

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Pacific Power and Light
Company 2021 Renewable Portfolio
Standard Report**

DOCKET UE-210345

**COMMISSION STAFF COMMENTS REGARDING
ELECTRIC UTILITY RENEWABLE PORTFOLIO STANDARD REPORT UNDER
THE ENERGY INDEPENDENCE ACT,
RCW 19.285 and WAC 480-109
(2021 RENEWABLE PORTFOLIO STANDARD REPORT)**

AUGUST 12, 2021

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Background

In 2006 Washington voters approved Initiative 937, also known as the Energy Independence Act (EIA). As codified in RCW 19.285 and Chapter 480-109 WAC, the EIA created a renewable portfolio standard (RPS) that requires electric utilities serving more than 25,000 customers to supply 15 percent of their 2021 retail load with eligible renewable resources and to file annual RPS compliance reports by June 1 of each year.¹

The company’s report must document all the renewable resources it intends to use for compliance.² Each eligible renewable resource must be registered in the Western Renewable Energy Generation Information System (WREGIS).

Pacific Power & Light Company’s Compliance Plan for 2021

PacifiCorp (PacifiCorp or Company) plans to meet its Washington 2021 renewable compliance target with a combination of company-owned and contracted wind resources, incremental hydro, geothermal, and solar RECs. The Company correctly reported an average load in 2019 and 2020 of 4,104,871 MWh in its RPS report, yielding a 2021 RPS target of 615,731 MWh. Table 1 summarizes PacifiCorp’s RPS compliance position:

Table 1: PacifiCorp’s 2021 Renewable Resource Target and Compliance Plan

2020 Target (MWh)	Incremental Hydro (MWh)	Wind (MWh)	Geothermal (MWh)	Solar (MWh)	Total Compliance Resources (MWh)
615,731	1,858	459,326	23,852	130,695	963,681

PacifiCorp has acquired enough eligible renewable resources to exceed its 2021 RPS target and will be able to use its surplus of 347,950 MWh to comply with 2020 and 2022 RPS targets.

Facility Eligibility

PacifiCorp is requesting the Commission approve a total of twenty-three wind, solar, hydro, and geothermal facilities as eligible for RPS compliance, listed below. Commission rules specify that RPS reports must indicate if they intend to use any eligible resources for the first time.³ Additionally, RECs may only be purchased from facilities that meet the statutory eligibility requirements as an “eligible renewable resource.”⁴ PacifiCorp may use resources from any state where it has retail customers, including Utah and Wyoming. Commission Staff (Staff)

¹ RCW 19.285.040(2)(a)(iii). In calculating the target, a utility must use its average retail load for the two years prior to the target year (e.g., the 2021 target is 15 percent of the utility’s average load in 2019 and 2020).

² WAC 480-109-210(2)(d).

³ WAC 480-109-210(2)(d)(ii).

⁴ RCW 19.285.030(12) and (20).

recommends that the Commission make an eligibility determination for the facilities listed below.

Facility Name	Resource Type	Location
Bigfork	Hydro	Pacific Northwest (PNW)
Blundell	Geothermal	PNW
Blundell II	Geothermal	PNW
Cedar Springs Wind I	Wind	Wyoming
Cedar Springs Wind II	Wind	Wyoming
Cedar Springs Wind III	Wind	Wyoming
Ekola Flats Wind	Wind	Wyoming
Foote Creek I	Wind	Wyoming
Glenrock III	Wind	Wyoming
Latigo Wind	Wind	Utah
McFadden Ridge	Wind	Wyoming
Mountain Wind 1	Wind	Wyoming
Mountain Wind 2	Wind	Wyoming
Pavant Solar II LLC	Solar	Utah
Pioneer Wind Park I LLC	Wind	Wyoming
Rock River I	Wind	Wyoming
Sage Solar I, LLC	Solar	Utah
Sage Solar II, LLC	Solar	Utah
Sage Solar III, LLC	Solar	Utah
Sweetwater Solar, LLC	Solar	Wyoming
TB Flats I	Wind	Wyoming
TB Flats II	Wind	Wyoming
Wolverine Creek	Wind	PNW

Incremental Cost

Incremental cost is the additional cost to ratepayers that companies incur to meet the RPS requirements. WAC 480-109-210(2)(a)(i) divides the calculation into capacity and energy components. Companies make a one-time calculation of incremental cost for each eligible resource at the time of acquisition or, for historic acquisitions, the best information available at the time of the acquisition.

The incremental cost of compliance represents the cost (or savings) of using eligible renewable resources to serve 15 percent of a utility's annual average load, compared to using the lowest-reasonable-cost, noneligible resource available to the utility at the time of the eligible resource's acquisition. If using eligible renewable resources to meet the RPS target is more expensive than using the lowest-reasonable-cost non-eligible alternative, then the incremental cost will be positive. If using eligible renewable resources to meet the RPS target is cheaper than the lowest-reasonable-cost non-eligible alternative, then the incremental cost will be negative.

Table 2 shows a side-by-side comparison of the utilities’ reported incremental cost percentages in 2020 and 2021. The *Required Renewable Resources* column represents the incremental cost of only the eligible resources necessary to meet the 15 percent target. The *All Renewable Resources* column represents the incremental cost of all of the renewable generation available to the utility. Staff observes that two of the three utilities expect to achieve financial savings from using eligible renewable resources to serve 15 percent of their average annual load. It is also worth noting that PacifiCorp is saving even more money by acquiring additional eligible renewable resources beyond those needed for RPS compliance.

Table 2: Investor-Owned Utilities’ Reported Incremental Cost Percentages, 2020 and 2021

	2020		2021	
	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>	<i>Required Renewable Resources</i>	<i>All Renewable Resources</i>
Avista	0.1 %	0.2 %	(0.7) %	(0.6) %
PacifiCorp	1.7 %	1.7 %	(2.2) %	(3.5) %
PSE	1.4 %	1.5 %	1.5 %	1.5 %

After a notable increase in 2020 due to the capital-intensive repowering of select wind facilities, PacifiCorp shows the largest decrease in incremental costs of the three companies for the 2021 target year.

Waiver Request

PacifiCorp completed the repowering of certain wind facilities in 2020. These upgrades expanded the capacity and energy generation components of the Company’s legacy wind resources while extending the useful life of said facilities. WAC 480-109-210 does not directly address treatment in the incremental cost methodology of eligible wind resources that have been upgraded or “repowered.” Following the review of the 2019 RPS report, Staff convened a RPS stakeholder work group between January and April 2020 to examine how the one-time incremental cost calculations should best reflect re-powering upgrades of the respective facilities.⁵ The work group agreed on a methodology that would revise the one-time calculation to use the levelized cost of the original, “pre” re-powered resource at the time of acquisition until the date of re-powering blended with the levelized cost of the re-powered resource from the date of re-powering to the end of its extended useful life.

As part of this 2021 RPS report, PacifiCorp filed a petition seeking a waiver of the requirement to make a one-time calculation of incremental cost for certain resources and allowing the Company to use the methodology developed by the work group. The petition also sought a waiver of the requirement to rely on capacity values from the company’s most recent IRP

⁵ The work group was comprised of representatives from Avista Corporation (Avista), Pacific Power & Light Company (PacifiCorp), Puget Sound Energy (PSE), the Northwest Energy Coalition (NVEC), the Public Counsel Unit of the Washington State Attorney General’s Office (Public Counsel), and Staff.

acknowledged by the Commission. This allowed PacifiCorp to use capacity values from its 2019 IRP Progress Report for eight facilities that were not part of their most recently acknowledged 2017 IRP. Staff coordinated a meeting of the 2020 RPS work group in May of 2021, providing stakeholders the opportunity to voice any concerns with PacifiCorp's request. RPS work group stakeholders raised no concerns with PacifiCorp's decision. Staff supports this waiver and the use of the agreed upon repowered methodology to account for the costs and benefits of repowered facilities.⁶

Staff position regarding PacifiCorp 2021 RPS filing

Staff is satisfied PacifiCorp can meet its 15 percent RPS target for 2021. Based on the information provided to date, Staff recommends the Commission approve the use of the facilities listed above for PacifiCorp's RPS compliance, as these sites satisfy the requirements of an eligible facility. Staff believes PacifiCorp complied with the June 1, 2021, reporting requirements pursuant to WAC 480-109-210.

Staff supports PacifiCorp's petition to update the incremental cost calculation based on the methodology developed by the work group for certain wind facilities re-powered by January 1, 2021.

Conclusion

After reviewing the comments of other parties, Staff will present a recommendation at the August 12, 2021, open meeting as to whether the Commission should issue an order in Docket UE-210345 finding that PacifiCorp has met its reporting requirements, accepting the utility's calculation of its 2021 RPS target, and determining RPS eligibility for specific resources.

⁶ Docket UE-210345, PacifiCorp's Petition for A One-Time Waiver (May 17, 2021).