



Oregon

Kate Brown, Governor

Public Utility Commission

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December 28, 2021



BY EMAIL

PacifiCorp

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RE: Advice No. 21-019

At the public meeting on December 28, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1309. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

ITEM NO. CA1

**PUBLIC UTILITY COMMISSION OF OREGON
REDACTED STAFF REPORT
PUBLIC MEETING DATE: December 28, 2021**

REGULAR CONSENT EFFECTIVE DATE January 1, 2022

DATE: December 20, 2021

TO: Oregon Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1309/Advice No. 21-019)
Reduced block size for Schedule 212, Schedule 270, and Schedule 272.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Pacific Power's (PacifiCorp or the Company) Advice No. 21-019, which reduces the standard block size of renewable energy purchases from 200 kWh to 100 kWh for Schedules 212, 270, and 272.

DISCUSSION:

Issue

Whether the Commission should approve the modification of Pacific Power's portfolio options that would reduce the amount of renewable energy in a customer's standard block by 50 percent, for Schedules 212, 270, and 272.

Applicable Rule or Law

ORS 757.603 requires electric utilities to provide a portfolio of rate options to residential customers. The Commission regulates portfolio options so the rates reflect the costs and risks of serving each option.

Analysis

Background

Through UM 1020, PacifiCorp has offered the Blue Sky program, which allows customers to voluntarily purchase renewable energy credits (RECs) to offset emissions from electricity consumption. This program is self-funded. Funds collected through Schedules 212, 270, and 272 are used to acquire RECs, support new community-based renewable energy installations through competitive grants, and cover the Blue Sky program's administrative costs. Over the past two decades, this program has led to the voluntary purchase of more than 10 billion kWh of renewable energy and supported more than 300 community based renewable projects.¹

PacifiCorp currently has approximately 17,000 Oregon program participants. This represents 20 percent of Blue Sky customers. Oregon customers disproportionately purchase more through this program, representing 40 percent of the Blue Sky blocks sold by the Company across five other states.²

For the past two years, the price of RECs has been growing significantly. This was the primary basis for the Commission approval of PacifiCorp's request to extend contracts for REC procurement services for Blue Sky at the September 21, 2021, Public Meeting.³

REC Market Data

PacifiCorp has shared proprietary market data to document the escalation in REC prices the Company has observed. The price of RECs from 2012-2019 remained stable between [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], forming the basis for Pacific Power's proposal in Advice No. 19-014 to increase the size of each Blue Sky block from 100 kWh to 200 kWh of renewable energy while maintaining a price of \$1.95 per block. This had the effect of lowering the price per kWh.⁴

Soon after the Commission approved Pacific Power's request, the prices for RECs began moving in the opposite direction. The current prices can no longer sustain the Blue Sky's program price for each block at 200 kWh.

Figure 1 below was provided by PacifiCorp to show the context of REC prices over the past decade and the significance of recent price trends.

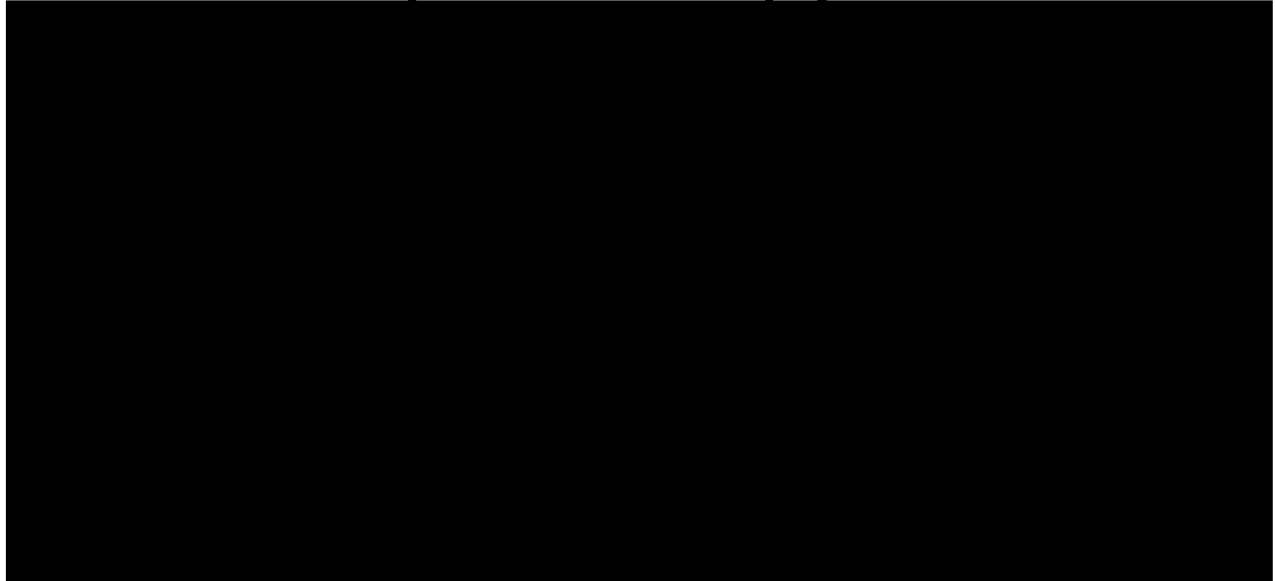
¹ See Docket No. ADV 1309, PacifiCorp, Advice No. 21-019, August 27, 2021, p 1.

² Ibid. p 2.

³ See Docket No. UM 1020, OPUC, Order No. 21-308, September 22, 2021, p 2-3.

⁴ ADV 1309 Updated Info for Staff CONF.docx.

[BEGIN CONFIDENTIAL] Figure 1



[END CONFIDENTIAL]

Pacific Power's current request would effectively raise the price of these portfolio options to reflect the change in market prices. However, the Company's proposal will not necessarily raise Blue Sky customers' expense. PacifiCorp seeks to keep prices constant but reduce the size of the renewable energy block to its size in 2019. As prices remain constant, Blue Sky customers that want to keep their consumption of renewable energy constant will have to purchase more blocks.

Reason for Staff Recommendation

Staff finds Pacific Power's proposal reasonable. The market data supports the Company's assertion that REC prices have made the current block size for Schedules 212, 270, and 272 unsustainable. Without this adjustment in block size, Blue Sky will no longer be a self-funding program, and other customers would not be held harmless.

Conclusion

The escalating price of RECs has made Pacific Power's Blue Sky program unsustainable. Reducing the renewable energy block size from 200 kWh to 100 kWh will ensure this program remains self-funded.

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PROPOSED COMMISSION MOTION:

The Commission should approve Pacific Power's Advice No. 21-019, which reduces the standard block size of renewable energy purchases from 200 kWh to 100 kWh for Schedules 212, 270, and 272.

CA1 ADV 1309 CONF

PORTFOLIO FIXED RENEWABLE ENERGY SUPPLY SERVICE

Page 1

Available

In all territory served by the Company in the State of Oregon.

Applicable

To Residential and Small Nonresidential Consumers receiving Delivery Service under Schedules 4, 5, 23 or 41, in conjunction with Supply Service Schedule 201, who have elected to take this service.

Administration

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

Monthly Billing

The Monthly Billing shall be the number of Blocks the Consumer has agreed to purchase multiplied by the Charge per Block. The Monthly Billing is in addition to all other charges contained in Consumer's applicable Delivery Service Schedule, Base Supply Schedule 200 and Supply Service Schedule 201.

Renewable Power Block

1 block equals 100 kWh of Renewable Energy.

(R)

Charge per Block

\$1.95 per month

Renewable Energy

Renewable Energy includes bundled power or Renewable Energy Credits (RECs) derived from the following fuels:

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;
- hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivation process;
- pipeline or irrigation canal hydroelectric systems;
- wave or tidal action; and
- low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper chrome arsenic.

Renewable Energy Credits (also known as Tradable Renewable Energy Credits, Renewable Energy Certificates, Green Tags or Carbon Credits) represent all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. In some markets, the credits are certified by an independent third party and include a serial number for tracking purposes.

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RENEWABLE ENERGY RIDER - OPTIONAL

Page 1

Available

In all territory served by the Company in the State of Oregon.

Applicable

To large Non-residential Consumers receiving Delivery Service under Pacific Power's Electric Service Schedules.

Administration

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

Block

1 Block equals 100 kWh of Renewable Energy.

(R)

Charge per Block

\$1.95 per month

Monthly Billing

The Monthly Billing shall be the number of Blocks the Consumer has agreed to purchase multiplied by the Charge per Block. The Monthly Billing is in addition to all other charges contained in Consumer's applicable tariff schedule. This rider's Monthly Billing shall be applied to the Consumer's billing regardless of actual energy consumption.

Renewable Energy

Renewable Energy includes bundled power or Renewable Energy Credits (RECs) derived from the following fuels:

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;
- hydrogen derived from photovoltaic electrolysis or a non-hydrocarbon derivation process;
- pipeline or irrigation canal hydroelectric systems;
- wave or tidal action; and
- low emissions biomass based on digester methane gas from landfills, sewage treatment plants or animal waste and biomass energy based on solid organic fuels from wood, forest or field residues or dedicated crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol or copper chrome arsenic.

Renewable Energy Credits (also known as Tradable Renewable Energy Credits, Renewable Energy Certificates, Green Tags or Carbon Credits) represent all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. In some markets, the credits are certified by an independent third party and include a serial number for tracking purposes.

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RENEWABLE ENERGY RIDER
OPTIONAL BULK PURCHASE OPTION

Available

In all territory served by the Company in the State of Oregon.

Applicable

To Large Non-residential Consumers receiving Delivery Service.

Administration

Funds received from Consumers under this Schedule will cover program costs and match Renewable Energy Certificate purchases to Block purchases. Funds not spent after covering program costs and matching Renewable Energy Certificate purchases to Block purchases may be used to fund Qualifying Initiatives as defined below.

Block

1 Block equals 100 kWh of Renewable Energy Certificates. This program requires a minimum purchase of 1,212 Blocks per year. For the purpose of qualifying for this Schedule, Consumers with multiple sites can sum their Block purchases across all Pacific Power and Rocky Mountain Power service territories to meet the minimum purchase requirement. (R)

To the extent the purchase of Renewable Energy Certificates on this Schedule exceeds 100aMW the Company will notify the Commission.

Charge per Block

Standard:

\$0.70 per month **Plus**

\$1500.00 per year fixed charge

Individually Negotiated Arrangements:

For purchase commitments over one year in length or large purchases over 75,000 MWh per year, individually negotiated arrangements may be available, pursuant to the execution of a written contract. Consumers who enter into an individually negotiated arrangement will be required to pay a minimum \$1500.00 per year fixed charge and no less than the full price for any Renewable Energy Certificates purchased.

Charge

Except as pursuant to an individually negotiated arrangement as contemplated above, the Charge can be billed either monthly, twice yearly or annually and shall be the number of Blocks the customer has agreed to purchase multiplied by the Charge per Block, plus the \$1,500 yearly fixed charge divided between the Consumer's billing choice (monthly, twice yearly or annually) and added to the Consumer's standard bill. The Charge is in addition to all other charges contained in Consumer's applicable tariff schedule. This Schedule's Charge shall be applied to the Consumer's billing regardless of actual energy consumption.

Renewable Energy Certificates

Renewable Energy Certificate (REC) purchases include those obtained from specified resources and derived from the following fuels:

- wind;
- solar;
- geothermal energy;
- certified low impact hydroelectric;

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