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PacifiCorp Comments on 21-OIR-01 RFI Power Source Disclosure

Additional submitted attachment is included below.

April 14, 2023

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 21-OIR-01
715 P Street
Sacramento, CA 95814-5512

Re: PacifiCorp Comments on 21-OIR-01: RFI Power Source Disclosure

In accordance with the March 21, 2023 Request for Information (RFI), PacifiCorp, d/b/a Pacific Power (PacifiCorp), hereby provides these comments regarding the California Energy Commission's (Commission or CEC) proposed modifications to the Power Source Disclosure program to implement Senate Bill (SB) 1158.

I. Background

A. Unique Characteristics of PacifiCorp

PacifiCorp serves approximately 2 million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming) and operates two balancing authority areas (BAA), PacifiCorp East (PACE) and PacifiCorp West (PACW) which encompass its six-state service territory. However, PacifiCorp has only approximately 49,000 retail customers in California. These customers currently comprise less than 2 percent of PacifiCorp's total retail sales. PacifiCorp is uniquely situated in comparison to the other load serving entities (LSEs) in California because it has load-service obligations in six states and multi-state cost allocation considerations. PacifiCorp undertakes planning and procurement decisions for its six-state service territory as a single system, and honors individual state clean energy policies through procurement standards. This approach allows PacifiCorp to optimize its system operation to provide reliable service while also ensuring it can minimize costs for all customers.

PacifiCorp's approved allocation agreement with the six states in which it operates dictates how the costs, benefits, and environmental attributes, including emissions, of PacifiCorp's generating resources are allocated using the proportionate share of load and peak demand of each state. Cost allocations are done annually and retroactively based on this pre-existing framework agreed to by states. For example, PacifiCorp's California load represents less than 2 percent of the total load served and hence, California is allocated less than 2 percent of the resources and costs used to meet total load.

Further, PacifiCorp’s reporting methodology in all states it serves has always been based on cost allocation, which attributes emissions to end-use customers based on the share of the resources they pay for. This means that states’ policy choices impact the PacifiCorp system generally, delivering emissions reductions in the aggregate, while maintaining the significant efficiencies that PacifiCorp realizes due to its scale. There isn’t a direct correlation on an hourly basis between each states’ load, and the dispatch of individual resources on PacifiCorp’s six state system. While hourly reporting can be simulated or estimated based on hourly energy production, these approximations would not reflect actual energy flow and may show deliveries from resources that are not included in California rates. Hourly reporting would not reflect the resources customers are paying for, or what value they are genuinely receiving from the multi-state system.

While this approach allows for greater economies of scale and corresponding lower costs, because PacifiCorp’s footprint extends across six states it is simply not workable at this time to track energy flows from source to sink in hourly increments. PacifiCorp operates two BAAs, PACW and PACE, that serve six states and other wholesale customers. The balance of generation and load is performed on a balancing authority level and is not delineated on a state-specific level. Stated differently, it would be extremely difficult if not impossible to prove delivery from one resource specifically to California and nowhere else.

PacifiCorp’s practice has been recognized and embraced in California with respect to emissions reporting. In developing the Mandatory Reporting Requirements (MRR) for greenhouse gas (GHG) emissions under California’s Cap-and-Trade Program, the California Air Resources Board recognized that PacifiCorp cannot attribute particular resources or transactions to its California customers. The MRR includes provisions that are unique for “multi-jurisdictional retail providers” and require the reporting and accounting of emissions on a system-wide basis. For PacifiCorp, the Cap-and-Trade compliance obligation is then calculated as a percentage of its California load compared to the system as a whole.¹

B. Unique Statutory Requirements Applicable to PacifiCorp

When enacting new reporting or other requirements, the Legislature frequently recognizes PacifiCorp’s unique characteristics, either by exempting PacifiCorp entirely from statutory provisions or by authorizing PacifiCorp to utilize modified statutory provisions. For example, when adopting statutory requirements for the smart grid, renewable feed-in tariffs, and renewables portfolio standard (RPS) planning, the Legislature provides alternative compliance options for PacifiCorp.² When enacting SB 1158, the Legislature similarly recognized the

¹ See Cal. Code Reg. § 95111.

² See, e.g., Pub. Util. Code § 8368 (authorizing the California Public Utilities Commission (CPUC) to “modify or adjust the requirements of this chapter [related to Smart Grid Systems] for any electrical corporation with fewer than 100,000 service connections”); Pub. Util. Code § 399.20(c) (authorizing the CPUC to “modify or adjust the requirements of this section [related to renewable feed-in tariffs] for any electrical corporation with less than 100,000 service

unique characteristics of smaller LSEs like PacifiCorp and the challenges small LSEs are likely to face if required to report sources of electrical generation on an hourly basis. Public Utilities Code § 398.6(1) provides that “[t]he Energy Commission may modify or adjust the requirements of this section for any electrical corporation with 60,000 or fewer customer accounts in the state or any retail supplier with an annual electrical demand of less than 1,000 gigawatthours, if the Energy Commission finds that the costs to comply with the requirements of this section unduly burden the electrical corporation or retail supplier.”

The explicit authorization to modify reporting requirements for small LSEs was by design given the challenges associated with hourly reporting. Indeed, bill analyses of SB 1158 highlight challenges about the hourly reporting requirement. For example, the May 23, 2022 Senate Floor Analysis of SB 1158 notes:

Is the additional reporting [under SB 1158] beneficial or [an] unnecessary burden to retail sellers? Many of the retail sellers opposed to this bill take issue with the complexity and prescriptive requirements of this bill. They argue that the granular data will not lead to greater GHG emissions reductions for difficult-to-serve time periods. As the California Municipal Utility Association (CMUA) notes: “the key challenge is developing cost-effective, dispatchable, and reliable clean energy technologies that today do not exist at scale.” They state that they already track and report GHG emissions and a new program to annually report hourly GHG emissions would be “a burdensome requirement, distracting from the core mission of providing clean, affordable, and reliable energy.” California Community Choice Aggregators (CalCCA) argues that the reporting framework is overly complex and recommends the legislation

connections”); Pub. Util. Code § 399.17(d) (allowing PacifiCorp to utilize its Integrated Resource Plan (IRP) in lieu of providing an RPS procurement plan).

The CPUC has similarly recognized PacifiCorp’s unique characteristics and has modified requirements for PacifiCorp accordingly. The CPUC has routinely found that “the small size of [PacifiCorp] and the nature of [its] operations” make it inappropriate and burdensome for the CPUC to impose certain requirements on PacifiCorp or require that the CPUC allow PacifiCorp to take a more limited approach than that required for large utilities. (See, e.g., CPUC Decision (D.) 09-12-046, at 2 (exempting PacifiCorp from certain smart grid-related requirements.) The CPUC has noted that imposing certain planning requirements on PacifiCorp “would only impose costs and inefficiencies on these small IOUs.” (D.09-12-046, at 27; see also D.08-05-028 (granting PacifiCorp the ability to use the IRP it files in other states in lieu of providing an RPS procurement plan).) Similarly, the CPUC has recognized that PacifiCorp may be at different stages than large utilities with regard to infrastructure deployment or other initiatives and so meeting certain standards “could be overly burdensome on [PacifiCorp’s] small ratepayer base.” (D.09-12-046, at 50; see also D.04-02-044 and D.03-07-011 (decisions granting PacifiCorp an exemption from filing long-term procurement plans).)

instead direct the energy agencies to examine the feasibility of the hourly reporting requirements.³

Similarly, in recognition of the challenges associated with hourly reporting, bill analyses describe the explicit authorization codified in Public Utilities Code § 398.6(l) allowing the Commission to adjust the hourly reporting requirement for small LSEs like PacifiCorp. As described in the June 27, 2022 Assembly Committee on Natural Resources Analysis:

[SB 1158's] requirements are complex, and may be unwieldy to implement for small LSEs. This bill recognizes the potential burden on small LSEs, not by exempting them, but by authorizing the CEC to modify or adjust the bill's requirements for any electrical corporation with 60,000 or fewer customer accounts in the state or any retail seller with an annual electrical demand of less than 1,000 gigawatt-hours, if the CEC finds that the costs to comply with the requirements of this section unduly burden the electrical corporation or retail seller.⁴

In light of the challenges associated with hourly reporting, the Legislature explicitly recognized and expected the Commission to adjust the hourly reporting requirements for small LSEs like PacifiCorp.

Additionally, as outlined more fully below, given PacifiCorp's multi-state service territory and current operational practices, while PacifiCorp can continue to report annual electricity sources, it is infeasible for PacifiCorp to report its sources of electricity on an hourly basis. Accordingly, as authorized by Public Utilities Code § 398.6(l), the Commission should not require PacifiCorp to report sources of electricity on an hourly basis, and instead should allow PacifiCorp to continue reporting under the Power Source Disclosure program as it exists today.

II. Hourly Reporting is Infeasible for PacifiCorp

The RFI includes 2 questions for retail electricity suppliers:

- 1) Discuss the feasibility and financial impact of obtaining hourly delivery data for each specified procurement for each hour of the year, organizing that hourly data into an Excel template provided by the CEC, and reporting that data to the CEC annually.

³ Comment section of the May 23, 2022 Senate Floor Analysis, emphasis in original, available at https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220SB1158#.

⁴ Comment 5 of the June 27, 2022 Assembly Committee on Natural Resources Analysis, emphasis in original, available at https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220SB1158#.

2) Discuss the feasibility and financial impact of obtaining and reporting hourly settlement data from your retailer's balancing authority.⁵

PacifiCorp addresses each of these questions below.

A. Obtaining Hourly Delivery Data for PacifiCorp's Specified Procurement for Each Hour of the Year is Not Feasible

As described above, the nature of PacifiCorp's six-state service territory and the allocation of resources across customers of all six-states makes it impossible to ascertain what sources of electricity serve PacifiCorp's California customers on an hourly basis. In order to obtain and provide such data on an hourly basis, PacifiCorp's internal energy accounting systems, meters and metering systems, and scheduling/e-tagging systems would need extensive updates and retrofits which are likely to be very costly. Furthermore, PacifiCorp would need to ensure that any new allocation process or system updates to provide hourly data for California would not harm customers in the 5 other states in which PacifiCorp operates. Moreover, because such updates would only be required for California reporting and would not be required in the other five states in which PacifiCorp operates, PacifiCorp's limited number of California customers would have to bear the full costs of the updates. As update costs are expected to be significant, such costs will disproportionately impact the limited number of PacifiCorp's California customers.

Furthermore, imposing additional costs at this time, particularly when such costs have not been determined to reduce emissions or otherwise benefit customers, runs contrary to current efforts to address customer affordability concerns. For CPUC-jurisdictional LSEs like PacifiCorp, affordability issues and concerns are currently being examined in multiple CPUC proceedings, including Rulemaking (R.) 18-07-006 as well as utility-specific general rate case proceedings such as PacifiCorp's current general rate case, Application (A.) 22-05-006. In light of the impossibility for PacifiCorp to report its sources of electricity for California on an hourly basis, and given the Legislature's recognition of the challenges and costs associated with hourly reporting and the explicit authorization to modify such requirements for small LSEs like PacifiCorp, the Commission should exercise its statutory authority and avoid requiring PacifiCorp to report on an hourly basis.

B. Obtaining Hourly Settlement Data From PACE or PACW is Not Feasible

The RFI also seeks feedback regarding the feasibility and financial impact of obtaining and reporting hourly settlement data from PacifiCorp's balancing authority. As described above, PacifiCorp operates two BAAs, PACE and PACW which encompass its six-state service territory. Given the integrated system operation that occurs within PACE and PACW, there is no existing method to accurately provide hourly settlement data to report hourly delivery data for PacifiCorp's California customers. Again, in order to obtain such data, additional upgrades would be required at significant cost. Based on explicit statutory authority to adjust hourly

⁵ RFI, p. 3.

reporting requirements for small LSEs like PacifiCorp, there is no justification to impose significant new accounting and reporting costs on PacifiCorp's customers at this time, particularly given the limited number of California customers that would incur such costs.

III. Conclusion

PacifiCorp appreciates this opportunity to provide these comments on the RFI and looks forward to working with the Commission and interested stakeholders to implement SB 1158 and further develop and refine the Power Source Disclosure program. As described in detail above, given PacifiCorp's multi-state service territory and existing allocation process across its multi-state system, PacifiCorp cannot report California electricity sources on an hourly basis. Accordingly, the Commission should exercise its authority under Public Utilities Code § 398.6(1) to allow PacifiCorp to continue reporting on an annual basis and should not require PacifiCorp to report sources of electricity on an hourly basis.

Respectfully submitted,

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