

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 8, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE August 9, 2017

DATE: July 17, 2017

TO: Public Utility Commission

FROM: Paul Rossow ^{PR}

THROUGH: Jason Eisdorfer ^{JE} and John Crider ^{JC}

SUBJECT: CALPINE ENERGY SOLUTIONS, LLC: (Docket No. UM 1842) 2016
Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends that, based upon the Calpine Energy Solutions, LLC (Calpine) 2016 Renewable Portfolio Standard (RPS) Compliance Report (Compliance Report) for 2016, the Commission: (1) find that Calpine complied with the RPS for the 2016 compliance period; and (2) direct Calpine to retire the RECs identified in its Compliance Report, and to provide a Western Renewable Energy Generation Information System (WREGIS) retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.

DISCUSSION:

Issue

Whether Calpine's Compliance Report for the year 2016, filed on May 30, 2017, complies with all applicable laws.

Applicable Laws

ORS 469A.065 requires electric service suppliers (ESS) to meet RPS requirements that are applicable to the electric utilities that serve the territories in which the ESS sells electricity to retail electricity customers.

OAR 860-083-0350(1)(b) requires that each ESS subject to Oregon's RPS provide an annual report demonstrating its compliance or explain in detail its failure to comply with

the RPS. OAR 860-083-0350(2) sets forth specific information that the ESS must address in its Compliance Report.

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 categories, showing clearly which generating unit produced the RECs, and the total cost of compliance.

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. One REC is issued per megawatt-hour of renewable generation produced. See OAR 330-160-0015(16).

Analysis

RPS compliance may be demonstrated through the retirement of RECs that are maintained through the WREGIS. RECs may be either bundled with energy or exchanged separate from the energy (unbundled).

As an ESS, Calpine must meet the requirements of the RPS that apply to the electric utilities that serve the territories serviced by Calpine. Calpine serves customers in the territories of Pacific Power (PAC) and Portland General Electric (PGE). Therefore, for the compliance year 2016, Calpine must meet its RPS target through the retirement of RECs equal to 15 percent of its retail load or provide an alternative compliance payment. Calpine's 2016 RPS Compliance Report demonstrates compliance with the RPS through the use of non-banked unbundled RECs.

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

Staff is in agreement with Calpine's calculation of the total cost of compliance and the percentage of revenue requirement that this cost represents. Staff found that Calpine's total cost of compliance exceeds the cost cap of four percent of revenue requirement in PAC's territory while being below the cost cap of four percent of revenue requirement in PGE's territory, and is not required to incur additional cost.

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

See OAR 860-083-0300(2)(b).

Conclusion

Staff finds that Calpine's 2016 Report demonstrates that it complied with the RPS by the purchase and planned retirement of unbundled RECs equivalent to 15 percent of the electricity that Calpine sold to retail electricity consumers.

PROPOSED COMMISSION MOTION:

- (1) Calpine is found to have complied with Oregon's Renewable Portfolio Standard during the 2016 compliance period; and
- (2) Calpine is directed to retire the RECs identified in its Compliance Report and to provide a WREGIS retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of this Order.