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)

COMMENTS OF PACIFICORP (U 901-E) ON STAFF PROPOSAL FOR REVISING THE METHODOLOGY USED TO CALCULATE THE RENEWABLE NET SHORT FOR PROCUREMENT TO MEET THE CALIFORNIA RENEWABLES PORTFOLIO STANDARD

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Pursuant to the February 19, 2014 *Administrative Law Judge's Ruling Requesting Comments on Staff Proposal for Revising the Methodology Used to Calculate the Renewable Net Short for Procurement to Meet the California Renewables Portfolio Standard* (ALJ Ruling), PacifiCorp provides the following comments on the Staff Proposal (Proposal) for revising the methodology used to calculate the renewable net short (RNS) for the renewables portfolio standard (RPS) program as administered by the California Public Utilities Commission (Commission).

I. Introduction and Background

PacifiCorp is a multi-jurisdictional utility (MJU) serving more than 1.7 million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming) and operates its own balancing authority which encompasses its six-state service territory. However, PacifiCorp has only approximately 45,000 retail customers in California. These customers currently comprise approximately 1.5 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, multi-state procurement planning, and generation and cost allocation considerations. Additionally, in accordance with the Public Utilities Code, the

Commission has traditionally deferred to PacifiCorp's multi-state Integrated Resource Planning (IRP) process for ensuring compliance with certain Commission directives, including certain RPS requirements such as calculating the RNS. As a result, the procurement, reliability, and planning practices associated with PacifiCorp's California customers are significantly different from other LSEs in California.

Based on PacifiCorp's unique characteristics as an MJU, and pursuant to the unique statutory provisions applicable to PacifiCorp,[1] the RPS requirements for PacifiCorp differ from the RPS requirements that apply to California's three largest investor-owned utilities (IOUs). However, the Proposal for the revised RNS calculation methodology is tailored to California's three largest IOUs. Accordingly, PacifiCorp's comments focus on the applicability of the RNS and do not address each issue identified in the ALJ Ruling in detail. Instead, as requested in the ALJ Ruling, PacifiCorp's comments "discuss issues related to the staff proposal that are not addressed in the questions set out in this ruling."[2]

Historically, the Commission has deferred to PacifiCorp's use of its Integrated Resource Plan (IRP) in lieu of providing an RPS Procurement Plan, as provided by Section 399.17(d) of the Public Utilities Code. This includes deferral to PacifiCorp's internal determination of potential renewable procurement shortfalls, as the Commission has not required PacifiCorp to utilize the RNS calculation methodology adopted by the Commission.[3] Additionally, as

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[1] *See,* Pub. Util. Code § 399.17.

[2] ALJ Ruling, p. 2.

[3] The August 2, 2012 Administrative Law Judge's Ruling (1) Adopting Renewable Net Short Calculation Methodology (2) Incorporating the Attached Methodology into the Record, and (3) Extending the Date for Filing Updates to 2012 Procurement Plans, available at http://docs.cpuc.ca.gov/PublishedDocs/EFILE/RULINGS/171999.PDF, adopted the RNS calculation methodology, but did not require PacifiCorp to update its IRP or IRP supplement to include the adopted RNS calculation.

described in greater detail below, many of the inputs used in the Proposal's RNS calculation methodology are not applicable to PacifiCorp. Rather than apply an RNS calculation methodology that, in large part, does not match PacifiCorp's unique circumstances or requirements as an MJU, the Commission should continue to rely on PacifiCorp's IRP and IRP supplements which include an analysis for determining whether and how much renewable generation is necessary for PacifiCorp to meet or exceed its renewable procurement obligations.

II. Comments

A. The Commission Should Continue to Rely on PacifiCorp's IRP.

The Commission has traditionally deferred to PacifiCorp's internal planning processes and has allowed PacifiCorp to use its IRP to ensure it satisfies its RPS procurement obligations. For example, the April 5, 2012 Assigned Commissioner's Ruling found that Senate Bill 2 (1X) "continues the ability of a multi-jurisdictional utility, i.e., PacifiCorp, to use an Integrated Resource Plan (IRP) prepared for regulatory agencies in other states to satisfy the RPS Procurement Plan requirement."[4] When the Commission adopted the RNS calculation methodology, the ruling required retail sellers to update their 2012 RPS Procurement Plans and their prior net short calculations. However, as PacifiCorp is not required to submit an RPS Procurement Plan, there was never an obligation on PacifiCorp to utilize and apply the RNS calculation. Instead, the Commission deferred to PacifiCorp's internal planning policies and relied on PacifiCorp's IRP. Accordingly, the Commission concluded in Decision (D.) 12-11-016:

[4] April 5, 2012 Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 *et*

> PacifiCorp, the only multi-jurisdictional IOU, is permitted by statute to file an Integrated Resource Plan which is prepared for regulatory agencies in other states provided that the Integrated Resource Plan complies with the requirements under California law. [Footnote omitted.] PacifiCorp filed this document on July 16, 2012.[5]

In approving PacifiCorp's IRP, the Commission found that "[n]o further action is required pertaining to the Integrated Resource Plan filed by PacifiCorp."[6]

Similarly, when the Commission required 2013 RPS Procurement Plans, it similarly determined that PacifiCorp could continue "to use an Integrated Resource Plan (IRP) prepared for regulatory agencies in other states to satisfy the annual RPS Procurement Plan requirement."[7] The Commission also found that PacifiCorp must provide an "IRP *supplement* … to include an analysis of how the IRP and supplement comply with the requirements in § 399.17(d)."[8] The Commission conditionally accepted PacifiCorp's IRP and IRP supplement, finding no deficiency or need for additional information related to a net short calculation or requiring PacifiCorp to utilize the adopted RNS calculation methodology.[9]

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seq. and Requesting Comments on New Proposals, p. 6, available at http://docs.cpuc.ca.gov/PublishedDocs/EFILE/RULINGS/163513.PDF.

[5] D.12-11-016, p. 7, available at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M033/K783/33783021.PDF.

[6] *Id.*, at 4.

[7] May 10, 2013 Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2013 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 *et seq*. and Requesting Comments on a New Proposal, p. 7, available at http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M064/K723/64723578.PDF.

[8] *Id.*, emphasis in original.

[9] The Commission concluded: "Generally, we find the Integrated Resource Plan and On-Year Supplement consistent with Commission requirements and with the May 10, 2013 ACR …" D.13-11-024, p. 55, available at http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M081/K872/81872675.PDF. Although the Commission did find that "one deficiency exists … [related to] information regarding the solicitation for unbundled RECs", the deficiency did not pertain to the net short calculation. *Id.*

At this time, there is no need, nor justification, to discontinue the traditional practice of deferring to PacifiCorp's internal planning processes and reliance on its IRP and IRP supplements to ensure compliance with RPS planning and procurement targets. Accordingly, as PacifiCorp's IRP and IRP supplements provide sufficient information to allow reliable planning and ensure that procurement targets are satisfied, the Commission should continue to defer to PacifiCorp's IRP process and should not require PacifiCorp to utilize any new RNS calculation methodology adopted in this proceeding.

B. The RNS Calculation Methodology is Tailored to California's Largest IOUs and Utilizes Inputs that Are Inapplicable to PacifiCorp.

The RNS calculation methodology was modified based largely on comments provided on the RPS Procurement Plans of California's three largest IOUs. Indeed, D.13-11-024 provides:

> Several parties filed comments regarding ***PG&E's, SCE's, and SDG&E's*** RNS calculations. In response, Energy Division Staff plans to release another RNS methodology by ALJ ruling ***for use by the utilities*** in the 2013 solicitation. We expect utilities to rely on this revised RNS methodology for any remaining components of the 2013 solicitation.[10]

Similarly, the Proposal itself provides:

> On July 12, 2013, parties ***submitted comments on the IOU's 2013 Draft RPS Procurement Plans***. … In response to parties' comments regarding the aforementioned issues, Energy Division Staff (Staff) proposes modifications to inputs and assumptions in the existing RNS methodology to increase the transparency of retail sellers' RNS calculations.[11]

Accordingly, the existing RNS calculation methodology is being modified to specifically address concerns that are only raised with respect to California's three largest IOUs.

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[10] D.13-11-024, p. 8, emphasis added.

[11] Proposal, p. 6, emphasis added.

It is important to note that the Commission recognized that the revised RNS methodology would be used "by the utilities," by which it meant California's three largest IOUs. However, the Proposal notes that the updated RNS methodology "would apply to all retail sellers."[12] This result does not make sense because the revised RNS methodology is specifically tailored around the three largest IOUs. The methodology relies on inputs and assumptions that, while true for the largest IOUs, do not apply to or make sense for PacifiCorp. Accordingly, PacifiCorp should not be required to utilize the revised RNS calculation methodology.

1. **The Annual Bundled Retail Sales Forecast Relies On the LTPP Process Which is Not Used by PacifiCorp.**

One of the inputs used in the revised RNS calculation methodology, the "Annual Bundled Retail Sales Forecast," requires that forecasts beyond five years use "the latest LTPP standardized planning assumptions."[13] However, consistent with Public Utilities Code Section 454.5(i), PacifiCorp does not participate in the LTPP proceedings and is not required to submit procurement plans.[14] Accordingly, PacifiCorp does not have an LTPP standardized planning assumption to use to forecast bundled retail sales. Therefore, PacifiCorp should continue to utilize its IRP and IRP supplements for retail sales and net short forecasts.

2. **The Pre-Approved Generic RECs Input Relies On RPS Procurement Programs of the Large IOUs, Not PacifiCorp Programs.**

Similarly, the "Pre-approved Generic RECs" input of the RNS calculation methodology relies on "pre-approved RPS procurement programs such as: Renewable Auction Mechanism (RAM) solicitations, Renewable Feed-in Tariff (FIT), SB 1122, and Solar Photovoltaic Programs

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[12] Proposal, p. 1.

[13] Proposal, App. B.

[14] *See,* D.03-07-011 (exempts PacifiCorp from the filing of procurement plans in the LTPP per Section 454.5(i)).

(SPVP)."[15] These procurement programs apply only to California's three largest IOUs. For this reason, the RNS calculation methodology should not be imposed on PacifiCorp.

3. Other Inputs and Assumptions Do Not Apply to or Make Sense for PacifiCorp.

Because PacifiCorp operates its own multi-state balancing authority and manages its traditional and renewable procurement portfolios over a multi-state area, many of the risk-based assumptions in the Proposal vary significantly from PacifiCorp's internal practices to best manage its multi-state territory. This is one reason why the Commission has traditionally deferred to PacifiCorp's IRP process, and supports the continued differentiation between PacifiCorp and other retail sellers. The Commission should not adopt a one-size-fits-all RNS calculation methodology, as such an approach will fail to consider the different attributes and characteristics of, and requirements applicable to, various retail sellers. Accordingly, the Commission should continue to allow PacifiCorp to use its IRP and IRP supplement and should not require PacifiCorp to utilize the RNS calculation methodology.

C. Any RNS Calculation Methodology Applied to PacifiCorp Must Recognize PacifiCorp's Unique Characteristics as an MJU.

The Commission can and should continue to rely on PacifiCorp's IRP and IRP supplements for RPS procurement planning purposes. However, if the Commission determines that PacifiCorp must complete a standardized template to report its RNS calculation, the reporting template must be tailored to recognize the distinctions between PacifiCorp and other California retail sellers. Because PacifiCorp is the only MJU in California, PacifiCorp believes that it makes more sense to continue to utilize PacifiCorp's IRP and IRP supplement rather than implementing a separate reporting template solely for PacifiCorp. This is particularly true as the

[15] Proposal, App. B.

new RNS calculation methodology has been specifically designed around California's three largest IOUs. Accordingly, the Commission should continue to rely on PacifiCorp's IRP and IRP supplement.

III. Conclusion

PacifiCorp appreciates this opportunity to provide its comments on the RNS Proposal. For the reasons stated above, the Commission should not require PacifiCorp to utilize the RNS calculation methodology but should instead continue to rely on PacifiCorp's IRP and IRP supplements for RPS planning purposes.

Dated: March 12, 2014

Respectfully submitted,

/s/

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VERIFICATION

I am the attorney for PacifiCorp and am authorized to make this verification on its behalf. 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 forgoing is true and correct.

Executed on March 12, 2014 at Sacramento, California.

/s/

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