

**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 PROPOSED DECISION
IMPLEMENTING PORTFOLIO CONTENT CATEGORIES FOR THE
RENEWABLES PORTFOLIO STANDARD PROGRAM**

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TABLE OF CONTENTS

I.	Tracking and Verification of Real-Time Deliveries	1
II.	Clarifications Regarding Pub. Util. Code § 399.17 Exemption From the § 399.16 Portfolio Content Limitations	4
III.	Conclusion	5

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Pursuant to Rule 14.3(d) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure and the October 7, 2011, Proposed Decision Implementing Portfolio Content Categories for the Renewables Portfolio Standard Program (Proposed Decision), PacifiCorp (U-901-E), d.b.a. Pacific Power (PacifiCorp or Company) hereby replies to comments submitted on October 27, 2011 on the Proposed Decision.

I. Tracking and Verification of Real-Time Deliveries

In opening comments on the Proposed Decision, certain parties responded to PacifiCorp's August 19, 2011 Reply Comments on the 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). Some of these parties¹ expressed displeasure over the fact that opening comments were the first opportunity to respond to PacifiCorp's August 19, 2011 Reply Comments. However, PacifiCorp was only acting in accordance with the ALJ Ruling, which provided that "SMJUs wishing to comment on new § 399.16 may consider filing *only* reply comments."²

In opening comments, certain parties³ recommend that the Commission continue to use North American Electric Reliability Corporation (NERC) e-Tags to help verify that products meet the requirements of § 399.16(b)(1). Although the Proposed Decision concludes that using e-Tags to verify that a product meets the requirements of the first procurement content category

¹ See the opening comments of the Center for Energy Efficiency and Renewable Technology (CEERT), pp. 4-5; and the opening comments of Iberdrola Renewables (Iberdrola), p. 4.

² ALJ Ruling, p. 4, emphasis added.

³ See opening comments of CEERT, Iberdrola, NextEra Energy Resources, LLC (NextEra), Powerex Corporation (Powerex), and the Southern California Public Power Authority (SCPPA).

“may not in fact be possible at this time,”⁴ parties assert that e-Tags can be used to verify product categorization.

While e-Tags technically may be scheduled from a specific resource (following registration of that resource as a tagging source) rather than from a balancing authority area or sub-control area, the impact to the Western Interconnection from entities routinely changing to this practice could adversely impact operational efficiency, and unnecessarily significantly increase the volume of e-Tags that must be scheduled and processed every hour. Such an increase would be administratively burdensome and increase costs to mitigate the adverse impact to reliability.

In particular, changing scheduling practices from designating balancing authority areas or sub-control areas as sources to designating specific resources as sources would be burdensome to balancing authority entities, such as PacifiCorp's separate transmission function, with a significant number of resources that must be scheduled in addition to transmission schedules from marketers and other entities that must be processed on an hourly basis. Although many parties advocate for allowing the use of e-Tags, some of these same parties admit that e-Tags may not be appropriate for verifying energy schedules. For example, Iberdrola concedes in its opening comments that “the industry-standard scheduling practice [requires] a seller to designate the source of the generation on the e-Tag as either resource-specific *or* ‘system.’”⁵ As acknowledged by Iberdrola, e-Tags often only list system power and not the energy from a specific resource.

As a balancing authority, PacifiCorp's primary goal is to ensure reliability. To manage costs of ensuring reliability, it is much more effective to limit the number of schedules between balancing authority areas by scheduling an aggregate of resources as system power from one balancing authority area to another balancing authority area than to schedule numerous schedules of power from individual facilities with separate schedules.

Not only are e-Tags tied to individual facilities impractical from a cost of ensuring reliability standpoint, but the burden of registering, scheduling and tracking individual facilities with e-Tags increases with the number of California RPS-certified resources an entity has in its portfolio. Although certain parties describe how simple it can be to list a specific facility on an

⁴ Proposed Decision, p. 23.

⁵ See opening comments of Iberdrola, pp. 4-5.

e-Tag,⁶ those parties are typically only tracking a single facility delivered on a single path. PacifiCorp has counted over 100 facilities in PacifiCorp's balancing authority area that are listed as RPS-eligible and available for California RPS compliance by PacifiCorp and third parties. As a federally regulated transmission provider, PacifiCorp's transmission function is also responsible for balancing significant third-party loads and resources located within its balancing authority areas. As a balancing authority registered with NERC, PacifiCorp is also responsible for compliance with reliability standards that dictate how balancing authority interchange schedules are processed using e-Tags. The burden of registering, scheduling and tracking these facilities on an individual basis, as both a retail seller and a balancing authority, is potentially overwhelming and simply impractical. There are much simpler methods to verify schedules (such as using the Western Renewable Energy Generation Information System and Qualified Reporting Entity data) and PacifiCorp looks forward to working with the Commission to develop verification methodologies that can then be compared against hourly scheduled energy without imposing the risks to reliability or the burden of registering, scheduling, and tracking over 100 individual schedules from specific facilities tied to e-Tags.

Accordingly, the mandatory use of e-Tags from a resource (as opposed to a control area) to verify schedules will not only be overly burdensome, in particular for balancing authority entities, but could also impact the overall transmission system and increase costs for California customers. As described by Powerex in its opening comments:

If the Commission created a requirement that parties must e-Tag directly from ERRs on a standalone basis this would create a situation ... [that] will effectively strand transmission on paths to California on an ongoing basis. Such inefficient use of the transmission system would increase costs to California ratepayers, hamper California's progress towards its renewable goals, and potentially undermine broader wholesale electricity market efficiency in the WECC region at the expense of all ratepayers.⁷

PacifiCorp agrees with the concerns raised by Powerex. Changing schedule practices from control area sources to individual facility sources is inefficient and can result in over-scheduling and increasing inefficiencies in the transmission system. Scheduling system power, on the other hand, avoids this problem and will lead to more accurate and efficient scheduling which can simply be matched up on an hourly basis after the fact. Accordingly, the Commission

⁶ See opening comments of Iberdrola, NextEra, and Powerex.

⁷ See opening comments of Powerex, p. 10.

should avoid imposing a requirement to use e-Tags to verify deliveries from individual renewable facilities.

II. Clarifications Regarding Pub. Util. Code § 399.17 Exemption From the § 399.16 Portfolio Content Limitations

In its opening comments, the Union of Concerned Scientists (UCS) requested “that the Commission clarify that only the small and multi-jurisdictional utilities [SMJUs] that meet the requirements of Pub. Util. Code § 399.17(a) shall be exempt from the procurement content limitations contained in Pub. Util. Code § 399.16(b).”⁸ UCS also proposed modifications to Conclusion of Law 20 and Ordering Paragraph 13. PacifiCorp does not oppose UCS’ request, but believes that the proposed revisions to the Conclusion of Law and Ordering Paragraph could be misconstrued as requiring that the *procurement* of SMJUs must meet the requirements of Section 399.17.⁹ Accordingly, if the Commission believes that modifications to Conclusion of Law 20 and Ordering Paragraph 13 are required, PacifiCorp believes the following modifications will address the concerns of UCS without potentially confusing the type of procurement involved:

Conclusion of Law 20:

The ruling of the Scoping Memo that RPS procurement of small and multi-jurisdictional utilities should count for RPS compliance without regard to the limitations on use of each portfolio content category established by Pub. Util. Code § 399.16(b), as effective December 10, 2011, should be confirmed, provided that the small and multi-jurisdictional utilities meet the requirements of Pub. Util. Code § 399.17(a) or 399.18(a).

Ordering Paragraph 13:

The procurement of small and multi-jurisdictional utilities should count for compliance with the California renewables portfolio standard without regard to the limitations on the use of each portfolio content category established by Pub. Util. Code § 399.16(c), as effective December 10, 2011, so long as all other procurement requirements for compliance with the California renewables portfolio standard are also met and the small and multi-jurisdictional utilities meet the requirements of Pub. Util. Code § 399.17(a) or 399.18(a).

⁸ See UCS Comments, p. 7.

⁹ It should be noted that the California Energy Commission has different certification requirements for facilities exclusively serving multi-jurisdictional utilities (MJUs). Accordingly, procurement meeting the requirements of § 399.17 could be construed as only including procurement from entities exclusively serving MJUs.

III. Conclusion

PacifiCorp appreciates this opportunity to respond to opening comments on the Proposed Decision. For the reasons described above, the Commission should not require that energy schedules be verified using e-Tags. Additionally, any modifications to Conclusion of Law 20 and Ordering Paragraph 13 should avoid confusion regarding the type of procurement involved.

Dated: November 1, 2011

Respectfully submitted,

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VERIFICATION

I am the attorney for PacifiCorp, dba Pacific Power (PacifiCorp); PacifiCorp is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. 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 November 1, 2011 at Sacramento, California.

/s/

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