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PacifiCorp AB 1110 PSD-15-Day Comments 16-OIR-05

Additional submitted attachment is included below.

BEFORE THE CALIFORNIA ENERGY COMMISSION

Power Source Disclosure: Assembly Bill 1110
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**COMMENTS OF PACIFICORP ON THE 15-DAY LANGUAGE NOTICE REGARDING
PROPOSED CHANGES TO THE REGULATIONS GOVERNING POWER SOURCE
DISCLOSURE BY INVESTOR OWNED UTILITIES**

Jessica Buno Ralston
PacifiCorp d/b/a Pacific Power
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Telephone: (503) 813-5817
Facsimile: (503) 813-7252
Email: Jessica.ralston@pacificorp.com
Attorney for PacifiCorp

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BEFORE THE CALIFORNIA ENERGY COMMISSION

Power Source Disclosure: Assembly Bill 1110
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**COMMENTS OF PACIFICORP ON THE 15-DAY LANGUAGE REGARDING
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DISCLOSURE BY INVESTOR OWNED UTILITIES**

In accordance with the Notice of Availability of 15-Day Language and Notice of Public Hearing Date issued on November 25, 2019 in Docket Number 16-OIR-05 (Notice), PacifiCorp, d/b/a Pacific Power (PacifiCorp) submits these comments regarding the proposed modifications to the Power Source Disclosure Program established under the Public Utilities Code section 398.1 *et seq.* and codified in regulations found in Title 20, California Code of Regulations, Sections 1390-1394.

PacifiCorp appreciates this opportunity to provide additional comments and notes the progress these proposed rules will make towards improving the California Energy Commission's (Commission) Power Source Disclosure Program.¹ The company continues to request that consideration be given to its unique requirements under both the California Air Resources Board (CARB) Mandatory Reporting Regulation (MRR) and California's renewable portfolio standard (RPS). Unique treatment under both the MRR and RPS programs is based upon PacifiCorp's status as a multi-state investor-owned utility. As it applies to PacifiCorp, the Power Source Disclosure Program and associated Power Content Label (PCL) should reflect how PacifiCorp

¹¹ PacifiCorp hereby incorporates the assertions made in its October 28, 2019 comments filed in this docket by reference.

complies with both the RPS and MRR. PacifiCorp also continues to advocate for one methodology that is used for calculation of both emissions and fuel mix.

As discussed in its initial comments, PacifiCorp is classified as a multi-jurisdictional electric utility (MJU) under California's RPS program and a multi-state jurisdictional retail provider (MJRP) under the MRR. PacifiCorp has approximately 1.9 million customers in California, Idaho, Oregon, Utah, Washington and Wyoming. Approximately 45,000 of those customers are located in Shasta, Modoc, Siskiyou and Del Norte counties in Northern California, representing less than two percent of the total retail load served across PacifiCorp's six-state system. PacifiCorp's California service territory is not connected to the California Independent System Operator (CAISO), but rather PacifiCorp is the balancing authority for its California service territory, which is operated on an integrated basis with other states in its multi-state territory.

I. Two "Other" Subcategories proposed in Section 1392 Should be Defined

The proposed rules set forth in the Notice include the category of "other" as a subcategory of renewable fuel sources.² This additional subcategory is helpful but must be defined to avoid confusion regarding what can be included as "other" under renewable and non-renewable contexts. PacifiCorp recommends that non-emitting energy without RECs be classified as "other" under the non-renewable context. This definition of other would allow non-emitting energy to be reported without being subject to an applied emission factor. Categorizing these resources as "other" under this subsection would more accurately reflect these resources as non-emitting versus categorizing these resources as unspecified together with a specific emission factor.

² Proposed Rules, § 1392(b)(3)(C).

II. The Proposed Definition of Unbundled REC Should Be Revised

PacifiCorp appreciates the Commission’s revisions to the definition of “Unbundled REC” and revisions to the language proposed for inclusion as a footnote on power content labels that is applicable to Unbundled RECs. The company finds that the latest versions of this language represent an improvement from previous versions of the regulations; however, PacifiCorp makes the following additional suggests to ensure that the language allows for commercial flexibility without compromising the intent of the definition. First, with respect to the definition of “Unbundled REC,” the company makes the following suggestion:

The company suggests that this definition be revised as follows (proposed new language is underlined for ease of review):

“means a REC for an eligible renewable energy resource ~~that is not procured as part of the same contract or ownership agreement for which the entity does not also receive~~ with the underlying energy as part of a contract agreement or ownership arrangement ~~from the eligible renewable energy resource~~; this includes a REC that was originally procured as a bundled product but was subsequently resold separately from the underlying energy.”

The company proposes this revision to the proposed definition to reflect situations where a vertically-integrated investor-owned utility, such as PacifiCorp, owns generation outright without a contract or ownership agreement in place. In this instance, the energy is generated and REC created from the eligible renewable resource concurrently. Similarly, the modified definition would include a situation where RECs are created concurrently with energy delivered but REC acquisition is memorialized in separate agreements due to pricing or other commercial or regulatory considerations. For example, PacifiCorp may purchase energy from a PURPA qualifying facility under a given agreement, but may enter into a separate agreement to acquire the RECs due to individual state regulations. These types of arrangements provide commercial flexibility to project developers and owners, while providing compliance pathways for utilities.

The definition proposed by the Commission could result in bundled RECs being considered unbundled RECs even though a utility is acquiring energy and RECs at the same time from the same eligible resource. It does not appear that this narrow definition of a bundled REC is what was intended with the proposed definition because it is inconsistent with the footnote regarding unbundled RECs that would be required under the proposed regulations.

The most recent version of the proposed regulations would require the following language to be included in a footnote on the company's power content label:

“Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales.”³

In situations where the company acquires both the electricity and RECs from the same renewable energy resource at the same time, but pursuant to two separate contracts or agreements, such RECs would be considered unbundled RECs under the proposed definition set forth in § 1391 of the proposed regulations as set forth in the Notice but not unbundled RECs as defined through the required footnote language. PacifiCorp's proposed revisions to the definition section of the proposed regulations would eliminate this inconsistency without expanding the type of RECs that can be considered bundled because the definition explicitly requires that the electricity from the eligible, renewable resource be acquired at the same time that the corresponding RECs are acquired. The company also suggests one minor revision to the proposed footnote language such that the footnote would state as follows:

“Unbundled renewable energy credits (RECs) represent renewable generation that ~~was~~ may not have been delivered to serve retail sales.”

This slight language change will not expand the type of RECs that could be considered bundled; instead this change would reflect the unique situation of PacifiCorp. PacifiCorp

³ Proposed Regulations, § 1394(1)(1).

complies with its RPS obligations by procuring RECs categorized as PCC 3 because the company is not considered a California balancing authority area utility and therefore cannot directly deliver energy to a California balancing authority.⁴ For most utilities, PCC 3 RECs are unbundled but for PacifiCorp this category necessarily includes bundled RECs because it includes all of the company's RECs. It could therefore be misleading to require PacifiCorp to include this standard footnote because it could be interpreted to mean that none of the company's RECs are bundled.

III. The Power Content Label Template Must be Modified to Accommodate PacifiCorp's Unique Compliance Position

As discussed above, PacifiCorp complies with its RPS obligations by procuring RECs categorized as PCC 3. In recognition of this, the company continues to request a modified PCL template that will address this. The most recently circulated by the CEC does not include a space to provide this category of procurement.⁵

PacifiCorp appreciates the language contained in the Notice that would allow for reporting through data entry systems developed by the Commission in addition to providing the required report in database or spreadsheet format through Microsoft Excel or Access but requests clarification that this revision would allow flexibility for entities such as PacifiCorp that may not procure resources in a manner that is compatible with the reporting template as it currently exists. If the intent of this language revision is to allow reporting flexibility, the company supports such an approach and looks forward to working with the Commission to develop a reporting format that will achieve the Commission's objectives while recognizing PacifiCorp's

⁴ See California Public Utilities Code § 399.16.

⁵ CEC circulated a proposed template for 2019 in October 2019. Schedule 1 of the template includes the following options: (1) directly delivered renewables; (2) firm-and-shaped imports, (3) specified non-renewable procurements; and (4) procurements from asset-controlling suppliers.

operational realities. If this was not the intent of the revisions to the definition of “Report Electronically” PacifiCorp continues to request that accommodations be made for it and any similarly situated entities. The company’s specific recommendations are set forth in its October 28, 2019 comments, Section V.

IV. The Proposed Timing is Not Sufficient to Facilitate Mailing of Power Content Labels

The proposed regulations set forth in the Notice would require utilities to mail the power content label to customers on or before the end of the first complete billing cycle for the third quarter of the year. While PacifiCorp appreciates this improvement, as explained in the company’s previous comments, it is necessary to provide an adequate time period between release of the power content label template and this deadline for mailing. As discussed in prior comments, the 2018 PCL template was released on August 5th and assuming a similar timeline going forward, a workable timeline would set the deadline for mailing the power content label as on or before October 31st. Alternatively, PacifiCorp proposes that the deadline for mailing the PCL be set at ten weeks following receipt of the PCL template with the annual power mix. Ten weeks allows sufficient time for preparation and mailing and without a firm deadline customers will receive the updated label as soon as feasible.

V. Clarification is Necessary Regarding Treatment of Voluntary Renewable Bulk Purchase Options

Finally, as the Commission is aware, the company offers a voluntary bulk purchase option that allows customers to purchase unbundled renewable energy certificates in blocks in order to offset their energy usage. This program is offered through Schedules RO-1 and RO-3. Pursuant to the proposed rules, the accounting methodology to determine fuel mix and GHG

emissions does not allow for use of unbundled RECs.⁶ The proposed rules also acknowledge that a retail supplier may have more than one electricity portfolio.⁷ The company reiterates its suggested edits to the proposed rules, as set forth in Section VII of its October 28, 2019 comments, that would make clear that RECs purchased in excess of a utility's RPS obligations and used to facilitate a voluntary program are not required to be accounted for in the power content label.

VI. Conclusion

For the reasons set forth above, PacifiCorp respectfully requests that its suggested revisions to the proposed rules be incorporated into the final version and that clarification be provided regarding voluntary bulk purchase options.

Respectfully submitted,

/s/ _____

Jessica Buno Ralston
Attorney for PacifiCorp
Telephone: (503) 813-5817
Facsimile: (503) 813-7252
Email: Jessica.ralston@pacificorp.com

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⁶ Proposed Rules, § 1393(a)(1) (stating “Unbundled RECs, including those from a non-eligible renewable energy resource, shall not be used to calculate or adjust the fuel mix or GHG emissions intensity of an electricity portfolio”)

⁷ Proposed Rules, § 1391.