

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 20, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE October 20, 2015

DATE: October 9, 2015

TO: Public Utility Commission

FROM: Aster Adams 

THROUGH: Jason Eisdorfer 

SUBJECT: PACIFIC POWER: (Docket No. UM 1739) 2014 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends that, based upon the Pacific Power (Pacific or Company) 2014 Renewable Portfolio Standard (RPS) Compliance Report, the Commission find that Pacific complied with the RPS for the 2014 compliance period.

DISCUSSION:

Issue

OR 860-083-0350(1)(a) requires that each electric company subject to Oregon's Renewable Portfolio Standard (RPS) provide an annual compliance report (Compliance Report) demonstrating its compliance with the law, or explaining in details its failure to comply with the RPS.

Pacific filed its 2014 RPS Compliance Report (Report) on June 1, 2015. The Report indicates that Pacific complied with the RPS.

Applicable Law

The RPS is codified at ORS 469A.005 through 469A.210. Among other reporting details required by OR 860-083-0350(2)(a-s), the Compliance Report must contain a complete accounting of renewable energy certificates (RECs) used for compliance in the compliance year, separating the RECs into bundled or unbundled, showing clearly which generating unit produced the RECs, the total cost of compliance, and a detailed explanation of any material deviations from the electric company's applicable acknowledged implementation plan filed under OR 860-083-0400.

OAR 860-083-0350(2)(b-g) specifically states that an electric company may be considered in compliance with the RPS if they provide a complete Compliance Report and satisfactorily show they have acquired and retired an appropriate number of valid RECs, bundled or unbundled, banked or unbanked, for the compliance year.

ORS 469A.100(1) provides that “electric utilities are not required to comply with a renewable portfolio standard during a compliance year to the extent that the incremental cost of compliance, the cost of unbundled renewable energy certificates and the cost of alternative compliance payments under ORS 469A.180 (Electric companies) exceeds four percent of the utility’s annual revenue requirement for the compliance year.”

Under the law, Oregon large utilities must deliver a percentage of their electricity from eligible renewable resources. The RPS establishes renewable energy goals for the state’s public power utilities based on the total retail sales of the utility (or Electric Service Supplier (ESS)). See ORS 469A.065.

RPS compliance must be demonstrated through the retirement of RECs that are maintained through the Western Renewable Energy Generation Information System (WREGIS). RECs may be either bundled with energy or exchanged separately (unbundled). One REC is issued per megawatt-hour of generation produced. See OAR 330-160-0015(15).

RECs procured before March 31st of a given year may be used for a previous year's compliance (OAR 860-083-0350(2)(c)), and RECs may be banked and carried forward indefinitely for future compliance (ORS 469A.140). However, only 20 percent of a regulated utility’s RPS compliance obligation may be satisfied using unbundled RECs in any given compliance year. See ORS 469A.145.

There are two mechanisms that serve as cost protections for Oregon consumers – an alternative compliance payment (ACP) mechanism and a cost cap on RPS expenditures equal to four percent of annual revenue requirement. In lieu of procuring renewable resources, utilities are allowed to pay an ACP and the funds are placed in a holding account to be spent on energy conservation programs or for procuring additional eligible resources.¹

Analysis

Pacific’s total number of megawatt-hours (MWhs) sold to retail customers in 2014 was 12,958,736 MWhs. The RPS requires Pacific to retire RECs equal to 5% of this total in 2014, (647,937 RECs), or provide an alternative compliance payment.

¹ See ORS 469A.180(4), OAR 860-083-0300(2)(a) and OAR 860-083-0300(3)(b)(A).

The following tables show how Pacific reports retirement of the following types of RECs to meet the RPS compliance target for 2014 consistent with Oregon statutes and rules:

Type of REC	Number of RECs	Percentage of RPS
Newly acquired - unbundled	0	
Banked – unbundled	129,587	
Subtotal Unbundled	129,587	20.0%
Newly acquired – bundled	0	
Banked – bundled	518,350	80.0%
Total	647,937	100.0%

Pacific's 2014 RPS Compliance Report demonstrates compliance with the RPS through the use of 518,350 banked bundled RECs and 129,587 banked unbundled RECs. The total of unbundled RECs is exactly 20 percent of the required 647,937 RECs, which is within the allowable limit on use of unbundled RECs for compliance.

Through data requests, Staff asked Pacific to provide detail of its calculation of the percentage of revenue requirement (0.03 percent) that the total cost of compliance represents. It was through these series of data requests and responses that the Company corrected its percentage of revenue requirement calculation, resulting in an amended percentage of revenue requirement (0.054 percent) that the total cost of compliance represents. Nevertheless, the value is below the cost cap of four percent of revenue requirement established by statute.

Comparison to RP5 Implementation Plan

ORS 469A.075 requires electric companies that are subject to the RPS to file an implementation plan every two years which forecasts the resources expected to be used to meet the RPS targets and an estimate of the cost of compliance. Pacific's Compliance Report is consistent with the acknowledged 2015-2019 RPS Implementation Plan with the exception that the 2014 RPS Compliance Report includes additional facilities that are certified by Oregon Department of Energy, including projects in the Oregon Solar Incentive Program and qualifying facility contracts.

Conclusion

Staff concludes that Pacific has met the RPS compliance targets mandated by ORS 469A.052(1)(a) and has met the RPS compliance reporting requirements mandated by OAR 860-083-0350.

PROPOSED COMMISSION MOTION:

- (1) Pacific be found to comply with Oregon's Renewable Portfolio Standard during the 2014 compliance period; and
- (2) Pacific be directed to retire the RECs identified in its Compliance Report, and to provide a Western Renewable Energy Generation Information System retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of this Order.

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