

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: August 28, 2018

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE August 29, 2018

DATE: August 15, 2018

TO: Public Utility Commission

FROM: Paul Rossow *PR*

THROUGH: *ar fm* Jason Eisdorfer and *JPB* JP Batmale

SUBJECT: CALPINE ENERGY SOLUTIONS, LLC: (Docket No. UM 1957) 2017  
Renewable Portfolio Standard Compliance Report.

**STAFF RECOMMENDATION:**

Staff recommends that, based upon the Calpine Energy Solutions, LLC (Calpine) 2017 Renewable Portfolio Standard (RPS) Compliance Report (Compliance Report) for 2017, the Commission: (1) find that Calpine complied with the RPS for the 2017 compliance year; and (2) direct Calpine to retire the renewable energy certificates (RECs) identified in its Compliance Report, as revised on July 26, 2018, 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 the Commission should find that Calpine's Compliance Report for the year 2017, filed on May 30, 2017, demonstrates compliance with the applicable RPS and accept Calpine's corrected report filed on July 26, 2018.

Applicable Law

Per ORS 469A.170(1), each electric utility and electric service supplier that is subject to the RPS must file an annual compliance report with the Commission. The Commission, on review of the report, shall determine whether the company or supplier has complied with the applicable RPS. In reviewing the reports, the Commission must consider the

manner in which the company or supplier has complied and review the information required under ORS 469A.170(2)(a)-(g) and any other factors deemed reasonable by the Commission.

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). See ORS 469A.135. One REC is issued per megawatt-hour of renewable generation produced. See OAR 330-160-0015(16).

Under ORS 469A.065, the RPS for an electricity service supplier is the same as the RPS requirement applicable to the electric utilities that serve the territories in which the electricity service supplier sells electricity to retail consumers. When an electricity service supplier sells electricity in more than one service territory, the Commission may provide for an aggregate standard based on the amount of electricity the electric service supplier has sold in each territory.

OAR 860-083-0350(1)(b) requires that each electric company subject to the RPS in ORS 469A.052 and each electric service supplier subject to Oregon's RPS in ORS 469A.065 and providing service in the service territory of an electric company subject to ORS 469A.052 provide an annual report on or before June 1 of each year. OAR 860-083-0350(2) sets forth specific information that the electric company or supplier 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 the 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.

Once a company or supplier files a compliance report, Staff and interested persons may file written comments within 45 days of the filing. The company or supplier may respond within 30 days of any comments, per OAR 860-083-0340(4).

Per OAR 860-083-0340(4), on review of the Compliance report, the Commission will issue a decision determining whether the company or supplier complied with the applicable RPS and the Commission may address any of the issues noted in ORS 469A.170(2) such as whether the actions taken are contributing to the long-term development of generating capacity using renewable energy resources and the effect on rates for retail customers. If the company or supplier is not in compliance with the RPS, the Commission may require an alternative compliance payment, impose a penalty or both, unless the cost limit in ORS 469A.100 applies.

### Analysis

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). The 2017 RPS requirement for both PGE and PAC is 15 percent.<sup>1</sup> Therefore, for the compliance year 2017, 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 2017 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 limit 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.<sup>2</sup>

Calpine's corrected report replaces pages 2 and 4, as well as replaces Attachments A, B, and C. Calpine states that the reason for the correction stemmed from a review of Calpine's compliance and determined it was necessary to substitute certain RECs that have not been retired for the 2017 RPS compliance.

Though not relevant as Calpine has complied with the RPS standard, Staff notes that Calpine has calculated the total cost of compliance and the percentage of revenue requirement that this cost represents. Calpine's total cost of compliance is below the cost limit of four percent of revenue requirement established by law.

### Conclusion

Staff finds that Calpine's 2017 Report, along with replacement pages and attachments 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.

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<sup>1</sup> ORS 469A.052(1)(b).

<sup>2</sup> See ORS 469A.100 and ORS 469A.180(4), OAR 860-083-0300(2)(a), and OAR 860-083-0300(3)(b)(A).

**PROPOSED COMMISSION MOTION:**

- (1) Calpine is found to have complied with Oregon's Renewable Portfolio Standard during the 2017 compliance year; and
- (2) Calpine is directed to retire the RECs identified in its Compliance Report, as revised, and to provide a WREGIS retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of this Order.

Calpine 2017 RPS Compliance Report UM 1957