Agenda Date: July 26, 2013

Item Number: A3

**Docket: UE-131063**

Company: Pacific Power and Light Company dba PacifiCorp

Staff: Jeremy Twitchell, Regulatory Analyst

Chris McGuire, Regulatory Analyst

Deborah Reynolds, Assistant Director, Conservation and Energy Planning

**Recommendation**

Issue an Order in Docket UE-131063 finding:

1. Under RCW 19.285.040(2)(a)(i) and WAC 480-109-020(1)(a), the 2013 renewable energy target for Pacific Power and Light Company is 120,716 megawatt-hours.
2. Pacific Power and Light Company has complied with the June 1, 2013, reporting requirements pursuant to WAC 480-109-040. These reporting requirements include Pacific Power and Light Company’s plan for meeting its RPS obligation for the remainder of 2013.
3. Pacific Power and Light Company has demonstrated that, by January 1, 2013, Pacific Power and Light Company acquired at least 120,716 megawatt-hours of eligible renewable resources, equivalent renewable energy credits, or a combination of them, for its use in 2013, as required by RCW 19.285.040(2)(a)(i) and WAC 480-109-020(1)(a).
4. Pacific Power and Light Company must file a second report no later than June 1, 2015, that provides the information necessary to determine whether Pacific Power and Light Company met the January 1, 2013, target, including the specific megawatt-hours and/or renewable energy credits used to meet the target.

**Background**

On May 31, 2013, Pacific Power and Light Company dba PacifiCorp (PacifiCorp) timely filed its annual report detailing its progress in meeting the renewable portfolio standard (RPS) targets established in RCW 19.285.040.

On June 7, 2013, the Washington Utilities and Transportation Commission issued a Notice of Opportunity to File Written Comments pursuant to RCW 19.285.040 and WAC 480-109-040. On July 1, 2013, interested parties, including staff, filed comments on PacifiCorp’s RPS report in Docket UE-131063.

This memo summarizes the comments provided by third parties and identifies issues likely requiring further discussion at the July 26, 2013, Open Meeting. Staff also provides a recommendation for language to be included in Order 01 of this docket.

**Discussion**

**Areas of Agreement in Comments**

The joint comments of Renewable Northwest Project and NW Energy Coalition (hereafter “joint comments”) substantively agreed with staff on the following points:

* PacifiCorp submitted sufficient information to demonstrate it met the January 1, 2013, acquisition requirements.
* Final 2012 RPS compliance requests and determinations should take place in the 2012 dockets, in PacifiCorp’s case Docket UE-120813.
* PacifiCorp’s use of Method 2 to calculate its incremental hydro generation is acceptable.[[1]](#footnote-1)
* There is a lack of consistency in the incremental cost calculations employed by PacifiCorp and the other two regulated utilities, and staff should work with stakeholders to develop a uniform method of calculating this cost to be used in the 2014 reports as described in Attachment A.

**Incremental Hydro Generation from PUDs**

The joint comments argue that PacifiCorp should not be able to claim incremental hydro generation purchased from a public utility district (PUD) until the PUD adopts a methodology that is as reliable and as accurate as the methodologies used by the investor-owned utilities. Staff shares this general concern and has been working with the Washington State Auditor’s office to resolve any lingering concerns it has with Grant County PUD’s methodology. The State Auditor’s Office has undertaken an evaluation of Grant County PUD’s methodology, and staff recommends that no utility be granted a final finding of RPS compliance for 2012 or 2013 until the Auditor has made a ruling and incremental generation figures for the Wanapum facility are finalized. Discussion about the treatment of incremental hydro generation from Chelan PUD is found in Attachment A.

**Compliance Evaluation**

*Annual Reporting Requirements*

In the orders associated with the 2012 RPS filings, the commission agreed with staff and NWEC/RNP that a two-step process is appropriate for evaluating compliance.  To comply with the two-step process a utility will 1) provide its plan for meeting its obligation for the target year, which shall include demonstration that it had in hand, as of January 1 of the target year, rights to eligible renewable resources or RECs that are likely to produce the required output for the year; and 2) file for final compliance no later than June 1 of the second year after the target year, describing the eligible resources and RECs the utility actually used for compliance during the target year.

In each of their respective 2013 comments, both commission staff and NWEC/RNP argue that a third step is required per commission rule. Both cite WAC 480-109-040(1)(d) which states:

“The report must describe the steps the utility is taking to meet the renewable resource requirements for the current year.”

Commission staff argues that this language requires each company to report its plan for meeting its RPS obligation for the current year (i.e., in 2013 toward the obligation throughout 2013). NWEC/RNP argues that this language requires the companies to report on progress in the current year toward the next year’s target (i.e., in 2013 toward the January 1, 2014, target).

Staff maintains its position on this issue, recommending that the commission’s order find that PacifiCorp met its reporting requirements, and notes that the section of the WAC cited (i.e., WAC 480-109-040(1)(c)) includes language only in reference to the current year.

*Final Compliance Determination*

PacifiCorp may ask for a final compliance determination for a specific target year at any time between the end of the target year and the two years following its initial compliance filing for that target year. Staff recommends the companies seek compliance determinations by filing a letter requesting such determination in the corresponding docket (i.e., requests for 2012 compliance determinations should be filed in the 2012 dockets, in PacifiCorp’s case UE-120813). A request for a compliance determination must include the specific megawatt-hours and/or renewable energy credit numbers that the Company intends to retire. Staff further recommends that, after staff review, compliance may be accepted by a letter from the Executive Secretary.

**Conclusion**

Issue orders as described in the recommendations section of this memo.

Attachment A

1. The Energy Independence Act (EIA) does not specify how to measure or calculate incremental hydropower. The RPS Workgroup convened under Docket UE 110523 agreed on three optional methodologies for calculating incremental hydroelectric efficiency improvements. Method 1 requires an annual calculation, based on actual water flows or generation during that year. Method 2 also requires an annual calculation, multiplying actual generation by a fixed percentage to determine the generation attributable to efficiency upgrades. Method 2 is similar to that adopted by the Oregon Department of Energy under that state’s counterpart to the EIA. Method 3 requires a one-time calculation of the increase in annual megawatt-hours attributable to the efficiency upgrades under average historical water flows. [↑](#footnote-ref-1)