

Pacific Power & Light Company

Washington Energy and Emissions Intensity Metrics

2015 Report

**June 1, 2016**

Introduction

In November 2006, Washington voters approved Initiative 937, establishing the Energy Independence Act (EIA), which requires electric utilities serving at least 25,000 retail customers to use renewable energy and energy conservation in serving those customers. In September 2015, the Washington Utilities and Transportation Commission (Commission) adopted new administrative rules to implement several legislative changes to the EIA, including introducing WAC 480-109-300, pertaining to the reporting of energy and emissions intensity metrics. WAC 480-109-300 states, in relevant part:

*(1) A utility must report metrics of energy and emissions intensity to the commission on or before June 1st of each year. The report must include annual values for each metric for the preceding ten calendar years. Each value reported must be based on the annual energy or emissions from all generating resources providing service to customers of that utility in Washington state, regardless of the location of the generating resources. When the metrics are calculated from generators that serve out-of-state and in-state customers, the annual energy and emissions outputs must be prorated to represent the proportion of the resource used by Washington customers.*

*(2) The energy and emissions intensity report shall include the following metrics:*

*(a) Average megawatt-hours per residential customer;*

*(b) Average megawatt-hours per commercial customer;*

*(c) Megawatt-hours per capita;*

*(d) Million short tons of CO2 emissions; and*

*(e) Comparison of annual million short tons of CO2 emissions to 1990 emissions.*

Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits this 2015 Energy and Emissions Intensity Report (Emissions Report) to the Commission in accordance with reporting requirements established as part of the Energy Independence Act.

This report is consistent with the collaborative workshop documents addressing annual reporting requirements, in Docket UE-131723.

Executive Summary

This report includes the estimated carbon emissions associated with serving PacifiCorp’s Washington customers between 2006 and 2015, compared to an estimate of the Company’s 1990 carbon emissions. PacifiCorp’s 1990 carbon emission level is estimated to be 2,399,078 short tons, as established during workshops in Docket UE-131723, regarding the emissions reporting requirements.

As shown in Table 1 below, PacifiCorp estimates the Washington-allocated emissions from 2006 to 2015 to be between 2.5 and 3 million short tons of carbon annually; or between 106 and 128 percent of 1990 emissions.

**Table 1**

|  |  |  |
| --- | --- | --- |
| **Year** | **Total Annual CO2 Emissions (Short Tons)** | **Ratio of Annual CO2 Emissions to 1990 Emissions** |
| 2006 | 2,790,784 | 116.33% |
| 2007 | 2,680,795 | 111.74% |
| 2008 | 2,766,051 | 115.30% |
| 2009 | 2,847,360 | 118.69% |
| 2010 | 2,745,710 | 114.45% |
| 2011 | 2,531,097 | 105.50% |
| 2012 | 2,764,788 | 115.24% |
| 2013 | 3,075,139 | 128.18% |
| 2014 | 2,865,259 | 119.43% |
| 2015 | 2,988,262 | 124.56% |

Prior 10-year Annual Metrics for all Generating Resources Serving Washington Customers

Table 2 below provides the average megawatt-hour (MWh) per residential and commercial customer, the average megawatt-hour per capita, and estimated population served over time.[[1]](#footnote-1)

The MWh per customer is determined by dividing the proportional MWh for each customer class by the number of customers for the same customer class. The MWh per capita represents the total annual load for the year, divided by the estimated population served for the year.

**Table 2**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Average MWh per Residential Customer** | **Population****(Residential)** | **Average MWh per Commercial Customer** | **MWh per Capita (Total)** |
| 2006 | 17.74 | 282,440 | 93.31 | 16.42 |
| 2007 | 17.86 | 285,296 | 92.31 | 15.89 |
| 2008 | 17.80 | 288,079 | 90.67 | 15.86 |
| 2009 | 17.99 | 290,624 | 92.91 | 15.92 |
| 2010 | 17.38 | 292,271 | 86.89 | 15.11 |
| 2011 | 17.47 | 299,135 | 87.52 | 14.90 |
| 2012 | 16.99 | 301,385 | 90.90 | 14.88 |
| 2013 | 17.32 | 303,352 | 99.10 | 15.07 |
| 2014 | 16.64 | 302,069 | 108.42 | 15.15 |
| 2015 | 15.91 | 300,450 | 111.11 | 15.16 |
| **10-Year Average** | **17.31** | **294,510** | **95.31** | **15.44** |

# PacifiCorp’s Washington population had steady year-over-year growth between 2006 and 2014. However, the average MWh per residential customer declined, which could indicate increased adoption of energy efficiency.[[2]](#footnote-2)

Subtotal Metrics – Energy and Emissions from Unknown Generation Sources

The table below shows the annual Washington-allocated energy, emissions, and percentage of load served from unknown generation sources.

**Table 3**

|  |
| --- |
| **Unknown Resource - Annual Metrics[[3]](#footnote-3)** |
| **Year** | **MWh** | **CO2 Emissions** | **Percentage of Load Served** |
| 2006 | 314,992 | 159,676 | 6.79% |
| 2007 | 141,670 | 85,130 | 3.20% |
| 2008 | (376,496) | (192,854) | -8.28% |
| 2009 | (166,660) | (93,229) | -3.65% |
| 2010 | (254,053) | (151,380) | -5.80% |
| 2011 | 265,797 | 120,228 | 6.02% |
| 2012 | 369,810 | 166,994 | 8.32% |
| 2013 | 342,608 | 193,937 | 7.45% |
| 2014 | 58,961 | 30,176 | 1.31% |
| 2015 | 596,016 | 311,655 | 13.28% |

Carbon Emissions Trend Analysis

There are multiple factors that generally impact a utility’s carbon emissions levels. These factors include, but are not limited to:

* Changes in demand due to economic growth or recession
* The price of different fuel and energy sources
* Variations in generation and the relative resource mix in a particular year
* State policy developments such as renewable portfolio standards and emissions performance standards
* Demand-side efficiency improvements

The figure below illustrates PacifiCorp’s Washington-allocated carbon emissions between 2006 and 2015. The quantity of total emissions associated with Washington over this period of time is generally between 2.5 and 3 million short tons of carbon annually. As the figure indicates, carbon emissions generally increased from 2006 through 2010, with a relatively minor reduction in emissions in 2007. Carbon emissions then decreased over the 2010-2011 timeframe and increased again in 2012.

**Figure 1**

Given the many factors that contribute to the level of carbon emitted over a time period, it is very difficult to identify a single contributing factor to substantiate an emissions trend. However, a number of correlations may be drawn about PacifiCorp’s estimated emissions in Figure 1:

* The global financial crisis of late 2007-2008 included a downturn in U.S. economic activity from 2008-2012, which may have contributed to a reduction in demand and associated emissions over this time period.
* Hydro conditions can have a substantial impact on annual emissions:
	+ The 2011 and 2012 hydro seasons began earlier and lasted significantly longer than in years prior to 2011, resulting in significant displacement of fossil-fueled energy over those years.
	+ 2013 and 2015 had the lowest hydro generation over the ten-year period. Consequently, emissions from unknown resources in those years were two of the highest.
* In 2008, PacifiCorp acquired the 520-megawatt natural gas Chehalis Generating Facility, which could have contributed to the increase in emissions from known resources.
* Lower emissions in 2007 are likely a result of Marengo I and Leaning Juniper wind facilities coming online.

Appendix – Metrics Calculation Methodology, Information Sources and Formula Explanations

This appendix identifies the calculation methodologies, data sources and formulas used to compile the Energy and Emissions Intensity Summaries for 2006 through 2015. The metrics calculated in this report are consistent with the mutually agreed upon methodologies identified in the workshops in Docket UE-131723.

**Table 1 – Summary Energy and Emissions Intensity Report - 2015**



**I. Energy Intensity Metrics**

 **A. Megawatt-hours (MWh) per Capita**

WAC 480-109-300(2)(c) requires a utility to annually report the number of megawatt-hours used per capita. The MWh per capita metric estimates the amount of energy consumed annually by each person in PacifiCorp’s Washington service area, using the following calculation:

**A.1 Total Annual Washington Retail Load**

## Annual Washington retail load is derived from the Company’s FERC Form 1 filings.

## A.2 Population Served

During the UE-131723 workshops, the United States Census Bureau *American Communities Survey* (ACS) was identified as the preferred data source for calculating population served. However, the Company was only able to utilize this methodology for 2011-2015 populations due to the lack of consistent five-year-average ACS data for earlier years. An alternative method was used for years 2006 through 2010.

Method 1 – For each year between 2011 and 2015, five-year-average, Census block-level ACS data was used to calculate an average household size.[[4]](#footnote-4)The average household size was then applied to the number of residential customers by county, in order to determine a total population served for each year. Method 1 uses the following formula:

Method 2 – The alternate methodology used year-over-year population growth rates (% change) to estimate annual population from 2006 through 2010. Method 2 involved the following steps:

###### (a) Calculating year-over-year percentage growth rates for the reporting period, using population data from the Washington State Office of Financial Management.[[5]](#footnote-5)

###### (b) Using the 2015 population calculated with Method 1 as a starting point, apply the year-over-year, county-level growth rates to estimate the annual population going back to 2006.

## B. Megawatt-hour per Customer

WAC 480-109-300(2)(a) and (b) require a utility to annually report the average number of megawatt-hours per residential customer and per commercial customer. The average MWhs per customer is determined by dividing Washington’s annual retail load (MWh at meter) serving a customer class by the number of customers in the same class, in any given year.

Annual retail load (MWhs sold) and number of customers are derived from PacifiCorp’s annual FERC Form 1 filings.

# II. Emissions Intensity Metrics

WAC 480-109-300(2)(d) requires utilities to report annual CO2 emissions (millions of short tons).

## A. Annual CO2 Emissions

The Company’s total annual emissions are calculated by aggregating the emissions from all generation allocated to serving Washington customers. The generation identified to have served Washington is consistent with the Commission-approved West Control Area Inter-Jurisdictional Allocation Methodology (WCA), which isolates costs associated with the assets, purchases and sales in the west control area.[[6]](#footnote-6)

To calculate total annual emissions, the Company first assigned an annual emission factor to each generation source. The emission factor was applied to Washington’s allocated share (MWhs) of the resource’s annual output to calculate the annual short tons of emitted CO2 attributed to Washington customers. Identified below are the steps taken to calculate total carbon emissions per annum.

### (a) Assign each resource an annual emission factor (pounds of CO2/MWh)

###### Unknown Resources

###### Consistent with WAC 480-109-300(3), generation from unknown resources were assigned the average electric power CO2 emissions rate described as the net system mix (spot market) in the Washington state electric utility fuel mix disclosure reports compiled by the department of Commerce.[[7]](#footnote-7)

### Known Resources

### Non-carbon-producing resources such as wind, hydro, cogeneration and biogas were assigned an emission factor of zero.

### Carbon emitting resources such as coal and natural gas were assigned an emissions factor using CO2 emission data from the Environmental Protection Agency’s (EPA) *Air Markets Program*,[[8]](#footnote-8) and each resource’s MWh generation reported in the Company’s annual FERC Form 1 filings. The formula to calculate a resource’s emission factor is:

(b) Allocate Washington’s share of WCA generation (MWh) of each resource using the state’s control area generation west (CAGW %) allocation factor, as shown below.[[9]](#footnote-9)

(c) Calculate Short Tons of CO2 emissions using the following formula:

(d) Sum all emissions from unknown and known resources to determine total annual Short Tons of CO2 emissions.

## B. Ratio of Annual CO2 Emissions to 1990 CO2 Emissions

WAC 480-109-300(2)(e) requires utilities to report a comparison of annual million short tons of to 1990 emissions. This metric is a simple percentage calculation of each reporting year’s total calculated emissions as described above, relative to the utility’s estimated carbon emissions in 1990:

The 1990 carbon emission values for each utility were developed in UE-131723 workgroups.

1. In this report, the term ‘customer’ represents the number of customers billed. The term ‘population’ refers to the estimated number of people served within the residential customer count. [↑](#footnote-ref-1)
2. The change in 2010 to 2011 is largely attributed to how the population is calculated. Years 2006-2010 use a different methodology than years 2011-2015. The methodologies are described in greater detail in the report appendices. [↑](#footnote-ref-2)
3. Negative metrics are attributed to having more sales than purchases from unknown resources from 2008 through 2010. [↑](#footnote-ref-3)
4. United States Census Bureau *American Communities Survey* (ACS) data for reporting years 2011 through 2015 were derived from *Detailed Tables* and *Block Group Data* accessed from <https://www.census.gov/geo/maps-data/data/tiger-data.html> [↑](#footnote-ref-4)
5. Washington State Office of Financial Management *Population Trends* available at <http://www.ofm.wa.gov/pop/april1/hseries/default.asp> and <http://www.ofm.wa.gov/pop/april1/hseries/ofm_april1_intercensal_estimates_2000-2010.xlsx> [↑](#footnote-ref-5)
6. For reporting years 2007 through 2015.

For reporting year 2006 (before adoption of the WCA methodology), the Company made an effort to report emissions consistent with the WCA. PacifiCorp was able to identify approximately 93 percent of the generation that would have been allocated to serving Washington on a WCA basis. The remaining generation was assumed to have been from unknown resources. [↑](#footnote-ref-6)
7. Annual emission rates provided by Washington Department of Commerce on May 23, 2016; NW Power Pool Net System Emissions Rates 2005-2005 Revised ab.xlsx [↑](#footnote-ref-7)
8. EPA’s *Air Markets Program* Data (AMPD) contains current and historical data collected as part of the EPA's emissions trading programs. Accessed from: <https://ampd.epa.gov/ampd/>. [↑](#footnote-ref-8)
9. Consistent with PacifiCorp’s West Control Area Inter-Jurisdictional Allocation Methodology. [↑](#footnote-ref-9)