

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2049

In the Matter of

PacifiCorp, dba Pacific Power,

2021-2023 Renewable Portfolio
Standard Implementation Plan

Staff's Initial Comments

Staff of the Public Utility Commission of Oregon (Staff) presents its initial comments on PacifiCorp's (PAC or Company) 2021-2023 Renewable Portfolio Standard Implementation Plan (RPIP). These initial comments present a review of the responsiveness of PAC's RPIP to the requirements found in ORS 469A.075, OAR 860-083-0400(1) and (6)-(10), and Order No. 19-447.

RPIP Requirements

The Oregon Renewable Portfolio Standard (RPS) establishes incremental targets for energy companies to produce qualifying renewable energy.¹ Oregon Administrative Rules establish guidelines for how utilities must comply with these incremental targets.² This regulatory framework includes limits on the incremental cost of complying with the RPS, requirements for planning and reporting, and standards for using Renewable Energy Credits (RECs) as the primary instrument to comply with the RPS.

ORS 465A.075 places the requirement on utilities to develop a RPIP to outline how it plans to comply with the requirements of the Oregon RPS. The utility is required to revise, update, and file the RPIP with the Commission at least once every two years.³ The ultimate purpose of the RPIP is to demonstrate the utility's plan and forecasted incremental cost to comply with the RPS.

Senate Bill 1547, passed in 2016, included various changes to the RPS that will impact both the format and substance of the RPIP once reflected in the OARs. The Commission has had rulemakings underway since 2017 to reflect these changes to the RPS.⁴ These rulemakings will fundamentally change how the utilities will approach both the content and format of their RPIP filings. Due to the broad concerns over both the content and format of the RPIP and the associated rulemakings, the Commission

¹ See *generally* ORS 469A.005 – 469A.052.

² See *generally* OAR 860-083-0400.

³ ORS 469A.075(1).

⁴ See Docket No. AR 610, Order No. 18-128; see *generally* Docket Nos. AR 610, AR 616, AR 617.

Docket No. UM 2049

February 14, 2020

Page 2

waived a majority of the administrative rules that govern the 2021-2023 RPIP. In Order No. 19-447, the Commission adopted Staff's recommendation to streamline the 2021-2023 RPIP filings, waiving the requirements under OAR 860-083-0400(2)-(5) for the 2021-2023 compliance period. In compliance with the Commission's order, PAC's 2021-2023 RPIP filing includes the information required by statute and the information required by the administrative rules that were not waived, OAR 860-083-0400(1) and (6)-(10).

2021-2023 RPIP

PAC submitted its 2021-2023 RPIP on December 31, 2019. On January 31, 2020, Staff met with PAC to review their RPIP filing. Staff's initial review indicates that PAC has sufficiently met the applicable requirements in the statute and OAR 860-083-0400(1) and (6)-(10) for this compliance filing period.

PAC included the annual targets for the acquisition and use of qualifying electricity required by statute, including the estimated annual megawatt-hour target for compliance based on PAC's March 2019 load forecast.⁵ Staff concludes that PAC appears to be able to meet its compliance obligation over the 2021-2023 planning period. Additionally, PAC estimates that the incremental cost of compliance for the years 2021 – 2023 are negative, which means that the incremental cost of compliance as a percent of the revenue requirement is well beneath the four percent cost threshold found in OAR 469A.100(1). PAC was not required to calculate the incremental cost of compliance as a percent of the revenue requirement for the 2021-2023 RPIP. However, Staff wanted to verify PAC's estimates to ensure that PAC will not exceed the incremental cost of compliance. Staff compiled Table 1, included below, based on data that PAC filed for the 2021-2023 RPIP and data extrapolated from PAC's 2019-2023 RPIP filing.

⁵ See PAC 2021-2023 Renewable Portfolio Standard Implementation Plan, December 31, 2019 at P 3.

Table 1: Incremental Cost of Compliance Estimates

	2021	2022	2023
Annual RPS Compliance Obligation (% of Electricity Sold) ⁶	20%	20%	20%
Estimated Annual MWh Target for Compliance ⁷	2,694,140 MWh	2,718,925 MWh	2,716,549 MWh
Estimated Unbundled RECs for Compliance ⁸	[REDACTED]	[REDACTED]	[REDACTED]
Estimated Bundled RECs for Compliance	[REDACTED]	[REDACTED]	[REDACTED]
Estimated Incremental Cost of Compliance ⁹	[REDACTED]	[REDACTED]	[REDACTED]
Revenue Requirement ¹⁰	\$1,251,661,000	\$1,249,778,000	\$1,249,489,000
Cost of Compliance as a % of Revenue Requirement	[REDACTED]	[REDACTED]	[REDACTED]

Based on this review, Staff is not concerned that PAC will fail to meet the annual targets or exceed the incremental cost of compliance.

Ongoing Concerns

As noted in the preceding 2019 – 2023 RPIP as well as the 2016 – 2018 RPS Compliance Reports, there are a broad range of outstanding RPS planning and compliance issues under consideration in multiple dockets, including RPS Compliance

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*, Confidential Attachment.

⁹ *Id.*

¹⁰ PAC was not required to provide the revenue requirement for this compliance period due to the rule waiver. For the purposes of Staff's initial comments, Staff used the revenue requirement PAC provided in the 2019-2023 RPIP filing. Staff updated the revenue requirement from the RPIP filing with the updated base rate adjustments PAC used to calculate its 2020 Annual Revenue Requirement in Docket No. RE 14 to model the 2021-2023 revenue requirement as closely as possible. Staff plans to initiate a data request for the revenue requirement for 2021-2023 and will provide final numbers in Staff's Recommendation.

Reports, open Integrated Resource Plans, and RAC filings. These issues materially impact the RPIP in many ways, including:

1. The timing, function, and content of the RPIP;
2. The methodology to calculate the incremental cost;
3. The utilities' accumulation of banked RECs without a meaningful strategy to utilize them and the associated intergenerational equity concerns;
4. The notion of physical compliance and whether the utilities are adequately planning for the use of unbundled RECs;
5. The sale of qualifying RECs to return the value of investment in RPS-eligible resources;
6. Questions regarding inconsistent interpretations of bundled and unbundled RECs as they relate to the 20 percent cap on the use of unbundled RECs in a given compliance year.

Staff believes that addressing these concerns is critical to providing accurate and meaningful RPS compliance cost estimates. However, these issues are not specific to PAC's 2021 - 2023 RPIP, and are best addressed with all utilities and stakeholders in the context of the on-going RPS rulemaking proceedings.

Conclusion

Staff concludes that, upon initial review, PAC appears to have sufficiently met the applicable requirements for this RPIP compliance filing period.

This concludes Staff's Initial Comments.

Dated at Salem, Oregon, this 14th day of February 2020.



Jill Goatcher
Senior Utility Analyst
Energy Resources and Planning Division

CERTIFICATE OF SERVICE

UM 2049

I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 14th day of February, 2020 at Salem, Oregon



Kay Barnes
Public Utility Commission
201 High Street SE Suite 100
Salem, Oregon 97301-3612
Telephone: (503) 378-5763

UM 2049
SERVICE LIST

PACIFICORP, DBA PACIFIC POWER	825 NE MULTNOMAH ST, STE 2000 PORTLAND OR 97232 oregondockets@pacificorp.com
JILL D GOATCHER (C) PUBLIC UTILITY COMMISSION OF OREGON	201 HIGH ST SE SUITE 100 SALEM OR 97301 jill.goatcher@state.or.us
JESSICA RALSTON PACIFIC POWER	825 NE MULTNOMAH ST STE 1800 PORTLAND OR 97232 jessica.ralston@pacificorp.com
JOHANNA RIEMENSCHNEIDER (C) PUC STAFF - DEPARTMENT OF JUSTICE	BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM OR 97301-4796 johanna.riemenschneider@doj.state.or.us