

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**REPLY COMMENTS OF PACIFICORP (U 901 E) ON ADMINISTRATIVE LAW
JUDGE'S RULING REQUESTING COMMENTS ON IMPLEMENTATION OF NEW
PORTFOLIO CONTENT CATEGORIES FOR THE RENEWABLES PORTFOLIO
STANDARD PROGRAM**

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Pursuant to the instructions in Administrative Law Judge (ALJ) Anne E. Simon's July 12, 2011 *Ruling Requesting Comments on Implementation of New Portfolio Content Categories for the Renewables Portfolio Standard Program* (ALJ Ruling), PacifiCorp (U-901-E), d.b.a. Pacific Power (PacifiCorp or Company) hereby provides these reply comments on the ALJ Ruling.

I. Introduction and Summary

The ALJ Ruling provides that new Section 399.17 exempts PacifiCorp from the portfolio content limits in new Section 399.16 and suggests that PacifiCorp only consider filing reply comments.¹ Pursuant to the ALJ Ruling, PacifiCorp provides these reply comments.

PacifiCorp is a multi-jurisdictional electric utility (MJU) with approximately 1.7 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

¹ See ALJ Ruling, p. 4, FN 4.

states in the western portion of its multi-state territory.

PacifiCorp owns, or has interests in, 78 thermal, hydroelectric, wind-powered and geothermal generating facilities, with a net owned capacity of over 10,000 megawatts. PacifiCorp also owns, or has interests in, electric transmission and distribution assets, and transmits electricity through these transmission and distribution lines. PacifiCorp also buys and sells electricity on the wholesale market with public and private utilities, energy marketing companies and incorporated municipalities as a result of excess electricity generation or other system balancing activities. PacifiCorp's reply comments are focused on its role as a seller of RPS generation to California retail sellers.

PacifiCorp's reply comments address three specific issues:

- The Commission should designate objective criteria to determine what constitutes a California balancing authority;
- Eligible renewable energy resource electricity products that are “scheduled from the eligible renewable energy resource into a California balancing authority without substituting energy from another source”² should be tracked and verified by the Western Renewable Energy Generation Information System (WREGIS) and not through the use of North American Electric Reliability Corporation (NERC) e-Tags; and
- The Commission should exercise caution in defining “firmed and shaped” transactions to avoid unnecessarily disqualifying generation from this category.

II. Responses to Issues Posed in the ALJ Ruling

PacifiCorp provides the following responses to specific issues posed in the ALJ Ruling.

3. Please provide a comprehensive list of all “California balancing authorit[ies]” as defined in new § 399.12(d).

PacifiCorp does not address this issue directly, but requests that objective criteria are designated and adopted to determine how a California balancing authority will be defined and

² New § 399.16(b)(1)(A).

established in the future. Specificity is necessary to ensure that any requirements and obligations relating to California balancing authorities are clearly understood and applied in a consistent manner.

6. How would transactions characterized in #4, above, be tracked and verified? Please address the roles and responsibilities of both the CEC and the Commission.

PacifiCorp understands and supports the approach advocated by many parties that renewable generation scheduled from an eligible renewable energy resource into a California balancing authority should be tracked and verified using facility meter data and WREGIS. WREGIS accurately reflects metered data and specifies the amount of renewable generation produced by a specific facility. The Qualified Reporting Entity (QRE) uploads generation data for specific renewable facilities and accurately tracks and reports the amount of eligible renewable generation produced by a renewable facility. WREGIS data is compiled after the generation is produced and cannot be manipulated or altered. This data can therefore be used to verify generation generated by specific renewable facilities.

While PacifiCorp supports parties' recommendations to use WREGIS for tracking and verification, PacifiCorp objects to party proposals recommending the use of NERC e-Tags to track and verify specific generator output and deliveries into a California balancing authority area. For example, the Reference Proposal Outlining Areas of Broad Consensus and Open Issues – RPS Product Matrix, submitted jointly by multiple stakeholders,³ describes consensus reached for various RPS product descriptions. PacifiCorp addresses the RPS Product Matrix's "Bucket #1(c)," consisting of electricity products that "are scheduled from the eligible renewable energy

³ The RPS Product Matrix includes input from the Coalition of California Utility Employees, Division of Ratepayer Advocates, enXco, First Solar, Iberdrola, Independent Energy Producers Association, Large-Scale Solar Association, NextEra, Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison, Sunpower, The Utility Reform Network, and the Union of Concerned Scientists. Similar recommendations for the use of e-Tags were provided by other parties as well.

resource into a California balancing authority without substituting electricity from another source.”⁴ According to the RPS Product Matrix, consensus was reached regarding this Bucket #1(c) product that “[e]nergy must be scheduled to a [California balancing authority] CBA from an eligible renewable energy resource (‘ERR’) located within the WECC and documented using E-tag information for generator source and delivery sink.”⁵

PacifiCorp objects to tracking and verification using NERC e-Tags. E-Tags were developed in order to allow balancing authorities to validate and approve interchange flowing across their boundaries with specificity. They were not, however, intended to document actual generator output with specificity. Indeed, the source on an e-Tag is often a pool of generating resources, or even a balancing authority area’s entire system. While it is possible to change the e-Tag paradigm for this purpose and create e-Tags from specific generator sources to a California sink, the e-Tag process lacks the controls necessary to ensure that the documentation is authoritative.

More specifically, e-Tag authorship and approval guidelines are defined by the NERC standards process. NERC currently has no approval or disapproval criteria on which to assess entries for the purchasing-selling entity (PSE) field of an e-Tag. The balancing authority and transmission providers who are tasked with e-Tag approval responsibility are not required to assess the PSE field, and indeed do not possess the contractual information necessary to do so. The risk, then, is that e-Tags can reach an approved state with incorrect PSE information. There is no process for correcting an incorrect PSE entry on a finalized e-Tag, thus the inaccuracy will be maintained in the now-official record in perpetuity. E-Tags, then, cannot be used to authoritatively demonstrate the establishment of or transfer of title to the renewable energy.

⁴ New § 399.16(b)(1)(A); *see also* RPS Product Matrix, pp. 6-7.

⁵ RPS Product Matrix, p. 6.

Legal title is established by parties through bilateral contracts. While e-Tags are necessary to meet the reliability requirements of NERC, it is not the mechanism through which parties establish or keep track of ownership or allocate risk of loss or change in title.

In addition to introducing the risk of inaccurate ownership information, use of e-Tags also introduces the risk of inaccurate volume information. Output from renewable resources is, of course, by its nature volatile and dynamic. However, the rules applicable to e-Tags do not – nor should they – propose that the e-Tags documenting these deliveries be dynamic. There is the possibility, then, that output of a specific renewable resource may decrease below its estimated and e-Tagged schedule. Typically, that shortfall is replaced by imbalance energy from the source balancing authority area. However, there is no mechanism within a non-dynamic e-Tag to document that shortfall, nor to identify the resource(s) that met the imbalance, and whether the imbalance energy provided was from a qualified resource.

Furthermore, adoption of any requirement to e-Tag deliveries from specific qualified generators would be overly burdensome and onerous. Any such requirement will increase the number and production of e-Tags considerably; potentially significantly increasing PacifiCorp’s retail customer’s costs, while providing them little to no benefit. This cost shift is an unfair burden to impose upon PacifiCorp’s customers.

For these reasons, PacifiCorp recommends that any tracking and verification of eligible renewable energy resource electricity products “scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source” should be done by WREGIS. WREGIS provides accurate and reliable facility data after the fact and avoids the imprecise and problematic issues associated with e-Tags.

12. “Firmed” is not defined in SB 2 (1x). Please provide a definition or description of this term. Please include relevant examples.

13. “Shaped” is not defined in SB 2 (1x). Please provide a definition or description of this term. Please include relevant examples.

Overly precise definitions of and rigorous requirements for “firmed and shaped” transactions are likely to result in increased customer costs and disallowed renewable procurement for RPS purposes. PacifiCorp is concerned that too much specificity could result in a product that was intended to be “firmed and shaped,” and for all practical purposes met the requirements of a “firmed and shaped” transaction, but was forced into the product category defined by Section 399.16(b)(3). For instance, e-Tags are currently used for firmed and shaped transactions. However, as described above, e-Tags are imprecise and problematic. Therefore, any mistakes in an e-Tag could result in a transaction intended to qualify as a “firmed and shaped” transaction instead being designated a Section 399.16(b)(3) transaction. Such a result could significantly increase customer costs, particularly as Section 399.16(b)(3) transactions cannot be banked. This could result in “stranded” renewable purchases that cannot be applied to RPS procurement requirements, increasing customer costs unnecessarily. Accordingly, PacifiCorp urges the Commission to adopt a definition of “firmed and shaped” that allows flexibility and ensures that such transactions will not be relegated into the Section 399.16(b)(3) category.

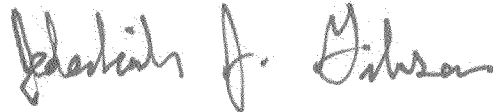
III. Conclusion

PacifiCorp appreciates this opportunity to provide reply comments on the ALJ Ruling and looks forward to working with the Commission and stakeholders to refine the RPS program. For the reasons described above, PacifiCorp recommends that the Commission: (1) provide clear criteria to specify what constitutes a California balancing authority; (2) use WREGIS and not

NERC e-Tags to track and verify electricity products “scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source;” and (3) adopt a flexible interpretation as to what constitutes a “firmed and shaped” transaction.

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Respectfully submitted,



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VERIFICATION

I am the attorney for the respondent corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 19, 2011 at Sacramento, California.

A handwritten signature in black ink, reading "Jedediah J. Gibson". The signature is written in a cursive, slightly slanted style.

Jedediah J. Gibson