BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1699

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY 2013 Renewable Portfolio Standard Compliance Report.	Staff's Comments

Introduction

Oregon Administrative Rule (OAR) 860-083-0350 requires that each electric company subject to Oregon's Renewable Portfolio Standard (RPS) provide an annual report demonstrating its compliance with the RPS standard.

Among other reporting details, 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, and showing clearly which generating unit produced the RECs.

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 for the compliance year.

These comments reflect Staff's response to Portland General Electric's (PGE) 2013 RPS Compliance Report.

Background

As part of the Oregon Renewable Energy Act of 2007 (Oregon Senate Bill 838), the state of Oregon established a renewable portfolio standard for electric utilities and retail electricity suppliers. 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 Oregon Revised Statute (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. For those utilities meeting the retail load criteria, the specific annual RPS targets are shown below:

Year	RPS Target (% of retail load)
2011-2014	5%
2015-2019	15%
2020-2024	20%
2025 and beyond	25%

The energy sources that qualify as RPS-eligible renewable resources are defined by ORS 469A.020-0.25. These sources include electricity generated from solar, wind, hydropower, ocean thermal, wave and tidal power, 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 preferable” by the Bonneville Power Administration (BPA).

To qualify as an eligible renewable resource, electricity must be generated by a facility that became operational on or after January 1, 1995. However, incremental energy delivered from facilities operational before January 1, 1995, that is attributable to efficiency upgrades performed on or after January 1, 1995 also is considered a qualifying resource.

RPS Compliance and Renewable Energy Credits

RPS compliance must be demonstrated through the retirement of RECs which 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.

RECs procured before March 31 of a given year may be used for a previous year's compliance, and RECs may be banked and carried forward indefinitely for future compliance. However, only twenty percent of a regulated utility’s RPS compliance obligation may be satisfied using unbundled RECs in any given compliance year.

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 requirements. 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]

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

PGE's 2013 Compliance Report

PGE's total number of megawatt-hours sold to retail customers in 2013 was 17,615,701 MWhs. The RPS requires PGE to retire RECs equal to five percent of this total in 2013 (880,785 RECs) or to provide an alternative compliance payment.

PGE reports retirement of the following types of RECs to meet the RPS compliance target for 2013:

Type of REC	Number of RECs	Percentage of RPS
Newly acquired - unbundled	90,202	
Banked - unbundled	85,955	
Subtotal Unbundled	*176,157*	*20.0%*
Banked - bundled	704,628	
Total	**880,785**	**100.0%**

PGE's 2013 RPS Compliance Report demonstrates compliance with the RPS through the use of 90,202 newly acquired unbundled RECs, 704,628 banked bundled RECs, and 85,955 banked unbundled RECs. The total of 176,157 unbundled RECs is exactly twenty percent of the required 880,785 RECs, which is within the allowable limit on use of unbundled RECs for compliance.

Staff is in agreement with PGE's calculation of the total cost of compliance and the percentage of revenue requirement (0.27percent) that this cost represents. This value is far below the cost cap of four percent of revenue requirement established by statute.

Deviation from RPS 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 includes an estimate of the cost of compliance. Because forecasting of loads and generation is inexact, it is to be expected that the actual compliance figures will deviate from the forecasted plan.

PGE's implementation plan overestimated the number of RECs needed for compliance in 2013 by 121,361. As PGE explains, this decrease is due to actual loads being lower than predicted loads for the year. Unbundled RECs were available to PGE at a good value on the market; therefore, PGE purchased more RECs than anticipated by the implementation plan at a cost savings to customers.

PGE's actual cost of compliance for 2013 was lower than forecasted in the implementation plan. The implementation plan predicted the cost of compliance for

2013 as approximately 0.4 percent of annual revenue requirement; the actual cost was calculated as 0.27 percent of revenue requirement. This lower cost is a reflection of the smaller number of RECs required and the cost of purchased unbundled RECs being lower than anticipated.

Conclusion

Staff concludes that PGE has met the RPS compliance targets as mandated by ORS 469A.052(1)(a) and has met the RPS compliance reporting requirements as required by OAR 860-083-0350. However, Staff will review all comments that will be filed by interested persons and any responses that PGE may file. Staff will submit a report with its final recommendations for the Commission's consideration at a future public meeting.

This concludes Staff's comments.

Dated at Salem, Oregon, this 15th of August, 2014.

John Crider
Senior Utility Analyst
Energy Resources and Planning

CERTIFICATE OF SERVICE

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I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 15th day of August, 2014 at Salem, Oregon

J M Grindeland

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