

Agenda Date: September 10, 2020
Item Number: E8

Docket: UE-200506
Company: PacifiCorp., d/b/a Pacific Power & Light Company

Staff: Jim Woodward, Regulatory Analyst

Recommendation

Issue an Order in Docket UE-200506 finding:

1. The 2020 renewable energy target for PacifiCorp., d/b/a Pacific Power & Light Company is 607,028 megawatt-hours.
2. PacifiCorp., d/b/a Pacific Power & Light Company has demonstrated that, by January 1, 2020, it acquired 607,028 megawatt-hours of eligible renewable resources sufficient to supply 15 percent of its load for 2020.
3. PacifiCorp., d/b/a Pacific Power & Light Company has complied with the June 1, 2020, reporting requirements pursuant to WAC 480-109-210.
4. Granite Mountain East and Granite Mountain West are eligible for PacifiCorp., d/b/a Pacific Power & Light Company's Renewable Portfolio Standard (RPS) compliance.
5. PacifiCorp., d/b/a Pacific Power & Light Company is granted permission to adjust its one-time incremental cost calculation as the company has requested.
6. In the final compliance report for 2020 required by WAC 480-109-210(6), PacifiCorp., d/b/a Pacific Power & Light Company must provide details about which certificates were used for its various renewable energy programs.¹

Background

In 2006, Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). Codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities with more than 25,000 customers to serve 15 percent of their 2020 retail load with eligible renewable resources and to file an annual compliance report (RPS report) by June 1 of each year.² The Washington Utilities and Transportation Commission's (commission) rules further require a final compliance report, filed no later than two years after the initial report.

PacifiCorp, d/b/a Pacific Power & Light Company (PacifiCorp or company) filed its annual RPS report on June 1, 2020. On July 20, 2020, PacifiCorp filed a revised report. This re-filing

¹ WAC 480-109-210(2)(d)(i). Each certificate in WREGIS may be retired by PacifiCorp for only one purpose. Retirement may be under the Blue Sky voluntary renewable energy program authorized by RCW 19.29A.090, or it may be retired for RPS compliance, but not both. If PacifiCorp reports on certificates that have not yet been retired, they could also be characterized as owned by the customer.

² RCW 19.285.040; RCW 19.285.070; WAC 480-109-200(1).

included additional documentation for the facilities the company is requesting the commission approve as eligible and clarified the vintages of renewable energy credits (RECs) expected to meet the 2020 target. PacifiCorp's 2020 target is 607,028 MWh. Commission staff (staff) filed written comments on August 6, 2020, which highlighted issues identified during staff's review of compliance with the rule. These comments are included as an attachment to this memo.³

Discussion

Based on the information that PacifiCorp provided in its revised report, staff believes that the company correctly calculated its 2020 RPS target and has acquired sufficient resources to meet that target.

Table 1 summarizes PacifiCorp's 2020 target and the total amount of resources the company had acquired by January 1, 2020, and illustrates the company's overall compliance position:

Table 1: PacifiCorp's 2020 Renewable Resource Target and Compliance Plan

2020 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Purchased RECs (unbundled)	Total Compliance Resources (MWh)
607,028	1,582	424,936	180,510	607,028

Facility eligibility: PacifiCorp intends to use unbundled RECs from two new solar facilities located in Utah:

1. Granite Mountain East.
2. Granite Mountain West.

The RPS allows PacifiCorp to use resources located in Utah and Wyoming, where it has retail customers, if the company owns or contracts with those resources for electricity. PacifiCorp is the only company eligible to use resources in these two states for compliance.⁴

Based on the information provided to date, staff is satisfied that these two solar facilities are renewable resources under WAC 480-109-060(12)(e) and WAC 480-109-060(24).

Incremental costs: PacifiCorp reported its incremental cost for the 2020 compliance plan as \$5,710,261, or 1.7 percent of revenue requirement.⁵ PacifiCorp's incremental cost increase was the largest incremental cost change across the three companies in 2020 but still less than half of

³ Commission Staff Comments Regarding Electric Utility 2020 Renewable Portfolio Standard Reports under the Energy Independence Act, RCW 19.285, and WAC 480-109 (August 6, 2020).

⁴ RCW 19.285.030(12)(e) and (20).

⁵ See Docket UE-200506, Annual 2020 Target Year Estimate. PacifiCorp attachment C.

the four percent cost cap which could trigger alternative compliance.⁶ The increase is driven by the company's capital intensive re-powering of select wind facilities,⁷ discussed at length in staff's comments. The RPS report contained sufficient information to review incremental cost calculations, including a completed version of the template developed by staff during the 2016 RPS process.

As detailed in staff's comments, PacifiCorp is requesting permission to adjust its one-time incremental cost calculation at the time of resource acquisition requirement set forth in WAC 480-109-210(2)(a)(i). The waiver asks permission to use an updated incremental cost calculation for certain wind facilities re-powered by January 1, 2020. Additionally, PacifiCorp asks to use its 2019 integrated resource plan *progress report* for the re-powered Goodnoe Hills facility capacity value.⁸ Relevant stakeholders, including the Northwest Energy Coalition (NVEC), the Public Counsel Unit of the Washington State Attorney General's Office, Avista Corporation, and Puget Sound Energy, join staff supporting this petition.

Documentation of certificate use: PacifiCorp will need to document its use of the company's renewable resources under various renewable energy programs for EIA eligibility purposes. Because the statute explicitly disallows any resources used for voluntary renewable energy programs in RCW 19.29A.090, the commission requires the companies to include information about the usage of the certificates in the annual report pursuant to WAC 480-109-210(2)(d)(i).⁹ This information needs to be updated for final compliance, and staff asks the commission to require PacifiCorp to do so, listing details about program usage in the final 2020 compliance report.

Public Comments

NVEC filed public comments regarding PacifiCorp's report on August 7, 2020. NVEC's comments indicated its support for PacifiCorp's petition for an incremental cost waiver, as previously described. NVEC also thanked the company for redacting less information in its 2020 RPS plan report compared to previous years, resulting in a more transparent report.

Conclusion

Issue an order as described in the recommendations section of this memo.

Attachment

⁶ WAC 480-109-220(1).

⁷ "Re-powering" captures capital upgrades to certain PacifiCorp-owned wind facilities within the West Control Area (WCA).

⁸ WAC 480-109-210(2)(a)(i)(B) determines the eligible resource capacity value from the "utility's most recent integrated resource plan acknowledged by the commission."

⁹ WAC 480-109-210(2)(d)(i) requires each resource's WREGIS registration status and use of certificates, whether it be for annual target compliance, a voluntary renewable energy program as provided for in RCW 19.29A.090, or owned by the customer.