

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: 12/18/2017

REGULAR CONSENT EFFECTIVE DATE _____ N/A

DATE: November 30, 2017

TO: Public Utility Commission

FROM: Nadine Hanhan *NRH*

THROUGH: *I* Jason Eisdorfer and *JP for JR* JP Batmale

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1847) 2016
Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends that the Commission find that Portland General Electric Company (PGE) complied with the renewable portfolio standard (RPS) for the 2015 compliance period based upon the PGE 2016 RPS Compliance Report. Staff further recommends that PGE be directed to retire the renewable energy credits (REC) identified in its 2016 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 this Order.

DISCUSSION:

Issue

Whether the Commission should find that PGE complied with the requirements of the RPS over the 2016 RPS compliance period.

Applicable Law

The RPS is codified at ORS 469A.005 through 469A.210. ORS 469A.170(1) and OAR 860-083-0350(1)(a) require that each electric company subject to Oregon's RPS provide an annual report demonstrating its compliance (or failure to comply) with the RPS.

Among the reporting details required by ORS 469A.170(2)(a-h) and OAR 860-083-0350(2)(a-s), the Compliance Report must contain a complete accounting of 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 RPS implementation plan filed under OAR 860-083-0400.

ORS 469A.170(2) and OAR 860-083-0350(2) subsections (b-g) provide the Commission with the information necessary to determine whether an electric company may be considered in compliance with the RPS. These subsections require the electric company to provide a complete Compliance Report that shows the electric company has 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 "[e]lectric 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 exceeds four percent of the utility's annual revenue requirement for the compliance year."

Discussion and Analysis

Background

RPS compliance must be demonstrated through the retirement of RECs that are maintained through the WREGIS.¹ RECs may be either bundled with energy or exchanged separately (unbundled).² One REC is issued per megawatt-hour of generation produced.³

Qualifying RECs procured before March 31, 2017 may be used for the 2016 RPS compliance.⁴ Electric utilities can bank, for an unlimited duration of time: (1) RECs issued before March 8, 2016, (2) RECs generated for the first five years following the in-service date for utility-owned resources with a commercial operation date between March 8, 2016 and December 31, 2022, and (3) RECs generated during the first five years of operations at a facility with a commercial online date between March 8, 2016

¹ OAR 330-160-0020.

² OAR 330-160-0025.

³ OAR 330-160-0015(15).

⁴ ORS 469A.070(2).

and December 31, 2022, if acquired through a twenty year or longer PPA with the facility.⁵

Electric utilities can bank, for up to five years: (1) RECs issued from qualifying electricity from generators built prior to March 8, 2016; (2) RECs issued from qualifying electricity that becomes operational between March 8, 2016 and December 31, 2022 that is acquired through a contract for a duration of less than 20 years; (3) RECs issued from qualifying facilities five years after qualifying electricity that becomes operational between March 8, 2016, and December 31, 2022; and (4) RECs issued from qualifying facilities that become operational after December 31, 2022.⁶

Only 20 percent of a regulated utility's RPS compliance obligation may be satisfied using unbundled RECs, including banked unbundled RECs, in any given compliance year.⁷

PGE's 2016 Compliance Report

PGE's total number of megawatt-hours sold to retail customers in 2016 was 16,960,746.⁸ RPS compliance requirements for 2016 direct PGE to retire 15 percent of this total in 2016, which amounts to 2,544,112 RECs.

The following table shows how PGE reports retirement of the various types of RECs to meet the RPS compliance target for 2016 consistent with Oregon statutes and rules:

⁵ Oregon Laws, 2016 Chapter 28, Section 7(3)(a) and Section 7(3)(c).

⁶ Oregon Laws, 2016 Chapter 28, Section 7(3)(b), (d), and (e).

⁷ ORS 469A.145(1).

⁸ 2016 PGE Renewable Portfolio Standard Oregon Compliance Report (RPS Compliance Report) at 1.

Type of REC	Number of RECs	Percentage of RPS
Unbundled – newly acquired	508,822	
Unbundled - banked	0	
Unbundled subtotal	508,822⁹	19.6%
Bundled – newly acquired	84,059	
Bundled – standard banked	1,932,349	
Bundled – “two-for-one” banked	9,441 ¹⁰	
Bundled subtotal	2,035,290	80.4%
Total	2,544,112	100%

PGE’s 2016 RPS Compliance Report demonstrates compliance with the RPS through the use of 2,035,290 bundled RECs and 508,822 unbundled RECs. PGE’s unbundled REC retirement amount falls under the 20 percent limit allowed by ORS 469A.145(1).

Staff reviewed PGE’s calculation of the total cost of compliance and the percentage of revenue requirement (1.9 percent) that the cost represents. This value is below the cost cap of four percent of revenue requirement established by ORS 469A.100(1). In the context of the incremental calculations prescribed in OAR 860-083-0100, Staff finds the calculations reasonable.

PGE’s responses to the remaining reporting requirements described in OAR 860-083-0350(2)(a-s) can be found in Appendix A of Staff’s comments filed on October 12, 2017.

Comparison to the 2014 RPS Implementation Plan¹¹

Electric utilities must file an implementation plan every two years that forecasts the resources expected to be used to meet the RPS targets and an estimate of the cost of compliance over a forward five-year period.¹²

⁹ For the purposes of this table, “unbundled – newly acquired” means the unbundled REC was generated in the year 2016 or 2017. “Unbundled – banked” means the REC has a vintage date prior to 2016. These terms are not indicative of when PGE made the purchase.

¹⁰ See OAR 860-084-0070(2). Because the Solar Photovoltaic Capacity Standard allows for RECs generated by qualifying facilities to count twice towards the RPS, the amount PGE is contributing towards the 2016 RPS is technically 18,882. Staff notes that the Solar Photovoltaic Capacity Standard was eliminated on a forward basis by SB 1547, but RECs generated from SPCC-qualifying facilities operating prior to January 1, 2016 still generate 2-for-1 RECs.

¹¹ In Staff’s comments, Staff referenced an earlier RPIP for its analysis (UM 1683). The Updated 2017-2021 RPIP (UM 1788) contains a different forecast than the one referenced in Staff’s comments but does not impact the compliance analysis.

¹² See ORS 469A.075.

PGE's 2016 Compliance Report differs from the 2014 Implementation Plan (UM 1683) in the following ways:¹³

1. Lower load than forecasted
2. Use of unbundled RECs
3. Changes to REC banking rules

The above reasons resulted in an overall lower compliance need of 363,392 fewer RECs than forecasted in the 2014 RPS implementation plan. In addition, the 2016 compliance cost of \$33,933,574 is lower than the 2015 compliance cost of \$39,782,405, resulting in a difference of \$5,848,831.¹⁴ Staff has reviewed these differences and finds that PGE's compliance strategy is consistent with statutory and Commission requirements.

Stakeholder Comments

No parties other than Staff filed comments in this docket, though PGE filed a letter on November 20, 2017 stating that it agrees with Staff's October 12th comments filed in this docket.

Staff's Analysis

Staff finds that PGE correctly determined the incremental cost under the directive in the current administrative rules, but newer issues such as impacts of SB 1547 will be addressed in AR 610, the RPS rulemaking.

Conclusion

Staff concludes that PGE has met the RPS compliance targets mandated by ORS 469A.052(1)(a) and will meet the RPS compliance reporting requirements mandated by OAR 860-083-0350 upon submission of the 2016 bundled REC incremental cost data.

PROPOSED COMMISSION MOTION:

- (1) Find PGE to be compliant with Oregon's Renewable Portfolio Standard during the 2016 compliance period; and
- (2) Direct PGE to retire the RECs identified in its 2016 Compliance Report, and to provide a Western Renewable Energy Generation Information System retirement

¹³ PGE's 2014 RPS Implementation Plan was acknowledged by the Commission in Order No. 14-265.

¹⁴ See UM 1783 and UM 1847.

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report to the Commission, subject to appropriate non-disclosure agreements,
within 30 calendar days of this Order.

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