BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

Docket No. UE 399

In the matter of

PACIFICORP, dba PACIFIC POWER,

Request for General Rate Revision

TESTIMONY OF BRADLEY CEBULKO

June 22, 2022

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state for the record your name, position, and business address.

A. My name is Bradley Cebulko. I am a Manager at Strategen Consulting located at 2150 Allston Way Suite 400, Berkeley, California 94704.

Q. On whose behalf are you appearing in this proceeding?

A. I am testifying on behalf of Vitesse, LLC ("Vitesse").

Q. Please summarize your experience in the field of utility regulation.

A. At Strategen, I work with a range of clients on electric and natural gas utility regulatory issues including new regulatory business models, integrated resource planning, and natural gas decarbonization.

Prior to joining Strategen in 2021, I worked at the Washington Utilities and Transportation Commission ("WUTC") for 8 years. From 2016-2021, I was an Advisor to the commissioners of the WUTC, where I led the commissioners' review of major filings and adjudications, rulemakings, and integrated resource plans. From 2013-2016, I was an analyst with the WUTC Staff focused on electric and natural gas integrated resource planning ("IRP"), electric and natural gas energy efficiency programs, and new program design and implementation.

I have a Master's in Public Policy and Governance from the University of Washington and a Bachelor of Arts in Political Science from Colorado State University. My work experience and witness qualifications are summarized in my resume, provided as Exhibit Vitesse/101.

Q. Have you testified before the Public Utility Commission of Oregon ("the Commission") or as an expert in any other proceeding?

A. I have not previously testified before the Commission, but I have testified before the WUTC, the Minnesota Public Utilities Commission, and the Michigan Public Service Commission. Before the WUTC, I testified regarding service quality and reliability metrics in 2014 and 2015, and in 2016 on a utility's proposed appliance leasing program.[1] Before the Minnesota Public Utilities Commission, I testified on behalf of the Minnesota Citizens Utility Board on the natural gas expenditures of three utilities during the February 2021 Winter Storm. Before the Michigan Public Service Commission, I testified on behalf of a coalition of advocacy groups in a natural gas utility rate case regarding the utility's renewable natural gas proposal and natural gas line extension policy.

Q. Was this testimony prepared by you or under your supervision?

A. Yes.

Q. What is the purpose of your testimony?

A. I am testifying on behalf of Vitesse regarding the proposed Accelerated Commitment Tariff ("ACT") for PacifiCorp dba Pacific Power ("PacifiCorp" or the "Company"). I recommend that the Commission approve the ACT with some modifications, which I summarize and describe in detail.

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1 *See Washington Utilities and Transportation Commission v. Avista Corporation d/b/a Avista Utilities*, WUTC Dockets UE-140188 & UG-140189; *Washington Utilities and Transportation Commission v. Avista Corporation d/b/a Avista Utilities*, WUTC Dockets UE-150204 & UG-150205; and *Washington Utilities and Transportation Commission v. Puget Sound Energy,* WUTC Dockets UE-151871 & UG-151872.

Q. Are you sponsoring any exhibits?

A. Yes, I am sponsoring exhibits Vitesse/101 (Qualifications) and Vitesse/102 (PacifiCorp Responses to Vitesse, Staff, and Citizens' Utility Board of Oregon Data Requests).

Q. Please summarize your primary recommendations.

(1) I recommend that the Commission approve the ACT subject to the following modifications:

(a) The ACT should be modified to allow a separate, 175 aMW cap for new, incremental load from existing or new customers, which Vitesse recognizes will require the Commission modify its Fourth Condition for Voluntary Renewable Energy Tariffs ("VRETs") for PacifiCorp.[2]

(b) The ACT should allow a Customer Supply Option ("CSO") in which program participants can identify their own purchase power agreement ("PPA") for approval by the Commission.

(c) The ACT should have an option for participants to take a percentage of a resource's capacity, including the entirety of the resource, in addition to the Company's proposed fixed volume option.

(2) I recommend that the Commission find that PacifiCorp can rely on its 2022 All Source Request for Proposal ("2022 RFP") for selecting the resource(s) for the ACT and the Company does not need to issue a second RFP for selecting ACT resources.

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2 *Voluntary Renewable Energy Tariff for Non-Residential Customers*, Docket No. UM 1690, Order No. 15-405 at 1 (Dec. 15, 2015).

II. VITESSE'S RENEWABLE ENERGY GOALS

Q. Please describe your client Vitesse's interest in this case?

A. Vitesse is a limited liability company that is wholly owned by Meta Platforms, LLC ("Meta") and operates data processing and hosting centers across the country, including in Oregon. Meta has ambitious climate and renewable energy goals, including sourcing 100 percent of its global operations from renewable energy.[3] It is currently a Schedule 272 Renewable Energy Rider Optional Bulk Purchase Option ("Schedule 272") customer, but is interested in the development of the ACT as it is an opportunity to purchase a bundled renewable energy product, which also aligns with Meta's energy goals. Vitesse interests also include ensuring that the program is fair and does not harm non-participating customers.

Q. Can you describe Meta's energy goals?

A. Yes. Meta's foremost goal is to use as little energy as possible to operate its data center facilities. Meta's energy-efficient designs reduce energy consumption by an estimated 32 percent compared to the industry average and 8 percent relative to similar scale facilities[4] through a combination of optimized software, minimalist electrical topology and server design, innovative cooling solutions, and fine-tuned operations.[5] Beyond efficiency,

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[3] Urvi Parekh, *Achieving our goal: 100% renewable energy for our global operations*, Tech at Meta (Apr. 15, 2021), https://tech.fb.com/engineering/2021/04/renewable-energy.

[4] Sara VanLear, Kyle Clark-Sutton, Manuel Gonzalez, Elizabeth Brown, Brian Lim, and Brooks Depro, *The Impact of Facebook's U.S. Data Center Fleet*, RTI International at 8 (Oct. 2020), https://www.rti.org/publication/impact-facebooks-us-data-center-fleet-2017-2019/fulltext.pdf.

[5] Dan Lee and Jonathan Rowe, *Software, servers, systems, sensors, and science: Facebook's recipe for hyperefficient data centers*, Tech at Meta (Jan. 21, 2020), https://tech.fb.com/engineering/2020/01/hyperefficient-data-centers.

Meta states that it is committed to supporting its operations with renewable energy. In 2011, Meta was one of the first tech companies to commit to the goal of powering all its facilities and infrastructure with 100 percent clean and renewable energy. In 2020, Meta achieved its goal of sourcing 100 percent renewable energy to support global operations, cutting its operational emissions by 94 percent (surpassing its 75 percent target) despite rapid expansion of its global data center fleet. Citing the urgency of the climate crisis and of limiting temperature increases to 1.5° Celsius above pre-industrial levels as outlined in the Paris Agreement, Meta has set a further goal to achieve net zero emissions across Meta's value chain (Scope 3 emissions) by 2030.[6] Meta is also a founding member of the Clean Energy Buyers Alliance, a collaboration of more than 300 companies working together to scale up corporate procurement of clean energy. A key component of Meta's renewable energy strategy is to partner with local utilities to launch green tariff programs (which include VRET programs) that allow Meta to source from renewable options at predictable rates while promoting new investments in clean energy. To date, Meta has helped start seven new green tariff programs[7] and contracted for the addition of over 8,000 MW of new solar and wind capacity globally.[8]

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6 *Facebook's Net Zero Commitment*, Facebook Sustainability at 1-2 (Sept. 2020), https://sustainability.fb.com/wp-content/uploads/2020/12/FB_Net-Zero-Commitment.pdf.

7 *Facebook's U.S. Renewable Energy Impact Study*, RTI International at 9 (May 2021), https://www.rti.org/publication/facebooks-us-renewable-energy/fulltext.pdf.

8 Veronika Hanze, *Corporate Clean Energy Buying Tops 30GW Mark in Record Year*, BloombergNEF (Jan. 31, 2022), https://about.bnef.com/blog/corporate-clean-energy-buying-tops-30gw-mark-in-record-year/.

Q. Do you know if Vitesse has plans for additional facilities in Oregon?

A. It is my understanding that Vitesse does not have immediate plans for future growth in Oregon. That said, I also understand that Vitesse is growing and is likely to have additional data center needs at some point in the future. My understanding is that Oregon remains a potential destination for future data center needs, which is why Vitesse is concerned about the cap to the proposed program. I will address that issue in greater detail later in my testimony.

Q. How has Meta achieved its renewable energy goals with its Vitesse facilities in Oregon?

A. To date, Vitesse has taken service under PacifiCorp's Schedule 272,[9] using the program to obtain Renewable Energy Certificates ("RECs") equal to 100 percent of its Oregon data center load. Schedule 272 has been a successful program which has resulted in substantial new renewables on PacifiCorp's system, including 100 MW of new solar in Crook County. According to the National Renewable Energy Laboratory, PacifiCorp's program is in the top 5 of national utility green pricing programs for energy sold and number of customers.[10] Schedule 272 was developed in 2004 and, like many of its green power counterparts around the country, it was designed as a REC only program. The Company subsequently amended the tariff to allow an option to contract with the

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9 *See Pacific Power Renewable Energy Rider Optional Bulk Purchase Option*, https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/oregon/tariffs/rates/272_Renewable_Energy_Rider_Optional_Bulk_Purchase_Option.pdf.

10 *Top Ten Utility Green Pricing Programs (2020 data)*, National Renewable Energy Lab at 1, https://www.nrel.gov/analysis/assets/pdfs/green-pricing-top-10-2020-data-plus-09archives.pdf.

Company for RECs from a specified renewable resource.[11] This optionality for RECs from a specified resource was a substantial improvement for customers like Vitesse that need to demonstrate the additionality of the resource due to participation in the program. Thus, Vitesse continues to obtain energy under a cost-of-service offering (Schedule 48 – Large General Service 1000kW and Over) while obtaining RECs under Schedule 272. PacifiCorp's proposed ACT, Schedule 273, allows customers to procure RECs bundled with the energy from a specific project and assigns all the costs and benefits of the specific resource to the participating customer. This approach is another way for entities like Vitesse to achieve their renewable energy goals.

III. VRET PRINCIPLES

Q. There are variations of VRETs around the country. Please define a VRET.

VRETs enable utility customers to support renewable energy development by procuring, through a special tariff or bilateral contract, energy and RECs. VRET programs are often designed for larger customers and provide price stability in exchange for a commitment to purchase bundled energy for an extended length of time.

Q. What are the core principles of a well-designed VRET that is in the public interest?

A. Well-designed VRETs can enable participating customers to promote new renewable energy projects while shielding non-participants from adverse impacts. At a high-level, VRETs should assign all costs and benefits to the participants, prevent any impact to non-participants, and facilitate the development of new, renewable resources. In 2017, the

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[11] *See PacifiCorp Schedule 272 Renewable Energy Rider Optional Bulk Purchase*, Docket No. ADV 386, Advice No. 16-012 (Sept. 27, 2016).

Advanced Energy Economy Institute ("AEE") published a report that identifies 8 principles for voluntary renewable energy tariffs, several of which I highlight below:[12]

- **All program costs and benefits should accrue to the participant**: First, participants should be charged and/or credited for the actual costs imposed and benefits delivered to the grid. This includes charging transparent administrative fees that reflect the actual costs imposed by participants. Second, the costs and benefits of RECs should be solely assigned to the participant. The utility provider cannot claim the environmental benefit of the participant's participation in the program. Finally, clear termination requirements should be established to prevent cost shifts to non-participants in the event of an early termination of the contract.
- **Additionality and credibility of renewable products**: VRETs should be designed to ensure that renewable resources are new and dedicated to participating customers. The program should ensure that RECs cannot be claimed by multiple participants, are retired on behalf of the participant, and cannot be resold.
- **Enable participation by both existing and new customers:** VRETs are often capped as a risk mitigation tool for non-participants. Utilities and regulators rightfully want to ensure that the programs are performing as anticipated. A well-designed VRET will accommodate both existing and new customers and use

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12 *Making Corporate Renewable Energy Purchasing Work for All Utility Customers*, Advanced Energy Economy Institute (July 27, 2017), https://www.aee.net/articles/report-eight-principles-for-utility-renewable-energy-tariff-programs.

regular reviews to determine whether adjustments to the program's design and implementation is necessary for future offerings.

- **Allow flexibility within the program to address the unique needs and circumstances of the customers:** Customers are differently situated and have different risk tolerances. A well-design program should have flexibility on certain elements of the program, such as the length of the contract, or allow participants to enter their own special contract to fit their unique needs.

In addition to the AEE's 8 principles for VRETs, competitive project solicitations are important for maximizing the benefits of VRETs. According to a recent AEE policy brief on VRETs, "competitive project solicitation process with participation open to both utilities and third-party suppliers will bring costs down for consumers. Depending on the program type, this may take the form of direct negotiation by participating customers or a transparent and competitive procurement process for a portfolio of utility-supplied resources."[13] An additional AEE report on VRETs notes that "design elements that keep costs low for participants, such as a competitive resource procurement process under subscription-based programs and direct negotiation by customers under sleeved PPA programs, will also make programs more attractive to prospective participants."[14]

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13 *Essential Elements of Next-Generation Renewable Energy Tariffs*, Advanced Energy Economy Institute at 2, https://info.aee.net/hubfs/PDF/AEE-Essential-Elements-of-RE-Tariffs.pdf.

14 *Making Corporate Renewable Energy Purchasing Work for All Utility Customers*, Advanced Energy Economy Institute at 15 (July 27, 2017), https://info.aee.net/hubfs/PDF/AEE-Institute-Making-corporate-renewable-Energy-purchasing-work-for-all-utility-customers.pdf (Note: A Sleeved PPA is a contract between a customer and generator in which there is an intermediary, usually a utility, that manages the exchange).

Q. Do Vitesse's principles align with a well-designed VRET?

A. Yes, Meta strongly supports green tariffs, including VRETs, that are in the public interest. In the next section, I address Meta's view of PacifiCorp's proposed ACT. In brief, with two exceptions, the ACT generally aligns with the principles of a VRET. I am concerned, however, that the program does not sufficiently enable participation of future load, either for existing or new customers, and that the program is not sufficiently flexible because it does not allow a customer to bring its own contract for inclusion in the program.

IV. PACIFICORP'S PROPOSED VRET

Q. Please describe PacifiCorp's proposed VRET, the ACT.

A. Under the ACT tariff, PacifiCorp proposes to provide customers with access to bundled renewable resources and corresponding RECs.[15] ACT participants are responsible for all above-market resource costs and an administrative fee.[16] Participants must remain on and continue to pay for all components of their applicable rate schedule, including all supplemental schedules and riders.[17] ACT participants must commit to remaining on the tariff for a minimum of five years or pay an early termination fee for the costs incurred under the full duration of the contract.[18] If an ACT participant subscribes to the tariff for a length of time that differs from the term of the PPA entered on the participant's behalf, the participant must pay a subscriber mismatch fee calculated to recover the costs

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15 PAC/100, Steward/33; PAC/800, Anderson/2-4.
16 PAC/800, Anderson/3, 9-10, 13-14.
17 PAC/800, Anderson/3.
18 PAC/800, Anderson/11, 22.

incurred over the full term of the PPA.[19] The proposed ACT focuses specifically on providing access to bundled RECs as permitted by House Bill ("HB") 4126.[20]

Q. How is the ACT different than PacifiCorp's Schedule 272 Voluntary Bulk Purchase Option?

I briefly described the difference earlier in my testimony, but it is worth mentioning again. Schedule 272 provides customers, who receive energy under a cost-of-service tariff, with an opportunity to purchase RECs in an amount that matches their energy consumption, which PacifiCorp retires on the customer's behalf. However, the ACT offers a different approach by bundling the energy and RECs and calculating the participant's rates to include the incremental cost of the dedicated renewable resources, plus fees, that leave non-participating customers harmless. Schedule 272 does not require that RECs be bundled with their corresponding energy source. PacifiCorp witness Anderson describes the program in greater detail.[21]

Q. Has the Commission identified conditions for utilities offering VRETs in Oregon?

A. Yes. I understand that the Commission adopted nine conditions for VRET filings in Order No. 16-251, which the Commission modified in Order No. 21-091.[22] There are a number of reasonable ways in which a VRET can be properly designed, and I generally agree that the Commission's conditions are reasonable.

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[19] PAC/800, Anderson/13-15.
[20] HB 4126, 77th Leg Assemb, Reg Sess (Or 2014).
[21] PAC/800, Anderson/4.
[22] *See Portland General Electric Company Investigation into Proposed Green Tariff*, Docket No. UM 1953, Order No. 21-091 (Mar. 29, 2021).

Q. Does PacifiCorp's program meet each of the nine conditions as amended by the Commission in Order No. 21-091?

A. Yes. And as I will describe below, although the ACT as proposed complies with the Commission's fourth condition, I recommend that the Commission amend the fourth condition to accommodate a proposed improvement for PacifiCorp's program.

Q. Let's discuss each condition in turn. Does PacifiCorp's proposal meet the Commission's first condition?

A. Yes. According to the Commission's first condition, Renewable Portfolio Standard ("RPS") definitions that must apply to voluntary renewable energy products include definitions for resource type, location, and bundled RECs.[23] Non-carbon emitting energy storage resources may be included but only in conjunction with RPS-compliant resources. Witness Anderson testified that, although the utility has not yet selected resources that will be used for the program, "[r]esources that are selected will conform with the definitions for resource type, location, and bundled RECs currently included in Oregon Law."[24] Vitesse prefers to participate in programs that meet state RPS definitions and prevent double-counting as these features are necessary to demonstrate the benefits and additionality of the program.

Q. Does PacifiCorp's proposal meet the Commission's second condition?

A. Yes. According to the second condition, voluntary renewable energy options include only bundled REC products.[25] Any RECs associated with serving participants must be

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[23] Docket No. UM 1953, Order No. 21-091 at 5-6.
[24] PAC/800, Anderson/21.
[25] Docket No. UM 1953, Order No. 21-091 at 6-7.

retired by or on behalf of participants.[26] Witness Anderson testified that the program is designed to provide bundled RECs from a specific resource(s).[27] This means that a potential participant, such as Vitesse will be able to obtain verification of REC retirement through an accredited third-party such as Green-e. Third-party verification provides assurance that RECs are retired only on the participant's behalf and cannot be claimed by multiple participants, which enables customers like Vitesse to ensure that renewable energy additions under the program can be used to meet their renewable energy goals.

Q. Does PacifiCorp's proposal meet the Commission's third condition?

A. Yes. According to the third condition, the year that a VRET-eligible resource becomes operational shall be no earlier than one year prior to the resource being included in the program.[28] Witness Anderson testified that PacifiCorp will only select new resources for ACT that have been operational for one year or less.[29]

Q. Does PacifiCorp's proposal meet the Commission's fourth condition?

A. Yes. According to the fourth condition, the VRET program size is limited to 175 aMW for PacifiCorp, which is the stated size of the ACT.[30] However, I believe that the condition should be modified to allow for new demand from new or existing customers that would be additive to the 175 aMW limit.

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26 Docket No. UM 1953, Order No. 21-091 at 6-7.
27 PAC/800, Anderson/21.
28 Docket No. UM 1953, Order No. 21-091 at 7.
29 PAC/800, Anderson/21.
30 Docket No. UM 1953, Order No. 21-091 at 8.

Q. Why should the Commission modify the fourth condition to allow for new load to participate in the program?

A. I understand that the Commission imposed a cap on the program to limit the potential impact of a VRET on the Direct Access program, which is also capped at 175 aMW for PacifiCorp.[31] Commissions generally impose a cap to create a structured stopping point for considering the impacts of the program. This Commission generally views VRETs and Direct Access as comparable, alternative programs.[32] In its Order 21-091, the Commission allowed Portland General Electric Company ("PGE") to expand its offering (while staying below the cap) because the program "has been designed to minimize impacts to the competitive market and reduce the risk exposure to non-participating cost-of-service customers associated with the increase."[33] My interpretation is that, for the Commission to consider expanding a VRET or increasing the cap, parties would have to meet these two conditions.

I recommend that the Commission expand the proposed VRET because PacifiCorp's proposed ACT meets these two conditions and allowing new load to participate in the program will also meet these two conditions while helping the utility and cost-of-service customers meet the requirements of HB 2021.

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31 Docket No. UM 1953, Order No. 21-091 at 11.

32 *See Voluntary Renewable Energy Tariffs for Non-Residential Customers*, Docket No. UM 1690, Order No. 16-251 (July 5, 2016).

33 Docket No. UM 1953, Order No. 21-091 at 9.

Q. Please start by explaining why the proposed ACT has been designed to minimize the impact to competitive markets.

A. In its Order approving PGE's VRET program expansion from 300 MW to 500 MW, the Commission concluded that the expansion did not negatively impact the competitive market, identifying a non-exhaustive list of factors it considered in its decision.[34] The factors included, 1) the program included a menu of resources that is limited by technology and vintage, 2) a long term subscription commitment, 3) a bill credit that prevents participating customers from paying less than cost-of-service rates, and 4) continued exposure to future cost-of-service rate changes. The ACT also meets each of these factors.

First, the ACT will be limited in technology and vintage. Eligible resources must follow Oregon's renewable portfolio standard, must be able to deliver power to PacifiCorp, and cannot be in operation more than one year prior to the inclusion in the program.[35] The Company could provide a more complete menu of resources by allowing customers to bring CSOs that also comply with its requirements, which I will address later in my testimony.

Second, participants who subscribe to the program must make a long-term subscription commitment. The ACT requires participation for a minimum of five years.[36] More importantly, if a participant selects a term length less than the length of the resource contract the participant will pay a subscriber mismatch fee that is equivalent to the

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[34] Docket No. UM 1953, Order No. 21-091 at 11.
[35] PAC/800, Anderson/21.
[36] PAC/800, Anderson/22.

entirety of the contract.[37] This is a strong incentive for participants to make a long-term commitment to the program that is equal in length to the PPA.

Third, the ACT is a premium product where participants pay "above market costs" for the bundled renewable energy.[38] The participating customer cannot pay rates less than non-participating cost-of-service customers.[39] In all likelihood, participants will pay a premium because the Company will acquire the best resources for its cost-of-service customers before acquiring program resources.[40]

Fourth, participating customers remain cost-of-service customers and will be subject to cost-of-service rate changes.[41] Participating customers will be subject to most changes in rates including changes in distribution, transmission, and public purpose charges.

Finally, in a separate Order, the Commission found that the utility could also minimize potential negative impacts by creating a product that is clearly differentiated from direct access or other renewable products.[42]

Q. How is the ACT a differentiated product from Direct Access or other renewable products?

A. There are two comparable programs: Schedule 272 and Direct Access. As I identified earlier in my testimony, the ACT diverges from Schedule 272 by providing a bundled

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37 PAC/800, Anderson/13-14.
38 PAC/800, Anderson/22.
39 Exhibit Vitesse/102, Cebulko/6 (PacifiCorp Response to Vitesse Data Request No. 9).
40 Exhibit Vitesse/102, Cebulko/6 (PacifiCorp Response to Vitesse Data Request No. 9).
41 Exhibit Vitesse/102, Cebulko/23 (PacifiCorp Response to OPUC Data Request No. 317).
42 Docket No. UM 1690, Order No. 16-251, Appendix A at 17.

product from a specific resource rather than only RECs. The ACT is also clearly differentiated from Direct Access, which is characterized by a participating customer leaving the regulated cost-of-service to directly procure its own generation through an electric service supplier ("ESS").[43] Under the Direct Access program, the customer is responsible for procuring 100 percent of its demand through the ESS. Direct Access customers generally pay an opt-out fee, or transition adjustment, to make the remaining customers whole for the investments the utility made on the departing customer's behalf. A Direct Access customer may choose any type of electricity supply, regardless of its carbon content. Conversely, a participating ACT customer remains a cost-of-service customer, which allows participants to take less than 100 percent of their demand under the ACT, and the specified resource must meet RPS resource requirements.

Table 1: Differences Between Direct Access and PacifiCorp's ACT

	Direct Access	**PacifiCorp's ACT**
Is the participant a cost-of-service customer?	No	Yes
Does the participant pay an opt-out or transitional fee?	Yes	No
Is the resource supply required to be RPS compliant?	No	Yes
Can the participant take less than 100 percent of its demand through the program?	No	Yes

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43 *See Direct Access*, Pacific Power, https://www.pacificpower.net/savings-energy-choices/business/oregon-direct-access.html.

To summarize “differentiation” in this context — an ESS under Direct Access is not able to offer a product that allows the customer to continue to receive service from the incumbent utility, at rates that cannot go below standard cost-of-service rates, with a fixed crediting methodology based on integrated resource plan valuation methods, which is what PacifiCorp is proposing to offer through the ACT.

It is also my understanding that there has been limited participation in PacifiCorp’s Direct Access program. In 2021, the Company had just 15 aMW in the program, or just under 2 percent of eligible direct access load.[44]

Q. How has the proposed ACT been designed to minimize the impact to non-participating customers?

A. Yes, in three ways. First, ACT participants will remain cost of service customers and will experience cost of service rate changes along with non-participants. Second, the Company has also designed the program to allocate all costs to the program participants. Finally, the Company took an additional step to ensure non-participants are not harmed by allocating some of the benefits of the program to non-participants. In a PacifiCorp response to a data request, the Company states that “100 percent of the incremental costs over the term of the renewable resource contract would be collected during the period subscribed by the customer,” but that the subscribed output is capped at the guaranteed delivery volume.[45] RECs in excess of the guaranteed level will be allocated to non-participating customers in Oregon to “help mitigate a portion of the risk to non-

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[44] Exhibit Vitesse/102, Cebulko/9 (PacifiCorp Response to Vitesse Data Request No. 14).

[45] Exhibit Vitesse/102, Cebulko/21 (PacifiCorp Response to OPUC Data Request No. 315) (PacifiCorp states that for solar resources a 90 percent delivery guarantee is typical).

participating customers." PacifiCorp has to forecast the benefits of the program resources out into the future, and so, as designed, the program inherently provides some upside to non-participants. Later in my testimony I will discuss an option for variable annual energy delivery which would better allocate all costs and benefits to the participants. However, if the Commission grants this additional optionality, the program design will continue to ensure that participants will not pay a rate lower than cost-of-service, and that all programmatic costs will be recovered from participants through the administrative and subscriber mismatch fees.

Q. Should the Commission distinguish between existing and new load when considering expanding the program?

A. Yes. The Commission should adopt modifications to the program to distinguish between new and existing load for entry into the program. There is an important difference between these two types of load in how they impact the utility's grid. Generally, a utility continuously plans and builds its system to meet the needs of its existing load, while new load represents incremental costs (and benefits) beyond such planning that the utility will need to service. The Commission recognized the distinction between existing and new loads when it created New Large Load Direct Access ("NLDA") Programs, and further recognized that it possible to create a program for new loads without undue cost shifts.[46]

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46 *See Rulemaking Related to a New Large Load Direct Access Program*, Docket No. AR 614, Order No. 18-341 at 1 (Sept. 14, 2018).

On the basis of these important differences between existing and new loads, the Commission set caps for new loads separate from the existing Direct Access programs.[47]

Q. Have there been any state policy changes that Commission should consider since it last modified its conditions list for VRETs?

A. Yes. The Commission should also recognize that since it published the modified conditions list for VRETs, HB 2021 passed, which changes the trajectory of electric utility resource planning and procurement. Going forward, nearly all, or all, of PacifiCorp's resource additions will need to be clean resources. Through a VRET like the ACT, a subset of customers (i.e., new loads) can help accelerate the utility's transition to 100 percent clean resources, while taking on the incremental cost to accelerate that transition. This potential contribution to meeting HB 2021 requirements is an added benefit that new loads would provide to the non-participating customers.

Q. How should the Commission modify its fourth condition for PacifiCorp?

A. The Commission should modify its fourth condition to enable a separate 175 aMW program for PacifiCorp designated only new customer load, either from new customers or existing customers who are expanding their operations in Oregon. Given the passage of HB 2021, the utility will need to procure additional renewable energy to meet new, incremental load. By allowing qualifying participants to bring on new load through the ACT, those customers are willingly taking on the incremental costs that would normally

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[47] *See New Large Load Direct Access Program Cost of Service Opt-Out*, Pacific Power at 1 (Dec. 28, 2020), https://www.pacificpower.net/content/dam/pcorp/documents/en/pacificpower/rates-regulation/oregon/tariffs/rates/293_New_Large_Load_Direct_Access_Program_Cost_of_Service_Opt_Out.pdf.

be shared with the other cost-of-service customers. Creating a separate, new load program will also ensure that new entries into the market do not compete with existing loads and take all of the space under the cap PacifiCorp has proposed. Finally, establishing a new load program today may help attract businesses to Oregon who, like Vitesse, are committed to meeting their energy needs with additional renewable energy resources. I recommend that the Commission order a separate cap be established in the ACT for new loads. While a new load cap of at least 175 aMW is warranted, the Commission should set it no lower than PacifiCorp's NLDA cap of 89 aMW to preserve equity between the programs.

In the alternative, the Commission could allow a prospective new load customer interested in participating in the ACT to petition the Commission for an exception on a case-by-case basis. This option is less than ideal because the outcome of the petition process adds uncertainty for the customer, the utility, the Commission, and other stakeholders. Customers such as Vitesse will only build new data centers in jurisdictions in which they have reasonable certainty that they will be able to power new operations with additional, clean energy resources that meet company commitments. Petitioning the Commission for an exception introduces a substantial uncertainty in a business's planning process that may be untenable.

Q. To the extent the Commission finds that a customer petition process is preferable to a separate cap (of any size) for new loads, what criteria should it use when determining if that new load should be allowed to participate in the ACT if otherwise fully subscribed?

A. The Commission should follow a set of criteria similar to those it articulated in its Order allowing NLDAs. The Commission wrote,

> In this way, if we later determine that an individual application to exceed the cap poses no significant risk or costs to cost-of-service customers and presents significant benefits to the system, we may allow such an expansion. Under this standard, a waiver to the cap may be appropriate if an individual application advances the goals reflected in state policy through elements such as carbon-free generation resources, value-added grid services, and support for system capacity needs or through other means.[48]

To this end, it will be important for the Commission, Commission Staff, prospective customers, and stakeholders to thoroughly review the utility's administrative fees, offset credit, and bundled energy costs when a proposal is filed. The petitioner will also need to demonstrate that their resource selections will help the state meet HB 2021, and its expansion will not negatively impact the competitive market.

If the Commission relies on a case-by-case approval, it should strive for creating a process that gives as much certainty for the applicant, the utility, and interested parties as possible. Ideally, the approval process would take no more than 90 days for review, Staff recommendation, and an Order.[49]

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[48] Docket No. AR 614, Order No. 18-341 at 7.

[49] Docket No. UM 1953, Order No. 21-091 at 16. Under PGE's VRET, the Commission stated: "Within that 90-day period, we would expect to approve an expansion or

Q. To the extent the Commission adopts your proposal to institute a separate cap for new loads, how should new loads that want to participate in the ACT after that cap is reached be treated?

A. If the cap for new loads is reached, then the process outlined above for a customer petition should be used to evaluate whether additional new loads should be allowed to participate in the program beyond the cap.

Q. Does PacifiCorp's proposal meet the Commission's fifth and sixth conditions, which the Commission combined in Order No. 21-091?

A. Yes. According to the fifth and sixth conditions, VRET offerings, as customer choice products, can impact the competitive retail market for some customer segments even when differentiated from direct access offerings.[50] The utility bears the burden of proof to demonstrate that a VRET offering does not unfairly undermine Direct Access Programs.[51] My discussion on the fourth condition demonstrates that the VRET does not unfairly undermine Direct Access programs.

Q. Does PacifiCorp's proposal meet the Commission's seventh condition?

A. Yes. According to the seventh condition, the regulated utility may own a voluntary renewable energy resource but may not include any voluntary renewable energy resource in its general rate base.[52] It may recover a return on and return of its investment in the voluntary renewable energy resource from the subscriber; however, the utility must share

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determine that more examination is necessary, directing Staff to lead an investigation of the expansion proposal."

50 Docket No. UM 1953, Order No. 21-091 at 9-12.

51 Docket No. UM 1953, Order No. 21-091 at 11.

52 Docket No. UM 1953, Order No. 21-091 at 12.

some of the return on investment with the other utility customers for ratepayer-funded assets used to assist the voluntary renewable offering. Prospective customers should be resource ownership agnostic so long as there are no adverse impacts on cost-of-service customers or the competitive market. PacifiCorp is not proposing to own a resource at this time and has committed to make a filing with the specific accounting mechanism prior to considering a Company-owned resource for participation in the ACT.[53] The seventh condition should be more fully considered if PacifiCorp elects to own a VRET and proposes a specific accounting mechanism.

Q. Does PacifiCorp's proposal meet the Commission's eighth condition?

A. The Company's proposal sufficiently protects non-participating customers. According to the eighth condition, all direct and indirect costs and risks are borne by the participating VRET customers, shareholders of the utility or third-party developers, and suppliers with provisions allowing independent review and verification by Commission Staff of all utility costs.[54] Costs include but are not limited to ancillary services and stranded costs of the existing and additional future cost-of service rate-based system. It is important to Meta that Vitesse's potential participation in the ACT program would not unfairly burden or shift costs towards other customers. Vitesse understands that the ACT as designed means that participants would always pay *at least* the same amount toward system costs as they would on ordinary cost-of-service rates. I addressed this issue in greater detail in my discussion on the fourth condition.

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53 PAC/800, Anderson/22-23.
54 Docket No. UM 1953, Order No. 21-091 at 13-16.

Q. Does PacifiCorp's proposal meet the Commission's ninth condition?

A. Yes. According to the ninth condition, all voluntary renewable offerings must be made publicly available and subject to review by the Commission to ensure they are fair, just, and reasonable.[55] In alignment with this provision, PacifiCorp has stated that it will make all agreements, including any related terms, conditions, and prices, available to Commission staff on a confidential basis to protect customer and project-specific information.[56]

V. OTHER ISSUES

Q. Should the potential resources used in the ACT program be subject to the Commission's Competitive Bidding Rules ("CBRs")?

A. Yes, it is in the public interest for resources procured by, or developed by, the utility to be subject to the CBRs. The CBRs are designed to protect ratepayers and ensure a fair, competitive market. There should be two exceptions to the CBRs. First, if the Commission allows a Customer Supplied Option ("CSO") like in the comparable PGE program, then the Commission should allow the participant and utility to petition for a waiver. I will address that issue later in my testimony. Second, to the extent the utility has recently issued an All-Source Request for Proposals ("RFP"), as PacifiCorp has in this case, in which resources are being considered contemporaneously to the development of a VRET, then the utility should be able to leverage that process to identify the best resource(s) available from those not selected for the non-participating cost-of-service

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55 Docket No. UM 1953, Order No. 21-091 at 16.
56 PAC/800, Anderson/23.

customers. Creating a second RFP to re-evaluate the same projects would be costly and administratively burdensome without substantial benefit. Going forward, whether any specific recent RFP is sufficient to avoid the need for a second RFP under the CBRs should be addressed on a case-by-case basis.

Q. Has PacifiCorp recently issued an All-Source RFP?

A. Yes. PacifiCorp has an ongoing All Source RFP in Docket UM 2193.[57] I have not reviewed that RFP or RFP results, but I understand that the Commission has approved the RFP as compliant with the CBRs. It is my opinion that PacifiCorp should be able to use the results of this specific RFP for selecting its ACT resources.

Q. Does PacifiCorp's ACT allow Vitesse or another prospective participant to bring their own Power Purchase Agreement ("PPA") for approval as part of this program?

A. No. Unlike PGE's VRET, which allows a customer to identify a resource and negotiate their own PPA, PacifiCorp's proposed ACT does not allow a CSO.[58]

Q. Should program participants be permitted to bring a CSO for approval?

A. Yes, the Commission should modify the ACT to allow a customer to bring its own PPA, as is currently permitted via PGE's CSO, to be approved by the Commission within 90 days. As I identified earlier in my testimony, customers are differently situated and may have unique opportunities that better meet their needs. Meta is a large global business with a sophisticated energy program that partners with utilities and renewable energy

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[57] *See generally PacifiCorp, dba Pacific Power, Application for Approval of 2022 All-Source Request for Proposals*, Docket No. UM 2193.

[58] Exhibit Vitesse/102, Cebulko/1 (PacifiCorp Response to Vitesse Data Request No. 1).

developers across the country. Meta may be able to identify a PPA that better meets Vitesse's needs and the requirements of the ACT. In discovery, PacifiCorp claimed that the utility "believes that in the initial stages of the ACT program that direct selection of participating projects will allow the [utility] to increase the potential benefits to the system as a whole and minimize any costs and risks for non-participants."[59] While PacifiCorp's approach might be appropriate for an involuntary program, or a compulsory program for all customers, the ACT is a voluntary tariff designed explicitly to support customers' voluntary procurement decisions while leaving non-participating customers indifferent regardless of the type of resource the participants use. The participant is willingly assuming the incremental costs, and as such allowing participants a CSO is not in conflict with the VRET requirements.

In addition, the ACT is designed such that the participant must continue as a cost-of-service customer, providing additional protections against potential cost shifts. As stated in Section IV, enabling participants to select their own PPAs can make green tariff programs, including VRETs, more attractive for participants by enabling them to select projects that best meet their needs, as recognized by PGE's CSO.

Q. Are there any potential issues with a CSO?

A. Some projects may be more difficult to develop than others, but I do not think the Commission needs to address this issue at this time. For example, I understand that there can be interconnection issues for resources sited in certain locations.[60] There are

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59 Exhibit Vitesse/102, Cebulko/1 (PacifiCorp Response to Vitesse Data Request No. 1).

60 Exhibit Vitesse/102, Cebulko/17-19 (PacifiCorp Response to Vitesse Data Request Nos. 30, 31).

interconnection points where, if a resource was located in that area, it could trigger expensive transmission upgrades. However, there are interconnection locations where this issue may not arise. PGE's tariff did not address this issue and I believe that is the right approach. Since this is a locational and project specific issue, I recommend that the issue be handled if and when such a situation arises. In other words, the Commission does not need to make preemptive decisions and can address interconnection or other concerns at a later date when it has more specific information.

Another potential issue is utility-ownership of a CSO. I understand that, in the case of PGE's GEAR program, some parties were concerned that allowing utility-ownership of a CSO could negatively impact the competitive market, and that the Commission ultimately ordered PGE to have no role in CSO project procurement.[61] I agree that this is an appropriate restriction to better facilitate a competitive market if the Commission approves a CSO for PacifiCorp's ACT.

Q. If the Commission allows a CSO option, is it necessary for PacifiCorp to issue an RFP?

A. No, if a participant brings its own PPA that meets the program requirements, which are designed to satisfy the Commission's conditions, and leaves non-participants indifferent, then the Commission should not require the Company to utilize an RFP to acquire a CSO. For the reasons stated above, the program participant would be assuming the costs and risks of the PPA. Foregoing an RFP in this circumstance reduces the cost of the program

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61 *See Portland General Electric Company, Advice No. 21-11, Updates Schedule 5 Large Nonresidential Green Energy Affinity Rider*, Docket No. UE 396, Order No. 21-263, Appendix A at 3-5 (Aug. 18, 2021).

and allows the program participants to move more quickly when a CSO opportunity arises.

Q. Please describe how PacifiCorp structured the program to deliver energy to participating customers.

A. The participating customer will pay a fixed price for a fixed quantity of bundled renewable energy.[62] Rather than taking a certain percentage of the output of a facility, or the entire output of a facility, participating customers will only be able to subscribe to a guaranteed annual delivery volume. The Company states it designed the program in this manner to "reduce administrative costs and provide a simplified customer experience."[63] As the program is designed for customers down to 30 kW in demand, the Company determined that cost predictability and reduced administrative costs were necessary outcomes.

Q. How else could PacifiCorp structure the delivery of the energy to participating customers?

A. An alternative method is to assign participants a certain percentage of the output of a facility and allow them to take variable annual delivery volumes. This is consistent with the design of PGE's VRET which allows customers to choose a percentage of, or the entire, project.[64]

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62 Exhibit Vitesse/102, Cebulko/21 (PacifiCorp Response to OPUC Data Request No. 315).
63 Exhibit Vitesse/102, Cebulko/11 (PacifiCorp Response to Vitesse Data Request No. 20).
64 *See Schedule 55 Large Nonresidential Green Energy Affinity Rider (GEAR)*, Portland General Electric Company (Oct. 14, 2021), https://assets.ctfassets.net/416ywc1laqmd/Cisc2UrDoVmUBwV1fqVqb/e107aedaceaf5b5a21d69d07dcbf1453/Sched_055.pdf.

For a variable delivery program, the participating customer does not have certainty about the amount of bundled energy it will receive as there will be seasonal or annual variability to the resource's output. However, a participating customer can hedge against this risk by selecting an amount of bundled energy that is expected to exceed its expected load. This can help ensure that its entire load will be served with bundled renewable energy, except in limited emergency conditions. A significant benefit of allowing customers to take this type of contract is that it better assigns the costs and benefits of a resource.

One factor in the ACT's risk adjustment fee is the variability in the selected resource(s) output.[65] The fixed cost program proposed by PacifiCorp includes a forecast of possible future benefits for the duration of the contract.[66] According to the Company, any change in the forecasted benefits will be borne by non-participants.[67] To mitigate that risk, the Company will subscribe participants to a resource owner's guaranteed annual delivery volume, which is less than 100 percent of the output facility.[68] Consequently, in most years, PacifiCorp will have additional energy and RECs, which it is proposing to allocate to non-participating customers in Oregon. The Company justifies allocating the remaining RECs to non-participants as a form of mitigating their risk and to ensure compliance with Condition 8.[69]

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65 Exhibit Vitesse/102, Cebulko/21 (PacifiCorp Response to OPUC Data Request No. 315).
66 Exhibit Vitesse/102, Cebulko/16 (PacifiCorp Response to Vitesse Data Request No. 28).
67 Exhibit Vitesse/102, Cebulko/16 (PacifiCorp Response to Vitesse Data Request No. 28).
68 Exhibit Vitesse/102, Cebulko/21 (PacifiCorp Response to OPUC Data Request No. 315 (stating that a 90 percent delivery guarantee is typical for solar resources).
69 Exhibit Vitesse/102, Cebulko/16 (PacifiCorp Response to Vitesse Data Request No. 28); Exhibit Vitesse/102, Cebulko/21 (PacifiCorp Response to OPUC Data Request No. 315).

The problem with PacifiCorp's approach, as I explained earlier in my testimony, is that although the Company is assigning 100 percent of the costs of the program to the participants, it does not assign 100 percent of the benefits to the program participants. The Company plans to allocate RECs above the guaranteed delivery output to non-participants. PacifiCorp's solution is a reasonable approach for mitigating risk to non-participants if the utility's only option was to create a fixed annual delivery program. However, there are other approaches. Assigning participants a percentage of the output of the facility would better mitigate risk to the non-participants that is created by structuring the program as a fixed delivery product. It would also ensure that all benefits flow back to the participants.

Q. You testified that the Company chose a fixed delivery option to create cost predictability and to reduce administrative cost, particularly for customers whose demand is closer to 30 kW. Are those reasonable concerns?

A. Yes. I understand that smaller customers who qualify for this program may highly value cost predictability. However, larger customers, like Vitesse, are sufficiently capable of handling the complexity associated with variable output. As such, I propose that the Commission modify the program to allow an option for certain customers to take variable annual delivery. To address PacifiCorp's concern about smaller qualifying customers needing greater certainty, the Commission could restrict variable annual delivery to larger customers who are willing and capable of managing the variable output. I do not have a strong preference for the specific threshold other than to suggest that it should clearly differentiate between smaller eligible participants and the largest. Drawing the line at a load of 1 aMW would certainly meet that criterion.

VI. CONCLUSION

Q. Does this conclude your testimony?

A. Yes.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

Docket No. UE 399

In the matter of

PACIFICORP, dba PACIFIC POWER,

Request for General Rate Revision

EXHIBIT VITESSE/101

BRADLEY CEBULKO WORK EXPERIENCE, WITNESS QUALIFICATIONS, AND RESUME

June 22, 2022

STRATEGEN

Brad Cebulko

Manager

Brad leads projects and provides expert testimony on numerous utility regulation topics including gas decarbonization strategy, electric and gas integrated resource planning, power costs, energy efficiency and conservation programs, low-income ratepayer issues, and greenhouse gas regulation policy. He has prior experience with the Washington Utilities and Transportation Commission developing policy initiatives through Commission orders, policy statements, and rulemakings.

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Education

MPA
Environmental Policy
University of Washington
2012

BA
Political Science
Colorado State University
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Work Experience

Manager

Strategen / Berkeley, CA / 2021 – Present

+ Works with state regulatory commissions, consumer advocates, non-profits, and other clients to advance the public interest in regulatory decision-making.
+ Leverages subject matter expertise in utility regulation, electric and natural gas integrated resource planning, natural gas decarbonization, fuel costs, energy efficiency, low-income ratepayer issues, and greenhouse gas regulation policy.

Senior Policy Advisor For Energy Strategy

Washington Utilities and Transportation Commission / Olympia, WA / 2016 – 2021

+ Advised the Commissioners on utility regulation.
+ Led major Commission policy initiatives through Commission orders, policy statements, and rulemakings, including developing rules for the Clean Energy Transformation Act.
+ Served on the WA Department of Commerce's Electrification of Transportation Program Advisory Committee and Chair of the Staff Subcommittee on International Relations at NARUC.

Regulatory Analyst

Washington Utilities and Transportation Commission / Olympia, WA / 2013 – 2016

+ Testified before the commission in suspended utility filings and general rate case proceedings.
+ Led Commission Staff's review of natural gas integrated resource plans and energy efficiency filings.
+ Negotiated with utilities and stakeholders in efforts to reach settlement on reliability standards, and other utilities proceedings.

Brad Cebulko

Manager

Expert Testimony

Consumers Energy 2022 Natural Gas General Rate Case (DKT U-21148) On Behalf of Michigan Environmental Council, NRDC, and Sierra Club
Natural gas Prudence Testimony
Case Details | Direct

Xcel Energy, Minnesota Energy Resources Corp, CenterPoint Energy (DKT: 21-138) On Behalf of Minnesota CUB
Natural Gas Prudence Testimony
Case Details | Direct

Puget Sound Energy Proposed Leasing Program (DKT: UE-151871/UG-151872) On Behalf of Washington UTC Staff
Utility Service Offerings
Case Details | Direct

Avista 2015 General Rate Case (Dockets UE-150204/UG-150205) On Behalf of Washington UTC Staff
General Rate Case
Case Details | Direct

Avista 2014 General Rate Case (Dockets UE-140188/UG-140189) On Behalf of UTC Staff
General Rate Case
Case Details | Direct

Selection of Relevant Project Experience

Public Utility Regulatory Policies Act (DKT: UE-161024) On Behalf of the Washington state Commission
Rulemaking Order
Led the Commission's development of rules
Case Details | Final Order

Clean Energy Transformation Act Compliance (DKT: UE-191023 and UE-190698) On Behalf of the Washington state Utilities and Transportation Commission
Rulemaking Order
Led the Commission's development of rules
Case Details | Final Order

Microsoft and Puget Sound Energy Renewable Direct Access Contract (DKT UE-161123) On Behalf of the Washington state Utilities and Transportation Commission
Order Approving Settlement
Led the Commission's review of the settlement agreement
Case Details | Final Order

Brad Cebulko

Manager

Selection of Relevant Experience Continued

Washington Utilities and Transportation Commission Proceeding to Develop a Policy Statement Addressing Alternatives to Traditional Cost of Service Rate Making, (DKT: U-210590) On Behalf of The Energy Project
Policy Statement
Supporting client's comments on regulatory goals, outcomes, and performance metrics.
Case Details | Comments

Minnesota Power 2021 Integrated Resource Plan (DKT: 21-33) On Behalf of Citizen Utility Board of Minnesota
Electric IRP
Supporting client's review of the Company's IRP.
Case Details | Comments

Puget Sound Energy 2023 Natural Gas Integrated Resource Plan
Natural Gas IRP
Supporting confidential client's review of the Company's development of the inputs and assumptions that will be used in the IRP.

Puget Sound Energy 2023 Electric Integrated Resource Plan Update
Electric IRP
Supporting confidential client's review of the Company's development of the inputs and assumptions that will be used in the IRP.

Michigan Public Service Commission, Renewable Natural Gas Study Workgroup (DKT: U-21170) On Behalf of Michigan Environmental Council, NRDC, and Sierra Club
Workgroup
Supporting clients' review of the development of the study.

Kentucky Utilities and Louisville Gas and Electric Company General Rate Case (DKT: 2020-00350) On Behalf of the Kentucky Public Service Commission
General Rate Case
Supported the Kentucky PSC evaluate testimonies on PURPA rates and set new rates for the utilities.
Case Details | Final Order

STRATEGEN

Brad Cebulko

Manager

Selection of Relevant Experience Continued

Puget Sound Energy 2019 General Rate Case (DKT: UE-190529/UG-190530) On Behalf of the Washington state Commission

General Rate Case

Led the Commissioners' review of the rate case.

Case Details | Final Order

Proposed Sale of Avista to Hydro One Limited (DKT:: U-170970) On Behalf of the Washington state Utilities and Transportation Commission

Sale of Utility

Co-lead the Commission's review.

Case Details | Final Order

Promoting Renewable Natural Gas in Washington State, A Report to the Washington State Legislature December 2018

Report to the Washington state Legislature

Supported the authors of the report from the perspective of the Washington state Utilities and Transportation Commission.

Report

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

Docket No. UE 399

In the matter of

PACIFICORP, dba PACIFIC POWER,

Request for General Rate Revision

EXHIBIT VITESSE/102

PACIFICORP DATA RESPONSES TO VITESSE, OPUC STAFF, AND OREGON CUB DATA REQUESTS

June 22, 2022

Vitesse Data Request 1

Please refer to PAC/800, Anderson/17, lines 9-10. The testimony states: "… PacifiCorp will select resources eligible for the ACT program".

Please explain whether the Accelerated Commitment Tariff will allow an eligible customer to have a Customer Supply Option in which they identify their own eligible resource and Power Purchase Agreement.

(a) If not, please explain.

(b) If so, please state and explain the requirements, including how they differ from Portland General Electric Company's Customer Supply Option.

Response to Vitesse Data Request 1

No, the Company is not proposing to include a Customer Supply Option in the Accelerated Commitment Tariff (ACT) program. The Company believes that in the initial stages of the ACT program that direct selection of participating projects will allow the Company to increase the potential benefits to the system as a whole and minimize any costs and risks for non-participants.

Vitesse Data Request 3

Please refer to PAC/800, Anderson/11, lines 3-8. The testimony states: "The termination provisions will include obligations of the customer to pay all of the costs of the renewable energy resource(s) procured by PacifiCorp on the customer's behalf in the event of early termination."

Will the benefits of the renewable resources also be considered as a part of the early termination provisions?

Response to Vitesse Data Request 3

Yes, the benefits of the renewable resources will be considered as a part of the early termination provisions.

Vitesse Data Request 7

Please identify all green tariff programs that PacifiCorp reviewed and evaluated prior to filing the Accelerated Commitment Tariff, and provide all documents regarding PacifiCorp's review and evaluation.

Response to Vitesse Data Request 7

Please refer to the list provided below of the programs PacifiCorp reviewed:

- Pacific Power (PP) Schedule 272 Renewable Energy Rider Optional Bulk Purchase Option.
- Puget Sound Energy (PSE) Schedule 139 Green Direct Voluntary Long-Term RE Purchase Rider
- Idaho Power Company (IPC) Crypto Tariff Schedule 20 (Application November 2021)
- IPC "Clean Energy Your Way - Construction" option (2021)
- NV Energy Green Energy Rider aka "Schedule NGR" (2013) - Special Contract Option
- NV Energy "Customer Price Stability Tariff" (2020)
- NV Energy (Nevada Power)/Google Henderson Data Center (Energy Storage Agreement + Large Customer Market Price Energy Tariff) (2020)
- Rocky Mountain Power (RMP) Schedule 34 Renewable Energy Purchases for Qualified Customers – 5,000 kW and Over
- Avista Energy "Solar Select" Green Tariff (Schedule 87) 2018
- Portland General Electric (PGE) VRET (Filed May 2018, initial tranche approved February 2019) Expansion approved April 2021

Please refer to Attachment Vitesse 7 which provides additional information of PacifiCorp's review of the above programs.

Select Green Tariff and High Load Factor Customer Offerings

	Pacific Power Unbundled REC<>Resource buy-down (Sch. 272)	Puget Sound Energy "Green Direct" Voluntary Long-Term RE Purchase Rider (Sch. 139)	Idaho Power Crypto Tariff Sch. 20 (Application 11/2021)	Idaho Power "Clean Energy Your Way - Construction" option (2021)	NV Energy Green Energy Rider aka "Schedule NGR" (2013) - Special Contract Option	NV Energy "Customer Price Stability Tariff" (2020)	NV Energy (Nevada Power)/Google Henderson Data Center (Energy Storage Agreement + Large Customer Market Price Energy Tariff) (2020)	Rocky Mountain Power Schedule 34	Avista "Solar Select" Green Tariff (Sch. 87) 2018	PGE VRET (Filed May 2018, initial tranche approved Feb 2019) Expansion approved April 2021
Energy and resource cost components, and valuation methodology	•Calculated using same tools used in IRP process **Cost to customer: Individually neggotiated**	•Resource Option Energy charge (Energy and RECs) •Energy credit is "calculated consistent with the way energy-related power costs are allocated for ratemaking purposes." •Energy credit does not include demand-related power costs; transmission and distribution costs; or costs associated with billing, meters, meter reading, customer accounting and services. •No capacity credit **Cost to customer:** Ranges, see tariff	New rate class proposed for Speculative High-Density Load (HDL) customers less than 20 megawatts (MW) in size. require Speculative HDL customers to be **interruptible between June 15 and September 15** Additional system risks would be addressed through Speculative HDL customers paying a **marginal rate for energy**, which more closely aligns with Idaho Power's energy costs to purchase or generate additional energy. Marginal rate for energy is tied to avoided cost. **Cost to customer**: Ranges, see tariff p25-26	When the renewable resource is not generating (for example, a solar resource does not generate electricity at nighttime), the customer continuesto take service from Idaho Power at their standard rates. (This amount is defined as **Net Consumption** in Attachment 1.) When the resource is generating, the customer pays for all the generation output at an agreed-upon price. (Renewable Energy Facilities **("REF") charge** in Attachment 1.) For the value the resource brings to Idaho Power's system in the form of energy and capacity, the Company credits the customer at an agreed-upon Commission approved value. **(REF credit** in Attachment 1.) In any given hour, if the renewable generation exceeds the customer's energy use, Idaho Power credits the customer for that excess at a negotiated value. (Excess Generation in Attachment 1.) The customer continues to pay all fixed costs present in the customer's energy rate **(REF On-Site Usage** in Attachment 1), as well as **standard rates, charges and fees** (e.g., franchise fees) for reliable service provided by Idaho Power. **Cost to customer:** Ranges, see tariff	•Schedule includes both residential, non-residential and special contract options •Special contracts have a "negotiated cost structure that avoids cost shifting" •RE resource rate "reflects all costs associated with a specific RE facility." **Cost to customer: XX** Updates filed in 2021: propose distinguishing between New Resource and Existing Resource	Two components: Energy Resource Rate and Program Participation Rate. "The **Energy Resource Rate** has a basis in the solar production costs of the three most recently approved power purchase agreements for the output of renewable energy facilities executed by NV Energy"; The "**Program Participation Rate**" is designed to offset system costs that should be shared by all customers such as battery energy storage procurement6 and wholesale market capacity purchases, natural gas transportation charges, excess rooftop solar costs, and legacy renewable energy power purchase agreements. **Cost to customer (from website)**: Nevada Power: $0.04452 /kWh. Sierra: $0.03676/kWh	The LCMPE, approved by the PUCN April 30, allows customers with an average hourly load of at least 10 MW that left the bundled service of NV Energy under the Nevada Revised Statutes' 704B provision to receive bundled electric service from NV Energy at a **market-based or negotiated rate** [19-12016]. Customers using the LCMPE would **not be subject to impact fees** should they depart NV Energy's bundled service under 704B. The energy storage agreement includes a **capacity-sharing mechanism** in which the cost of battery storage facilities is shared between NV Energy and Google. Dispatches to all customers in summer peak **Cost to customer:** Individually negotiated	•Existing customers: Normal tariff rate plus incremental charge equal to difference between the RE PPA cost and avoided cost •New load: individually-negotiated **Cost to customer: Individually negotiated**	The **Solar Resource Rate** is $0.05271 per kWh. The **Solar Resource Credit** is $0.02835 per kWh for Schedule 21, $0.02552 per kWh for Schedule 25, and $0.02539 per kWh for Schedule 31. The Solar Resource Credit is based on the Company's **embedded cost of energy** included for each individual rate schedule. Participating Customers will receive a **Renewable Generation Incentive** of $0.02436 per kWh for Schedule 21, $0.02719 per kWh for Schedule 25, and $0.02731 per kWh for Schedule 31, for all kWh purchased from the Solar Resource.	•Subscribers pay CoS plus incremental cost of the RE PPA relative to an **energy credit** and **capacity credit** (which cannot exceed the PPA price) •Energy is valued using the forward-looking IRP net power cost methodology (AURORA). (Through AUT) •Capacity is valued only applies in periods of resource deficiency, determined in accordance with IRP methodology and valued in the then current Schedule 201. (Through AUT) •Both reflect values at the time the RE PPA is signed •Risk premium reflects undersubscription risk (if fully subscribed, no risk premium): 1% if 20 year option selected; 3% if 15 year option selected; 5% if 10 year option selected (for 20 yr PPA) • Indirect/program costs modeled at corporate governance allocation rate
Update cadence of energy and resource values	•REC purchase price fixed for the duration of the contract	•Resource Option Energy charge is fixed with 2% annual escalator •Energy credit is adjusted per general rate case or other power-related filing	Energy rates will be updated at the time of any change to fixed cost revenue requirement for Schedule 9 or Schedule 19, and annually on January 1 for the energy marginal cost component to correspond to that years' IRP Avoided Cost Average.	Rates and other charges/credits resulting from each Construction arrangement would be approved by the Commission on a case-by-case basis.	•Individually negotiated and subject to Commission approval	Both are fixed costs at 5 year term period		•Individually negotiated and subject to Commission approval	Fixed for duration of 8 year tranche	•Both energy and capacity credit are fixed as approved in Phase I •OPUC signaled intent to reevaluate floating credits option in Phase II, but that option was not rviited
Do participants remain on standard retail rate?	•Yes. Participants pay standard retail rates and an incremental price for RECs from a specified resource	•Not for energy -- resources are specifically dedicated. The absence of a capacity credit and resetting the energy credit in rate cases avoids cost shifting	No	Energy and Capacity for resource are issued as credits when the resource is generating; when they are not, customers pay standard retail rates. Other than the A participating Customer(s)' Service Charge, Billing Demand, On-Peak Billing Demand, Basic Load Capacity, and other monthly charges will be charged at the standard rates, charges, and fees associated with the Customer's applicable service schedule;	•No	No	No	•Yes. Participants pay standard retail rate, plus RE adder (difference between RE PPA price and avoided cost)	No	•Yes. Currently energy and capacity credits cannot exceed PPA price (no possibility of net bill savings)
Possible for utility to own resource?	•As of PUC order 3.29.21 owned resources are explicitly excluded	•Yes	N/A -- Not tied to specific resource		•Yes	?		•Yes	No -- PPA is explicit in tariff	9 Conditions preserve possibility of ownership
Term and enrollment	•Individually negotiated	•10, 15 and 18 yr options for new subscribers •10, 15 and 20 yr options for subscribers already under RE contract	New rate schedule for new customers; Idaho Power does not believe existing customers would qualify	Individually negotiated	•Individually negotiated	Fixed 5 year term period		•At a minimum, customer contract must match length of time in RE facility contract	8 years from offering in 2018	•10, 15 and 20 yr options in tariff
Size of tranche	N/A - PUC orders interim cap at 175aMW (as of 3.29.21 this cap will be reconsidered at time of investigation)	•75aMW initially; Phase 2 expansion to 85aMW	N/A		•250,000 Mwh cap, but excludes special contracts		Google will receive 350 MW of solar capacity and 280 MW of battery storage under the Large Customer Market Price Energy tariff.	•No cap	28 MW Facility; tranche is closed	•300aMW - Phase 1: 100MW cap for ~12 customers; 200MW approved CSO cap •~12 customers at 162MW •Intel at 138 MW facility (300 total MW subscribed in Phase I) •3.29.21, PGE program expansion Phase II to 500MW (200 additional MW: 100 of PSO and 100 of CSO). 300aMW cap remains in place. •Sept. 2021/approved in Dec. 2021, expansion of CSO cap by 250MW approved for Facebook/QTS Hillsboro data center; QTS indicated it would not be pursuing a PGE or affiliate-owned project

Vitesse Data Request 8

Please identify all bulk green energy, unbundled Renewable Energy Certificates, and green tariff programs with a threshold at 30 kW that PacifiCorp reviewed and evaluated prior to filing the Accelerated Commitment Tariff, and identify for each green tariff whether:

(a) They required bundled renewable energy certificate and energy programs;

(b) The participating customer was required to subscribe to a guaranteed annual delivery volume;

(c) The participating customer was allowed to subscribe to a variable annual delivery volume;

(d) They included a risk adjustment fee; i. If they included a risk adjustment fee, explain how the risk adjustment fee was calculated;

(e) The Renewable Energy Certificates associated with deliveries in excess of the subscribed output were allocated to non-participating customers; and

(f) They allowed a net reduction in energy costs for the participant.

Response to Vitesse Data Request 8

PacifiCorp objects to this data request to the extent that requesting an analysis or study that has not been performed. Subject to and without waiving the foregoing objection, PacifiCorp states as follows:

PacifiCorp has not analyzed the specific aspects of the program requested in this data request. Please refer to the Company's response to Vitesse Data Request 7, specifically Attachment Vitesse 7 which provides information on the specific program elements reviewed. Cites are provided to many of the tariff sheets for the different programs. The tariffs are publicly available and speak for themselves.

Vitesse Data Request 9

Please refer to PAC/800, Anderson/22, lines 1-3, and Anderson/9, lines 2-3. The testimony states: "…agree to pay a premium to participation in the program" and "[t]he first cost bucket is the above-market cost from the renewable resource for the bundled renewable energy".

Please explain whether the first bucket will be set to zero "0" if the renewable resource for the bundled renewable energy is below market.

Response to Vitesse Data Request 9

The purpose of the proposed Accelerated Clean Tariff (ACT) is to procure additional renewables which would not otherwise be added to the Company's resource portfolio. To the extent resources provide benefits in excess of their costs, they would be expected to be acquired to benefit all customers and would not be expected to be available under the ACT. The Company's reference to the "above-market cost" was intended to reinforce that this value could not be negative.

Vitesse Data Request 12

Please refer to PAC/800, Anderson/21, lines 15-20. The testimony states: "PacifiCorp believes that 175 aMW is sufficient to meet the demand from existing customers for a voluntary renewable energy program. Should demand from existing customers exceed 175 aMW the Company will prospectively seek approval from the Commission to expand the program, in a manner that is procedurally consistent with guidance provided by the Commission in Order 21-091".

Please explain whether PacifiCorp believes that 175 aMW is sufficient to meet the demand from new customers for a voluntary renewable energy program.

Response to Vitesse Data Request 12

PacifiCorp objects to this data request to the extent that it calls for speculation. Subject to and without waiving the foregoing objection, PacifiCorp states as follows:

The Company has no perspective on the potential volume of new customers and their corresponding load that will be interested in participation in the Accelerated Commitment Tariff (ACT) program.

Vitesse Data Request 13

Please refer to PAC/800, Anderson/22, lines 1-17. Would the features of PacifiCorp's ACT tariff continue to prevent cost shifting to other cost-of-service customers if the 175 aMW were increased by the following amounts:

(a) 50 aMW?
(b) 100 aMW?
(c) 200 aMW?

Response to Vitesse Data Request 13

The Company believes that the features of the Accelerated Commitment Tariff (ACT) program used to establish the above market cost of each project individually and assign those costs to participating customers will act to prevent and/or limit potential cost shifting regardless of the size of the ACT program.

Vitesse Data Request 14

Please provide the following information regarding PacifiCorp's Oregon retail load for the following calendar years: 2018, 2019, 2020 and 2021, expressed in MWh:

(a) Total Oregon retail load excluding direct access.

(b) Total Oregon retail load that was eligible for direct access.

(c) Direct access load differentiated into the categories of:

i. Annual;
ii. Three-year opt out;
iii. Five-year opt-out; and
iv. New Load Direct Access.

Response to Vitesse Data Request 14

(a) PacifiCorp's Oregon retail load, excluding direct access, megawatt-hours (MWh):

- 2018 = 12,867,233 MWh
- 2019 = 13,088,664 MWh
- 2020 = 12,993,459 MWh
- 2021 = 13,510,323 MWh

(b) Non-residential retail customers are eligible for direct access. PacifiCorp's Oregon non-residential retail load that was eligible for direct access, MWh:

- 2018 = 7,311,010 MWh
- 2019 = 7,366,551 MWh
- 2020 = 7,233,620 MWh
- 2021 = 7,490,669 MWh

(c) Rounded to the nearest 5 average megawatts (aMW), the enrolled direct access load differentiated into each category is:

Annual:

- 2018 = 10 aMW
- 2019 = 15 aMW
- 2020 = 15 aMW

- 2021 = 15 aMW

i. Three-year opt out

- 2018 = 10 aMW
- 2019 = 0 aMW
- 2020 = 0 aMW
- 2021 = 0 aMW

ii. Five-year opt-out:

- 2018 = 30 aMW
- 2019 = 30 aMW
- 2020 = 30 aMW
- 2021 = 30 aMW

iii. No customers elected to participate in the New Load Direct Access program in 2018, 2019, 2020 or 2021.

Vitesse Data Request 20

Please refer to PAC/800, Anderson/8, lines 13-16 and PacifiCorp's Response to OPUC Data Request 315. The Response states: "…the participating customer will pay a fixed price for a fixed quantity of bundled renewable energy. To mitigate against the risks associated with variability of generator output, participating customers will only be able to subscribe to guaranteed annual delivery volumes agreed to by the resource's owner and specified in the renewable resource contract".

Please explain whether PacifiCorp considered allowing participating customers to subscribe to variable annual delivery volumes, and provide all documents related to PacifiCorp's decision to require the participating customer to only subscribe to annual delivery volumes.

Response to Vitesse Data Request 20

PacifiCorp did consider designing the program to require variable annual delivery volumes and made a programmatic design decision to reduce administrative costs and provide a simplified customer experience. The program design of allowing a customer to pay a "fixed price for a fixed quantity of bundled renewable energy" provides the customer the certainty of the financial obligation they are agreeing to in the contract. It will also simplify the billing process as that commitment can be split evenly over the annual period. Providing predictability for the customer and reduced information technology (IT) and billing costs for the program.

Requiring variable annual delivery volumes would remove the annual predictability of total costs for the customer, create seasonal variability in customer collections tied to renewable generator outputs, and increase program expense as manual billing would be required or complicated IT modifications would need to be implemented during a billing system transition. The ACT program is designed to provide easy program access for customers down to 30 kilowatt (kW) in size, and thus needs to be easily understood and be able to accept numerous customers without dramatic expenses.

There are no specific documents related to this decision.

Vitesse Data Request 21

Please refer to PAC/800, Anderson/8, lines 13-16 and PacifiCorp's Response to OPUC Data Request 315. The Response states: "…the participating customer will pay a fixed price for a fixed quantity of bundled renewable energy. To mitigate against the risks associated with variability of generator output, participating customers will only be able to subscribe to guaranteed annual delivery volumes agreed to by the resource's owner and specified in the renewable resource contract".

If the Commission requires PacifiCorp's Accelerated Commitment Tariff to allow the participating customer to subscribe to a non-guaranteed annual delivery volume, what risk mitigation provisions would PacifiCorp propose?

Response to Vitesse Data Request 21

As discussed in the Company's response to Vitesse Data Request 20, a non-guaranteed annual delivery volume would likely require manual billing that would result in higher administrative costs, such that it might not be appropriate for small customers.

The risk mitigation calculation would generally be unchanged from that described in the Company's response to OPUC Data Request 315. That data request identified how 100 percent of the incremental costs would be collected over the renewable resource output being subscribed by the customer, which could not exceed the guaranteed annual delivery volume, and that any excess renewable energy credits (REC) would be allocated to non-participating customers in Oregon, helping to mitigate their risk. For a customer subscribing to a non-guaranteed annual delivery volume, the same risk-adjusted calculation of incremental costs would be made based on the guaranteed volume, resulting in a volumetric rate for the subscribing customer. If the renewable resource deliveries were equal to the guaranteed volume, the payment by the subscribing customer would be identical to the fixed payment under the current proposal. For deliveries in excess of the guaranteed volume, instead of receiving excess RECs, risk mitigation for non-participating customers would be based on the incremental compensation from the subscribing customer, at the same risk-adjusted volumetric rate.

Vitesse Data Request 22

Please refer to PAC/800, Anderson/8, lines 13-16 and PacifiCorp's Response to OPUC Data Request 315. The Response states: "A comparable calculation would be used to account for differences between the term of the renewable resource contract and the term agreed to by the participating customer. 100 percent of the incremental costs over the term of the renewable resource contract would be collected during the period subscribed by the customer. The Company (on behalf of other customers) would not assume any portion of the incremental costs would be paid by future participants." Please explain how "100 percent of the incremental costs over the term of the renewable resource contract would be collected during the period subscribed by the customer" if:

(a) Multiple customers subscribe to a single generation resource and each customer selects the same term length.

(b) Multiple customers subscribe to a single generation resource and each customer selects different subscription term lengths.

Response to Vitesse Data Request 22

(a) The incremental costs over the contracted term for the generation resource would be allocated among the customers based on their share of the resource's capacity. Assuming a 100 megawatts (MW) resource had an incremental cost of $10 million, and two customers were going to take 60 percent and 40 percent of the resource, respectively, then one customer would have $6 million in incremental costs spread over its subscribed term, while the second customer would have $4 million in incremental costs spread over its subscribed term.

(b) Continuing the example provided in subpart (a) above, if the 60 percent customer selected a 10-year term, and the 40 percent customer selected a five-year term, the 60 percent customer would have $6 million in costs spread over 10 years, while the 40 percent customer would have $4 million in costs spread over five years.

Vitesse Data Request 26

Please refer to PAC/800, Anderson/13, lines 21-23 and Anderson/9, lines 2-3. Please define the term “above market cost.”

Response to Vitesse Data Request 26

“Above-market cost” refers to the increase in the net present value (NPV) of system costs when a renewable resource under consideration for the Accelerated Clean Tariff (ACT) program is added to the Integrated Resource Plan (IRP) models, with extrapolation if necessary to encompass the full term of the proposed renewable resource. This is calculated as the difference between two scenarios. The first scenario reflects the portfolio the Company would procure in the absence of the proposed renewable resource. The second scenario reflects the portfolio the Company would procure in addition to the proposed renewable resource. The portfolios in the two scenarios would likely differ in the timing and quantity of other resources over the study horizon, in addition to the resource under consideration. All costs reported in the IRP model results are included.

Vitesse Data Request 27

Please refer to PacifiCorp's response to OPUC Data Request 315. The response states, "While the subscribed output is capped at the guaranteed delivery volume, Renewable Energy Credits (RECs) associated with deliveries in excess of the guaranteed level would be allocated to non-participating customers in Oregon. Similarly, RECs associated with all deliveries after the conclusion of the subscribing customer's agreed upon term would be allocated to non-participating customers in Oregon. These remaining RECs could help mitigate a portion of the risk to non-participating customers".

(a) Please explain if PacifiCorp proposes to allocate the energy (in addition to the RECs) that is produced from the dedicated facility that is above guaranteed delivery volume to non-participating customers as well.

(b) Please clarify, with an explanation, whether participating customers will be compensated for the energy and RECs that are generated in excess of the guaranteed level?

Response to Vitesse Data Request 27

(a) The proposed contracts would be allocated situs to Oregon customers. Any costs and benefits not allocated to the participating customer would thus be allocated to all Oregon customers.

(b) The Company intends to model proposed renewable resources based on their expected output and will calculate the total amount of above-market costs relative to that volume. As a result, all of the expected energy value (and other system benefits) of the proposed renewable resource will be incorporated in that value. The participating customer is thus only paying for the above-market cost on the output in excess of the guaranteed level, so they are effectively being compensated for the benefits of that output.

Vitesse Data Request 28

Please refer to PacifiCorp's response to OPUC Data Request 315. The response states, "These remaining RECs could help mitigate a portion of the risk to non-participating customers".

(a) Please identify and quantify, if possible, the risk to remaining non-participants.

(b) Please explain why, if 100 percent of the incremental costs of the project are being borne by the participants, the participants are not allocated all the benefits (e.g., RECs and energy production) of the project?

Response to Vitesse Data Request 28

(a) The proposed Accelerated Clean Tariff (ACT) has fixed volumes and costs, which gives a high level of certainty to the participant. In contrast, most renewable resources have variable volumes and costs, so providing that certainty to the participant represents a risk to non-participants.

The fixed cost proposed by PacifiCorp for the ACT includes a forecast of possible future benefits for a proposed renewable resource. All forecasts are subject to change, particularly over the typical duration of a power purchase agreement (PPA), which is generally 20 years to 30 years. Since the participant's contribution is fixed, any change in the benefits of the proposed renewable resource will be borne by non-participating customers. This could manifest in many ways, including:

- Lower market prices for power or gas, resulting in lower energy savings.

- Lower prices for other clean and/or renewable resources, such that equivalent benefits could be achieved at lower cost.

- A mismatch between the timing of renewable generation and system needs, resulting in lower than expected output during high cost periods, or excess output during low cost periods.

(b) As discussed in the Company's response to subpart (a) above, participants will only bear 100 percent of a one-time estimate of the incremental costs of a project. PacifiCorp believes the proposed fixed cost/fixed volume structure will provide certainty and administrative savings that can help enable participation by a wide variety of customers. Sharing benefits with non-participating customers is intended to ensure compliance with the Public Utility Commission of Oregon's (OPUC) Condition 8.

Vitesse Data Request 30

Please refer to PacifiCorp's Open Access Transmission Tariff at Section 38.4.1(v) concerning cluster study readiness milestone options. The Commission may require PacifiCorp to include a Customer Supply Option in which a customer may select a resource eligible for the Accelerated Commitment Tariff and bring that resource to PacifiCorp. If the Commission requires a Customer Supply Option, then:

(a) Would a generating facility with an executed Customer Supply Option term sheet with the customer satisfy PacifiCorp's readiness milestone requirement? If not, explain.

(b) The OATT states that the interconnection customer can provide "reasonable evidence" that the facility "is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer". What evidence would be sufficient to demonstrate that the project is being developed for the purposes of a sale to a commercial, industrial, or other large end-use customer?

Response to Vitesse Data Request 30

PacifiCorp objects to this data request to the extent that it calls for speculation. A Customer Supply Option was not included as a proposal in the Company's direct filing and any response would be speculative until the Company were to develop such an option. Subject to and without waiving the foregoing objection, PacifiCorp states as follows:

"Customer Supply Option" or "Accelerated Commitment Tariff" are not defined terms in PacifiCorp's Open Access Transmission Tariff (OATT), therefore the specific requirements for inclusion in a term sheet that could satisfy the OATT is not clearly defined and would need to be evaluated individually. However, in a good faith effort to respond, PacifiCorp states the following:

(a) Section 38.4.1(v)(a) of the OATT explains how an executed term sheet can qualify as a demonstration of commercial readiness. Specifically, Section 38.4.1(v)(a) (ii) addresses a contract for sale of "the Generating Facility's energy where the term of sale is not less than five (5) years". This language suggests that a term sheet could possibly satisfy the readiness milestone.

(b) "Reasonable evidence" that the generating facility is being developed for purposes of a sale to a commercial, industrial, or other large end-use customer would include a contract or similar documentation committing the sale of the facility or the energy to a large end-use customer. The key is that the developer have objective evidence that it has entered into a qualifying commercial arrangement.

Vitesse Data Request 31

Please refer to PacifiCorp Response to Vitesse Data Request 1. The Company responded that it "believes that in the initial stages of the ACT program that direct selection of participating projects will allow the Company to increase the potential benefits to the system as a whole and minimize any costs and risks for non-participants".

(a) Please provide an explanation how "direct selection of participating projects will allow the Company to increase potential benefits to the system".

(b) Please provide an explanation how direct selection will "minimize any costs and risk for non-participants".

(c) Please identify, and quantify, if possible, all costs and risks for non-participants of a participating directly selecting its own resource as part of a customer supply option.

(d) Please provide work papers if applicable.

Response to Vitesse Data Request 31

(a) PacifiCorp has a large and diverse network and service area. In the process of evaluating and selecting facilities for inclusion in the Accelerated Commitment Tariff (ACT) program, PacifiCorp has the potential to select facilities in locations where the energy supplied to the system would address a system need in a specific load pocket or portion of the network. This additional system value would be reflected in the credit that the participant receives lowering the cost of participation.

(b) By controlling the selection process, PacifiCorp has the ability to avoid constrained areas of the transmission system. Some transmission upgrade costs may not be directly assigned to the interconnection facility and are thus paid by all transmission customers, while this is accounted for in the determination of the participant's credit, this could have an impact on non-participating customers. Through control of the selection process, PacifiCorp can identify facilities which minimize such impacts.

(c) These risks are project specific and as such cannot be evaluated independently.

(d) No workpapers exist.

OPUC Data Request 314

VRET - Regarding PAC/800 Anderson/2, 17-19, please clarify whether the Company will be adhering to the RFP guidelines in the Commission's Competitive Bidding Rules (CBRs) in OAR 860-89, will PAC request a blanket waiver of the CBRs and propose an alternative RFP method, or will PAC seek waivers on a case-by-case basis.

Response to OPUC Data Request 314

Pacific Power plans to leverage the results from the 2022 All Source Request for Proposals (RFP) to provide potential resources for the Accelerated Commitment Tariff program, as such the Company plans to comply with the Public Utility Commission of Oregon's (OPUC) Competitive Bidding Rules. The Company has no plans to release a program specific RFP at this point. Should alternative circumstances develop where a waiver would be necessary, the Company will seek that waiver from the OPUC on a case-by-case basis.

OPUC Data Request 315

VRET - Regarding the risk adjustment fee referenced in PAC/800 Anderson/8, 15-16, please explain how the risk adjustment is calculated and what factors will determine the amount of the risk adjustment fee.

Response to OPUC Data Request 315

The first risk factor is variability in generator output, as the participating customer will pay a fixed price for a fixed quantity of bundled renewable energy. To mitigate risks associated with variability in generator output, participating customers will only be able to subscribe to guaranteed annual delivery volumes agreed to by the resource's owner and specified in the renewable resource contract. For solar resources, a 90 percent delivery guarantee is typical, and the renewable resource contract would include damages, paid by the resource's owner, if actual volumes fell below the guaranteed level. However, all incremental costs from the full contracted volumes, as calculated using the portfolio analysis tools used to produce the Company's Integrated Resource Plan and evaluate bids submitted in response to a Request For Proposals, will be collected from the participating customer. Using solar as an example, 100 percent of the incremental costs would be collected over the 90 percent of the renewable resource output being subscribed by the customer, resulting in a higher rate that captures a portion of the risk.

A comparable calculation would be used to account for differences between the term of the renewable resource contract and the term agreed to by the participating customer. 100 percent of the incremental costs over the term of the renewable resource contract would be collected during the period subscribed by the customer. The Company (on behalf of other customers) would not assume any portion of the incremental costs would be paid by future participants.

While the subscribed output is capped at the guaranteed delivery volume, Renewable Energy Credits (RECs) associated with deliveries in excess of the guaranteed level would be allocated to non-participating customers in Oregon. Similarly, RECs associated with all deliveries after the conclusion of the subscribing customer's agreed upon term would be allocated to non-participating customers in Oregon. These remaining RECs could help mitigate a portion of the risk to non-participating customers.

In the past, the expected energy and capacity benefits have been modeled assuming restricted wholesale sales, or a lower market price forecast. Both of these assumptions result in lower energy benefits. The Company has not yet determined how these or other factors might be applied to mitigate the risks associated with incremental resource procurement.

OPUC Data Request 316

VRET - Regarding PAC/800 Anderson/11, 11, if the decision to transfer a contract to another delivery point without termination fees is at the discretion of the Company, please explain the factors that would impact that decision.

Response to OPUC Data Request 316

The new customer would have to agree to comply with all program requirements included within the tariff. The Company would then conduct the same level of due diligence review as applied to all participating customers. As an example, the Company would review the credit worthiness of the participant to evaluate their ability to comply with the contract provisions over time.

OPUC Data Request 317

VRET - Please explain whether the energy and capacity credit can exceed the PPA price and whether PAC's VRET program can result in a net reduction in energy costs for participants.

Response to OPUC Data Request 317

No, the proposed Accelerated Commitment Tariff (ACT) program can not result in a net reduction in energy costs for a participant. The ACT program participant will pay cost of service (COS) rates plus all ACT program administrative costs as well as the power purchase agreement (PPA) price. In the unlikely scenario where the addition of a resource would provide benefits to the system in excess of the PPA plus administrative costs of ACT participation, and yet was still not selected as a system resource, PacifiCorp would limit the customer credit to not exceed the total costs.

CUB Data Request 5

VRET Condition 7 in Order No. 21-091 at 12states:

> The regulated utility may own a voluntary renewable resource, but may not include any voluntary energy resource in its general rate base. It may recover a return on and return of its investment in the voluntary renewable energy resource from the subscriber; however, the utility must share some of the return on investment with other utility customers for ratepayer-funded assets used to assist the voluntary renewable offering.

Refer to UE 399/PAC/800/Anderson/20/Lines 15-17, the Company states that it designed the ACT to comply with the requirement established by the Commission.

Refer to UE 399/PAC/800/Anderson/22-23, the Company states:

> "Prior to considering Company-owned resources for participation in the ACT program, PacifiCorp will identify the specific account for the resource in a filing with the Commission, including a mechanism to share any return on investment associated with owned resources in the ACT program with other customers or why the accounting protections are sufficient so that other customers are not harmed and sharing would not be appropriate."

Please provide a narrative explanation regarding why PacifiCorp believes its statement in PAC/800/Anderson/22-23 referenced above complies with VRET Condition 7.

Response to CUB Data Request 5

PacifiCorp does not anticipate leveraging Company-owned renewable resources to satisfy the initial customer demand in the Schedule 273 Accelerated Commitment Tariff (ACT) program. Should that expectation change based on customer demand and the results of the 2022 All Source Request for Proposals (2022AS RFP), PacifiCorp will develop a proposed accounting mechanism for that resource and seek preliminary approval of that mechanism from the Public Utility Commission of Oregon (OPUC).

Outside of a Company-owned renewable resource, it is unclear the extent that customer-funded assets will be used to assist the voluntary renewable offering with a degree of certainty that could be used to adjust capital recovery mechanisms. As a cost of service plus program, ACT participants are sharing the costs of customer funded assets that are in service through their participation in the cost of service schedule. Specific assets developed in direct response to a customer's participation in the ACT program that are not directly assigned to that customer, would need to be evaluated independently. The accounting treatment would be fact specific. The reason for the customer exemption and the amount that the use of the resource is shared with all customers would need to be considered in any sharing of return on investment.

Thus, a specific proposal on accounting treatment would need to be developed when there are facts that can be evaluated.