

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 20, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE October 20, 2015

DATE: October 9, 2015

TO: Public Utility Commission

FROM: Aster Adams 

THROUGH: Jason Eisdorfer 

SUBJECT: IBERDROLA RENEWABLES, LLC.: (Docket No. UM 1736) 2014
Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends that, based upon the Iberdrola Renewables, LLC (Iberdrola) 2014 Renewable Portfolio Standard (RPS) Compliance Report, the Commission find that Iberdrola complied with the RPS for the 2014 compliance period.

DISCUSSION:

Issue

OAR 860-083-0350(1)(a) requires that each electric company subject to Oregon's Renewable Portfolio Standard (RPS) provide an annual compliance report (Compliance Report) demonstrating its compliance with the law, or explaining in details its failure to comply with the RPS.

Iberdrola filed its 2014 RPS Compliance Report (Report) on May 27, 2015. The Report indicates that Iberdrola complied with Oregon's RPS.

Applicable Law

The RPS is codified at ORS 469A.005 through 469A.210. Among other reporting details required by OAR 860-083-0350(2)(a-s), 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, showing clearly which generating unit produced the RECs, the total cost of compliance, and a detailed explanation of any material deviations from the electric company's applicable acknowledged implementation plan filed under OAR 860-083-0400.

OAR 860-083-0350(2)(b-g) specifically states that 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, bundled or unbundled, banked or unbanked, for the compliance year.

ORS 469A.100(1) provides that "electric utilities are not required to comply with a renewable portfolio standard during a compliance year to the extent that the incremental cost of compliance, the cost of unbundled renewable energy certificates and the cost of alternative compliance payments under ORS 469A.180 (Electric companies) exceeds four percent of the utility's annual revenue requirement for the compliance year."

Under the law, Oregon large utilities must deliver a percentage of their electricity from eligible renewable resources. 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)). See ORS 469A.065.

OAR 860-083-0300(2)(a) defines the compliance cost limit for an ESS as four percent of the weighted average of the average retail revenues per megawatt-hour (MWh) of the electric companies in whose service areas the ESS sells electricity. The Report shows that Iberdrola's cost of compliance per MWh for 2014 was below this limit.

RPS compliance must be demonstrated through the retirement of RECs that 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. See OAR 330-160-0015(15).

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 requirement. 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

Analysis

As an ESS, Iberdrola must meet the requirements of the RPS that apply to the electric utilities that serve the territories serviced by Iberdrola. Iberdrola serves customers in the territories of Pacific Power (PAC) and Portland General Electric (PGE). Therefore, for the compliance year 2014, Iberdrola must meet its RPS target through the retirement of RECs equal to five percent of its retail load or provide an alternative compliance

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

payment. Iberdrola's 2014 RPS compliance report demonstrates compliance with the RPS through the use of bundled RECs from their own portfolio of assets.

Staff is in agreement with Iberdrola's calculation of the total cost of compliance and the percentage of revenue requirement that this cost represents. Staff found that Iberdrola's total cost of compliance is far below the cost cap of four percent of revenue requirement established by statute.

Conclusion

Staff finds that Iberdrola's 2014 Report demonstrates that it complied with the RPS through the planned retirement of bundled RECs from its portfolio of owned assets equivalent to five percent of the electricity that Iberdrola sold to retail electricity consumers.

PROPOSED COMMISSION MOTION:

- (1) Iberdrola Renewables, LLC be found to comply with Oregon's Renewable Portfolio Standard during the 2014 compliance period;
- (2) Iberdrola Renewables, LLC be directed to retire the RECs identified in its Compliance Report, and to provide a Western Renewable Energy Generation Information System retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of this Order.