

ORDER NO.

14 267

ENTERED

JUL 22 2014

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1681

In the Matter of

PACIFICORP, dba PACIFIC POWER,

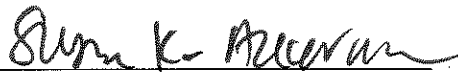
2015-2019 Renewable Portfolio Standard
Implementation Plan

ORDER

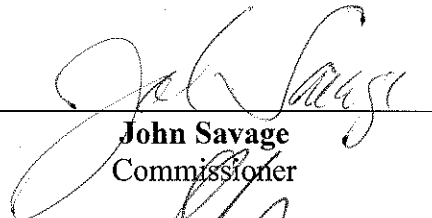
DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the public meeting on July 22, 2014, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 22nd day of July, 2014, at Salem, Oregon.



Susan K. Ackerman
Chair



John Savage
Commissioner



Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

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ITEM NO. CA13

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 22, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE _____ Upon Commission Approval _____

DATE: July 14, 2014

TO: Public Utility Commission

FROM: *RR for RB*
Ryan Bracken

THROUGH: *E* Jason Eisdorfer, *MW* Maury Galbraith, and *AA* Aster Adams

SUBJECT: PACIFICORP (Docket No. UM 1681) 2013 Renewable Portfolio Standard Implementation Plan: Compliance Years 2015-2019

STAFF RECOMMENDATION:

Staff recommends that the Commission acknowledge PacifiCorp's 2013 Renewable Portfolio Standard Implementation Plan (RPIP) analyzing the compliance years 2015-2019 as detailed in the attached Stipulation (Attachment A).

DISCUSSION:

PacifiCorp, Oregon Public Utility Commission Staff (Staff), Citizens' Utility Board (CUB), Renewables Northwest (RNW), Industrial Customers of Northwest Utilities (ICNU), and the Oregon Department of Energy (ODOE) have reviewed PacifiCorp's RPIP and arrived at the Stipulation that is Attachment A to this memo.

PacifiCorp's 2013 RPIP details the Company plans to comply with the Renewable Portfolio Standard (RPS) from 2015 through 2019. Staff reviewed and concluded that PacifiCorp's RPIP is consistent with the requirements of OAR 860-083-400, including that PacifiCorp submitted the required information and that the required analysis was performed and provided. The Stipulation does request waiver of the requirements of OAR 860-083-400(8); however, those requirements are only procedural and timing requirements.

The Stipulation details that all of the interested groups, with the exception of ICNU, support acknowledgement of PacifiCorp's RPIP with conditions for additional analysis to be included in the Company's next RPIP to be filed at the end of 2015. ICNU does not oppose acknowledgement consistent with the attached Stipulation.

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PROPOSED COMMISSION MOTION:

Acknowledge PacifiCorp's 2013 RPIP with the conditions detailed in the attached Stipulation (Attachment A).

Docket No. UM 1681; PacifiCorp's 2013 RPIP

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON****UM 1681**

In the Matter of PACIFICORP
2013 Renewable Portfolio Standard
Implementation Plan: Compliance
Years 2015-2019

STIPULATION**PARTIES**

1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), PacifiCorp dba Pacific Power ("PacifiCorp"), Renewable Northwest ("RNW"), and Industrial Customers of Northwest Utilities ("ICNU"), and the Oregon Department of Energy ("ODOE") (collectively "the Parties").

BACKGROUND

2. ORS Chapter 469A establishes a Renewable Portfolio Standard ("RPS") for Oregon utilities under which a specific percentage of the energy sold to retail customers must come from certain renewable resources ("Qualifying Electricity"). For large utilities, including PacifiCorp, five percent of the electricity sold to retail customers must be qualifying electricity in calendar years 2011-2014, increasing to 15 percent for calendar years 2015-2024, and increasing to 25 percent for 2025 and subsequent years.
3. Pursuant to ORS 469A.075 and OAR 860-083-0400, a utility subject to the RPS is required to file a Renewable Portfolio Standard Implementation Plan ("RPIP") on or before January 1 of each even-numbered calendar year. The RPIP must analyze five compliance years, starting with the next odd-numbered year and include, at a minimum, the annual targets for compliance as well as the estimated costs of meeting those targets.
4. Pursuant to OAR 860-083-0400(8), the Commission will acknowledge a RPIP, subject to

any conditions specified by the Commission at a public meeting, unless the Commission decides to commence an investigation or take other action as necessary to make its decision regarding acknowledgment of the plan. Acknowledgment must come within 6 months of the RPIP filing.

5. PacifiCorp filed its RPIP on December 26, 2013, and updated the RPIP on February 18, 2014. The updated RPIP included a non-confidential summary of RPS total incremental costs of compliance.

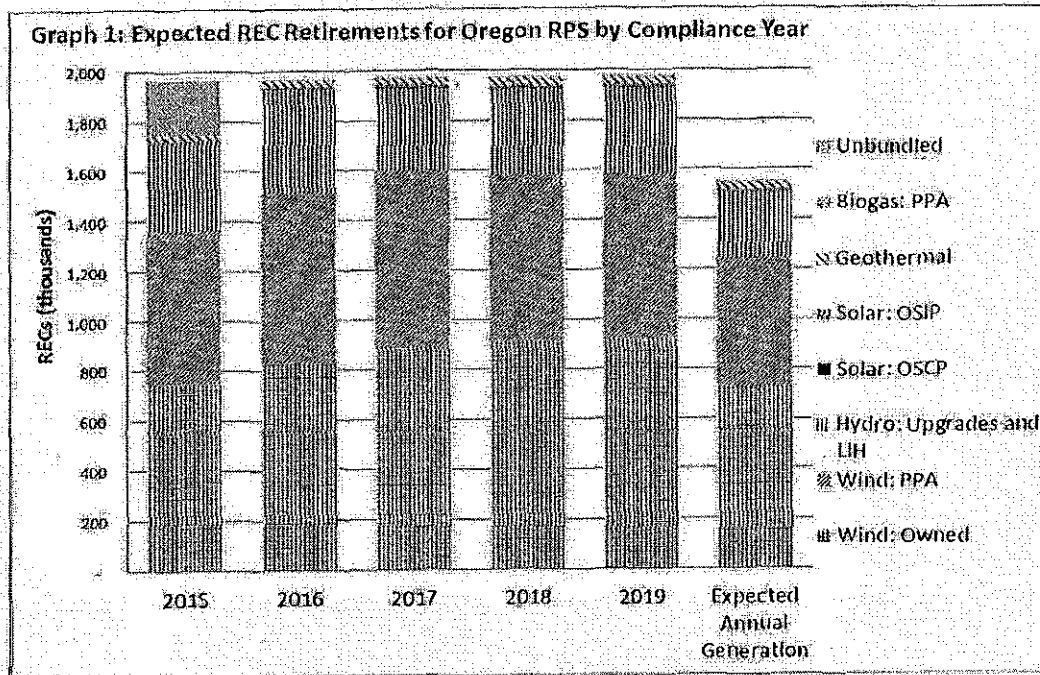
6. To comply with the RPS, PacifiCorp must use renewable energy certificates (RECs) that qualify for the RPS at an amount equal to 15 percent of its expected Oregon load for each year from 2015-2019. One REC represents one megawatt-hour (MWh) of energy generated by a renewable resource. At least 80 percent of the REC's used in a compliance year must be bundled, though all of the RECs used in a year can be generated in previous years (i.e., banked RECs). ORS 469A.140 directs that banked RECs must be used before RECs generated in the compliance year and that "banked renewable energy certificates with the oldest issuance date must be used to comply with standard before banked renewable energy certificates with more recent issuance dates are used."¹

7. The following graph shows PacifiCorp's expected REC retirements by compliance year by energy source to meet the 15 percent renewable standard. For a comparison on the Company's ability to meet its RPS compliance obligation with annual expected generation² and to show the impact of REC banking on compliance, the graph also shows the annual expected generation of PacifiCorp's owned and contracted qualifying

¹ In Order No. 12-435, the Commission adopted Staff's recommendation allowing WREGIS certificates with older vintages to be drawn from a utility's bank after WREGIS certificates with more recent vintages in the case of low impact hydro (LIHY) category and unbundled REC category. *In the Matter of PacifiCorp, dba Pacific Power 2011 RPS Compliance*, Docket UM 1606, Order No. 12-435 at Appendix A (Nov. 15, 2012) ("As a result, Staff recommends the Commission apply the law to allow the Company to 'draw' RECs, [first in, first out], from its bank in three separate 'draws': unbundled; LIHY; and bundled." *Id.*).

² The Parties note that there is no requirement for a utility to meet its RPS compliance obligation with annual expected generation.

resources in 2019. PacifiCorp plans no major renewable resources to come online during the 2015-2019 period.



8. Graph 1 above shows that in 2019 PacifiCorp expects that roughly 80 percent of its Qualifying Electricity will come from wind power (47 percent from Company-owned resources and 34 percent from contracted resources), 17 percent from low-impact hydro (LIH) and hydro upgrades, and the remaining three percent from a combination of geothermal (1.6 percent), solar (0.8 percent), and biogas (0.2 percent). This generation mix is nearly constant over the 2015-2019 compliance period. Variations in the mix of RECs that PacifiCorp expects to retire reflect the interaction between differences in resource in-service/qualification dates and the first in/first out banked REC retirement rules.

9. The Company's annual expected generation from qualifying renewable resources is not expected to reach 15 percent of PacifiCorp's Oregon load in any year from 2015 to 2019,

1 which reflects that PacifiCorp is utilizing banked RECs to comply with the RPS in these
2 years. PacifiCorp expects to use banked bundled RECs to comply with the RPS. Though
3 PacifiCorp's bank of bundled RECs will decrease during the compliance period,
4 PacifiCorp anticipates that it will still have banked RECs at the end of 2019.

5 10. PacifiCorp's RPIP shows that PacifiCorp expects to use some unbundled RECs for
6 compliance in 2015. However, these RECs are already in PacifiCorp's possession and
7 the RPIP assumes the Company does not intend to purchase any additional unbundled
8 RECs to use during the 2015-2019 compliance period.

9 11. Staff believes that PacifiCorp's RPIP should include analysis of the use of unbundled
10 RECs that have not yet been purchased for compliance with the RPS because their use
11 can impact resource planning by changing the optimal timing to construct, acquire, or
12 contract with a qualifying renewable resource. PacifiCorp used unbundled RECs for
13 compliance at the 20 percent limit in the last compliance year (2012), and the possibility
14 that they will use unbundled RECs that they have yet to purchase for compliance in 2015-
15 19 is a realistic one, particularly if REC market conditions do not change drastically.

16 12. PacifiCorp contends that because the market for RECs lacks transparency, publishing a
17 forecast REC price could influence prices when the Company looks to sell or purchase
18 RECs in the market, to the harm of customers.

19 13. Staff agrees this is a valid concern, but still believes that it is important to consider the
20 possibility that unbundled RECs will be purchased in the future and used for compliance.
21 Staff recommends that the Commission direct the Company to include in future RPIPs a
22 scenario that uses the base case assumptions where the Company maximizes the use of
23 unbundled RECs for each year analyzed in the RPIP, assuming an unbundled REC price
24 equal to the weighted average price paid for unbundled RECs used in the last compliance
25 year.

26

AGREEMENT

14. The Parties other than PacifiCorp have reviewed PacifiCorp's RPIP.

15. The Parties agree that PacifiCorp's RPIP shows that it is positioned to be in compliance with ORS 469A.052, which states that at least 15 percent of the electricity sold by a large utility to retail customers in each of the calendar years of the next compliance period (2015-2019), must be Qualifying Electricity.

16. PacifiCorp, CUB, RNW, and ODOE support acknowledgment of PacifiCorp's 2015-2019 RPIP. ICNU does not oppose acknowledgment of the RPIP because it is consistent with the all-party stipulation in Docket No. UM 1616, subject to the following condition:

PacifiCorp will include a non-confidential summary of RPS total incremental costs for each scenario analyzed in future RPIPs.

17. Staff supports acknowledgment of the RPIP subject to the condition above, as well as the following condition:

PacifiCorp will include in subsequent RPIPs a scenario that uses the base case price curve assumptions (medium gas and medium CO2 prices) similar to that used in the other scenarios in the RPIP, with the assumption the Company maximizes the use of unbundled REC for each year analyzed in the RPIP and assuming an unbundled REC price equal to the weighted average price paid for unbundled RECs used for compliance in their last compliance filing.

18. The Parties agree and support waiver of the requirements of OAR 860-083-400(8), pursuant to OAR 860-083-0005(2).

19. The Stipulation will be offered into the record of the above-captioned docket pursuant to OAR 860-001-0350. The Parties agree to cooperate in drafting and submitting an explanatory brief or written testimony per OAR 860-001-0350(7), unless such requirement is waived. The Parties will support the Stipulation throughout this proceeding, including any appeal, provide witnesses to sponsor the Stipulation at any

1 hearing held in the above-captioned docket, and recommend that the Commission issue
2 an order adopting the settlement contained herein.

3 20. The Parties have negotiated the Stipulation as an integrated document. If the
4 Commission rejects all or any material portion of the Stipulation, or conditions its
5 approval upon the imposition of additional material conditions, each Party reserves its
6 right (i) to withdraw from the Stipulation, upon written notice to the Commission and
7 other Parties within five (5) business days of service of the final order that rejects this
8 Stipulation in whole or material part, or adds such material condition; (ii) pursuant to
9 OAR 860-001-0350(9), to prevent evidence and argument on the record in support of the
10 Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed
11 appropriate to respond fully to issues, and raise issues that are incorporated in the
12 settlements embodied in the Stipulation; and (iii) pursuant to ORS 756.561 and OAR
13 860-001-0720, to seek rehearing or reconsideration or to appeal the Commission order
14 under ORS 756.610. Nothing in this paragraph provides any Party the right to withdraw
15 from this Stipulation as a result of the Commission's resolution of issues that this
16 Stipulation does not resolve.

17 21. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or
18 consented to the facts, principles, methods or theories employed by any other Party in
19 arriving at the terms of the Stipulation. Except with regard to RPIPs, no Party shall be
20 deemed to have agreed that any part of the Stipulation is appropriate for resolving issues
21 arising in any other proceedings.

22 22. The Stipulation may be executed in counterparts and each signed counterpart shall
23 constitute an original document.

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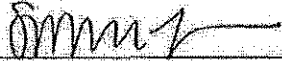
This Stipulation is entered into by each Party on the date(s) entered below.

CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: 6/12/14

Dated: _____

By: 

By: _____

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: _____

Dated: _____

By: _____

By: _____

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: _____

Dated: _____

By: _____

By: _____

ORDER NO. 14 267

This Stipulation is entered into by each Party on the date(s) entered below.

CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: _____

Dated: 6/11/14

By: _____

By: Mike J. Davis

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: _____

Dated: _____

By: _____

By: _____

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: _____

Dated: _____

By: _____

By: _____

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14 267

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CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: _____

Dated: _____

By: _____

By: _____

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: 6/12/14

Dated: _____

By: [Signature]

By: _____

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: _____

Dated: _____

By: _____

By: _____

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CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: _____

Dated: _____

By: _____

By: _____

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: _____

Dated: 01/12/14

By: _____

By: 

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: _____

Dated: _____

By: _____

By: _____

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CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: _____

Dated: _____

By: _____

By: _____

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: _____

Dated: _____

By: _____

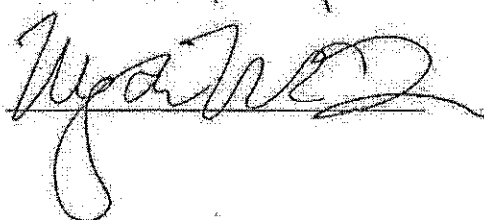
By: _____

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: June 11, 2014

Dated: _____

By: 

By: _____

ORDER NO. 11 267

This Stipulation is entered into by each Party on the date(s) entered below.

CITIZENS' UTILITY BOARD

INDUSTRIAL CUSTOMERS OF THE
NORTHWEST UTILITIES

Dated: _____

Dated: _____

By: _____

By: _____

PUBLIC UTILITY COMMISSION STAFF

PACIFIC POWER / PACIFICORP

Dated: _____

Dated: _____

By: _____

By: _____

RENEWABLE NORTHWEST

OREGON DEPARTMENT OF ENERGY

Dated: _____

Dated: 6/12/14

By: _____

By: 

CERTIFICATE OF SERVICE

I certify that on June 13, 2014, I served the foregoing Stipulation upon all parties of record in this proceeding by delivering a copy by electronic mail only as all parties waive paper service.

W
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