

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the matter of:

Developing Regulations and Guidelines for the 33
Percent Renewables Portfolio Standard

And

Implementation of Renewables Investment Plan
Legislation

Docket No. 11-RPS-01

Docket No. 02-REN-1038

**COMMENTS OF PACIFICORP ON THE DRAFT FIFTH EDITION OF THE
RENEWABLES PORTFOLIO STANDARD ELIGIBILITY GUIDEBOOK AND THE
DRAFT FOURTH EDITION OF THE OVERALL PROGRAM GUIDEBOOK FOR THE
RENEWABLE ENERGY PROGRAM**

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PacifiCorp appreciates this opportunity to comment on the California Energy Commission's (Commission's) draft fifth edition of the *Renewables Portfolio Standard Eligibility Guidebook* (RPS Guidebook) and the draft fourth edition of the *Renewable Energy Program Overall Program Guidebook* (Overall Guidebook) released on October 14, 2011. PacifiCorp raised several concerns and comments on the RPS Guidebook and the Overall Guidebook at the October 21, 2011 staff workshop. PacifiCorp acknowledges staff's tremendous efforts in addressing changes in law pursuant to Senate Bill No. 2 of the California Legislature's 2011 First Extraordinary Session (SB X 1-2) as well as changes to streamline and clarify the guidebooks. Based on the unique characteristics of PacifiCorp's service territory, PacifiCorp believes that additional clarifications and revisions can improve the RPS Guidebook and the Overall 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 45,000 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 current and new 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 Guidebook and Overall Guidebook.

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

A. Multi-Jurisdictional Utility

Both the Overall Guidebook and the RPS Guidebook provide definitions and criteria describing what requirements must be satisfied in order to be considered a multi-jurisdictional

utility. The language in the guidebooks has been revised to reflect new criteria found in new Section 399.17. The Overall Guidebook provides:

Multi-jurisdictional utility — for purposes of the Renewables Portfolio Standard, an electrical corporation with 60,000 or fewer customer accounts in California as of January 1, 2010, and that serves retail end-use customers outside California, is located in a control area that is not under the control of a California balancing authority, receives the majority of its electrical requirements from generating facilities located outside California, and is subject to the provisions of Public Utilities Code Section 399.17.¹

Similarly, the RPS Guidebook states:

To qualify as a multijurisdictional utility the utility must:

1. As of January 1, 2010, served end-use customers outside California, or was located in a control area that is not under the operational balancing authority of the Independent System Operator or other California balancing authority. [Footnote omitted.]
2. Receive the majority of its electrical requirements from generating facilities located outside California.
3. Have 60,000 or fewer customer accounts in California as of January 1, 2010,²

However, the definitions and requirements in the guidebooks are not consistent with new

Section 399.17 of the Public Utilities Code. New Section 399.17(a)(1) provides:

...the requirements of this article apply to an electrical corporation that as of January 1, 2010, had 60,000 or fewer customer accounts in California and met ***either*** of the following requirements:

- (A) Served retail end-use customers outside California.
- (B) Was located in a control area that is not under the operational balancing authority of the Independent System Operator or other California balancing authority and receives the majority of its electrical requirements from generating facilities located outside of California. (Emphasis added.)

Unlike the RPS Guidebook and the Overall Guidebook, new Section 399.17(a)(1) explicitly

¹ Overall Guidebook, p. 25.

² RPS Guidebook, p. 55. This language in the RPS Guidebook was all underlined to indicate it was a new addition.

provides that in order to qualify under new Section 399.17, a utility need only meet one of two criteria. Specifically, a utility can *either*: (1) have served retail end-use customers outside California as of January 1, 2010; *or* (2) be located in a control area that is not under the operational balancing authority of the Independent System Operator or other California balancing authority and receives the majority of its electrical requirements from generating facilities located outside of California. Therefore, the guidebooks must be modified to reflect the option provided in new Section 399.17(a)(1) for a utility to meet the definition of a multi-jurisdictional utility.

In order to accurately reflect the language and requirements of SB X 1-2, the guidebooks should be modified so as to be consistent with new Section 399.17(a)(1). The language on page 25 of the Overall Guidebook should be modified as follows:

Multi-jurisdictional utility — for purposes of the Renewables Portfolio Standard, an electrical corporation subject to the provisions of Public Utilities Code Section 399.17 that as of January 1, 2010 had with 60,000 or fewer customer accounts in California as of January 1, 2010, and that either: (1) serves retail end-use customers outside California, or (2) is located in a control area that is not under the control of a California balancing authority, receives the majority of its electrical requirements from generating facilities located outside California, and is subject to the provisions of Public Utilities Code Section 399.17.

Similarly, the language on page 55 of the RPS Guidebook should be modified as follows:

To qualify as a multijurisdictional utility the utility must, as of January 1, 2010, have had 60,000 or fewer customer accounts in California and met either of the following requirements:

1. As of January 1, 2010, sServed retail end-use customers outside California, or was located in a control area that is not under the operational balancing authority of the Independent System Operator or other California balancing authority.
2. Was located in a control area that is not under the operational balancing authority of the Independent System Operator or other

The quoted language here excludes the underlining as the entire quotation includes new language.

California balancing authority and receives the majority of its electrical requirements from generating facilities located outside California.

~~3. Have 60,000 or fewer customer accounts in California as of January 1, 2010,~~

The modifications to the guidebooks suggested above will ensure that they are consistent with new Section 399.17.

B. Pre-Certification

Attachment B: Questions Concerning Possible Changes to the Renewables Portfolio Standard Eligibility Guidebook states that the Commission is considering eliminating the option of pre-certifying a facility as RPS-eligible and seeks comments related to the potential elimination of this option. PacifiCorp notes that this issue was addressed by numerous parties at the Commission's October 21st workshop and that all of the parties commenting expressed support for maintaining the option of pre-certification. Although pre-certification does not guarantee eventual certification of a facility as RPS-eligible, it does provide assurance that the facility is being designed in conformance with the eligibility requirements of the current RPS Guidebook. This assurance can be vital for developers to secure financing and also provides retail sellers with assurance that the facility will eventually qualify as RPS-eligible.

Additionally, pre-certification is important to ensure that renewable generation is fully credited towards the RPS procurement obligations of retail sellers and POUs procuring such generation. Specifically, generation from test energy may not be eligible for RPS compliance purposes if pre-certification is eliminated. The RPS Guidebook states:

Beginning on January 1, 2011, test energy not tracked in WREGIS may not be reported using the ITS and will not be counted toward a retail seller's or POU's RPS procurement obligations.³

³ RPS Guidebook, pp. 108-109.

Although WREGIS does not currently allow a facility to register with WREGIS until after the facility has achieved commercial operation, WREGIS does allow generation that occurred prior to the commercial operation date to be uploaded and tracked in WREGIS after the facility is registered. However, without pre-certification (or another method to ensure that the RPS-eligibility date precedes the commercial operation date), any energy generated prior to the certification application date would not qualify as RPS-eligible because the facility would not be considered eligible for California's RPS program. Therefore, the Commission must retain the pre-certification option so that the RPS-eligibility date will precede commercial operation and allow test energy, paid for by retail seller and POU customers, to count for RPS compliance.

Although PacifiCorp appreciates the limited resources available to the Commission and the potentially burdensome time requirements that may be associated with processing pre-certification applications, PacifiCorp maintains that the option for pre-certification is too important and beneficial to be eliminated. As pre-certification will promote renewable facility development and contracting and allow renewable generation to qualify for RPS compliance obligations, thus advancing the overall goals of the RPS program, the option for pre-certification must be maintained.

C. Distributed Generation

Currently, the RPS Guidebook includes the section on distributed generation (DG) within Section II.F – Unbundled Renewable Energy Credits. However, the question as to whether DG will be classified as an unbundled renewable energy credit or as a different portfolio content category has yet to be resolved by the California Public Utilities Commission (CPUC). Accordingly, PacifiCorp recommends that the Commission move the section on DG into a stand-alone section so as not to pre-judge the categorization of DG under the RPS program.

D. Biogas and Biomass

The RPS Guidebook provides that the Commission “is re-examining the requirements for pipeline biomethane...and may propose revisions to these requirements...”⁴ Regulatory certainty regarding the RPS-eligibility of biomethane is necessary in order to provide retail sellers and POUs the assurance they need in order to enter into contracts with biomethane facilities and support the biomethane market. Accordingly, PacifiCorp recommends that before the Commission modifies the eligibility requirements for biomethane, the proposed revisions to those sections of the RPS Guidebook be released for review and comment. Although this issue has been addressed in workshops, it is difficult to comment on proposed revisions to the RPS Guidebook without seeing them first. Therefore, any changes to the biomethane sections of the RPS Guidebook should be published and parties should be allowed to comment on any proposed changes prior to adoption by the Commission.

Additionally, PacifiCorp asks that the Commission clarify the CPUC’s definition of Green Attributes. According to the CPUC’s required RPS contract standard term and condition on Green Attributes, in relevant part:

If the Project is a biomass or biogas facility and Seller receives any tradable Green Attributes based on the greenhouse gas reduction benefits or other emission offsets attributed to its fuel usage, it shall provide Buyer with sufficient Green Attributes to ensure that there are zero net emissions associated with the production of electricity from the Project.⁵

The Commission should clarify and define what such Green Attributes are to provide regulatory certainty to retail sellers and POUs.

⁴ RPS Guidebook, p. 24.

⁵ CPUC Decision 08-08-028, App. B, p. 2.

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 Guidebook and the Overall Guidebook. PacifiCorp appreciates the opportunity to provide these comments, and for the reasons set forth herein, urges the Commission to revise the draft guidebooks in accordance with the recommendations set forth above.

Respectfully submitted,

/s/

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