

March 18, 2019

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: AR 616 Renewable Portfolio Standard Planning Process and Reports—PacifiCorp's Comments

As requested by the Public Utility Commission of Oregon (Commission), PacifiCorp d/b/a Pacific Power respectfully submits these comments in response to questions posed by Staff on February 26, 2019.

Introduction

PacifiCorp appreciates the opportunity to provide comments on the rulemaking to address Renewable Portfolio Standard (RPS) reporting and planning processes to reflect changes resulting from the passing of Senate Bill (SB) 1547 in March 2016, as well as outstanding RPS issues that have been identified by Staff and stakeholders. PacifiCorp is generally supportive of any improvements to the RPS implementation plan and annual compliance reporting rules that streamline the reporting process while providing adequate information to meet the statutory reporting requirements and enable effective Commission review to determine the company's compliance in a more straightforward manner.

In evaluating the interaction between the various reports and filings relevant to the RPS, an outcome of this rulemaking should be the clear delineation of the various reports and their intended purpose. For example, though the Integrated Resource Plan (IRP) is used as the basis for developing the Renewable Portfolio Implementation Plan (RPIP), the functions of the two documents have been conflated in recent proceedings, resulting in an expansion of the scope of the RPIP.

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?**

Annual Compliance Report

The purpose of the annual compliance report is for the company to demonstrate compliance with the RPS for the previous calendar year. The reports must include the company's compliance targets, identify eligible renewable energy certificates (RECs) to be retired to meet those targets, annual generation/procurement volumes, and whether or not the company meets the four percent of revenue requirement threshold for the incremental cost of compliance for the year. The compliance report is fundamentally backwards-looking and to provide an accounting of the company's compliance—it is not an opportunity to assess future compliance plans or positions.

RPIP

The RPIP provides a near-term outlook of how the utility intends to comply with the RPS for the forward five years, specifically, the utility's REC retirement and REC bank management strategies. The strategic function of the RPIP has become more meaningful with the passing of Senate Bill 1547 which eliminated the first-in, first-out REC retirement provision and modified the RPS banking rules. Another key function of the RPIP is to ensure periodic recalculation for the incremental cost of RPS resources,¹ including an assessment of whether or not the utility is anticipated to exceed the annual four percent incremental cost of compliance during the five-year timeframe. The RPIP includes an assessment of REC retirement strategy but does not include an assessment of least-cost least-risk compliance alternatives in terms of resource mix and resource acquisition.

The annual compliance report and RPIP are complementary in that the annual RPS compliance report generally aligns with the compliance strategy outlined in the utility's relevant RPIP.

RPS Reports and IRP

While the RPIP is informed by the IRP and both are forward-looking documents that show the utility's anticipated RPS compliance position, the two filings are intended to serve very different purposes. The IRP serves as a comprehensive tool to inform the utility's system-wide resource needs in the medium-to-longer term.² In determining those needs, the IRP takes into account various state and federal regulatory policies in place, such as the RPS. The IRP then identifies a least-cost-least-risk preferred portfolio of resources and a near-term action plan to guide resource acquisition decisions. The RPIP, on the other hand, simply uses the RPS eligible resources identified in the IRP to most efficiently and effectively meet the RPS and manage the incremental costs of compliance.

The annual compliance report and IRP relate to a lesser extent; however, as described above, the IRP identifies resources used to meet the RPS compliance, and provides much of the underlying inputs used to calculate the incremental cost of RPS resources.

¹ Required at least every two years and generally done during the RPIP, though a utility may be required to recalculate them outside of the RPIP schedule if they have added significant resources or made significant investments in RPS resources that have not been captured in the last incremental cost calculation.

² PacifiCorp's IRPs are developed for a 10–20 year timeframe, and action plans are developed for the forward five years.

The table below summarizes the RPS Compliance Report, RPIP, and IRP.

	RPS Compliance Report	RPIP	IRP
Compliance Period Covered	Previous calendar year	Forward five years	10–20 year plan; five year action plan
RPS Content/Function	- Identification of annual target and RECs to be retired for compliance - Incremental cost of compliance (actual)	- Near-term RPS position - REC retirement strategy - Incremental cost of compliance	- Long-term RPS position - Compliance shortfall and resource acquisition plan as needed
Frequency	Annual, June 1 of each calendar year	Biennially, December 31 of odd-numbered years	Biennially, between March-April of odd-numbered years for PacifiCorp, with an update filed within one year of original filing Note: Utilities may request an extension to their IRP filing deadline

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.

PacifiCorp is supportive of change to reporting requirements or processes for the RPIP and annual compliance report that streamlines RPS reporting. Currently, both the annual compliance report and the RPIP require the utilities to file a large volume of duplicative data in the form of attachments and work papers, which can be further simplified and reorganized for greater efficiency. The company does not have specific criteria to be added to the existing statutory requirements of the RPIP and compliance report filings; however, if a statutory change were to take place, PacifiCorp would recommend consolidating the RPIP and the annual compliance report to minimize redundancy.

Material differences should be defined by their significance in the context of the specific filing and consider impacts to reporting components such as incremental cost of compliance, REC bank balances, or considerable changes in compliance strategy. However, there are instances where the company may not be able to address a material difference in a filing in a timely manner, such as changes in legislation that take place after a filing is made, or other events outside the utility’s control. The Commission could provide general guidance on the types of

activities and actions they believe would constitute a material difference; however, identifying a material difference between filings should be left to the discretion of the utility.

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?

PacifiCorp is supportive of a change in timing of the RPIP filing to better align with the IRP. Currently, the RPIP is filed at the end of each odd number year. The most effective way to coordinate the timing of these documents is for the RPIP to be filed within three months of the utility's IRP being filed or acknowledged. This change would make the filing dates for the RPIP more fluid than current timing, but may address some of the Commission's concerns regarding material differences in the RPIP and the IRP.

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.

PacifiCorp is strongly opposed to extending the time period for the RPIP or the compliance report to the same horizon as the IRP. Doing so would create a significant administrative burden without corresponding benefit. As noted above, the compliance report is a relatively straightforward documentation of the company's compliance. In addition, both the RPIP and the IRP contain considerable detail regarding both the specific forecast of RECs that will be used for compliance as well as the incremental costs for each resource. The compilation of this information is time-consuming and requires significant analytical work. It is not clear that additional twice-yearly compilation of this data would provide a corresponding benefit. This is especially true given the increased uncertainty, particularly with respect to costs, as predictions are made through future years. The appropriate venue for assessing planned acquisitions for compliance is the IRP.

As stated in response to question 2, PacifiCorp is supportive of minimizing duplicative reporting and sees no reason for the annual compliance reports to include information that covers a timeframe beyond the compliance year. PacifiCorp does not believe the RPIP should be expanded to cover a longer compliance period than five years or to include a greater amount of

detail regarding the REC bank, as the IRP currently provides the utility’s RPS compliance position and REC bank for the forward 20-years.

- 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 1 RPIP requirements related to material differences criteria are defined in OAR 860-083-0400(4) 2 RPIP timing requirements defined in OAR 860-083-0400(1) and ORS 469A.075(1) Renewable Portfolio Standard Planning Process and Reports (AR 616) 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?**

No, PacifiCorp does not believe there should be a forecast that assumes government incentives continue beyond their current expiration date. The scenarios presented in the RPIP should be consistent with those identified in the IRP.

- 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?**

There are no specific formatting changes that should be made at this time; however, PacifiCorp recommends the addition of an attachment or table within the annual compliance report that summarizes the various metrics and data filed in the reports. A sample table is provided below:

Annual RPS Compliance Report Summary			
Compliance Year			
Annual Megawatt-hours Sold to Retail Consumers in Compliance Year (Retail Sales)			
Annual RPS Target Percentage			
Annual RPS Target MWh			
Annual RPS Compliance RECs for Retirement			
REC Vintage	Year 1	Year 2	Year 3
Bundled RECs			
Unbundled RECs			
Total RPS RECs			

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

The term “associated energy storage” should be interpreted broadly to cover energy storage that can be demonstrated to be related to or “associated with” renewable energy sources constructed

or otherwise acquired under the relevant statutory provisions. Requiring that the energy storage be located at the site of a renewable resource is unnecessarily restrictive and not supported by the statutory language.

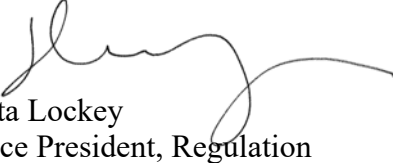
8) Are there any specific changes you would like to see to the administrative rules related to the Renewable Portfolio Standard Planning process and reports that was not addressed in the previous questions? What legal and/or policy justification is there for your position?

The existing administrative rules related to the RPS while very thorough, are unnecessarily complex and need refinement. PacifiCorp is providing redline changes to 860-083-0350 at this time, but recommends a more comprehensive review of the rules in their entirety, starting with the definitions. PacifiCorp has already provided specific changes related to the incremental cost of compliance calculations, which will be further addressed in AR 610.

PacifiCorp appreciates the opportunity to provide these comments and proposed edits to the draft rules and looks forward to further participation in this rulemaking proceeding.

If you have any questions about these comments, please contact Cathie Allen, Manager, Regulatory Affairs, at (503) 813-5934.

Sincerely,



Etta Lockey
Vice President, Regulation

PacifiCorp

Proposed Edits to Draft Rule OAR 860-083-0350

Chapter 860

Division 83

RENEWABLE PORTFOLIO STANDARDS

860-083-0350

Compliance Reports by Electric Companies and Electricity Service Suppliers

(1)(a) On or before June 1, 2012, and annually on or before June 1 thereafter, each electric company that is subject to a renewable portfolio standard set forth in ORS 469A.052 or 469A.055 for the previous calendar year must file a report with the Commission demonstrating compliance, or explaining in detail its failure to comply, with the applicable renewable portfolio standard.

(b) On or before June 1, 2012, and annually on or before June 1 thereafter, each electricity service supplier that is subject to a renewable portfolio standard contained in ORS 469A.065 and sells electricity to retail electricity consumers in the service territories of electric companies subject to 469A.052 must file a report with the Commission demonstrating compliance, or explaining in detail its failure to comply, with OAR 860-083-0300(1) for the preceding compliance year.

(2) For electric companies subject to ORS 469A.052 and electricity service suppliers subject to 469A.065, the report in section (1) of this rule must include the following information related to Oregon retail electric consumers for activities of the electric company or electricity service supplier for the preceding compliance year:

(a) The total number of megawatt-hours sold to retail electricity consumers covered by ORS 469A.052 by the electric company or sold in the service areas of each electric company covered by 469A.052 by the electricity service supplier.

(b) The total number of renewable energy certificates, identified as either unbundled or bundled certificates, acquired in the compliance year and used to meet the renewable portfolio standard.

(c) The total number renewable energy certificates, identified as either unbundled or bundled certificates, acquired on or before March 31 of the year following the compliance year and used to meet the renewable portfolio standard.

(d) The total number and cost of unbundled renewable energy certificates by year of generation, identified as either banked or non-banked certificates, used to meet the renewable portfolio standard.

(e) The total number of ~~banked-bundled~~ renewable energy certificates by generation year ~~that~~ were used to meet the renewable portfolio standard.

(f) The total number of renewable energy certificates, identified as either bundled or unbundled certificates, ~~issued-generated or acquired~~ in the compliance year that were banked to serve Oregon electricity consumers in subsequent years.

(g) For electric companies, unless otherwise provided under subsection (2)(k) of this rule, the total number of renewable energy certificates included in the rates of Oregon retail electricity consumers that were sold since the last compliance report, including:

(A) The names of the associated generating facilities; and

(B) For each facility, the year or years the renewable energy certificates were issuedgenerated.

(h) Unless otherwise provided under subsection (2)(k) of this rule, for each generating facility associated with the renewable energy certificates included in subsections (2)(b), (c), (f), or (g) of this rule the following information:

(A) The name of the facility;

(B) The county and state where the facility is located;

(C) The type of renewable resource;

(D) The total nameplate megawatt capacity of the facility;

(E) For an electric company, the Oregon share of the nameplate megawatt capacity of the facility;

(F) The year of the first delivery of qualifying electricity or the first year of the contract for the purchase of unbundled renewable energy certificates; and

(G) The duration of the contract or the amortization period of a facility owned by the electric company or the planned lifetime of a facility owned by the electricity service supplier.

(i) The amount of alternative compliance payments the electric company or electricity service supplier elected to use or was required to use to comply with the applicable renewable portfolio standard.

(j) For an electric company, sufficient data, documentation, and other information to demonstrate that if applicable, any voluntary alternative compliance payments were a reasonable compliance method.

(k) Documentation of use of renewable energy certificates from the system under OAR 330-160-0020 established for compliance with the applicable renewable portfolio standard.

(l) For each electric company, a detailed explanation of any material deviations from the applicable implementation plan filed under OAR 860-083-0400, as acknowledged by the Commission.

(m) As specified in OAR 860-083-0100, the total number and cost of bundled and unbundled renewable energy certificates used for compliance.

(n) For each electric company, its projected annual revenue requirement as calculated in OAR 860-083-0200 and its total cost of compliance.

(o) For each electricity service supplier, its total cost of compliance, its average cost of compliance, and its cost limit as specified in OAR 860-083-0300(2), including all calculations.

(p) For each electric company, an accounting of the use of the renewable energy certificates and alternative cost payments consistent with OAR 860-083-0300(3) if the cost limit in ORS 469A.100(1) is reached for the compliance year.

(q) For each electricity service supplier, an accounting of the use of the renewable energy certificates and alternative cost payments consistent with OAR 860-083-0300(3) if the cost limit in 860-083-0300(2) is reached for the compliance year.

~~(r) As specified in OAR 860-083-0100, the number and total cost of all bundled renewable energy certificates issued.~~

~~(s) As specified in OAR 860-083-0100, the number and total cost of bundled renewable energy certificates issued that are associated with new qualifying electricity since the last compliance report.~~

(3) If so prescribed by the Commission, each electric company and electricity service supplier must use established forms to provide information required under subsections (2)(a) through (s) of this rule.

(4) Commission staff and interested persons may file written comments on an electric company or electricity service supplier report in section (1) of this rule within 45 calendar days of the filing. The electric company or electricity service supplier may file a written response to any comments within 30 calendar days thereafter. After considering written comments, the Commission may decide to commence an investigation, begin a proceeding, or take other action as necessary to make a determination regarding compliance with the applicable renewable portfolio standard.

(5) Upon conclusion of the Commission review of the report in section (1) of this rule, the Commission will issue a decision determining whether the electric company or electricity service supplier complied with the applicable renewable portfolio standard and any other determinations under ORS 469A.170(2). If the Commission determines that the electric company or electricity service supplier is not in compliance with the applicable renewable portfolio standards set forth in 469A.052 or 469A.065 and such non-compliance is not warranted by the cost limits set forth in 469A.100, the Commission may require an alternative compliance payment to address such shortfall, impose a penalty, or both.

(6) Each electric company subject to ORS 469A.052 and each electricity service supplier subject to 469A.065 must post on its web site the public portion of the four most recent annual compliance reports required under this rule and provide a copy of the most recent such report to any person upon request. The public portions of the most recent compliance report must be posted within 30 days of the Commission decision in section (5) of this rule. The posting must include any Commission determinations under section (5) of this rule.

(7) Consistent with Commission orders for disclosure under OAR 860-038-0300, each electric company subject to ORS 469A.052 and each electricity service supplier subject to 469A.065 must provide information about its compliance report to its customers by bill insert or other Commission-approved method. The information must be provided within 90 days of the Commission decision in section (5) of this rule or coordinated with the next available insert required under OAR 860-038-0300. The information must include the URL address for the compliance reports posted under section (6) of this rule.

(8) A small electric company as described in ORS 469A.055 that has the exemption provided by 469A.055(1) is exempt from the rules in Division 083 except as provided by 469A.055.

Statutory/Other Authority: ORS 756.040, 757.659 & 469A.065

Statutes/Other Implemented: ORS 469A.050, 469A.052, 469A.055, 469A.070 & 469A.170

History:

PUC 8-2009, f. & cert. ef. 8-5-09

PacifiCorp

Proposed Edits to Draft Rule OAR 860-083-0400

860-083-0400

Implementation Plans by Electric Companies

(1) On or before January 1, 2010, and on or before January 1 of even-numbered years thereafter, unless otherwise directed by the Commission, each electric company that is subject to ORS 469A.052 must file an implementation plan under 469A.075.

(2) The implementation plan for an electric company subject to ORS 469A.052 must include the following information for the next odd-numbered compliance year and each of the four subsequent compliance years:

(a) The annual megawatt-hour target for compliance with the applicable renewable portfolio standard based on the forecast of electricity sales to its Oregon retail electricity consumers.

(b) An accounting of the planned method to comply with the applicable renewable portfolio standard, including the number of banked-bundled and unbundled renewable energy certificates by year of issuancegeneration and banking category, ~~the numbers of other bundled and unbundled renewable energy certificates~~, and if applicable, alternative compliance payments.

(c) Identification of the generating facilities, including new qualifying electricity, either owned by the company or under contract, that are expected to provide renewable energy certificates for compliance with renewable portfolio standard. Information on each generating facility must include:

(A) The renewable energy source;

(B) The year the facility or contract became operational or is expected to become operational;

(C) The state where the facility is located or is planned to be located; and

(D) Expected annual megawatt-hour output for compliancegeneration from the facility for the compliance years covered by the implementation plan.

~~_(d) A forecast of the expected incremental costs of new qualifying electricity for facilities or contracts planned for first operation in the compliance year, consistent with the methodology in OAR 860-083-0100.~~

(e) A forecast of the expected incremental cost of compliance, including the costs of using-bundled and unbundled renewable energy certificates and alternative compliance payments used for each compliance year, compared to annual revenue requirements, consistent with the methodologies in OAR 860-083-0100 and 860-083-0200, absent consideration of the cost limit in 860-083-0300.

(f) A forecast of the number and cost of total bundled and unbundled renewable energy certificates issuedgenerated annually, consistent with the methodology in OAR 860-083-0100.

(3) If so prescribed by the Commission, an electric company must use established forms to provide the information required under subsections (2)(a) through (f) of this rule.

(4) If there are material differences in the planned actions in section (2) of this rule from the action plan in the most recently filed or updated integrated resource plan by the electric company, or if conditions have materially changed from the conditions assumed in such filing, the company must provide sufficient documentation to demonstrate how the implementation plan appropriately balances risks and expected costs as required by the integrated resource planning guidelines in 1.b and c. of Commission Order No.

07-047 and subsequent guidelines related to implementation plans set forth by the Commission. Unless provided in the most recently filed or updated integrated resource plan, an implementation plan for an electric company subject to ORS 469A.052 must include the following information:

~~(a) At least two forecasts for subsections (2)(d), (e), and (f) of this rule: one forecast assuming existing government incentives continue beyond their current expiration date and another forecast assuming existing government incentives do not continue beyond their current expiration date.~~

(b) A reasonable range of estimates for the forecasts in subsections (2)(d), (e), and (f) of this rule, consistent with subsection (4)(a) of this rule and the analyses or methodologies in the company's most recently filed or updated integrated resource plan.

(5) Under the following circumstances, the electric company must, for the applicable compliance year, provide sufficient documentation or citations to demonstrate how the implementation plan appropriately balances risks and expected costs as required by the integrated resource planning guidelines in 1.b. and c. of Commission Order No. 07-047 and subsequent guidelines related to implementation plans set forth by the Commission:

(a) The sum of costs in subsection (2)(e) of this rule is expected to be four percent or more of the annual revenue requirement in subsection (2)(e) of this rule for any compliance year covered by the implementation plan;

(b) The company plans, for reasons other than to meet unanticipated contingencies that arise during a compliance year, to use any of the following compliance methods:

~~(A) Unbundled renewable energy certificates;~~

(B) Bundled renewable energy certificates issued between January 1 through March 31 of the year following the compliance year; or

(C) Alternative compliance payments; or

(c) The company plans to sell any ~~bundled~~ renewable energy certificates included in the rates of Oregon retail electricity consumers.

(6) An implementation plan must provide a detailed explanation of how the implementation plan complies, or does not comply, with any conditions specified in a Commission acknowledgment order on the previous implementation plan and any relevant conditions specified in the most recent acknowledgment order on an integrated resource plan filed or updated by the electric company.

(7) If there are funds in holding accounts under ORS 469A.180(4) and if the electric company has not filed a proposal for expending such funds for the purposes allowed under 469A.180(5), the implementation plan must include the electric company's plans for expending or holding such funds. If the plan is to hold such funds, the plan should indicate under what conditions such funds should be expended.

(8) The Commission will acknowledge the implementation plan in the following manner:

(a) Commission staff and interested persons may file written comments on an implementation plan within 45 calendar days of its filing. The electric company may file a written response to any comments within 30 calendar days thereafter. Commission staff should present its recommendation at a Commission public meeting within 120 days of the implementation plan filing date.

(b) The Commission will acknowledge the plan at such public meeting, subject to any conditions specified by the Commission, unless it decides to commence an investigation or take other action as necessary to make its decision regarding acknowledgment of the plan.

(c) The Commission will acknowledge the implementation plan, subject to conditions if necessary, no later than six months after it is filed.

(9)(a) Each electric company must post on its website the public portion of its most recent implementation plan under this rule within 30 days after a Commission acknowledgement order has been issued, including any conditions specified by the Commission under ORS 469.075(3).

(b) Each electric company must provide a copy of the public portions of the most recently filed implementation plan to any person upon request, until the Commission has issued an acknowledgement order on such plan.

(10) Consistent with Commission orders for disclosure under OAR 860-038-0300, each electric company must provide information about the implementation plan to its customers by bill insert or other Commission-approved method. The information must be provided within 90 days of final action by the Commission on the plan or coordinated with the next available insert required under 860-038-0300. The information must include the URL address for the implementation plan posted under subsection (9)(a) of this rule.

Statutory/Other Authority: ORS 756.040, 757.659 & 469A.065

Statutes/Other Implemented: ORS 469A.055 & 469A.075

History:

PUC 8-2009, f. & cert. ef. 8-5-09