

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

Docket No. UM 1779

In the Matter of

SHELL ENERGY NORTH AMERICA, (US)
L.P.

2015 Renewable Portfolio Standard
Compliance Report.

STAFF COMMENTS

Introduction

These comments reflect Staff's response to Shell Energy North America, (US) L.P. (Shell) 2015 Renewable Portfolio Standard (RPS) Compliance Report.

Pertinent statutes and rules

Oregon Administrative Rule (OAR) 860-083-0350(1)(a) requires that each electric company subject to Oregon RPS provide an annual compliance report (Compliance Report) demonstrating its compliance, or explaining in details its failure to comply with the RPS.

Among other reporting details required by OAR 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 OAR 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 it provides 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.”

Background

As part of the Oregon Renewable Energy Act of 2007 (Oregon Senate Bill 838), the state of Oregon established a RPS for electric utilities and retail electricity suppliers. 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)).

These renewable energy goals are codified in ORS 469A.052. Under this statute, utilities that supply three percent or more of the state's total retail load must ensure that a certain percentage of the electric energy sold to retail customers within the state of Oregon is derived from eligible renewable energy resources. ORS 469A.052 was modified by 2016 SB 1547. For those utilities meeting the retail load criteria, the specific annual RPS targets under SB 1547 are shown below:

| RPS Size | Share of State Sales | Affected Utility and Electric Service Suppliers | Standard By Year | | | | | |
|--------------------|----------------------|---|---|-------------|-------------|-------------|-------------|--------------|
| | | | 2015 - 2019 | 2020 - 2024 | 2025 - 2029 | 2030 - 2034 | 2035 - 2039 | 2040-forward |
| Large Utilities | > 3% | Eugene Water & Electric | 15% | 20% | 25% | | | |
| | | Pacific Power Portland General Electric | 15% | 20% | 27% | 35% | 45% | 50% |
| Smaller Utilities | 1.5% ≤ Share < 3% | No Investor-Owned Electric Utility or ESS | No RPS obligations | | 10% | | | |
| Smallest Utilities | < 1.5% | Idaho Power Company | No RPS obligations | | 5% | | | |
| ESS | Any | All | Same RPS Obligations as the distribution utility in the same service territory. | | | | | |

As an ESS, Shell must meet the requirements of the RPS that apply to the electric utilities that serve the territories serviced by Shell (ORS 469A.065). Shell serves a customer in the territory of Portland General Electric (PGE).

PGE is subject to the same annual RPS target under ORS 469A.052 – these RPS targets under SB 1547 are shown in the table below:

| RPS Size | Share of State Sales | Affected Utility and Electric Service Suppliers | Standard By Year | | | | | |
|-----------------|----------------------|---|------------------|---------------|---------------|---------------|---------------|------------------|
| | | | 2015 -2019 | 2020 -2024 | 2025 -2029 | 2030 -2034 | 2035 -2039 | 2040- forward |
| Large Utilities | > 3% | Shell | 15% | 20% | 27% | 35% | 45% | 50% |
| | | Eugene Water & Electric | 15% | 20% | 25% | | | |
| | | Pacific Power | 15% | 20% | 27% | 35% | 45% | 50% |
| | | Portland General Electric | 15% | 20% | 27% | 35% | 45% | 50% |

The energy sources that qualify as RPS-eligible renewable resources are defined by ORS 469A.020-025. These sources include electricity generated from solar, wind, low-impact hydropower, hydropower efficiency upgrades, ocean thermal, wave and tidal power, post-1995 hydropower, geothermal, hydrogen using anhydrous ammonia derived from certain renewable sources, municipal solid waste, and biomass, including biogas. Eligible resources must be located within the Western Electricity Coordinating Council (WECC) territory or must be designated "environmentally preferred power" by the Bonneville Power Administration (BPA).

In most cases, electricity must be generated by a facility that became operational on or after January 1, 1995, to be a qualifying resource. However, incremental energy delivered from facilities operational before January 1, 1995, which are attributable to efficiency upgrades performed on or after January 1, 1995, also are considered a qualifying resource. Certain pre-1995 biomass facilities are also eligible to generate qualifying electricity.

Conclusion

For the compliance year 2015, Shell must meet its RPS target through the retirement of RECs equal to 15 percent of its retail load or provide an alternative compliance payment.¹ Staff finds that Shell's 2015 Report demonstrates that it complied with the RPS targets mandated by ORS 469A.052(1)(b) and has met the RPS compliance reporting requirements mandated by OAR 860-083-0350. However, Staff will review all comments that might be filed by interested persons and any responses that Shell may file. Staff will submit a report with its final recommendations for the Commission's consideration at a future public meeting.

¹SB 1547 modified ORS 469A.052's compliance targets, but not in a way that affects the compliance reporting requirements for 2015.

This concludes Staff's comments.

Dated at Salem, Oregon this 12th day of July, 2016

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