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Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of OREGON PUBLIC UTILITY COMMISSION
Rulemaking Regarding Renewable Portfolio Standard Planning Process and
Reports
Docket No. AR 616

Dear Filing Center:

Pursuant to the Oregon Public Utility Commission (“Commission”) Staff’s February 26, 2019 Request for Comment, the Alliance of Western Energy Consumers (“AWEC”) provides these responses to Staff’s questions.

1. Please describe what you see as the respective functions of the RPIP and the Compliance Report? How does one complement the other? And, how do you think these reports relate to the IRP?

AWEC believes the RPIP should be incorporated into the IRP because it complements the utility’s resource acquisition strategy by forecasting the incremental cost of compliance with the RPS and, therefore, could impact future resource acquisitions. From a legal perspective, however, fully integrating the RPIP and the IRP is challenging because the RPIP is required to be filed at least every two years. ORS 469A.075(1). The Commission has adopted a similar timeline for the IRP, but this timeline is not a statutory requirement and the IRP sometimes gets delayed. Presumably if the RPIP is incorporated into the IRP and IRP updates, however, it should in most cases be “revised an updated at least once every two years,” as the statute requires.

In AR 610, AWEC provided a strawman proposal for how to calculate the incremental cost of compliance on a forward-looking basis. If that, or a similar framework, is adopted, the RPIP would complement the Compliance Report in that the RPIP would identify if

and when a utility has exceeded the incremental cost cap, which would then impact the utility's need to comply with the RPS, which it would demonstrate through the Compliance Report. This is different from the current framework in which the RPIP and Compliance Report have little relation to each other. While the RPIP forecasts the incremental cost of compliance, whether a utility has reached the 4% cost cap is determined by reference to the Compliance Report, not the RPIP.

2. While the content for the RPIP and Compliance Reports is detailed in both OAR and statute, the requirements for these reports have remained a point of contention among parties. For example, understandings have differed as to what constitutes a material difference between an RPIP and the most recent IRP. Please specify any criteria in addition to the statutory requirements that should be established for RPIP and Compliance Report filings.

If the RPIP and IRP are integrated, then there should be no difference between these two in terms of the assumptions and data that underlie them. Rather, the RPIP's compliance and incremental cost forecast should rely on the data and analysis that underlie the IRP. This could result in some changes to the RPIP. For instance, the RPIP currently does not assume any specific resource acquisition. If combined with the IRP, though, there may be circumstances in which a specific resource should be assumed. If the IRP determines that solar is the least-cost, least-risk RPS resource, for instance, the RPIP should assume that solar will be used for compliance going forward. Otherwise, AWEC does not believe the RPIP or Compliance Reports should contain information that is in addition to what is required by law. With that being said, however, AWEC does strongly believe that all assumptions and inputs the utilities use to calculate the incremental cost of compliance should be transparently identified in the RPIP.

3. The current timing of IRP filings and RPIPs are not coordinated, despite SB 1547 making the link between these two processes stronger. What are your recommendations to better connect the timing of the RPIP with the IRP?

As noted above, AWEC believes the RPIP should be part of the IRP and any IRP updates. In most cases, this should be sufficient to meet the statutory requirement that the RPIP be "revised and updated at least once every two years." If it happens that neither an IRP or IRP update is filed within a two-year period, then the utility would need to file a stand-alone RPIP.

4. SB 1547 repealed the first-in first-out REC banking requirement and introduced Golden RECs into the RPS process. Both of these actions have long-term implications for RPS well beyond the current five year planning horizon required in the RPIP. Indeed, in both PGE's IRP (LC 66 – RPS Glidepath) and PAC's IRP (LC 67 – Energy Vision 2020) the Companies take a longer view of regulatory compliance benefits of near-term renewable resource acquisitions. Yet, these planned acquisitions were not found in either companies' RPIP or Compliance reports filed in 2018. Would it be more appropriate, given the longer-term impacts of the companies' renewable resource acquisitions and the ability to bank certain RECs beyond the compliance window, to have the RPIP and even the Compliance Reports include

information that covers a longer time frame? Please specify what information, if any, should be included and explain your answer.

If the RPIP is to be incorporated into the IRP, it likely makes sense to extend the RPIP forecast to mirror the IRP's study period (typically 20 years, but sometimes longer). AWEC cautions, though, that any long-term forecast is inherently speculative, so emphasis should always be placed on the near-term results of the RPIP, as it should with the IRP. Ultimately, the point of the RPIP is to forecast the incremental cost of RPS compliance, which will be realized not by projections of RPS needs 20 years out, but actual planned resources identified in the utility's IRP action plan. Whether the incremental cost of compliance impacts if such a resource should be acquired should be the principal inquiry from the RPIP. AWEC understands that the Compliance Reports merely document RPS compliance in the previous year, so does not understand how they would cover a longer time frame, but will consider other stakeholders' comments on this issue.

5. The RPIP rule specifies forecasts of several scenario and sensitivity requirements including expected incremental costs of new qualifying electricity, the expected incremental cost of compliance with the cost of unbundled RECs and alternative compliance payments, and a forecast of the number and cost of bundled RECs issued. For each of the above listed forecasts the rule also requires one forecast that assumes existing government incentives continue beyond their current expiration date and one that does not. Are the required RPIP scenarios and sensitivities still appropriate?

AWEC believes all of these scenarios continue to have relevance.

6. Are there improvements to RPIP and RPS Compliance report formatting that should be made to more fully facilitate dissemination of information and review of the reports?

AWEC recommends that the RPIP more transparently identify all assumptions and inputs the utilities use to calculate the incremental cost of compliance. Currently, how this calculation is performed is not easily discernible in either the report or the supporting workpapers. AWEC notes that if the RPIP is incorporated into the IRP, the RPIP would presumably use the same inputs included in the IRP, which may make it easier to understand the basis of the calculations.

7. How should "associated energy storage" as it is used in ORS 469A.120 be defined?

AWEC is not convinced that this term should be defined in the rules. While SB 1547 added this phrase to ORS 469A.120(2)(a), that provision already included the phrase "associated with transmission," which the rules do not define. As with transmission, whether energy storage is "associated" with renewable energy may be a fact-specific inquiry that should be resolved on a case-by-case basis.

That said, if the Commission feels that a definition of this term would be useful, AWEC recommends that this term be defined in a way that limits "associated energy storage" to

energy storage projects designed specifically to support a renewable energy project, as opposed to any energy storage project that may provide some renewable integration benefits but also provides broader system reliability and/or transmission and distribution benefits. The reason this issue matters is that “associated energy storage” is eligible for an automatic adjustment clause, which is an extraordinary form of single-issue ratemaking that the Commission has found should be used sparingly. If this phrase is too broadly defined, it will open up this type of ratemaking mechanism to much more frequent use than was intended.

8. Are there any specific changes you would like to see to the administrative rules related to the Renewable Portfolio Standard Planning process and reports that was not addressed in the previous questions? What legal and/or policy justification is there for your position?

AWEC has no changes to propose at this time, but will review other stakeholders’ recommendations and reserves the right to modify its position.

Sincerely,

/s/ Tyler C. Pepple

Tyler C. Pepple