audit outcomes.
- Compliance requirement satisfaction.
- Environmental and cultural goal achievement.



# OBJECTIVE 7

## DEVELOP A SUSTAINABLE FIBER OPTIC NETWORK

insert 'and maintaining'  
between expanding and our

We are committed to expanding our wholesale fiber optic network to all the people of Grant County. We seek to identify and offer services that meet customers' needs and increase network revenue for the utility. As with all utility services, we make decisions that best serve present and future generations of customers.

## STRATEGIES

Strike Grant PUD's and offering in bullet 1

- Optimize Grant PUD's wholesale fiber optic network expansion by offering ~~Grant PUD's product and service offering~~ (within limits of existing legal limitations and authorizing resolution).  
add an 's' behind product and service
- ~~Optimize Grant PUD's wholesale fiber optic service pricing.~~ Strike this bullet

New bullet point: Achieve network maintenance with minimal subscriber outage time

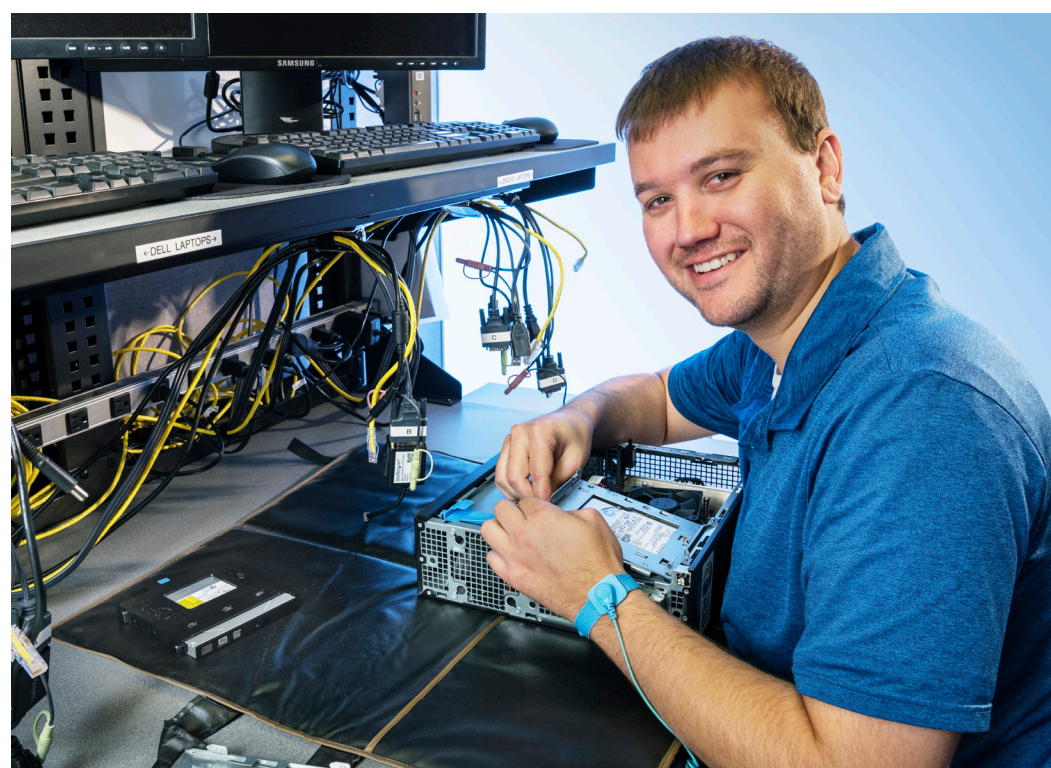
## KEY METRICS

- Achieve planned capital build for current year.
- Average ~~system~~ take rate.

After Average, insert 'planned participation'  
After rate, insert 'goal'











Thank you for taking the time to familiarize yourself with our strategic plan. As Grant PUD continues to evolve, you will play a continuing role in our success. With that in mind, your feedback is essential. Please feel free to contact us with any questions or concerns.

**RICH WALLEN**

Chief Executive Officer  
and General Manager

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**DAVE CHURCHMAN**

Chief Customer Officer

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**BONNIE OVERFIELD**

Chief Financial Officer

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Chief Operating Officer

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General Counsel

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**KEVIN NORDT**

Chief Resource Officer

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# STRATEGIC PLAN 2022

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August 23, 2022







# OUR MISSION

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To safely, efficiently and reliably provide electric power and fiber optic broadband services to our customers.

## OUR VISION

---

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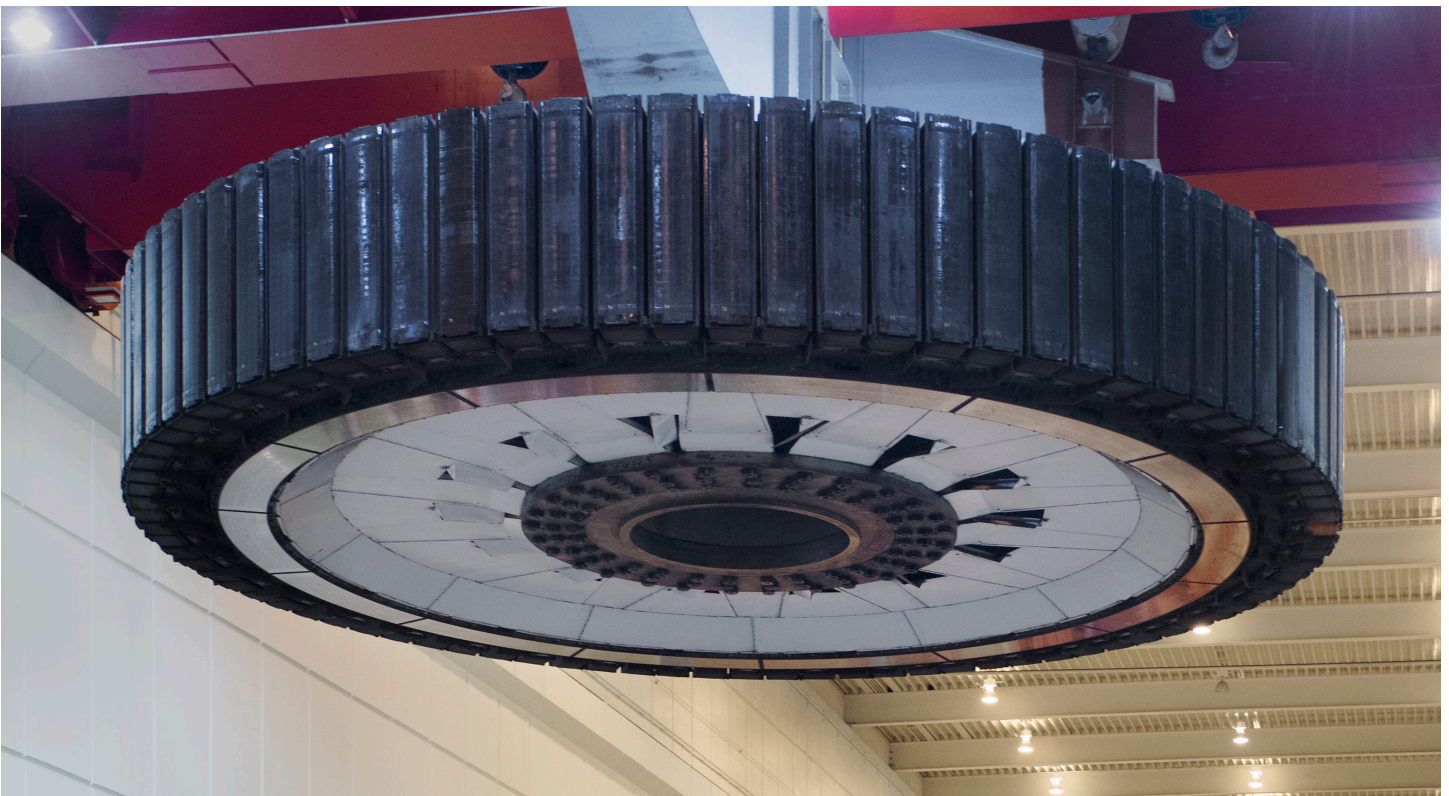
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| 3 | Maintain a strong financial position                          | 7 | Completion and maintenance of a sustainable wholesale fiber optic network                   |
| 4 | Provide long-term low rates                                   |   |   |







## OBJECTIVE 1

---

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### STRATEGIES

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- Ensure an industry leading Dam Safety Program exists with active engagement and awareness across all levels of the organization
- Ensure rigorous root cause analysis and formal corrective action tracking programs exist
- Develop a strong “see something, say something” culture with clear expectations that safety shall always preempt production
- Employ a Lean management approach

### KEY METRICS

- Recordable incident rate



## OBJECTIVE 2

---

### DESIGN AND SUSTAIN AN ENGAGING & FULFILLING GRANT PUD CULTURE

Workplace culture is the infrastructure that guides how we function. Business outcomes, such as safety, compliance, financial results, and operational excellence, all hinge on a healthy workplace culture that supports people. We continuously design our culture so every role has purpose and every employee has value. We make meaningful investments in our workforce. We encourage transparent and authentic communication, and engage our teammates with respect and empathy.

### STRATEGIES

- Reinforce commitment to the Code of Excellence
- Recruit, develop and retain a best-in-class workforce
- Sponsor a vibrant employee association
- Establish a deliberate, continuous learning strategy aligned to business outcomes
- Implement the ADDIE instructional systems design framework for training
- Articulate and reinforce our desired leadership culture
- Deliver industry-leading educational reimbursement programs

### KEY METRICS

- Organizational Health Index
- Employee Engagement Assessment
- Educational Reimbursement Target
- Training Effectiveness Assessment
- Establish a holistic approach to employee wellness





## OBJECTIVE 3

---

### MAINTAIN A STRONG FINANCIAL POSITION

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### STRATEGIES

- Achieve cost efficiencies
- Manage risk
- Set retail rates that meet the retail revenue requirement
- Enhance project prioritization and project selection
- Increase process & method standardization
- Optimize non-retail rate revenue

### KEY METRICS

- Liquidity threshold (liquid working capital + R&C fund balance)
- Consolidated return on net assets
- Consolidated debt service coverage
- Consolidated debt to plant ratio





## OBJECTIVE 4

---

### PROVIDE LONG TERM LOW RATES

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- Optimize Grant PUD's generating resources
- Perform long-term integrated resource planning
- Develop effective and efficient conservation programs
- Build, operate and maintain T&D system to optimal levels
- Develop, protect and enhance Grant PUD / Wanapum interests in local, state and national forums

### KEY METRICS

- Retail operating ratio (adjusted)
- Grant PUD retail rate index (ASC) vs. "Peer group of excellence" retail rate index
- Grant PUD credit rating



# OBJECTIVE 5

---

## PROVIDE OUTSTANDING SERVICE TO OUR CUSTOMERS

Every action we take at this utility is in service to our customers. We continually ask ourselves how our performance aids in improving service quality and reliability. The concerns of people we impact and our fellow employees are important to us and we act quickly to resolve issues to exceed customer expectations.

---

## STRATEGIES

- Optimize Grant PUD's generating plant availability
- Optimize critical spares inventory
- Provide prompt response to customer inquiries and service requests
- Provide convenient retail customer access to Grant PUD (physical & virtual)
- Utilize sound Asset Management principles to maximize customer value

## KEY METRICS

- Electric system reliability indices – SAIDI and SAIFI
- Generating plant availability and forced outage percentages
- Retail customer satisfaction surveys







## OBJECTIVE 6

---

### OPERATE RESPONSIBLY BY ATTAINING ENVIRONMENTAL, CULTURAL RESOURCE AND REGULATORY COMPLIANCE

We are one team with the same mission. We work together to find operational efficiencies and implement a common sense approach in our work. We care about the natural, cultural and financial resources that the public entrusts to us and diligently work to protect these resources in local, regional and national forums.

### STRATEGIES

- Employ “defense in depth” philosophy in compliance arenas
- Clearly define and communicate compliance requirements
- Engage in active stakeholder collaboration
- Employ process standardization and strong internal controls throughout Grant PUD
- Actively engage in relevant industry issue forums

### KEY METRICS

- Internal and external audit outcomes
- Compliance requirement satisfaction
- Environmental and cultural goal achievement



# OBJECTIVE 7

---

## DEVELOP A SUSTAINABLE FIBER OPTIC NETWORK

We are committed to expanding and maintaining our wholesale fiber optic network to all the people of Grant County. We seek to identify and offer services that meet customers' needs and increase network revenue for the utility. As with all utility services, we make decisions that best serve present and future generations of customers.

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## STRATEGIES

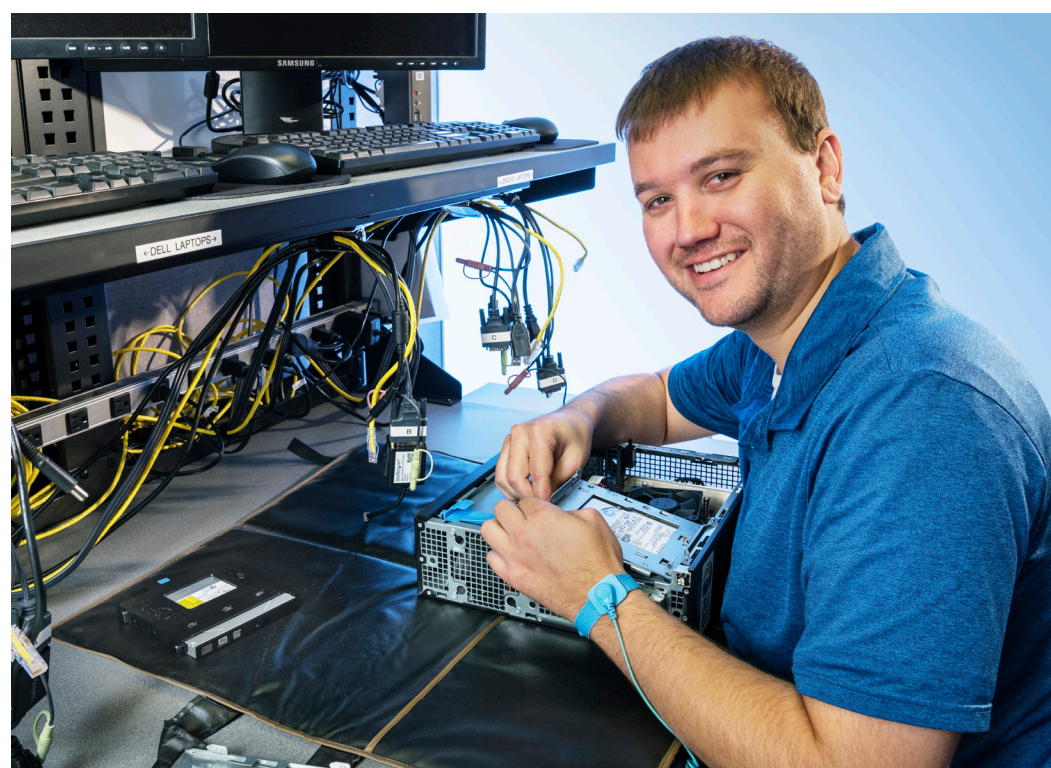
- Optimize Grant PUD's wholesale fiber optic network expansion by offering competitive product and services (within limits of existing legal limitations and authorizing resolution)
- Achieve network maintenance with minimal subscriber outage time

## KEY METRICS

- Achieve planned capital build for current year
- Average planned participation take rate goal











Thank you for taking the time to familiarize yourself with our strategic plan. As Grant PUD continues to evolve, you will play a continuing role in our success. With that in mind, your feedback is essential. Please feel free to contact us with any questions or concerns.

**RICH WALLEN**

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**BONNIE OVERFIELD**

Chief Financial Officer

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[boverfi@gcpud.org](mailto:boverfi@gcpud.org)  
509-754-7218

**JEFF GRIZZEL**

Chief Operating Officer

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[jgrizzel@gcpud.org](mailto:jgrizzel@gcpud.org)  
509-793-1581

**MITCHELL DELABARRE**

Chief Legal Officer and  
General Counsel

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[mdelaba@gcpud.org](mailto:mdelaba@gcpud.org)  
509-793-1565

**KEVIN NORDT**

Chief Resource Officer

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[knordt@gcpud.org](mailto:knordt@gcpud.org)  
509-754-5699



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Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Contract 330-11366 for professional engineering services with Gannett Fleming in an amount not-to-exceed \$15,000,00.00 and with a contract completion date of December 31, 2032.



**MEMORANDUM****July 25, 2022****TO:** Rich Wallen, General Manager/Chief Executive Officer**VIA:** Jeff Grizzel, Chief Operating Officer

Ty Ehrman, PE, Managing Director of Power Production

Dale Campbell, PE, Senior Manager of Power Production Engineering

Becca Simpson, Manager of Civil/Dam Safety Engineering

Zach Ruby, PE, Chief Dam Safety Engineer

**FROM:** Logan Castle, Dam Safety Engineer**SUBJECT:** Award of Contract 330-11366

**Purpose:** To request Commission approval to award Contract 330-11366 to Gannett Fleming. The contract is for professional engineering services supporting the investigation, characterization, mitigation design, and construction support for potential internal erosion of the Wanapum Left Embankment and has a not-to-exceed value of \$15,000,000.

**Discussion:** Internal erosion has been identified by the Federal Energy Regulatory Commission (FERC) and the District's Part 12D Independent Consultants as a Potential Failure Mode (PFM) that could be active in the Wanapum Left Embankment. Internal erosion is a general term for several mechanisms that result in material being eroded from within the embankment. This erosion can lead to progressively increasing seepage volume, deformations, water levels, and instability within the embankment. This contract is a compliance activity in response to FERC regulatory requirements and will help the District make a risk-informed decision regarding this PFM.

Four firms responded to the Request for Proposals (RFP) for this contract: Gannett Fleming, Hatch, Schnabel, and Tetra Tech. The RFP review team – which consisted of Dale Campbell, Becca Simpson, and Zach Ruby – selected Gannett Fleming, Schnabel, and Tetra Tech to advance for interviews. The interviews were used to further inform scoring of the proposals and Gannett Fleming was selected as the top respondent. The final scores for the respondents, on a 1 through 5 scale with 5 being high, were as follows: Gannett Fleming – 4.8, Tetra Tech – 4.6, Schnabel – 4.5, and Hatch – 4.2.

In the interest of full disclosure, prior to joining Grant County PUD in 2019, Zach Ruby was employed by Cornforth Consultants, which is a geotechnical subconsultant on the Gannett Fleming project team. Zach's former affiliation with Cornforth in no way influenced his scoring of the proposals. Cornforth has been providing Dam Safety engineering services to the District since 2017, and their value to District comes from demonstrated technical ability, high-quality deliverables, and familiarity with the District's developments.

**Justification:** The benefits to the District of awarding this contract include remaining in compliance with FERC regulatory requirements, developing an understanding of the potential internal erosion at the Wanapum Left Embankment, and being able to make a risk-informed decision regarding the PFM. Potential consequences of not awarding this contract include a revocation of the District's FERC license for non-compliance, a voluntary or FERC-ordered reservoir drawdown to mitigate advancing internal erosion, and an embankment failure and uncontrolled release of the reservoir.

One alternative is to not investigate or characterize the potential internal erosion. This alternative is not recommended given the severity of potential consequences including an uncontrolled release of the reservoir. Another alternative is to limit this contract to investigation and characterization only and award a separate contract for mitigation design and construction support. Given the complexity of this PFM, the technical and schedule advantages of a single contract, and the ability to divide the contract into Task Authorizations, this alternative is not recommended.

**Financial Considerations:** The contract has a not-to-exceed value of \$15,000,000 and a duration of 10 years. The large cost and long duration are to accommodate design and construction support services if, following the evaluation, the District determines that mitigation is necessary. Engineering costs for large capital projects are typically on the order of 10 percent of construction costs. This contract will be included under Initiative 205, Wanapum Left Embankment Improvements. Capital funds are allocated for work that will occur under this contract.

Costs avoided by awarding this contract and proceeding with this project could include FERC fines for non-compliance, lost power generation revenue from a revocation of the District's FERC license for non-compliance, lost power generation revenue from a voluntary or FERC-ordered reservoir drawdown to mitigate advancing internal erosion, and lost power generation revenue and other economic losses from an embankment failure and uncontrolled release of the reservoir.

**Contract Specifics:** If the District determines that mitigation is necessary, expected completion of this contract is December 31, 2032. Ten years is the estimated duration of the work if mitigation is needed, including design and construction support. For project integrity, continuity, and efficiency, the District prefers to receive support from the same consultant team through the investigation, design, and construction phases. This long duration has been reviewed and approved by the Legal Department.

**Recommendation:** Commission approval to award Contract 330-11366 to Gannett Fleming.

**Legal Review:** See attached e-mail(s).

## AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement, effective upon full execution, is by and between Public Utility District No. 2 of Grant County, Washington ("District") and Gannet Fleming, Inc. ("Contractor");

### R e c i t a l s :

The District desires to obtain Geotechnical Engineering Services; and

The District's Managing Director of Power Production believes this will provide the professional engineering services needed to support the investigation, characterization, and mitigation design and construction for potential internal erosion of the Wanapum Left Embankment; and

The Contractor, through an established review procedure as specified by RCW Chapter 39.80, has been selected and is willing to provide services on the terms and conditions hereinafter stated.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto agree as follows:

#### 1. Scope of Services

Geotechnical engineering support for the evaluation and remediation of potential internal erosion at the Left Embankment of Wanapum Dam. Additional support services may include regulatory compliance assistance and project management functions including, but not necessarily limited to, the following:

1. Review and interpretation of surveillance and monitoring data,
2. Interpretation and implementation of current FERC Engineering Guidelines and Risk Informed Decision-Making Guidelines,
3. Geotechnical field investigations to include:
  - a. Preparation of Drilling Program Plan (DPP) for FERC review and approval, and
  - b. Drilling oversight, inspection, and monitoring,
4. Secondary compression study,
5. Internal erosion characterization,
6. Internal erosion mitigation recommendations and design,
7. Embankment design and remediation,
8. Project planning support and feasibility studies,
9. Construction contract document preparation, cost estimation, and bid support, and
10. Construction oversight, inspection, and monitoring

The District will authorize the Contractor to perform specific tasks by means of a Task Authorization for Professional Services (Appendix "C") to be signed by both the District and the Contractor. Such authorization may be issued by the District Representative. The authorization will define the scope of the task, any time requirements and budget limitations.

The District makes no guarantee as to the actual amount of work to be done. The District reserves the right to suspend or terminate any authorized task at any time or to extend the Contract beyond the initial term by issuance of a Change Order in accordance with Section 5 to complete any work already initiated and/or authorized under the original term and scope of the Contract.

2. Independent Contractor

- A. The Contractor shall operate as, and have the status of, an independent Contractor and will not be an agent or employee of the District nor will it be entitled to any employee benefits provided by the District. All the Contractor's activities will be conducted at its own risk and be in compliance with all federal, state and local laws.
- B. The Contractor shall perform its services with the level of skill, care and diligence normally provided by and expected of professional persons performing services similar to or like those to be performed hereunder. Contractor understands that the District will be relying upon the accuracy, competency, credibility and completeness of the services provided by the Contractor hereunder and that the District and its customers will be utilizing the results of such services.

3. Term - Schedule

This Agreement shall remain in full force and effect until December 31, 2032 or until terminated pursuant to Section 17.

4. Compensation and Payment

- A. Compensation for services rendered and all reimbursable costs shall be per the rates set forth in Appendix "A", Rate Schedule, which rates and costs shall not be subject to change until two years after the effective date of this Agreement. Any changes to rates and costs shall only be on a prospective basis and shall occur no more frequently than once every 12 months thereafter. Each such change shall not exceed the lesser of i.) 5% or ii.) the percentage increase in the Bureau of Labor Statistics Consumer Price Index (CPI-U) for the West Urban region occurring during the immediately preceding 12 month period for which CPI-U data is available. Contractor shall notify the District in writing at least 30 days prior to any such rate increase going into effect. If the District issues payment within 10 days, the payment due shall be reduced by 2%. A payment is considered made on the day it is mailed or is sent through electronic or wire transfer.

In no event however, shall the total amount paid to Contractor for services and all reimbursable costs exceed the sum of \$15,000,000.00 USD unless a Change Order authorizing the same is issued in accordance with Section 5 below.

- B. Contractor shall submit monthly invoices to the attention of:

Public Utility District No. 2

of Grant County, Washington  
Attn: Accounts Payable  
PO Box 878  
Ephrata, WA 98823  
Or [AccountsPayable@gcpud.org](mailto:AccountsPayable@gcpud.org)

- C. Invoices shall include the Contract number and a detailed description of the work performed. Any Labor Categories or reimbursable expenses shall be included on the invoice (see Appendix "A").
- D. Payment will be made by the District upon completion of work following District approval of Contractor's invoices. Invoice shall be subject to the review and approval of the District. Invoice shall be in a detailed and clear manner supported by such information the District may require. The District will make payment to Contractor within 30 days after District's receipt and approval of said invoice.
- E. The District Representative may approve additional Contractor employees, personnel categories, and/or equipment rates to be added to the Rate Schedule, if applicable, provided that any additional employees have at least equivalent training and skills and are compensated at the same or lower rates than those listed on the current approved Rate Schedule for similar work. There shall be no change in the total Contract not to exceed amount. All additions must be approved in writing prior to performing services under the Contract.

5. Change Orders

Except as provided herein, no official, employee, agent or representative of the District is authorized to approve any change in this Contract and it shall be the responsibility of the Contractor before proceeding with any change, to satisfy itself that the execution of the written Change Order has been properly authorized on behalf of the District. The District's management has limited authority to approve Change Orders. The current level and limitations of such authority are set forth in District Resolution No. 8609 which may be amended from time to time. Otherwise, only the District's Board of Commissioners may approve changes to this Contract.

Charges or credits for the work covered by the approved changes shall be determined by written agreement of the parties and shall be made on Change Order form as reflected on Appendix "B".

When a change is ordered by the District, as provided herein, a Change Order shall be executed by the District and the Contractor before any Change Order work is performed. When requested, Contractor shall provide a detailed proposal for evaluation by the District, including details on proposed cost. The District shall not be liable for any payment to Contractor, or claims arising there from, for Change Order work which is not first authorized in writing. All terms and conditions contained in the Contract Documents shall be applicable to Change Order work. Change Orders shall be issued on the form attached as Appendix "B" and shall specify any change in time required for completion of the work caused by the Change Order and, to the extent applicable, the amount of any increase or decrease in the Contract Price.

6. Taxes

- A. Except for the Washington State retail sales and use taxes as may be levied upon the Contract, pursuant to RCW Chapters 82.08 and 82.12, the Contract Price includes and the Contractor shall have the full exclusive liability for the payment of all taxes, levies, duties and assessments of every nature due and payable in connection with this Contract or its employees and subcontractors performing work related to this Contract.
- B. Washington State retail sales tax and use taxes levied upon this Contract pursuant to RCW Chapters 82.08 and 82.12 are excluded from the rates and if applicable will be reimbursed as follows:
  - 1. If the Contractor has, or is required to have a valid Washington State sales tax identification number, the identification number shall be furnished to the District upon request. The Contractor shall make payment of any Washington State retail sales and use taxes due and Contractor shall be reimbursed by the District for the same. Contractor shall be solely responsible for any interest or penalties arising from late or untimely payment of said taxes.
  - 2. If the Contractor is not required to have a valid Washington State sales tax identification number, it shall notify the District of the same. In such event, the District, after receiving proper invoices from Contractor, shall make payment of said Washington State retail sales and use taxes levied upon this Contract to the Washington State Department of Revenue.

7. Hold Harmless and Indemnification

Contractor shall, at its sole expense, indemnify, defend, save, and hold harmless the District, its officers, agents, and employees from all actual or potential claims or losses, including costs and legal fees at trial and on appeal, and damages or claims for damages to property or persons, suffered by anyone whomsoever, including the District, to the extent caused by any negligent act of or omission of the Contractor or its subcontractors, excluding damages caused by the negligence of the District, in the administration or performance of this Agreement or any subcontracts, and for which either of the parties, their officers, agents, or employees may or shall be liable. In situations where liability for damages arises from claims of bodily injury to persons or damage to property, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Contractor or its subcontractors. Contractor waives its immunity under industrial insurance, Title 51 RCW, to the extent necessary to effectuate this indemnification/hold harmless agreement. Contractor's indemnification obligation shall not apply to liability for damages arising out of bodily injury to a person or damage to property caused by the negligence of the District or its agents or employees and not attributable to any act or omission on the part of the Contractor. In the event of damages to a person or property caused by or resulting from the concurrent negligence of District or its agents or employees and the Contractor or its agents or employees, the Contractor's indemnity obligation shall apply only to the extent of the Contractor's (including that of its agents and employees) negligence.

Contractor acknowledges that by entering into this Contract with the District, it has mutually negotiated the above indemnity provision with the District. Contractor's indemnity and defense obligations shall survive the termination or completion of the Contract and shall remain in full force and effect until satisfied in full.



## 8. Insurance

- A. Prior to the commencement of any work under this Agreement, and at all times during the term of this Agreement, Contractor shall obtain and maintain continuously, at its own expense, a policy or policies of insurance with insurance companies rated A- VII or better by A. M. Best, as enumerated below. Any significant deductible, self-insured retention or coverage via captive must be disclosed and is subject to approval by the District's Risk Manager. The cost of any claim payments falling within the deductible or self-insured retention shall be the responsibility of the Contractor and not recoverable under any part of this Contract.

### Contractor Required Insurance

1. **General Liability Insurance:** Commercial general liability insurance, covering all operations by or on behalf of Contractor against claims for bodily injury (including death) and property damage (including loss of use). Such insurance shall provide coverage for:

- a. Premises and Operations;
- b. Products and Completed Operations;
- c. Contractual Liability;
- d. Personal Injury Liability (with deletion of the exclusion for liability assumed under Contract);

with the following **minimum limits:**

- e. \$1,000,000 Each Occurrence
- f. \$1,000,000 Personal Injury Liability
- g. \$2,000,000 General Aggregate (per project)
- h. \$2,000,000 Products and Completed Operations Aggregate

Commercial general liability insurance will include the District as additional insured on a primary and non-contributory basis for ongoing operations. A waiver of subrogation will apply in favor of the District.

2. **Workers' Compensation and Stop Gap Employers Liability:** Workers' Compensation Insurance as required by law for all employees. Employer's Liability Insurance, including Occupational Disease coverage, in the amount of **\$1,000,000 for Each Accident, Each Employee, and Policy Limit**. The Contractor expressly agrees to comply with all provisions of the Workers' Compensation Laws of the states or countries where the work is being performed, including the provisions of Title 51 of the Revised Code of Washington for all work occurring in the State of Washington.

If there is an exposure of injury or illness under the U.S. Longshore and Harbor Workers (USL&H) Act, Jones Act, or under U.S. laws, regulations or statutes applicable to maritime employees, coverage shall be included for such injuries or claims. Such coverage shall include USL&H and/or Maritime Employer's Liability (MEL).

3. **Automobile Liability Insurance:** Automobile Liability insurance against claims of bodily injury (including death) and property damage (including loss of use) covering all owned, rented, leased, non-owned, and hired vehicles used in the performance of the work, with a **minimum limit of \$1,000,000 per accident** for bodily injury and property damage combined and containing appropriate uninsured motorist and No-Fault insurance provision, when applicable.

Automobile liability insurance will include the District as additional insured on a primary and non-contributory basis. A waiver of subrogation will apply in favor of the District.

4. **Excess Insurance:** Excess (or Umbrella) Liability insurance with a **minimum limit of \$5,000,000 per occurrence and in the aggregate**. This insurance shall provide coverage in excess of the underlying primary liability limits, terms, and conditions for each category of liability insurance in the foregoing subsections 1, 2 and 3. If this insurance is written on a claims-made policy form, then the policy shall be endorsed to include an automatic extended reporting period of at least five years.

Umbrella/Excess liability insurance will include the District as additional insured on a primary and non-contributory basis for ongoing operations. A waiver of subrogation will apply in favor of the District.

5. **Professional Liability:** Contractor shall provide professional liability insurance with a **minimum limit of \$5,000,000 per claim**.

If such policy is written on a claims made form, the retroactive date shall be prior to or coincident with the Effective Date of this Agreement. Claims made form coverage shall be maintained by the Contractor for a minimum of five years following the termination of this Agreement, and the Contractor shall annually provide the District with proof of renewal. If renewal of the claims made form of coverage becomes unavailable, or economically prohibitive, the Contractor shall purchase an Extended Reporting Period Tail or execute another form of guarantee acceptable to the District to assure financial responsibility for liability for services performed.

If Contractor shall hire subcontractor for all operations and risk involving professional services exposure, this requirement may be satisfied by subcontractor's policies. Contractor shall impute the insurance requirements stated in this section to subcontractor by written contract or written agreement. Any exceptions must be mutually agreed in writing with the District.

- B. Evidence of Insurance - Prior to performing any services, and within 10 days after receipt of the Contract Award, the Contractor shall file with the District a Certificate of Insurance showing the Insuring Companies, policy numbers, effective dates, limits of liability and deductibles with a copy of the endorsement naming the District as an Additional Insured for each policy where indicated in Section A.

Failure of the District to demand such certificate or other evidence of compliance with these insurance requirements or failure of the District to identify a deficiency from the provided evidence shall not be construed as a waiver of the Contractor's obligation to

maintain such insurance. Acceptance by the District of any certificate or other evidence of compliance does not constitute approval or agreement by the District that the insurance requirements have been met or that the policies shown in the certificates or other evidence are in compliance with the requirements.

The District shall have the right but not the obligation of prohibiting the Contractor or subcontractor from entering the project site until such certificates or other evidence of insurance has been provided in full compliance with these requirements. If the Contractor fails to maintain insurance as set forth above, the District may purchase such insurance at the Contractor's expense. The Contractor's failure to maintain the required insurance may result in termination of this Contract at the District's option.

- C. Subcontractors - Contractor shall ensure that each subcontractor meets the applicable insurance requirements and specifications of this Agreement. All coverage for subcontractors shall be subject to all the requirements stated herein and applicable to their profession. Contractor shall furnish the District with copies of certificates of insurance evidencing coverage for each subcontractor upon request.
- D. Cancellation of Insurance - The Contractor shall not cause any insurance policy to be canceled or permit any policy to lapse. Insurance companies or Contractor shall provide 30 days advance written notice to the District for cancellation or any material change in coverage or condition, and 10 days advance written notice for cancellation due to non-payment. Should the Contractor receive any notice of cancellation or notice of nonrenewal from its insurer(s), Contractor shall provide immediate notice to the District no later than two days following receipt of such notice from the insurer. Notice to the District shall be delivered by facsimile or email.

9. Assignment

Contractor may not assign this Agreement, in whole or in part, voluntarily or by operation of law, unless approved in writing by the District.

10. Records - Audit

- A. The results of all work and services performed by the Contractor hereunder shall become the property of the District upon completion of the work herein performed and shall be delivered to the District prior to final payment.
- B. Until the expiration of three years after final acceptance by District of all the work, Contractor shall keep and maintain complete and accurate records of its costs and expenses related to the work or this Contract in accordance with sound and generally accepted accounting principles applied on a consistent basis. To the extent this Contract provided for compensation on a cost-reimbursable basis or whenever such records may, in the opinion of the District, be useful in determining any amounts payable to Contractor or District (e.g., the nature of a refund, credit or otherwise), Contractor shall provide District access to all such records for examination, copying and audit.

11. Nondisclosure

Contractor agrees that it will not divulge to third parties, without the written consent of the District, any information obtained from or through District in connection with the performance of this

Contract. Contractor further agrees that it will not, without the prior written consent of District, disclose to any third party any information developed or obtained by the Contractor in the performance of this Contract and, if requested by District, to require its employees and subcontractors, if any, to execute a nondisclosure agreement prior to performing any services under this Contract. Nothing in this section shall apply to:

- A. Information which is already in the Contractor's possession not subject to any existing confidentiality provisions,
- B. Information which, at the time of disclosure, is in the public domain by having been printed and published and available to the public libraries or other public places where such data is usually collected, and
- C. Information required to be disclosed by court order or by an agency with appropriate jurisdiction.

12. Public Records Act

The District is subject to the disclosure obligations of the Washington Public Records Act of RCW 42.56. The Contractor expressly acknowledges and agrees that any information Contractor submits is subject to public disclosure pursuant to the Public Records Act or other applicable law and the District may disclose Contractor's proposal and/or information at its sole discretion in accordance with its obligations under applicable law.

13. Applicable Law

Contractor shall comply with all applicable federal, state and local laws and regulations including amendments and changes as they occur. All written instruments, agreements, specifications and other writing of whatsoever nature which relate to or are a part of this Agreement shall be construed, for all purposes, solely and exclusively in accordance and pursuant to the laws of the State of Washington. The rights and obligations of the District and Contractor shall be governed by the laws of the State of Washington. Venue of any action filed to enforce or interpret the provisions of this Agreement shall be exclusively in the Superior Court, County of Grant, State of Washington or the Federal District Court for the Eastern District of Washington at the District's sole option. In the event of litigation to enforce the provisions of this Agreement, the prevailing party shall be entitled to reasonable legal fees in addition to any other relief allowed.

14. Subcontracts/Purchases

- A. The Contractor is authorized to enter into subcontracts and to make purchases of materials and equipment required for the work. Any material purchases and subcontracts shall be approved in advance by the District Representative and Procurement Officer.
- B. Whenever the cost for any single item of material is estimated to exceed \$5,000.00, the Contractor shall obtain three quotes and submit to the Procurement Officer for approval. These quotes shall be submitted for approval prior to purchasing the material. Approved material shall be invoiced at cost plus the percentage markup identified in Appendix "A". A copy of the invoice showing actual cost must be submitted with the Contractor's invoice to the District. In addition, if prevailing wages apply to the material purchase, a copy of the associated Intent to Pay Prevailing Wages and Affidavit of Wages Paid must be attached. In no event shall a material purchase of like items exceed \$15,000.00.

- C. Before entering into any subcontracts, the Contractor shall provide the District Representative and Procurement Officer with the proposed subcontractor agreement. Subcontracted work approved in accordance with this section shall be invoiced at cost plus the percentage markup identified in Appendix "A". A copy of the invoice showing actual cost must be submitted with the Contractor's invoice to the District. In addition, if prevailing wages apply to the services provided, a copy of the subcontractors Intent to Pay Prevailing Wages and Affidavit of Wages Paid must be attached in order for payment to be made for that particular work. In no event shall a labor subcontract exceed \$25,000.00.

15. Notices

Any notice or other communication under this Contract given by either party shall be sent via email to the email address listed below, or mailed, properly addressed and stamped with the required postage, to the intended recipient at the address and to the attention of the person specified below and shall be deemed served when received and not mailed. Either party may from time to time change such address by giving the other party notice of such change.

District  
 Logan Castle  
 Public Utility District No. 2  
 of Grant County, Washington  
 PO Box D4  
 14352 Highway 243 S Building 6  
 Beverly, WA 99321  
 (509) 754-5088, Extension 3165  
[lcastle@gcpud.org](mailto:lcastle@gcpud.org)

Contractor  
 Cari R. Beenenga, PE  
 Gannett Fleming, Inc.  
 6700 South Fiddlers Green Circle  
 Greenwood Village, CO 80111  
 (720) 443-4804  
[cbeenenga@gfnet.com](mailto:cbeenenga@gfnet.com)

For purposes of technical communications and work coordination only, the District designates Zach Ruby as its representative. Said individual shall have no authority to authorize any activity which will result in any change in the amount payable to Contractor. Such changes, if any, must be by written Change Order issued in accordance with Section 5 to be valid and binding on the District.

16. Ownership of Work Product/Copyright

- A. All rights in the various work produced for or under this Agreement, including but not limited to study plans, results, drafts, charts, graphs, videos, summaries and any other forms of presentation, collectively referred to as "Work Product" shall belong to and be the exclusive property of the District. Contractor shall not use the Work Product outside the scope of this Contract without express written permission from the District.
- B. Contractor acknowledges and agrees that all services/work are specifically ordered under an agreement with Public Utility District No. 2 of Grant County, Washington, and shall be considered "work made for hire" and "Work Product" for purposes of copyright. All copyright interest in Work Product shall belong to and be the exclusive property of the District.
- C. Contractor shall attach and require each of its subcontractors to attach the following statement to all Work Product:

©. PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON. ALL RIGHTS RESERVED UNDER U.S. AND FOREIGN LAW, TREATIES AND CONVENTIONS.

THE ATTACHED WORK WAS SPECIFICALLY ORDERED UNDER AN AGREEMENT WITH PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASHINGTON. ALL RIGHTS IN THE VARIOUS WORK PRODUCED FOR OR UNDER THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO STUDY PLANS AND STUDY RESULTS, DRAFTS, CHARTS, GRAPHS AND OTHER FORMS OF PRESENTATION, SUMMARIES AND FINAL WORK PRODUCTS, ARE THE EXCLUSIVE PROPERTY OF THE DISTRICT.

- D. Upon final acceptance or termination of this Agreement, Contractor shall immediately turn over to the District all Work Product. This does not prevent the Contractor from making a file copy for their records.

17. Termination

- A. District may, at any time, for any reason, terminate Contractor's services in connection with this Agreement, or any part thereof, by designating that portion of the services to be terminated. In case of termination pursuant to this Section A, District will make payment at the rates specified in this Agreement for services properly performed up to the date of termination. However, in no event shall Contractor be entitled to any other payment to or any anticipated fee or profit on unperformed work.
- B. In the event of Contractor's breach or abandonment of this Contract, the District may thereupon and without further notice, terminate this Agreement. The District without waiving any other remedies available to it, may retain any monies otherwise due Contractor under this Agreement to the extent such sums are required to compensate District, in whole or in part, for any loss or damage caused by Contractor's breach or abandonment.

18. Non-Waiver

No waiver of any provision of this Agreement, or any rights or obligations of either Party under this Agreement, shall be effective, except pursuant to a written instrument signed by the Party or Parties waiving compliance, and any such waiver shall be effective only in the specific instance and for the specific purpose stated in such writing. The failure of either Party to require the performance of any term of this Agreement or the waiver of either Party of any breach under this Agreement shall not operate or be construed as a waiver of any other provision hereof, nor shall it be construed as a waiver of any subsequent breach by the other Party hereto.

19. Physical Security

If any performance under this Contract is to be conducted on District facilities or worksites, it shall be the responsibility of the Contractor to ensure that its employees and those of its Subcontractors are informed of and abide by the District's Security Policies as if fully set out herein a copy of which shall be provided to the Contractor by the District Representative at the preconstruction meeting or prior to beginning work. Without limiting the foregoing, Contractor and its employees shall be required to:

- A. Keep all external gates and doors locked at all times and interior doors as directed.



- B. Visibly display ID badges on their person at all times.
- C. Stay out of unauthorized areas or in authorized areas outside of authorized work hours, without express authorization from the District.
- D. Provide proper notification to the appropriate parties, and sign in and out upon entry and exit to secured locations. If unsure of who to notify, Contractor shall contact the District Representative.
- E. Immediately notify the District if any of Contractor's employees no longer need access or have left the Contractor's employment.
- F. Immediately report any lost or missing access device to the District Representative. A minimum charge will be assessed the Contractor in the amount of \$50.00 per badge and the fee for lost or non-returned keys may include the cost to re-key the plant facilities. The Contractor is strictly prohibited from making copies of keys.
- G. Not permit 'tailgating' through any controlled access point (i.e. person(s), authorized or unauthorized, following an authorized person through an entry point without individual use of their issued ID badge or key).
- H. Return all District property, including but not limited to keys and badges, to the District Representative when an individual's access to the facility is no longer needed.

The Contractor and any Subcontractors shall comply with the safety requirements of these Contract Documents and all District policies pertaining to COVID-19 located at <https://www.grantpud.org/for-contractors>.

20. Security, Safety Awareness Training, Dam Safety Awareness Training, and Transmission and Distribution Access Training

Prior to receiving access to any District facilities, all Contractors, Contractor's employees, subcontractors and subcontractor's employees, material suppliers and material supplier's employees, or any person who will be engaged in the work under this Contract that requires access to District facilities, shall be required to take and pass the District's Security and Safety Awareness training before being issued a security access badge to access District facilities. Under no circumstances will the failure of any Contractor or subcontractor employee to pass the required training, be grounds for any claim for delay or additional compensation.

The Safety and Security Awareness training is available online and is a 20-30 minute training. The training is located at: <https://www.grantpud.org/for-contractors>. All contractors and their employees are required to successfully complete Safety and Security Awareness training before coming onsite. The Security and Safety certificates should be emailed directly to [SecurityTrainingCerts@gcpud.org](mailto:SecurityTrainingCerts@gcpud.org).

District Representative shall ensure that Contractor's employees, subcontractor's and subcontractor's employees have completed and submitted the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted before any security access badges will be issued.

If applicable, Dam Safety Awareness Training is required for Contractors who are performing work in and around Priest Rapids and Wanapum Dams and are badged. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If applicable, Transmission and Distribution Access Training is required for Contractors, or their Subcontractors, who may hold a clearance or hotline hold order as part of performance of work under this Contract. The training is available online only and is a 20-30 minute training. Contractor shall ensure that its employees, Subcontractors and Subcontractor's employees have completed, passed and printed the certificate of completion for the training in a timely manner to avoid any delay in execution of the work. All such certificates shall be submitted to the District Representative before any security access badges will be issued.

If you are uncertain which of the following courses you or your employees must complete, please contact your District Representative.

21. Protected Information

The State of Washington, Federal Energy Regulatory Commission (FERC) and/or North American Reliability Corporation (NERC) has established regulations for the protection of sensitive plans, drawings and records defined as Security Sensitive Information (SSI), Critical Energy Infrastructure Information (CEII) and/or Bulk Electric System Cyber System Information (BCSI), reference Appendix "E". In accordance with the Revised Code of Washington (RCW), FERC and NERC regulations, and using them as guidance, the District has identified and designated certain information as SSI, CEII, and/or BCSI (hereinafter referred to collectively as "Protected Information"). Because of the sensitive nature of certain District Protected Information that could be used in this Contract, Contractor is bound by the terms and conditions set forth in the Non-Disclosure Agreement (NDA) executed at the time of this Agreement and included as Appendix "D".

22. Background Checks

The District reserves the right to conduct or to require Contractor to conduct criminal background checks on its employee(s) before the District will grant such individuals access to secure areas of District facilities or electronic access to Bulk Electric System Cyber Assets or Protected Information. Criminal background checks may be conducted in such depth as the District reasonably determines to be necessary or appropriate for the type of access to be granted.

In the event the District determines in its sole discretion that an individual is unsatisfactory to the District or fails to provide a background check as requested by the District, the District reserves the right to require the Contractor to remove such individual from the job site and/or to exclude such individual from having any access to SSI, Bulk Electric System Cyber Assets, CEII, or BCSI.

23. Qualification of Contractor's Access and Personnel Change Approval

The District reserves the right to deny any Contractor or employee thereof access to District facilities or Protected Information at the District's sole discretion. The District will be the sole judge of such effect. All Contractors and employees thereof shall be subject to the nondisclosure provisions of this Contract.

The District reserves the right to conduct or to require Contractor to conduct criminal background checks, provide an identity validation document (I-9, Social Security card, driver's license) and complete the District provided training for its employee(s) before the District will grant such individuals access to secure areas of District facilities. Criminal background checks may be conducted in such depth as the District reasonably determines to be necessary or appropriate for the type of access to be granted. Contractor shall execute one certification for each employee requiring a background check on the form provided by the District and attached hereto as Appendix "F". The cost of such background checks shall be borne by the Contractor. For access to Protected Information relating to Critical Infrastructure Protection, the District reserves the right to require a Non-Disclosure Agreement and a certificate of completion from the District-provided training for each employee before the District will grant access to such individuals.

In the event the District determines in its sole discretion that an individual or Contractor is unsatisfactory or fails to provide a background check as requested by the District, or fails to provide the information listed above, the District reserves the right to exclude such individual or Contractor from secure areas and/or from having any access to Protected Information.

24. Contractor Safety Requirements

The following applies if Contractor, or any of its sub-consultants, subcontractors, or suppliers of any tier, performs any activities on premises owned, leased, possessed, or controlled by the District. The Contractor Safety Requirements shall be required when applicable as determined by the District Representative based upon the scope of work. To the extent applicable, the Contractor shall ensure that all workers, sub-consultants, subcontractors, and suppliers comply with these requirements. In fulfilling these requirements, the Contractor shall also comply with material and equipment manufacturer instructions, and safety and health requirements in accordance with WAC 296-126-094 and this Agreement where applicable. If there are conflicts between any of the requirements referenced in the Contract Documents, the more stringent requirement shall prevail.

A. General

Initial/Warning Notice: Any District employee may notify the Contractor of any safety or health concern. The notice may be delivered verbally to any Contractor employee or subcontractor and the District employee shall notify the District Representative of the Notice. Written notification may be provided to the Contractor at the discretion of the District Representative. The notice shall have the same effect on the Contractor regardless of format or recipient. The Contractor shall take immediate action to mitigate the safety and health concerns identified in the District's notice.

- B. Stop Work Order: District employees also have the authority to immediately stop a work activity without issuing the Initial/Warning Notice. The District employee will immediately notify the District Representative of the Stop Work Order. The District Representative may direct the Contractor to stop work due to safety and health concerns. The Stop Work Order may cover all work on the Contract or only a portion of the work. After the District issues a Stop Work Order, the Contractor shall meet with District Representatives (as determined by the District Representative) to present a written statement outlining specific changes and/or measures the Contractor will make to work procedures and/or conditions to improve safety and health. A Stop Work Order can be rescinded only with the written approval of the District Representative.

1. The Contractor shall not be entitled to any adjustment of the Contract price or schedule when the District stops a work activity due to safety and health concerns that occurred under the Contractor's, Subcontractor's, or supplier's control.
  2. The District's conduct does not alter or waive the Contractor's safety and health obligations.
  3. Contractor shall provide an onsite Safety Professional as directed by the District Representative based upon number and/or severity of identified safety infractions.
  4. Non-compliance with safety requirements could lead to termination of the contract in accordance with Section 17.
- C. The Contractor shall maintain an accurate record of, and shall immediately report to the District Representative all cases of near miss or recordable injury as defined by OSHA, damage to District or public property, or occupational diseases arising from, or incident to, performance of work under this Contract.
1. The record and report shall include where the incident occurred, the date of the incident, a brief description of what occurred, and a description of the preventative measures to be taken to avoid recurrence, any restitution or settlement made, and the status of these items. A written report shall be delivered to the District Representative within five business days of any such incident or occurrence.
  2. In the event of a serious incident, injury or fatality the immediate group shall stop work. The Contractor/subcontractor shall secure the scene from change until released by the authority having jurisdiction. The Contractor shall collect statements of the crew/witnesses as soon as practical. The District reserves the right to perform an incident investigation in parallel with the Contractor. The Contractor, subcontractor, and their workers shall fully cooperate with the District in this investigation.
  3. All cases of death, serious incidents, injuries or other incidents, as determined by the District Representative, shall be investigated by the Contractor to identify all causes and to recommend hazard control measures. A written report of the investigation shall be delivered to the District Representative within 30 calendar days of any such incident or occurrence.
  4. For situations that meet the reporting requirements of WAC 296-800, the Contractor shall self-report and notify the District Representative. The District Representative shall notify the District's Safety personnel.
- D. The Contractor/subcontractor shall conduct and document job briefings each morning with safety as an integral part of the briefing. The Contractor/Subcontractor shall provide an equivalent job briefing to personnel and/or visitors entering the job site after the original job briefing has been completed for work within their scope. Immediately upon request, the Contractor shall provide copies of the daily job briefing and any other safety meeting notes to the District Representative. The notes, at a minimum, shall include date, time, topics, and attendees and shall be retained by the Contractor for three years after completion of all work.
- E. Job Site Reviews Performed by the District: The Contractor Site Representative or other lead personnel, if requested by the District, shall be required to participate in District job briefs and/or District job site reviews that pertain to other work being performed that may impact the Contractor's work.

- F. **Job Site Reviews Performed by Contractor:** Each Contractor and Subcontractor shall perform and document weekly safety reviews of their work area(s) by a competent person as defined by WAC 296-62-020. Immediately upon request, the Contractor shall provide a copy of the documented job site review to the District Representative. Contractor and Subcontractor supervisors/foremen shall take immediate action to correct violations, unsafe practices, and unsafe conditions. The Contractor and Subcontractor shall be solely responsible to review and monitor the work area or location of all their employees during the performance of work.
- G. **Site Specific Safety Plan (SSSP):** The Contractor shall prepare, implement, and enforce a SSSP for all work included in this Contract. The SSSP shall be delivered to and accepted by the District Representative prior to the start of any on-site work.
1. The SSSP shall, at a minimum, identify and provide mitigation measures for any recognized hazards or conditions. Site and adjacent conditions shall be considered. All significant hazards, including unusual or unique hazards or conditions specific to the Contract work shall be identified and mitigated. The Contractor shall provide a clear delegation of authority for the work site(s). The Contractor shall identify, locate, and provide direction to the nearest emergency medical facilities. This shall include telephone numbers for emergency services in the area.
  2. The Contractor shall make available to all workers at the site(s) the SSSP and ensure that all workers are familiar with the content and requirements of the SSSP. Any subcontractors shall adhere to the Contractor's SSSP.
  3. Any emergent hazards not identified in the SSSP shall require a Job Hazard Analysis prior to starting work on the associated job.
- In lieu of the SSSP, the District Representative may, at their discretion, accept an Accident Prevention Program implemented and maintained in accordance with Washington state law (WAC 296-155-110).
- H. **District Rescue Team and Relation to Contractor Emergencies and Back Shift Operations**  
**When District Rescue Team is Not Present:** Contractors shall be required to submit an Emergency Plan that covers first response and rescues. This is required to be submitted for approval by the District Representative prior to work starting. Contractors are encouraged to familiarize themselves with District First Responder and Rescue Team capabilities. District Response Teams may not be available during all work hours and typically are not available on off-shifts, weekends, and District holidays. Contractors choosing not to provide their own response personnel must include a process that does not rely on the District in the event District Response Teams are not available.

### **Specialized Work**

- I. **Involvement in Job Briefs by Others/Involvement of Others in Contractor's Job Briefs:** When work completed by the Contractor will or may affect work being completed by other contractors or by District staff, the Contractor shall ask for a representative from the other contractor or District staff to participate in the Contractor's daily job brief for the purpose of informing the other party of safety hazards that may be encountered as a result of the affected work. Job brief discussion shall include hazards that the other contractor or District staff may encounter as part of the Contractor's work, mitigation measures, clearance points and boundaries, effects that equipment taken out of service or put back

into service could have on other parties, Personal Protective Equipment (PPE) requirements and contingency plans. The above is a District requirement.

- J. Temporary Traffic Control: When work activities occur within or adjacent to District access roads, the Contractor shall follow the guidelines for Temporary Traffic Control Planning as specified in the current Manual on Uniform Traffic Control Devices. The plan shall be reviewed and approved by the District Representative prior to implementation. The above is a Code requirement.

- K. Contractor Hazardous Materials Communication: Due to the age of the District facilities there are known materials used in construction that are now classified as hazardous materials such as lead and asbestos. The District Representative shall provide the Contractor with a list of the known hazards in the work area. This list is not comprehensive. The Contractor shall be aware of possible hazards. If the Contractor identifies a possible hazardous material such as lead, asbestos, SF-6 residue and/or hexavalent chromium, all work in that area must stop until the material is tested and identified. The Contractor shall notify the District Representative immediately upon identification of possible hazardous material.

1. If the material is identified as non-hazardous, work may resume once the materials status has been communicated to the District Representative and Contractor's employees.
2. If the material is a hazardous substance, proper protocols compliant with regulation must be followed. The above is a Code requirement.

- L. Caution and Danger Barriers:

1. Caution Tape or Rope - Yellow will be used to demarcate areas with low safety hazards. Contractor employees may enter the barricade area only after identifying the hazard enclosed by the Caution barrier tape/rope.
2. Danger Tape or Rope – Red will be used to demarcate areas of imminent danger. An employee may not enter the area barricaded with Danger barrier tape/rope without consent of the barricade attendant or tape tag holder.

Contractors that will be introducing hazards as part of their work must barricade the hazardous area to prevent employees from entering the area in accordance with District Policy SA121200-POL. The above is a Code requirement.

- M. Confined Spaces: Contractor shall comply with District Policy SA111103-POL. The purpose of a Permit-Required Confined Space Program is to ensure safe practices are utilized prior to and during all construction work activities in confined spaces at District work locations. The District's program is designed to prevent personal injuries, illness, and fatalities in confined spaces. As an employer, the District has developed and implemented this document to meet the written program requirements specified in OSHA regulation 29 CFR 1926 subpart AA and WAC 296-809, the Confined Spaces in Construction Standard. The above is a Code requirement.

- N. Fire

1. The Contractor shall exercise all reasonable caution to prevent fires. Flammable rubbish, especially accumulations of paper, excelsior, and oil-soaked materials, shall



be removed from the premises and disposed of as soon as possible. Gasoline, alcohol, oil, solvents, and other flammable substances shall be kept in approved safety containers. All protective covers, drop cloths, and tarpaulins are to be flameproof.

2. The Contractor shall supply and keep adequate fire extinguishing equipment on hand at all times, and in close proximity to the equipment being worked on.

O. Personal Protective Equipment

1. Contractor shall have on hand and supply its workers, Subcontractors and sub-suppliers with proper protective clothing as required by OSHA, WISHA, and/or other regulatory agencies. This protective clothing shall be worn at all times when working around the oil processing equipment and when work inside of the transformer is required.
2. Contractor shall have on hand and supply its workers, Subcontractors and sub-suppliers with ear plugs. Ear plugs shall be worn at all times when working around the oil processing equipment and District marked/designated areas requiring ear protection.
3. The Contractor shall provide a correctly calibrated oxygen level meter for use during confined space entry work inside of the transformer. The Contractor shall be responsible for providing and using a correctly calibrated oxygen level meter during RVT operations.
4. The Contractor shall take adequate precautions to prevent injury and loss of life from falling, while working on top of the transformers. The Contractor is advised that wind conditions can change suddenly and that severe gusts up to 50 mph or more may be encountered when working outdoors. Full-body harnesses and lanyards, in accordance with OSHA regulations, are required when working on top of the transformer.

P. Emergencies

If an emergency situation is created or observed by the Contractor at Wanapum or Priest Rapids dams or on Grant PUD land within approximately ½ mile proximity of either dam, the nearest dam control room shall be contacted immediately. For emergency situations occurring elsewhere and where injury has or may occur, 911 shall be called immediately. The District's Dispatch Center should be subsequently contacted for electric system emergencies. All other emergencies shall be routed to the District's Security Operations Center (DSOC)

To contact the Wanapum Control Room from:

1. A District telephone, dial ext. 2518.
2. An outside telephone line, dial 1-509-754-5088 ext. 2518.

To contact the Priest Rapids Control Room from:

1. A District telephone, dial ext. 2718.
2. An outside telephone line, dial 1-509-754-5088 ext. 2718.
3. The Wanapum and Priest Rapids control rooms are staffed 24 hours per day.

To contact the Dispatch Center from:

1. A District telephone, dial ext. 2237 or 2238.
2. An outside telephone line, dial 1-800-216-5226.

The Dispatch Center is manned 24 hours per day.

To contact the District's Security Operations Center (DSOC):

1. A District telephone, dial ext. 2014.
2. An outside telephone line, dial 509-766-2538

**Q. Security**

The District's check-in/check-out procedure must be followed by the Contractor's employees and Subcontractor(s) whenever they are at the worksite. This procedure will be explained to the Contractor at the pre-work conference.

**Hydroelectric Facility Work Requirements**

- R. Excavation near Toe of Dam: For excavations near the toe of the dam (embankments and concrete structures), the Contractor shall submit the information required in the technical specifications and shown on the drawings in accordance with submittal requirements and schedule outlined in the Contract Documents.

Where required by the drawings and/or technical specifications, the Contractor shall prepare and submit a Temporary Construction Emergency Action Plan (TCEAP) for review and approval by the District in accordance with the outline and schedule provided in the Contract Documents. The TCEAP will also be subject to approval by the Federal Energy Regulatory Commission (FERC). The above is a District requirement.

- S. Cofferdam: For cofferdams used to dewater work areas, the Contractor shall submit the information required in the technical specifications and shown on the drawings in accordance with the submittal requirements outlined in the Contract Documents.

Where required by the drawings and/or technical specifications, the Contractor shall prepare and submit a Temporary Construction Emergency Action Plan (TCEAP) for review and approval by the District in accordance with the outline and schedule provided in the Contract Documents. The TCEAP will also be subject to approval by the Federal Energy Regulatory Commission (FERC). The above is a District requirement.

- T. Forebay/Tailrace – Boat Use: Prior to performing any work on the water within the Priest Rapids Project, the Contractor will notify the appropriate Control Room (Wanapum 509-754-5007 or Priest Rapids 509-754-5006) whichever is closer. The check in procedure shall include the caller's name, company, number of people on the boat, and location of the work. Once the work is complete and the Contractor is ready to leave the reservoir, he/she must again notify the appropriate Control Room and check out. The above is a District requirement.

- U. Barge/Vessel Stability and Anchorage: The Contractor shall provide to the District Representative a detailed barge and vessel plan for accomplishing in-water work 10 days

prior to beginning in-water work. This plan shall address the following information at a minimum:

1. Details on the anchoring, temporary mooring, assembly and disassembly of the barge/vessels to be used.
  2. Details regarding the planned use of cranes or other equipment on the barges/vessels and the methods for placing this equipment on the barges/vessels.
  3. Barge/vessel safety and emergency plans.
  4. Detailed calculations prepared and sealed by a Professional Naval Architect for any significant water-based work activities which include, as applicable, barge/vessel mooring and anchoring systems, removal or demolition of underwater features, installation of temporary or permanent underwater materials and installation and removal of formwork or falsework. The above is a District requirement.
- V. Working Over Or Adjacent To Water: All work that takes place over or adjacent to water, regardless of type, shall comply with the most recent version of WAC 296-155-235. This includes the lifesaving skiff requirement. To further clarify, the lifesaving skiff requirement shall be in effect regardless of any and all implemented fall protection systems. Additionally, this lifesaving skiff shall not be used for any other activities. The above is a Code requirement.
- W. Personnel Lifting Over Water: When the work involves lifting personnel over water, special attention should be given to the requirements within the most recent version of WAC section 296-155-55300 which discusses fall protection requirements, personnel flotation device requirements, and the rescue skiff requirement. The above is a District requirement.
- X. Drilling, Cutting, Excavating Above Cables/Conduits
- When penetrating work (drilling, cutting, excavating) will be greater than 1.5 inches into surfaces which may conceal electrical conduits or cables, the contractor will follow District Electrical Safety Program requirements, which is available on the Grant PUD Contractor Training website: <https://www.grantpud.org/for-contractors>. The above is a combination of Code and District requirements.

IN WITNESS WHEREOF, the Contractor and the District have executed this Agreement each by its proper respective officers and officials thereunto duly authorized the day and year first above written.

Public Utility District No. 2  
of Grant County, Washington

Gannett Fleming, Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX “A”  
RATE SCHEDULE**

**DIRECT EXPENSES:**

| <b>Gannett Fleming, Inc.</b>      |                    |
|-----------------------------------|--------------------|
| <b>Discipline Title</b>           | <b>Hourly Rate</b> |
| Chief Engineering Geologist       | \$352.00           |
| RIDM Specialist                   | \$295.00           |
| Chief Geotechnical Engineer       | \$285.00           |
| Project Manager                   | \$278.00           |
| Chief Seismic Hazard Engineer     | \$251.00           |
| Construction Manager              | \$230.00           |
| Senior Project Engineer/Geologist | \$220.00           |
| Project Engineer/Geologist        | \$175.00           |
| Engineer/Geologist                | \$152.00           |
| Staff Designer                    | \$124.00           |
| Senior CAD Technician             | \$175.00           |
| CAD Technician                    | \$124.00           |
| Administrative Assistant          | \$85.00            |

| <b>Cornforth Consultants, Inc.</b>  |                    |
|-------------------------------------|--------------------|
| <b>Discipline Title</b>             | <b>Hourly Rate</b> |
| Senior Associate Engineer/Geologist | \$260.00           |
| Associate Engineer/Geologist        | \$226.00           |
| Project Engineer/Geologist          | \$193.00           |
| Staff Engineer/Geologist            | \$178.00           |
| Engineer/Geologist                  | \$164.00           |
| Senior Technician                   | \$137.00           |
| Senior CAD/Graphics                 | \$139.00           |
| CAD/Graphics                        | \$116.00           |
| Administrative Assistant            | \$93.00            |

| <b>Beatty Engineering, LLC</b> |                    |
|--------------------------------|--------------------|
| <b>Discipline Title</b>        | <b>Hourly Rate</b> |
| Analysis and Modeling          | \$290.00           |

| <b>Cyganiewicz Geotechnical, LLC</b>          |                    |
|---|--------------------|
| <b>Discipline Title</b>                       | <b>Hourly Rate</b> |
| Internal Erosion SME/Technical Advisory Panel | \$300.00           |

| <b>Engineering Solutions, LLC</b>       |                    |
|---|--------------------|
| <b>Discipline Title</b>                 | <b>Hourly Rate</b> |
| Cost Estimating/Constructability Review | \$260.00           |

| <b>GeoSystems, L.P.</b>               |                    |
|---------------------------------------|--------------------|
| <b>Discipline Title</b>               | <b>Hourly Rate</b> |
| Grouting SME/Technical Advisory Panel | \$320.00           |

| Integrated Engineering & Construction   |             |
|---|-------------|
| Discipline Title                        | Hourly Rate |
| Cost Estimating/Constructability Review | \$260.00    |

Fixed hourly billing rates shall be in US Dollars and include all i) payroll, payroll taxes and fringe benefits; ii) all reproduction and printing costs including electronic media; iii) communications costs including all phones, faxes, internet, postage, shipping, delivery, couriers; iv) computer, software, printers, scanners, office machines and related costs of operations including consumables; v) insurance costs; vi) indirect and overhead burden; and vii) profit.

#### **REIMBURSABLE EXPENSES:**

Reimbursable expenses are those reasonable and necessary costs incurred on or directly for the District's project, including necessary transportation costs, meals and lodging. Any actual expenses in non-US dollars will be converted using the conversion tables at [www.x-rates.com](http://www.x-rates.com) for the applicable period. Reimbursement will be subject to the following limitations:

**Meals and Incidental Expenses:** Meals and incidental expenses will be limited to the Federal Per Diem rate for meals and incidentals established for the location where lodging is obtained. The current rate for all Grant County locations is \$59.00 per day. Federal Per Diem guidelines which includes the meal breakdown and Federal Per Diem rates for other locations can be found at [www.gsa.gov](http://www.gsa.gov).

**Lodging:** Lodging will be billed at cost, including applicable taxes, not to exceed 200% of the Federal Per Diem maximum lodging rate for the location where the work is being performed. The current federal maximum lodging rate for all Grant County locations is \$96.00. The District Representative may increase this limit in writing when circumstances require.

**Travel:** Air travel (at coach class or equivalent), airport shuttles, etc. billed at cost. Ground transportation by privately owned vehicle, if utilized, billed at the Internal Revenue Service mileage rate for privately owned vehicles in effect at the time of travel. Expenses for a rental car, at cost, in the ratio of one mid-size class rental car for each three Contractor's personnel directly engaged in performance of the work at the prevailing rental rates then in effect. Rental car options such as refueling fees, GPS, collision & liability insurance, etc. will not be reimbursed by the District unless such options are approved in advance by the District Representative. **Appropriate insurance coverage should be included in the Contractor's insurance policies.**

**Sub-consultants/Subcontractors:** Services requested by the District, verifiable by applicable supporting documentation or at specified rates, will be reimbursed to Contractor at cost plus a maximum handling charge of 5%.

**Other:** All other expenses will be based on actual costs and include appropriate documentation.

**Reimbursable expenses must be accompanied by receipts for airfare, hotel, and rental car, and any other support documentation as the District may require.**



**APPENDIX "B"**  
**CHANGE ORDER**  
NO. \_\_\_\_

Pursuant to Section 5, the following changes are hereby incorporated into this Contract:

- A.     Description of Change:
- B.     Time of Completion: The revised completion date shall be \_\_\_\_\_.  
          OR  
          The completion date shall remain \_\_\_\_\_.
- C.     Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall remain unchanged (be increased/decreased by the sum of \$\_\_\_\_\_ plus applicable sales tax). This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$\_\_\_\_\_, including changes incorporated by this Change Order.
- D.     Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2  
of Grant County, Washington

Gannett Fleming, Inc.

Accepted By: \_\_\_\_\_

Accepted By: \_\_\_\_\_

Name of Authorized Signature  
Title

Name of Authorized Signature  
Title

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX “C”**  
**TASK AUTHORIZATION FOR**  
**PROFESSIONAL SERVICES**

|               |           |                         |  |                |  |
|---------------|-----------|-------------------------|--|----------------|--|
| Contract No.: | 330-11366 | Task Authorization No.: |  | Amendment No.: |  |
| Project Name: |           |                         |  |                |  |

The Scope of Services covered by this authorization shall be performed in accordance with all the terms and conditions in the above referenced Contract Documents which are incorporated herein by this reference.

The District hereby requests and authorizes the Contractor to perform the following services:

Compensation is to be paid in accordance with and subject to the limitations in Section 4.A of the Contract Documents. In addition, the total cost of the above described work shall not exceed \$\_\_\_\_\_ without advance amendment of this Task Authorization by the District.

Public Utility District No. 2  
of Grant County, Washington

Gannett Fleming, Inc.

Approved for District

Accepted by Contractor

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: District Representative

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX "D"**  
**NON-DISCLOSURE AGREEMENT**

This Non-Disclosure Agreement ("NDA") is entered into on the date shown on the signature page between Public Utility District No. 2 of Grant County, Washington ("District"), and Gannett Fleming, Inc., ("Contractor"), sometimes collectively referred to as the "Parties."

**RECITALS**

The District has identified and designated certain information as confidential. For purposes of this Agreement, "Protected Information" includes:

- District customer information protected under RCW 19.29A, Consumers of Electricity;
- District employee information;
- District vendor information;
- All technical and business information or material that has or could have commercial value or other interest in the business or prospective business of the District;
- All information and material provided by the District which is not an open public record subject to disclosure under RCW 42.56, Public Records Act;
- All information of which unauthorized disclosure could be detrimental to the interests of the District or its customers, whether or not such information is identified as Protected Information; and
- Any information identified and designated by the District as Security Sensitive Information (SSI), Critical Energy Infrastructure Information (CEII), and/or Critical Infrastructure Protection (CIP) Protected Information in accordance with the State of Washington, Federal Energy Regulatory Commission (FERC) and/or North American Reliability Corporation (NERC), which have established regulations for the protection of sensitive plans, drawings, and records defined as SSI, CEII, and/or CIP Protected Information. SSI, CEII, and CIP Protected Information are further defined in Appendix "E".

Because of the sensitive nature of such information that may be provided to the Contractor, Contractor must execute and deliver this NDA to the District prior to receiving such Protected Information from the District.

NOW, THEREFORE, the Parties agree as follows:

1. **Incorporation by Reference.** The recitals set forth above are incorporated herein as if fully set forth.
2. **Protected Information Disclosure.** All information and drawings that are disclosed by the District to the Contractor, which are designated as confidential, SSI, CEII, and/or CIP Protected Information, shall be protected hereunder as Protected Information.
3. **Non-Disclosure.** Subject to the provisions of Section 4 and unless the parties agree otherwise, this non-disclosure obligation shall survive the termination of this NDA. Contractor shall not disclose or disseminate Protected Information and shall:

- A. Restrict disclosure of Protected Information solely to its agents and employees with a need to know and not disclose such Protected Information to any others; and
  - B. Advise and require all of its officers, agents, employees, representatives, prospective and successful subcontractors, consultants and employees thereof with access to the Protected Information to execute an NDA in this same form with the District prior to allowing them access to the Protected Information; and
  - C. Use the Protected Information provided hereunder only for purposes directly related to performance of the work Contract 330-11366.
  - D. In the event third parties attempt to obtain the Protected Information by legal process, the Contractor agrees that it will not release or disclose any Protected Information until the District has received notice of the legal process and has been given reasonable opportunity to contest such release of information and/or to assert the confidentiality privilege.
4. **Ownership and Return of Protected Information.** All Protected Information shall remain the property of the District. Contractor is responsible for safeguarding and returning all Protected Information or shall certify, by signed, statement delivered to the District, the destruction of all original Protected Information provided along with any copies made by the Contractor. Such delivery shall be to the District, Attention: Kristin Fleisher, PO Box 878, Ephrata, WA 98823.
5. **Compliance Audit.** The District may audit Contractor's compliance with this NDA.
6. **Applicable Law.** This NDA is made under, and shall be construed according to, the laws of the State of Washington and the Federal Energy Regulatory Commission regulations. Venue for any action brought pursuant to this NDA shall, at the District's option, be in Grant County Superior Court, Grant County, Washington or in the United States District Court for the Eastern District of Washington.
7. **Assignment.** This NDA may not be assigned.
8. **Violations.** Contractor understands and agrees that the District is providing the Protected Information to Contractor in reliance upon this NDA, and Contractor will be fully responsible to the District for any damages or harm caused to the District by a breach of this NDA by Contractor or any of its officers, directors, agents, employees, subcontractors, consultants or affiliates. Contractor acknowledges and agrees that a breach of any of its promises or agreements contained herein will result in irreparable injury to the District for which there will be no adequate remedy at law, and the District shall be entitled to apply for equitable relief, including injunction and specific performance, in the event of any breach or threatened breach or intended breach of this NDA by Contractor. Such remedies, however, shall not be deemed to be the exclusive remedies for any breach of the Agreement but shall be in addition to all other remedies available at law or in equity. In addition to injunctive relief, civil or criminal penalties may be imposed for each violation of this NDA.
9. **Attorney's Fees.** In the event it is necessary for the District to utilize the services of an attorney to enforce any of the terms of this NDA, it shall be entitled to compensation for its reasonable attorney's fees and costs. In the event any legal action becomes necessary to enforce the provisions of the NDA, the substantially prevailing party shall be entitled to reasonable attorney's fees and costs in addition to any other relief allowed, regardless of whether the dispute is settled by trial,

trial and appeal, arbitration, mediation, negotiation or otherwise, and regardless of whether suit is formally filed.

10. **Corporate Authority; Binding Signatures.** The individual executing this NDA on behalf of Contractor warrants that he or she is an authorized signatory of the entity for which they are signing, and have sufficient institutional authority to execute this NDA.
11. **Electronic Signatures.** Signatures transmitted electronically shall be deemed valid execution of this NDA, binding on the parties.
12. **Effective Date and Term.** This NDA shall become effective immediately and remain in full force and effect until Contractor has returned all Protected Information to the District provided, however, the obligations contained in Section 3 shall survive the termination of this NDA.

CONTRACTOR:      Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title:

Date: \_\_\_\_\_

## **APPENDIX “E”**

### **DEFINITIONS OF PROTECTED INFORMATION**

#### **Definition of Critical Infrastructure Protection (CIP)**

Pursuant to section 215 of the Federal Power Act (FPA), the Federal Energy Regulatory Commission (FERC) approved the Critical Infrastructure Protection (CIP) Reliability Standards. The CIP Reliability Standards require certain users, owners, and operators of the Bulk-Power System to comply with specific requirements (CIP-002 through CIP-014) to safeguard critical cyber assets. Penalties for non-compliance with NERC CIP can include fines, sanctions or other actions against covered entities.

#### **Definition of Critical Energy Infrastructure Information (CEII)**

The Critical Energy Infrastructure Information (CEII) guidelines of the Federal Energy Regulatory Commission (FERC) define CEII as specific engineering, vulnerability, operational or detailed design information about proposed or existing critical energy infrastructure (physical or virtual) that relates to the production, generation, transportation, transmission or distribution of energy, could be useful to a person planning an attack on critical infrastructure, is exempt from mandatory disclosure, and gives strategic information beyond the location of the critical infrastructure. 18 CFR §388.113 and RCW 42.56.520.

#### **Definition of Bulk Electric System Cyber System Information (BCSI)**

The North American Electric Reliability Corporation (NERC) has been designated by the FERC, through the Energy Policy Act of 2005, to establish and enforce standards and requirements for the reliable operation of the Bulk Electric System. The Bulk Electric System includes the District’s electrical generation resources, transmission lines, and interconnections with neighboring electric systems. Information related to the District’s Bulk Electric System Cyber Systems (BCS) is required to be protected due to the sensitive security nature of such information, and the need to protect public safety (hereinafter referred to as “CIP Protected Information”). BCSI generally (not exclusively) is defined as information about the BCS that could be used to gain unauthorized access or pose a security threat to the BCS and affect the reliable operations of the Bulk Electric System. The District is required to protect this information including, but not limited to, network topology/diagrams; floor plans for computing centers; equipment layouts; security configuration information and other information as defined in the NERC standards. FERC Order No. 706, issued January 18, 2008; 18 CFR Part 40; and RCW 42.56.070.

#### **Definition of Security Sensitive Information (SSI)**

Security Sensitive Information is those portions of records assembled, prepared, or maintained to prevent, mitigate, or respond to criminal or terrorist acts, which are acts that significantly disrupt the ability of the District to fulfill its mission and goals and that manifest an extreme indifference to human life, the public disclosure of which would have a substantial likelihood of threatening public safety. SSI includes: (a) Specific and unique vulnerability assessments or specific and unique response or deployment plans, including compiled underlying data collected in preparation of or essential to the assessments, or to the response or deployment plans; (b) Records not subject to public disclosure under federal law that are shared by federal or international agencies, and information prepared from national security briefings provided to state or local government officials related to domestic preparedness for acts of terrorism; and (c) Information regarding the infrastructure and security of computer and telecommunications networks, consisting of security passwords, security access codes and programs, access codes for secure software applications, security and service recovery plans, security risk assessments, and security test results to the extent that they identify specific system vulnerabilities.



### **Bulk Electric System (BES)**

Unless modified by the lists shown below, all Transmission Elements operated at 100 kV or higher and Real Power and Reactive Power resources connected at 100 kV or higher. This does not include facilities used in the local distribution of electric energy. Inclusions:

- I1 - Transformers with the primary terminal and at least one secondary terminal operated at 100 kV or higher unless excluded by application of Exclusion E1 or E3.
- I2 – Generating resource(s) including the generator terminals through the high-side of the step-up transformer(s) connected at a voltage of 100 kV or above with: a) Gross individual nameplate rating greater than 20 MVA. Or, b) Gross plant/facility aggregate nameplate rating greater than 75 MVA.
- I3 - Blackstart Resources identified in the Transmission Operator’s restoration plan.
- I4 - Dispersed power producing resources that aggregate to a total capacity greater than 75 MVA (gross nameplate rating), and that are connected through a system designed primarily for delivering such capacity to a common point of connection at a voltage of 100 kV or above. Thus, the facilities designated as BES are: a) The individual resources, and b) The system designed primarily for delivering capacity from the point where those resources aggregate to greater than 75 MVA to a common point of connection at a voltage of 100 kV or above.
- I5 –Static or dynamic devices (excluding generators) dedicated to supplying or absorbing Reactive Power that are connected at 100 kV or higher, or through a dedicated transformer with a high-side voltage of 100 kV or higher, or through a transformer that is designated in Inclusion I1 unless excluded by application of Exclusion E4.

### **Bulk Electric System (BES) Cyber Asset**

A Cyber Asset that if rendered unavailable, degraded, or misused would, within 15 minutes of its required operation, misoperation, or non-operation, adversely impact one or more Facilities, systems, or equipment, which, if destroyed, degraded, or otherwise rendered unavailable when needed, would affect the reliable operation of the Bulk Electric System. Redundancy of affected Facilities, systems, and equipment shall not be considered when determining adverse impact. Each BES Cyber Asset is included in one or more BES Cyber Systems



**APPENDIX “F”**  
**BACKGROUND CHECK/IDENTITY VERIFICATION BY CONTRACTOR/VENDOR**

Contractor Name: \_\_\_\_\_ Date: \_\_\_\_\_

Contract Number: \_\_\_\_\_ Procurement Officer: \_\_\_\_\_

Project Manager: \_\_\_\_\_

In accordance with NERC Reliability Standards CIP 002-011, we are providing Public Utility District No. 2 of Grant County, Washington certification of background checks performed on personnel who will require authorized Unescorted Physical Access and/or Electronic Access to District High or Medium Impact BES Cyber Systems, and their associated EACMS and PACS.

Accordingly, we certify that:

1. A background check has been conducted on the following employee(s) that includes a seven year criminal history records check, a current residence check and a residence check at other locations where, during the seven years immediately prior to the date of the criminal history records check, the employee has resided for six consecutive months or more; and the assessment of the employee is consistent with the safe and efficient performance of the services and meets the minimum standard for criminal checks as set forth by the attached Evaluation Criteria.
  
2. Employment eligibility identity verification has been completed to ensure employee is legally permitted to work in the United States. (Citizenship, Federal I-9 form verification)

| Employee Name | Background<br>Check<br>Completion Date | Indicate<br>Pass (P)<br>or Fail<br>(F) | Identity<br>Verification<br>Completion Date | PRA Completion<br>Date<br>(District use<br>only) |
|---------------|--|--|---|--|
|               |  |  |   |  |
|               |  |  |   |  |
|               |  |  |   |  |
|               |  |  |   |  |
|               |  |  |   |  |
|               |  |  |   |  |

**(Do not send actual background check documents)**

Name of company where background check was performed: \_\_\_\_\_

Certified by: \_\_\_\_\_ Title: \_\_\_\_\_

Phone No.: \_\_\_\_\_ Email: \_\_\_\_\_

Return this form to: [CIPDocuments@sp.gcpud.org](mailto:CIPDocuments@sp.gcpud.org)

**\*\*\*Access will not be granted until this Background Check has been completed and training taken\*\*\***

**These are sub-sections of the “Grant County PUD Personnel Risk Assessment Program” relevant to Vendor(s) and/or Contractor(s). For the complete program please contact [rcstaff@gcpud.org](mailto:rcstaff@gcpud.org)**

**Evaluation Criteria:**

Contractors with physical or electronic access to District High or Medium Impact BES Cyber Systems and their associated EACMS and PACS, shall certify a background check was met using the following criteria:

Whether the individual has ever been convicted of any of the following FELONIES:

- Murder
- Kidnapping
- Manslaughter
- Fraud, theft, and/or robbery
- Criminal sexual conduct
- Arson

Whether the individual has ever been convicted of the following MISDEMEANORS:

- Violence related
- Honesty related

Whether the individual has ever been convicted of a single misdemeanor, other than minor traffic offenses, which are generally defined as traffic offenses that did not involve property damage and/or personal injury.

Individual is not currently awaiting adjudication on any criminal charge other than minor traffic offenses, which, again, are generally defined as traffic offenses that did not involve property damage and/or personal injury.

In the event the individual has been convicted of a felony or misdemeanor, the Contractor shall not assign such individual to a District location without first discussing such conviction with the District and obtaining the approval of the District’s PRA Committee for such assignment in accordance with the District’s Personnel Risk Assessment Program. The District reserves the right to refuse the assignment of an individual who does not pass the above Evaluation Criteria after review and consideration of the extenuating circumstances by the District’s PRA Committee.

**FOR GRANT PUD USE ONLY**

If Background Check failed enter date of PRA Committee Review: \_\_\_\_\_ Pass \_\_\_\_ Fail \_\_\_\_  
(Check one)

Signature of PRA Committee member: \_\_\_\_\_

# **For Commission Review – 8/23/2022**

Motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ authorizing the General Manager/CEO, on behalf of Grant PUD, to execute Change Order No. 7 to Contract 130-4064 with GE-Alstom Grid, LLC, increasing the not-to-exceed contract amount by \$260,998.00 for a new contract total of \$1,829,751.00, extending the contract completion date to August 31, 2023, and resetting the delegated authority levels to the authority granted to the General Manager/CEO per Resolution No. 8609 for charges incurred as a result of Change Order No. 7.

XXXX

## MEMORANDUM 7/28/2022

**TO:** Richard Wallen, Chief Executive Officer

**VIA:** Jeff Grizzel, Chief Operating Officer



**FROM:** Kevin Carley, Manager Control Systems Engineering

Kevin Carley

Digitally signed by Kevin Carley  
Date: 2022.08.04 15:30:54  
+07'00'

**SUBJECT:** Contract 130-4064 (GE Digital), Change Order No. 7

**Purpose:** To request Commission approval of Change Order No. 7 to Contract 130-4064 with GE Digital to extend the Energy Management System (EMS) Software Support Services contract for 1 year covering the period 8/31/2022 to 8/31/2023 and increasing the total contract amount by \$260,998.00 for a new total of \$1,829,751.00.

### Discussion:

The original contract was awarded on 12/20/2015 for EMS Software Support Services covering the period from 1/1/2016 to 8/31/2018 as we have continued to utilize the EMS software, we have continued to pay annual software maintenance and increase licensing as power systems has grown since the initial contract in 2015.

- EMS Software Support Services are required to meet NERC Critical Infrastructure Protection (CIP) compliance standards.
- Software support services for EMS software are based on a percent of the base software purchase price. The Software Support Services have been moved to CPI adjusted amount and is increasing by 8.6%. This change order amount reflects 8.6% annual increases from the end of the current contract extension.
- The Software Support Services from GE Digital under this contract includes advisory/remedial electronic and telephone consultation as needed with 24x7x365 support for critical issues.

### Justification:

- Continued NERC CIP compliance.
- If not approved, Grant PUD risks being out of compliance with certain NERC CIP standards.
- The existing contract expires on 8/31/2022.
- Since we are negotiating an extension/change order to the existing contract, the vendor provides a two-month grace period for continued support.
- To ensure compliance with NERC CIP standards, other utilities purchase similar software support for their EMS.

### Financial Considerations:

- Do nothing.
- This is a recurring O&M expense that is included in the current and future year budgets as PID 101587 under Cost Center FE0000.

### Change Order History:

- Change Order No. 1, in the amount of \$52,243 was for additional software to drive the mapboard in the Dispatch Office from the EMS system.

- Change Order No. 2, in the amount of \$408,242 for a two-year License and Maintenance Renewal.
- Change Order No. 3, in the amount of \$215,648 for a one-year License and Maintenance Renewal
- Change Order No. 4, in the amount of \$13,861 for additional 2000 SCADA licensing to support substation expansion.
- Change Order No.5, in the amount of \$225,657 for a one-year License and Maintenance Renewal
- Change Order No. 6, in the amount of \$13,861 for additional 3000 SCADA licensing to support substation expansion.

**Legal Review:** See attached email.

**Recommendation:** Commission approval of Change Order No. 7 to Contract 130-4064 with GE Power to extend the Energy Management System (EMS) Software Support Services contract for 1 year covering the period from 8/31/2022 to 8/31/2023 and increasing the total contract amount by \$260,998.00 for a new total of \$1,829,751.00.



CHANGE ORDER  
NO. 7

Pursuant to Section 17, the following changes are hereby incorporated into this Contract:

- A. Description of Change: Revise the Software Support Services fees and extend the term in accordance with the attached Revised Exhibit "A", Software Support Services [PB1] [NB2].
- B. Time of Completion: The revised completion date shall be August 31, 2023.
- C. Contract Price Adjustment: As a result of this Change Order, the not to exceed Contract Price shall be increased by the sum of \$260,998.00 plus applicable sales tax. This Change Order shall not provide any basis for any other payments to or claims by the Contractor as a result of or arising out of the performance of the work described herein. The new total revised maximum Contract Price is \$1,829,751.00, including changes incorporated by this Change Order.
- D. Except as specifically provided herein, all other Contract terms and conditions shall remain unchanged.

Public Utility District No. 2  
of Grant County, Washington

GE/Alstom Grid, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**REVISED EXHIBIT "A"**  
**SOFTWARE SUPPORT SERVICES**  
Effective 9/1/2022

Date: 6/28/2022  
Quote ID: OP21GRAUS0000435790

Page 1 of 2

**Software Support Services Quotation**

**Site Information:**  
**Customer:** Public Utility District No. 2 of Grant County, Washington, a Municipal Corporation  
**Address:** PO Box 878  
Ephrata, WA 98823



**Contact:** Kevin Carley  
**Phone #:**  
**Cell #** 509-793-6541  
**E-mail:** Kcarley@gcpud.org

**Contract Term:** 9/1/2022 to 8/31/2023

**Invoice Schedule:** Aug-2022

**Software Support Services**

|  | Product Description   | Usage Criteria           | License Limit              | Usage Limit                | Support Type | Start Date | # of Months | Coverage Period Total |
|--|---|--------------------------|----------------------------|----------------------------|--------------|------------|-------------|-----------------------|
| e-terrahabitat                                   | Multiple Host Standby   |                          |                            |                            | Standard     | 9/1/2022   | 12          | \$40,034              |
|  |   |                          |                            |                            | Standard     | 9/1/2022   | 12          | \$12,010              |
|  | <b>Program Development System (PDS)</b>   |                          |                            |                            | Standard     | 9/1/2022   | 12          | \$31,900              |
| e-terrasource                                    |   |                          |                            |                            | Standard     | 9/1/2022   | 12          | Included              |
|  | <b>Replicated Data Server (RDS)</b>   | Seats                    | 57                         | 57                         | Standard     | 9/1/2022   | 12          | \$23,627              |
| e-terrascada                                     | (SCADA)   | Points                   | 17000                      | 17000                      | Standard     | 9/1/2022   | 12          | \$40,989              |
|  | Pro-rated for M&S purchased with OP22GRAUS0000448069  | Points                   | 3000                       | 3000                       | Standard     | 3/1/2023   | 6           | \$1,754               |
|  | Mapboard  | Qty                      | 1                          | 1                          | Standard     | 9/1/2022   | 12          | \$8,321               |
| e-terracontrol                                   | (SMP)   | Points<br>IP Sockets     | See Below<br>See Below     | See Below<br>See Below     | Standard     | 9/1/2022   | 12          | \$16,672              |
| e-terrageration                                  | (GENERATION)  | Peak/G.<br>Load<br>Units | 2000<br>22                 | 2000<br>22                 | Standard     | 9/1/2022   | 12          | \$18,903              |
|  | (See Note 5 below)  |                          |                            |                            | Standard     | 9/1/2022   | 12          | \$16,856              |
| e-terrastransmission                             | (NETWORK)   | Buses                    | 500                        | 60                         | Basic        | 9/1/2022   | 12          | \$10,017              |
|  | CA  |                          |                            |                            | Basic        | 9/1/2022   | 12          | \$1,002               |
|  | OPF   |                          |                            |                            | Basic        | 9/1/2022   | 12          | \$1,503               |
|  | (Not in use. Priced as Basic)   |                          |                            |                            |              |            |             |                       |
| e-terrasimulator                                 | (DTS)   | Buses                    | 500                        | 60                         | None         | 9/1/2022   | 0           | NA                    |
|  | Ultimate license 500 buses (Not in use per J. Mettler 8/21/2018)  |                          |                            |                            |              |            |             |                       |
|  | <b>MODULAR PRODUCTS</b>   |                          |                            |                            |              |            |             |                       |
|  |   | Nodes                    | 2 (1<br>Redundant<br>Pair) | 2 (1<br>Redundant<br>Pair) | Standard     | 9/1/2022   | 12          | \$9,018               |
| e-terracomm                                      | (OAG) - ICCP & ICHP included  |                          |                            |                            | None         | 9/1/2022   | 0           | NA                    |
|  | Secure ICCP (Not in use per D.Hahn 5/22/2015)   |                          |                            |                            |              |            |             |                       |
| e-terracomm                                      | (OAG) - ICCP & ICHP included  | Nodes                    | 1 Single                   | 1 Single                   | Standard     | 9/1/2022   | 12          | Included              |
|  | Active Backup   |                          |                            |                            |              |            |             |                       |
| e-terratrust v1.0                                |   | Clients                  | 25                         | 25                         | Standard     | 9/1/2022   | 12          | \$6,832               |
|  | The "right to upgrade" to new versions is not included with Standard Support for e-terratrust v1.0 release. |                          |                            |                            |              |            |             |                       |
| Aventail VPN Client - Secure Socket Layer Client |   |                          |                            |                            | None         | 9/1/2022   | 0           | \$0                   |
|  | Fee is for necessary changes that may be required to add people to Alstom VPN                               |                          |                            |                            |              |            |             |                       |
|  | For Failsafe purposes   |                          |                            |                            |              |            |             |                       |
|  | Removed 8/10/2020   |                          |                            |                            |              |            |             |                       |
| <b>Software Support Services Price Sub-Total</b> |   |                          |                            |                            |              |            |             | <b>\$239,438</b>      |

Reference: GE Energy Management Services, LLC (Formerly ALSTOM Grid LLC)/Public Utility District No. 2 of Grant County Contract 130-4064 the Software License Agreement dated 28Jan1999 and applicable Software Support Service Description.

Proprietary and Confidential

Payment of the quoted price will constitute acceptance. Prices are valid for ninety (90) days.

Printed: 09/28/2022 10:29:25 AM  
Page 1 of 2  
OP21GRAUS0000435790

### Support Services Payment Options

GE Digital



Date: 6/28/2022  
Quote ID: OP21GRAUS0000435790  
Customer: Public Utility District No. 2 of Grant County, Washington, a Municipal Corporation  
Address: PO Box 878  
Ephrata, WA 98823

|  |            | Contract Term         |         |             |         |
|--|------------|-----------------------|---------|-------------|---------|
|  |            | 9/1/2022 to 8/31/2023 |         |             |         |
| <b>Annual Standard Software Support Services</b>   |            |                       |         |             |         |
| Sub-Total  |            | \$239,438             |         |             |         |
| Security Update Validation Service   |            | \$11,971              |         |             |         |
| Independent Security Penetration Testing Service   |            | \$2,395               |         |             |         |
| 3rd Party Security Update Validation Service   |            | \$7,184               |         |             |         |
| <b>Total Standard Software Support Services</b>  |            | <b>\$260,988</b>      |         |             |         |
| <div><div>Issue PO to:</div><div>GE Energy Management Services LLC<br/>19015 North Creek Parkway<br/>Suite 300<br/>Bothell, WA 98011<br/>or Fax: 425-250-1400</div></div>  |            |                       |         |             |         |
| Itemized List of e-terracontrol (SMP) Boxes  |            | License Limit         |         | Usage Limit |         |
| BOX ID   | Redundant? | Points                | Sockets | Points      | Sockets |
| GCSMPA1 / GCSMPB1  | Yes        |                       |         |             |         |
| GCSMPA2 / GCSMPB2  | Yes        |                       |         |             |         |
| Total Production Points / Sockets  |            | 15000                 | 20      | 15000       | 20      |
| GCSMPC1 Backup   | No         |                       |         |             |         |
| GCSMPC2 Backup   | No         |                       |         |             |         |
| Total Backup Points / Sockets  |            | 15000                 | 20      | 15000       | 20      |
| Virtual Charts - Decommissioned  | No         | 1000                  | 20      | na          | na      |
|  |            |                       |         |             |         |
| <div>Notes:<br/>1.The pricing in this quotation applies only to those versions of Platform, core and independent products as defined in the Software Support Services Description and Product Lifecycle Policy.<br/>2. Custom software applications are not included. Time and Materials will be charged for support of custom software.<br/>3. Unless otherwise agreed via separate contract, fees are dependent on the size of the system in operation (Usage Limit) rather than the size of the system as purchased (License Limit). Those values may differ if the full license is not put into operation.<br/>4. Purchase of the quoted Software Support Services will constitute confirmation of the Usage Limits as listed. Refunds and/or credits will not be provided for over-stated Usage Limits in previously purchased Software Support Service agreements.<br/>5. Due to the unique District configuration, the Mid-Columbia units are exempt from inclusion in the total Generation License and Usage Limit values.</div> |            |                       |         |             |         |

Reference: GE Energy Management Services, LLC (Formerly ALSTOM Grid LLC)/Public Utility District No. 2 of Grant County Contract 130-4064 the Software License Agreement dated 28Jan1999 and applicable Software Support Service Description.

Payment of the quoted price will constitute acceptance. Prices are valid for ninety (90) days.

## Change Order Table

**Contract Title:** Annual Energy Management System (EMS) License and Maintenance Renewal

|   |                  |                               |                |
|---|------------------|-------------------------------|----------------|
| Contract No.                            | 130-4064         | Award Date:                   | 12/20/2015     |
| Project Manager:                        | Jeff Mettler     | Original Contract Amount:     | \$635,187.00   |
| District Representative (If Different): |                  | Original Contract completion: | 8/31/2018      |
| Contractor:                             | Alstom Grid, LLC | Total CO Cost Change Amt      | \$1,194,564.00 |

| CO# | Change Description   | Approved by       | Approval Date | Revised Completion Date | Cost Change Amount | Revised Contract Amount | Authority Level Tracking |
|-----|--|-------------------|---------------|-------------------------|--------------------|-------------------------|--------------------------|
| 1   | Increase Contract Price to include MapBoard License  | Director          | 03/18/16      | N/A                     | \$52,243.00        | \$687,430.00            | \$52,243.00              |
| 2   | Increase the Contract Price and Extend the Contract completion date.   | Comm              | 10/10/18      | 08/31/20                | \$408,242.00       | \$1,095,672.00          | \$460,485.00             |
| 3   | Increase the Contract Price and Extend the Contract completion date.   | Managing Director | 08/18/20      | 08/31/21                | \$215,648.00       | \$1,311,320.00          | \$215,648.00             |
| 4   | Increase the quantity of points, from 15,000 points to 17,000 points for the SCADA licensing (e-terrascada). | Dept Mgr          | 02/17/21      | N/A                     | \$13,861.00        | \$1,325,181.00          | \$229,509.00             |
| 5   | Increase the Contract Price and Extend the Contract completion date.   | Managing Director | 09/01/21      | 08/31/22                | \$225,657.00       | \$1,550,838.00          | \$455,166.00             |
| 6   | Increase the quantity of points, from 17,000 to 20,000 points for the SCADA licensing (e-terrascada).        | Dept Mgr          | 02/23/22      | N/A                     | \$17,915.00        | \$1,568,753.00          | \$473,081.00             |

|                                       |  |      |  |          |              |                |              |
|---------------------------------------|--|------|--|----------|--------------|----------------|--------------|
| 7                                     | Increase the Contract Price and<br>Extend the Contract completion<br>date. | Comm |  | 08/31/23 | \$260,998.00 | \$1,829,751.00 | \$734,079.00 |
|                                       |  |      |  |          |              |                |              |
| Total Change Order Cost Change Amount |  |      |  |          | 1,194,564.00 |                |              |