



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

August 15, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UM 1959—PacifiCorp's Reply Comments

PacifiCorp d/b/a Pacific Power encloses for filing its Reply Comments in the above-referenced docket.

If you have questions about this filing, please contact Natasha Siores at (503) 813-6583.

Sincerely,

Etta Lockey
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1959

In the Matter of:

PACIFICORP, d/b/a PACIFIC POWER

2017 Renewable Portfolio Standard
Compliance Report

PACIFICORP'S REPLY COMMENTS

On June 1, 2018, PacifiCorp, d/b/a Pacific Power, submitted its Oregon Renewable Portfolio Standard (RPS) Compliance Report for 2017 (2017 Compliance Report) to the Public Utility Commission of Oregon (Commission) under ORS 469A.170 and OAR 860-083-0350. Commission Staff (Staff) filed comments on the 2017 Compliance Report on July 16, 2018 (Staff Comments). Commission rules allow PacifiCorp to file a response to Staff or intervenor comments on a compliance report within 30 days.¹ Consistent with OAR 860-083-0350(4), PacifiCorp respectfully submits these reply comments (Reply Comments) in response to the Staff Comments.

I. INTRODUCTION

In the Staff Comments, Staff concludes that PacifiCorp met the RPS compliance targets as mandated by ORS 469A.052(1)(a) and the RPS compliance reporting requirements as mandated by OAR 860-083-0350.² PacifiCorp supports Staff's conclusion and recommends that the Commission find that the company has complied with applicable RPS requirements.

In addition, PacifiCorp identified two issues raised in the Staff Comments that are

¹ OAR 860-083-0350(4).

² Staff Comments at 7. Staff also noted that it would review any comments filed by any other parties or PacifiCorp.

addressed below. First, Staff requested that PacifiCorp clarify its decision to bank, rather than use or sell, the unbundled renewable energy certificates (RECs) purchased in 2017 for compliance. Second, Staff raises the question of which renewable portfolio implementation plan (RPIP) is the “applicable” plan to compare against the 2017 Compliance Report.

II. REPLY COMMENTS

A. Use of Unbundled RECs

As noted in the Staff Comments, PacifiCorp banked 106,293 unbundled vintage 2017 RECs to serve Oregon electricity customers. The choice to bank these RECs rather than use or sell them at this time was driven by the following:

1. The company’s compliance strategy includes utilizing RECs with the shortest life first to minimize the risk of REC expiration. The 106,293 RECs that were banked in excess of PacifiCorp’s 2017 compliance obligation are “golden”³ RECs that can be banked indefinitely.
2. Banking these RECs is a low-risk and cost-effective approach to meeting the state’s increasing RPS compliance targets because it limits exposure to potentially higher cost RECs and/or resources in the future. Additionally, having cost-effective “golden” RECs banked for indefinite use gives the company the flexibility needed to manage the incremental cost of compliance in future years.

While PacifiCorp does not currently anticipate selling Oregon-allocated RPS-eligible RECs, the company is continually evaluating its strategies to meet RPS compliance,

³ “Golden” RECs are RECs generated by resources before March 8, 2016, or generated during the first five years for long-term projects coming online between March 8, 2016 and December 31, 2022, and are not subject to the five-year REC life of other RECs. Enrolled Senate Bill 1547, OR S.B. 1547-B, 78th Legislative Assembly (2016).

including the maintenance of its Oregon bank. Such a change in compliance strategy would need to be developed further in the company's Integrated Resource Plan or RPIP. In addition, if PacifiCorp determines the benefits of selling these RECs outweighs the risks discussed above, the company is required to obtain regulatory approval to sell RPS-eligible Oregon-allocated RECs.⁴

B. Material Deviation from the Applicable Implementation Plan

As noted in the Staff Comments, PacifiCorp utilized its 2019-2023 RPIP as the applicable RPIP for calculating the incremental cost of compliance for the 2017 Compliance Report, as well as for identifying any material differences from the applicable acknowledged RPIP.⁵ OAR 860-083-0100(9)(f) states, “[i]n its compliance reports, an electricity service supplier must include updated estimates of the incremental cost of long-term qualifying electricity at least every two years consistent with subsections (9)(a) through (e) of this rule for qualifying electricity it plans to use to serve the service areas of an electric company subject to ORS 469A.052.” PacifiCorp believes it has complied with this rule by utilizing the incremental costs from the 2019-2023 RPIP.

PacifiCorp appreciates Staff's acknowledgement that the company's approach of using RECs with the shortest life first is consistent with the overall compliance strategy identified in both the 2017-2021 and 2019-2023 RPIPs. To the extent there is ambiguity around the issue of which RPIP should be used as the baseline for calculating the incremental cost of compliance and/or which RPIP is the “applicable” acknowledged RPIP for identifying material deviations, PacifiCorp agrees with Staff that the AR 616 Renewable Portfolio

⁴ See *In the Matter of PacifiCorp dba Pacific Power Application for Policy Determination of Renewable Energy Credits*, Docket No. UP 266, Order No. 11-512 (Dec. 20, 2011).

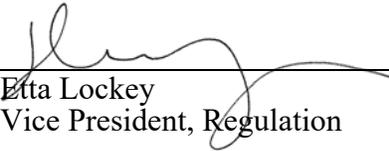
⁵ Staff Comments at 5-6.

Standard Planning Process and Reports rulemaking is the appropriate arena to establish additional clarity. PacifiCorp looks forward to participating in the upcoming rulemaking proceeding.

VI. CONCLUSION

Consistent with Staff's recommendation, PacifiCorp respectfully requests that the Commission find PacifiCorp's 2017 Compliance Report in compliance with the RPS requirements.

DATED: August 15, 2018


Etta Lockey
Vice President, Regulation