

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

**AR 616**

In the Matter of :  
 :  
Rulemaking related to Renewable : COMMENTS OF RENEWABLE  
Portfolio Standard Planning Process and : NORTHWEST  
Reports :  
\_\_\_\_\_ :

**I. INTRODUCTION**

Renewable Northwest submits these comments in response to Staff’s February 26, 2019 Request for Comment from Interested Parties (“Request for Comment”). We are grateful for the opportunity to comment, and we look forward to further discussion on these issues at the upcoming Staff Workshop referenced in the Request for Comment.

**II. COMMENTS**

The Oregon Public Utility Commission (“Commission”) opened Docket AR 616 in April 2018 in order to update the rules regarding utility plans to implement Oregon’s Renewable Portfolio Standard (“RPS”) and RPS compliance reporting, and to define the term “associated energy storage” for purposes of utility cost recovery.<sup>1</sup> On February 13, 2019, we participated in Staff’s opening workshop to discuss the docket’s scope and substantive guidelines. Following that workshop, Staff released its Request for Comment on February 26, 2019. Staff’s Request for Comment sets forth eight questions “to help inform the second Staff-led workshop to address

---

<sup>1</sup> Docket No. AR 610, Order No. 18-128 (Apr. 12, 2018).

potential rulemaking regarding Renewable Portfolio Standard (RPS) Planning Process and Reports.”

In these Comments, we respond to the eight questions, bearing in mind the ultimate rulemaking objectives of updating the Oregon Public Utility Commission’s (“the Commission”) of updating Renewable Portfolio Implementation Plan (“RPIP”) rules to reflect changes enacted through SB 1547 (2016) and addressing RPS implementation issues identified by stakeholders. We also note where we have no response to a particular question at this time.

**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?**

The function of the RPIP is for a utility to demonstrate to the Commission how it will meet its RPS obligation.<sup>2</sup> The function of the Compliance Report is for a utility to demonstrate to the Commission how it has met (or failed to meet) its RPS obligation.<sup>3</sup> The reports complement one another inasmuch a utility’s RPIP feeds into its Compliance Report by helping it achieve RPS compliance, and its Compliance Report feeds into its RPIP by providing experience and data the utility may use to plan for future RPS compliance.

Both the RPIP and the Compliance Report relate to a utility’s integrated resource plan (“IRP”) at a fundamental level. In particular, the RPIP relates to the IRP in that a utility’s plan to meet its RPS obligation is tied to its overall resource planning effort. The post-SB 1547 RPS statute acknowledges this tie between the RPIP and IRP process by establishing that the

---

<sup>2</sup> See ORS 469A.075 (requiring utilities to “develop an implementation plan for meeting the requirements of the renewable portfolio standard”).

<sup>3</sup> See ORS 469A.170 (providing that “the purpose” of the Compliance Report is “detailing compliance, or failure to comply, with the renewable portfolio standard applicable in the compliance year”).

Commission by rule may “provid[e] for the integration of an implementation plan with the integrated resource planning guidelines established by the commission for the purpose of planning for the least-cost, least-risk acquisition of resources,” and by reflecting the IRP touchstone of “least-cost, least-risk planning for acquisition of resources” in another RPIP-related subsection as well.<sup>4</sup>

The Compliance Report relates to the IRP in that it contains information about how a utility actually met its RPS obligation, and this information may feed into the IRP’s comprehensive resource planning process; for example, the Compliance Report by statute must include “market prices for electricity purchases” used for RPS compliance and an assessment of “long term development of generating capacity using renewable energy sources.”<sup>5</sup> This information and iterative process can help a utility determine its resource needs and least-cost, least-risk means of meeting those resource needs.

**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.**

Renewable Northwest has no response to this question at this time.

---

<sup>4</sup> ORS 469A.075(4)(c) & (5).

<sup>5</sup> ORS 469A.170(2)(c) & (d).

**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?**

Renewable Northwest supports the goal of better coordinating the RPIP and IRP processes, and avoiding unnecessary duplication. We do not have concrete suggestions for how best to accomplish this coordination, but we look forward to reviewing proposals put forward by other stakeholders and will comment as appropriate.

**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.**

Renewable Northwest has no response to this question at this time.

**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?**

As Renewable Northwest mentioned at the February 13, 2019 workshop on this topic, certain sensitivities in the Commission’s RPS rules appear to be out-of-date. For example, the requirement that utilities undertake a series of forecasts “assuming existing government subsidies

continue beyond their current expiration date” is no longer warranted given the sunseting of the federal Investment Tax Credit (“ITC”) and Production Tax Credit (“PTC”).<sup>6</sup> We look forward to reviewing proposals put forward by other stakeholders and will comment as appropriate.

**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?**

Renewable Northwest has no response to this question at this time.

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

Renewable Northwest supports determining a definition of “associated energy storage” in this rulemaking.

As a starting point, the relevant language change from SB 1547 that contains the phrase “associated energy storage” is:

(2)(a) The Public Utility Commission shall establish an automatic adjustment clause as defined in ORS 757.210 or another method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources [and for], **costs related to** associated electricity transmission **and costs related to associated energy storage.**<sup>7</sup>

Energy storage associated with facilities that generate electricity from renewable energy sources may help utilities derive additional value from these renewable resources well in excess of the cost of the storage, for example by shifting the energy generated by the renewable resources in time to better align with higher load times. Because associated energy storage may provide net benefits and thereby reduce the incremental cost of RPS compliance, it is appropriate to establish

---

<sup>6</sup> OAR 860-083-0400(4)(a).

<sup>7</sup> SB 1547, Section 11 (2016).

a definition of associated energy storage that ensures utilities may recover the costs of related investments.

At the same time, however, not all storage is designed to support renewable energy generation and integration; some storage may actually increase operation of fossil generators to charge batteries for later discharge as a form of energy arbitrage. To date, the best method we are aware of to ensure that an energy storage facility is truly associated with renewable energy generation (albeit a somewhat clumsy one) is use of colocation as a proxy. We remain open to alternative approaches to ensuring that the definition of “associated energy storage” supports the goals of the RPS, and we look forward to further discussion on this issue.

**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?**

Renewable Northwest has no response to this question at this time.

### III. CONCLUSION

Renewable Northwest thanks the Commission and Staff for consideration of these comments and looks forward to continued participation in the RPS rulemaking process.

/s/ Max Greene

Max Greene  
Staff Counsel & Analyst  
Renewable Northwest  
421 SW Sixth Ave. #975  
Portland, OR 97204  
(503) 223-4544

/s/ Michael H. O'Brien

Michael H. O'Brien  
Regulatory Director  
Renewable Northwest  
421 SW Sixth Ave. #975  
Portland, OR 97204  
(503) 223-4544