

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the matter of:

Implementation of Renewables Portfolio Standard
Legislation

And

Implementation of Renewables Investment Plan
Legislation

Docket No. 03-RPS-1078

Docket No. 02-REN-1038

DOCKET	
03-RPS-1078	
DATE	NOV 24 2010
RECD.	NOV 24 2010

**COMMENTS OF PACIFICORP ON DRAFT FOURTH EDITION OF THE
RENEWABLES PORTFOLIO STANDARD ELIGIBILITY GUIDEBOOK**

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November 24, 2010

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**COMMENTS OF PACIFICORP ON DRAFT FOURTH EDITION OF THE
RENEWABLES PORTFOLIO STANDARD ELIGIBILITY GUIDEBOOK**

PacifiCorp appreciates this opportunity to comment on the revised draft fourth edition of the *Renewables Portfolio Standard Eligibility Guidebook* (RPS Eligibility Guidebook). Original draft revisions to the RPS Eligibility Guidebook prepared by California Energy Commission (Commission) staff and approved by the Renewables Committee were released on August 20, 2010. PacifiCorp raised several concerns and comments on the RPS Eligibility Guidebook at the August 30, 2010 staff workshop, discussed additional concerns with staff on September 2, 2010, and submitted comments on the RPS Eligibility Guidebook on September 10, 2010. Other parties also raised issues at the workshop and in comments. Based on feedback from parties, a revised draft of the RPS Eligibility Guidebook was released on November 19, 2010. PacifiCorp acknowledges staff's tremendous efforts in addressing party comments and is appreciative that staff incorporated several of PacifiCorp's comments and concerns into the revised RPS Eligibility Guidebook. However, based on the unique characteristics of PacifiCorp's service territory, PacifiCorp believes that additional clarifications and revisions can improve the RPS

Eligibility Guidebook and help achieve California’s renewable goals.

I. PacifiCorp’s Unique Characteristics

PacifiCorp is a multi-jurisdictional utility that provides retail electric service to approximately 1.7 million retail customers located within the states of California, Idaho, Oregon, Utah, Washington and Wyoming. In California, PacifiCorp serves approximately 46,500 customers in Del Norte, Modoc, Shasta and Siskiyou counties. As a multi-jurisdictional utility, PacifiCorp faces unique challenges that differ from those faced by most of California’s other electric utilities. For example, PacifiCorp has two balancing authorities that span its six-state service territory; PacifiCorp East (PACE) and PacifiCorp West (PACW), however, it operates an integrated system across state lines as one system. Consistent with the fact that it operates an integrated system across all state lines, PacifiCorp allocates the bulk of its system resources across the whole system rather than on a state by state basis.

PacifiCorp’s unique challenges warrant different treatment than that applied to California-only utilities, as mandated by Section 399.17 of the California Public Utilities Code. PacifiCorp appreciates the efforts that the Commission and its staff have made to recognize PacifiCorp’s unique challenges, both in the proposed revisions to the RPS Eligibility Guidebook and in past interactions with PacifiCorp. In furtherance of statutory goals and cooperation between the Commission and parties, PacifiCorp respectfully provides the following comments on, and proposes certain modifications to, the draft RPS Eligibility Guidebook.

II. Comments on and Proposed Modifications to the RPS Eligibility Guidebook

A. Eligibility Requirements

1. Qualifying Facilities – Automatic Retirement

PacifiCorp seeks additional clarification regarding the treatment and qualification of

renewable qualifying facilities' (QFs) energy output under the California RPS program and how that energy will be accounted for in the Western Renewable Energy Generation Information System (WREGIS).¹ The RPS Eligibility Guidebook provides:

Deliveries of energy under these [QF] contracts will be tracked through WREGIS and will automatically be retired as counting toward a retail seller's RPS procurement requirement.²

Similarly, Appendix A to the RPS Eligibility Guidebook provides:

Public Utilities Code 399.16(a)(6) prohibits RECs from being created for electricity generated under any electricity purchase contract executed after January 1, 2005, pursuant to the federal Public Utility Regulatory Policies Act of 1978.

Therefore, WREGIS Certificates from these types of contracts must be retired immediately via a Forward Certificate Transfer if the facility is registered to your account.³

Based on the unique characteristics of PacifiCorp's multi-state territory and legal obligations imposed by other jurisdictions, it is not viable for PacifiCorp to automatically retire WREGIS Certificates from QFs for the reasons described below.

First, for most QFs located within its multi-state service territory, PacifiCorp cannot allocate the entire output from a QF facility to California and accordingly cannot retire the entire output towards PacifiCorp's California RPS procurement requirement. Because PacifiCorp operates an integrated system across multiple states, PacifiCorp does not allocate the entire output from a QF to California if that QF has been procured on behalf of PacifiCorp's multi-state system. Accordingly, PacifiCorp asserts that only the proportionate share allocated to California should be retired from that facility since that amount is allocated to PacifiCorp's California

¹ PacifiCorp raised similar concerns in its September 10, 2010 comments, but those comments were not addressed. PacifiCorp provides additional background in these comments and believes such additional information will assist the Commission in determining how to revise the RPS Eligibility Guidebook.

² RPS Eligibility Guidebook, pp. 43-44.

customers. For the portion of generation from a QF that is not allocated to California, PacifiCorp should be allowed to retire or use the renewable energy credits (RECs) consistent with the regulations or regulatory commission orders of its other states, and sell, bank or retire RECs on behalf of those states as provided by those states.

Secondly, based on the multi-state nature of PacifiCorp's territory, the use of dynamic, load-based allocation factors for allocating system resources, and the annual variance in electric load within its service territory, a precise and final determination of any year's allocation of system resources between the states cannot be completed until accounting for the year's operations are complete. Accordingly, the requirement to "immediately" retire WREGIS Certificates could result in the premature retirement of WREGIS Certificates into retirement subaccounts before the annual production accounting is completed. Consequently, as WREGIS Certificates cannot be un-retired, WREGIS Certificates could become "stranded" if they are incorrectly retired to a subaccount when the rights ultimately belong to another state's ratepayers. Additionally, this could result in the potential violation of the laws and regulations of other states. PacifiCorp therefore requests that the RPS Eligibility Guidebook be revised to provide flexibility for the timing of retirement of QF WREGIS Certificates, at least with respect to a multi-jurisdictional entity.

PacifiCorp appreciates the additional clarity provided with respect to WREGIS reporting requirements provided in Appendix A to the RPS Eligibility Guidebook. However, as discussed above, PacifiCorp believes that further revision on the automatic retirement process for QFs is required, at least with respect to a multi-jurisdictional entity. Specifically, PacifiCorp requests that the retirement of WREGIS Certificates associated with QFs be aligned with the timing of the

³ *Id.* at App. A, p. A-5.

filing of Commission reports; for example, the WREGIS Certificates for compliance year 2011 would be retired by June 1, 2012. Providing this additional time will allow PacifiCorp to track QF generation in WREGIS and ensure that appropriate quantities are retired in the proper retirement accounts.

PacifiCorp's request is consistent with California law as there is no statutory requirement to immediately retire WREGIS Certificates from QF facilities. Public Utilities Code Section 399.16(a)(6) provides:

No renewable energy credits shall be created for electricity generated under any electricity purchase contract executed after January 1, 2005, pursuant to the federal Public Utility Regulatory Policies Act of 1978 (16 U.S.C. Sec. 2601 et seq.). Deliveries under the electricity purchase contracts shall be tracked through the accounting system described in subdivision (b) of Section 399.12 and count toward the renewables portfolio standard obligations of the purchasing retail seller.

As the Public Utilities Code merely requires the use of WREGIS to track QF generation, the Commission should accept PacifiCorp's proposed revision and revise the RPS Eligibility Guidebook to allow WREGIS Certificates from QFs to be retired on June 1 of the year following the year of generation.

2. Out-of-State Qualifying Facilities

PacifiCorp seeks additional clarification over the treatment of the sale of RECs and renewable energy from QFs located outside of California to meet California RPS requirements. Specifically, PacifiCorp asks that the RPS Eligibility Guidebook be revised to allow the renewable generation from QF resources located outside of California that are procured by a multi-jurisdictional utility to be used to meet California RPS requirements, so long as the QF meets the California RPS eligibility certification and out-of-state eligibility guidelines. It is currently unclear to what extent renewable generation and RECs from out-of-state QFs can be

used to meet RPS requirements, so the RPS Eligibility Guidebook should provide explicit guidance as to whether out-of-state QFs' renewable generation and RECs are eligible to use towards California's RPS obligations.

B. RPS Tracking, Reporting and Verification

PacifiCorp appreciates efforts to ensure that renewable generation is accurately tracked and reported. However, PacifiCorp is concerned that for multi-jurisdictional utilities, certain verification requirements (and it is unclear what the additional verification requirements are or may be implemented) will be overly burdensome while providing little to no benefits.

According to the RPS Eligibility Guidebook:

The Energy Commission will collaborate with other state agencies to determine if generation from each facility is claimed in more than one of the states' regulatory programs. Additionally, the Energy Commission will monitor renewable energy claims on the voluntary market, where possible. For example, Green-e Energy and the Energy Commission are collaborating to help ensure against double-counting of the same renewable energy claims.⁴

Similarly, the RPS Eligibility Guidebook provides for other verification requirements that may be unnecessary:

In the case of multi-jurisdictional utilities, if you have retired WREGIS Certificates for single year RPS compliance in more than one retirement subaccount, you must create and submit one State/Provincial/Voluntary Compliance Report for each of these subaccounts, for example, CA RPS and NVTREC.⁵

PacifiCorp does not oppose additional verification requirements and efforts when such efforts are reasonably designed to verify renewable generation. PacifiCorp appreciates that additional verification efforts may be necessary when examining generation tracked using the Interim Tracking System. However, it is unclear why additional requirements are imposed for

⁴ *Id.* at 81.

generation tracked exclusively through WREGIS. WREGIS already prevents against the double counting of renewable generation. Therefore, additional verification procedures, like those applicable to multi-jurisdictional utilities described in Appendix A, are unnecessary when a multi-jurisdictional utility only uses WREGIS to track renewable generation.

PacifiCorp asserts that the requirement to “create and submit one State/Provincial/Voluntary Compliance Report” is overly burdensome and not reasonably tailored to help verify the delivery of renewable generation. As WREGIS already prevents against double counting, there is no need to submit multiple WREGIS reports to the Commission, particularly when such reports do not include information related to California. Accordingly, if the purpose of verification is to ensure against double-counting, instead of requiring additional, redundant verification for multi-jurisdictional utilities, PacifiCorp recommends that the Commission rely on its approved tracking system and allow verification of utilization of WREGIS Certificates through WREGIS.

If, however, the Commission requires multi-jurisdictional utilities to provide additional verification reports, PacifiCorp asks that the RPS Eligibility Guidebook be clarified to better describe actual requirements as it is unclear what additional information multi-jurisdictional utilities are required to submit. For example, it would be helpful if the RPS Eligibility Guidebook included samples of the specific WREGIS compliance reports. Alternatively, PacifiCorp recommends that the Commission and WREGIS host a joint agency workshop to educate parties on the procedures involved for registering, using, and retiring generation under WREGIS.

⁵ *Id.* at Appendix A, p. A-9.

C. Corrections to the RPS Eligibility Guidebook

PacifiCorp recommends that the following edits be made to correct typographical errors in the RPS Eligibility Guidebook. Footnote 64, on page 39 of the RPS Eligibility Guidebook makes a reference to “footnote 62.” PacifiCorp recommends that this be corrected to reference footnote 63. Additionally, on page A-10 of Appendix A to the RPS Eligibility Guidebook, the Commission requires that a “copy must be submitted to the Energy Commission by July 1 for reports on the previous calendar year.” PacifiCorp inquires if this date should be changed to June 1 to be consistent with other dates in the RPS Eligibility Guidebook, unless there are other reasons for allowing for a one-month lag in report submissions.

D. Additional Required Information for Out-of-State Facilities

PacifiCorp is pleased with the new standards for requisite information for eligibility certification of out-of-state facilities, and the collaborative efforts that PacifiCorp and Commission staff worked to address the relative usefulness of different types of information that has been required and submitted in the course of existing facility eligibility certifications. We believe that the new, clearer standards now in the revised guidebook will help expedite staff reviews of facilities and contribute to a more efficient allocation of Commission and external resources in the certification process.

III. Conclusion

PacifiCorp commends the Commission and Commission staff for the time and effort taken to incorporate suggestions and comments from parties in revising the RPS Eligibility Guidebook. PacifiCorp appreciates the opportunity to provide these comments, and for the

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reasons set forth herein, urges the Commission to revise the draft RPS Eligibility Guidebook in accordance with the recommendations set forth above.

Respectfully submitted,



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