

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 8, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** _____ **N/A**

DATE: July 28, 2023

TO: Public Utility Commission

FROM: Abe Abdallah

THROUGH: JP Batmale and Kim Herb **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2285)
2022 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Commission take the following actions, based on the PacifiCorp 2022 Renewable Portfolio Standard (RPS) Compliance Report:

1. Find that PacifiCorp, dba Pacific Power (PAC or Company) complied with the RPS for the 2022 compliance period;
2. Direct PacifiCorp to retire the renewable energy certificates (RECs) identified in its 2022 RPS Compliance Report; and
3. Direct PacifiCorp 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 PacifiCorp's RPS Compliance Report for the year 2022, demonstrates compliance with the applicable RPS requirements.

Applicable Rule or 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 standard.

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."

Analysis

Background

The Company's 2022 RPS Compliance Report (hereinafter referred to as "Compliance Report" or "Report") demonstrates PAC's compliance with the RPS for the period of January 1, 2022 through December 31, 2022.

The Company filed its Compliance Report on June 1, 2023. Upon Staff sending clarifying questions, PAC responded with more clarifications on the RPS compliance report. Subsequently, Staff questioned the source of the Oregon Retail Sales megawatt- hours (MWhs) from which the compliance target is calculated. Upon checking the source of the Oregon Retail Sales MWhs, PacifiCorp became aware of an error in the calculation of the compliance target. As a result, PacifiCorp refiled a correction to its Compliance Report on July 20, 2023. Staff finds that there is no

significant change from the first filing as a result of the company's refiling, as PacifiCorp retired more RECs to meet the corrected compliance target by following the same RPS compliance strategy in the first filing.

No comments were filed by any party in the docket.

PacifiCorp's RPS Compliance Report

The following table summarizes PAC's 2022 RPS obligations and compliance activities.

Renewable Portfolio Standard Compliance Summary	
RECs Obligation	Value
Oregon retail sales (MWh)	13,700,592 ¹
RPS % Obligation	20%
RPS Obligation of qualifying electricity (RECs)	2,740,119
RECs used for RPS Compliance in 2022	Value
Bundled - newly acquired (RECs)	37,107 ²
<i>Bundled - newly acquired (% RPS)</i>	<i>1.4%</i>
Bundled - from bank (RECs)	2,302,413 ³
<i>Bundled - from bank (% RPS)</i>	<i>84.0%</i>
Bundled RECS subtotal	2,339,520
<i>Bundled RECS subtotal (% RPS)</i>	<i>85%</i>
Unbundled - newly acquired (RECs)	0
<i>Unbundled - newly acquired (%)</i>	<i>0.0%</i>
Unbundled - from bank (RECs)	400,599
<i>Unbundled - from bank (%)</i>	<i>14.6%</i>
Unbundled RECs subtotal	400,599
<i>Unbundled RECs subtotal (% RPS) [subject to 20% cap]</i>	<i>15%</i>
Total RECs	2,740,119

¹ PAC's Supplement to FERC Form 1, Docket No. RE 68, May 25, 2023, Column (d), page 2. The figure for Oregon retail sales shows Total Sales of electricity of 13,700,592 MWh, which does not include the 407,603 MWh (Load served by Electricity Service Suppliers (ESS), as quoted by PacifiCorp in response to a question by Staff). Apart from its own compliance obligation, PacifiCorp retired 20 percent of the ESS load in the form of bundled RECs on behalf of each ESS.

² Total newly acquired bundled RECs include 15,215 RECs acquired in 2022 from the Energy Trust of Oregon (ETO), which is comprised of 7,242 RECs from 2022 vintage and 7,973 RECs from pre-2022 vintage (not from banked RECs of PacifiCorp in previous years).

³ Banked bundled total RECs includes a total of 2 x 7,486 MWhs from the two-for-one Black Cap solar resource as permitted by ORS 757.375 and OAR 860-84-0070(2).

For 2022, the RPS obligation is 20 percent of the total Oregon retail sales of 13,700,592 MWh, or 2,740,118.4. After rounding up, PAC's RPS Obligation is 2,740,119 megawatt hours (MWh) or RECs. The total number of bundled RECs and unbundled RECs used by PAC for RPS Compliance in 2022 adds up to 2,740,119 total RECs. PAC's number of unbundled RECs does not exceed the 20 percent limit allowed by ORS 469A.145(1). The noticeable difference in 2022 is that 15 percent of the compliance obligation was met by the retirement of banked unbundled RECs, as compared to zero percent used in the two prior years.

PAC's total cost of compliance is about \$5,539,000. The total cost represents 0.4 percent of PAC's revenue requirement, which is below the four percent cap established by statute. The 2022 cost of compliance is considerably lower than that of the 2021 compliance year, when the cost was 1.2 percent of PAC's revenue requirement.

Material Deviations

PAC stated that its 2022 RPS compliance report was consistent with its 2023-2025 Renewable Portfolio Standard Implementation Plan (RPIP) and that there were no material deviations from this implementation plan. PAC stated that it made its assessment against the 2023-2025 RPIP because it was the most up to date levelized incremental cost available for PacifiCorp's applicable RPS resources reports. PAC added that its approach to compliance in 2022 was consistent with the Company's 2023-2025 RPIP compliance strategy of seeking near-term procurement opportunities for unbundled or bundled RECs and utilizing RECs with the shortest life first, in order to meet its compliance obligation.

Staff finds the Company's use of the 2023-2025 RPIP instead of the 2021-2023 RPIP reasonable, based on the same rationale of the Commission accepting the same RPIP in PAC's 2021 Compliance Report.⁴ Similar to last year's remarks in the Staff Report on PAC's 2021 RPS compliance, Staff maintains that the appropriate RPIP for comparison should be the 2021-2023 RPIP. Staff interprets the requirement of OAR 860-083-0350(2)(l) for assessing material deviations to be referencing the use of the acknowledged 2021-2023 RPIP filed in docket UM 2049 because it is where Staff evaluated, and the Commission acknowledged, the RPS plan for the year 2022. However, had PacifiCorp used the 2021-2023 RPIP, the compliance strategy would not be different and the company would comply under both comparisons

For this report, Staff was unable to identify any material differences between PAC's applicable RPIP and the 2022 RPS compliance. However, Staff arrives at the same conclusion last year that none of PAC's RPIPs provide sufficient information for Staff to

⁴ See Order No. 22-479 in UM 2239 (Dec. 14, 2022).

be able to fully evaluate whether there are material differences between the 2022 Compliance Report and either of the implementation plans.

Conclusion

Staff concludes that PacifiCorp has met the RPS compliance target mandated by ORS 469A.052(1)(b) and the RPS compliance reporting requirements mandated by OAR 860-083-0350.

Additionally, Staff anticipates working with the Company over the next year to discuss how the RPIP and RPS Compliance interact with implementation of HB 2021 and associated Clean Energy Plans.

PROPOSED COMMISSION MOTION:

1. Find PacifiCorp to be compliant with Oregon's Renewable Portfolio Standard during the 2022 period;
2. Direct PacifiCorp to retire the RECs identified in its 2022 Compliance Report; and
3. Direct PacifiCorp 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 the Commission's Order.