

April 5, 2018

***VIA ELECTRONIC FILING***

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

Attn: Filing Center

**Re: UM 1914—PacifiCorp's Reply Comments**

PacifiCorp, d/b/a Pacific Power respectfully provides these comments in response to the comments of Public Utility Commission of Oregon (Commission) staff and the Industrial Customers of Northwest Utilities (ICNU) on PacifiCorp's 2019-2023 Renewable Portfolio Implementation Plan (2019-2023 RPIP). PacifiCorp filed its 2019-2023 RPIP December 28, 2017. PacifiCorp respectfully requests the Commission acknowledge the company's 2019-2023 RPIP.

**I. Background**

The renewable portfolio implementation plan (RPIP) serves two primary purposes. First, the RPIP forecasts the utility's near-term renewable portfolio standard (RPS) compliance position. The forecast in the RPIP is consistent with the utility's integrated resource plan (IRP). Unlike the IRP, the RPIP is not intended to inform resource acquisition decisions or analyze different RPS compliance scenarios; the IRP remains the forum for analyzing resource needs.

Second, the RPIP presents a calculation of the utility's expected incremental cost of compliance with the RPS. The incremental cost calculation does not reflect the actual cost to customers for complying with the RPS, but rather a forecast of the difference between RPS-resource costs and the cost of proxy resource alternatives. Although PacifiCorp presents its cost of RPS compliance in its RPIP, the Commission does not make cost-recovery decisions as part of its acknowledgment. In this regard, the RPIP is similar to the IRP in that the Commission's acknowledgment, or lack of acknowledgment, is not dispositive of the prudence of an investment. The Commission's role in acknowledging the RPIP is not to determine whether any specific compliance actions are appropriate for cost-recovery, but to determine whether the utility's RPIP is consistent with the reporting requirements of ORS 469A.075 and the Commission's rules.

The RPIP allows the Commission and stakeholders to see how the results of PacifiCorp's last acknowledged IRP affect an RPS compliance forecast over a five-year period and to see whether the costs of RPS compliance are approaching the four percent cost cap contained in ORS 469A.100. Resource need analysis and cost-recovery decisions are not, and should not be, part of the RPIP.

Among other things, SB 1547 changes renewable energy certificate (REC) banking rules and doubles the Renewable Portfolio Standard (RPS) requirement for PacifiCorp from 25 percent by 2025 to 50 percent by 2040.

## **II. Response to Comments**

Staff and ICNU filed comments in this proceeding. The Oregon Citizens' Utility Board filed a letter stating that it did not intend to file comments. PacifiCorp responds to comments of Staff and ICNU.

### **A. Comments of Staff**

The Commission's acknowledgment of the 2017-2021 RPIP Update included two conditions: (1) calculate new incremental costs when it commences a resource procurement action for the purposes of complying with RPS law that deviates from the most recently filed IRP or RPIP; and (2) participate in a stakeholder workshop to identify opportunities for revisions to the RPIP process and requirements.<sup>1</sup> In Staff's comments, they assert that they believe PacifiCorp satisfied both conditions.<sup>2</sup>

Staff's comments seek additional clarification on the following topics: (1) use of unbundled renewable energy certificates (RECs) in RPS implementation planning; (2) disconnect between the time ratepayers incur costs of RECs and the time the costs are calculated for compliance; and (3) concern that the format of the RPIP is limited in its ability to convey a robust compliance strategy. PacifiCorp addresses each of the requested clarifications as follows.

#### **1. Use of Unbundled RECs**

Staff expressed concerns about "utilities' reluctance to incorporate the use of unbundled RECs in RPS implementation planning.,,"<sup>3</sup> Staff questions the value of an RPS implementation planning process that is unlikely to reflect utilities' actual compliance behavior and asserts that incremental cost estimates therefore likely overestimates incremental costs of compliance.

PacifiCorp does not have any reluctance to incorporate the use of unbundled RECs in its RPS implementation plan, but rather currently does not intend to use any unbundled RECs above and beyond those procured as part of the 2016 REC Request for Proposals. However, as stated in the RPIP and consistent with the 2017 IRP Action Plan, PacifiCorp will continue to seek cost-effective opportunities to purchase unbundled RECs for Oregon RPS compliance.

PacifiCorp's RPIP also provides a scenario that maximizes the use of unbundled RECs in each year of the plan.

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<sup>1</sup> *In re PacifiCorp*, OPUC Docket No. UM 1790, Order No. 17-010, at 1 (Jan. 13, 2017).

<sup>2</sup> Staff Comments at 3-4.

<sup>3</sup> Staff comments at 4.

## **2. Timing of REC Acquisition versus Retirement**

Staff articulates a disconnect between the time ratepayers incur costs and the time the costs are calculated for RPS compliance, which makes it difficult to accurately assess whether a utility has exceeded the four percent threshold.

PacifiCorp notes that the 2019-2023 RPIP conforms to the Oregon Administrative Rules for reporting RPS costs. PacifiCorp continues to support proposals to revisit the rules around incremental cost calculation rules and its application to RPS reports and is an active participant in the current open RPS rulemaking.

## **3. Utility of the RPIP**

Staff questions the utility of the current RPIP format, but notes that these concerns are best addressed with all utilities and stakeholders in the ongoing RPS rulemaking proceeding. PacifiCorp looks forward to continuing these with staff and stakeholders in the rulemaking proceeding.

## **B. Comments of ICNU**

ICNU simply references back to its previous comments regarding the calculation of the incremental cost of compliance from PacifiCorp's 2017-2021 RPIP and 2017-2021 RPIP update. ICNU also notes that it expects to pursue these issues in the RPS rulemaking docket. PacifiCorp will continue to be an active participant in that proceeding.

## **III. Conclusion**

PacifiCorp appreciates the opportunity to provide these comments and respectfully requests the Commission acknowledge the company's 2019-2023 RPIP.

Respectfully submitted this 5<sup>th</sup> day of April, 2018.



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