

Eugene Water Electric Board
Oregon Renewable Portfolio Standard
2013 Compliance Report

June 1, 2014

Introduction

In 2007 Oregon enacted Senate Bill 838, the Oregon Renewable Energy Act (Act), which created a Renewable Portfolio Standard (RPS) that all Oregon electric utilities must follow. The purpose of the RPS is to decrease Oregon utilities reliance on fossil fuels for electric generation and increase their use of renewable energy sources.

The Act established standards for Oregon's electric utilities requiring that a percentage of their annual sales must come from qualifying renewable resources beginning in 2011. The exact percentage requirement and the year the requirement begins differs for large and small electric utilities, which are shown in Figure 1. The size of the utility is a percentage of Oregon's total retail electric sales in the year. EWEB is the only Consumer Owned Utility (COU) classified as a large electric utility, along with PacifiCorp and Portland General Electric. All of Oregon's other COUs are classified as small electric utilities, which under the Act do not have compliance obligations until 2025.¹

Figure 1. Annual percentage target of qualifying electricity by year

	Utility Size	2011	2015	2020	2025
Large Utilities	3% or more	5%	15%	20%	25%
Smaller Utilities	From 1.5% to 3%				10%
Smallest Utilities	Under 1.5%				5%

The Oregon Public Utilities Commission (PUC) oversees Investor Owned Utilities (IOU) reporting and compliance with the RPS. Because the PUC does not generally regulate Oregon COUs, the statute governing compliance reports, ORS 469A.170, states "A consumer-owned utility shall make the report to the members or customers of the utility." EWEB's longer term compliance strategy is addressed in its Integrated Electric Resource Plan (IERP) which is updated every 5 years.

The Act also defines which types of renewable generation are considered qualifying electricity. In general, qualifying renewable resources must have an on-line date of January 1, 1995 or later, with some exceptions.²

There are four exemptions in the Act that allow utilities to reduce the annual compliance target. These exemptions prevent utilities from taking actions for compliance that:

- Would cause the utility to spend over 4 percent of annual costs to comply with RPS.
- Force Consumer Owned Utilities (COU) to replace BPA Tier 1 power with new renewable electricity.
- Force a utility to acquire resources in excess of their load requirement.
- Force a utility to replace older renewable or non-fossil fuel generation (i.e. legacy hydro projects) with new renewable generation.

¹ For additional information on the Oregon RPS see http://www.oregon.gov/energy/RENEW/Pages/RPS_home.aspx

² See Attachment 1, Table 2 for a list of conditions under which pre-1995 resources that eligible to produce qualifying electricity. A later amendment to the RPS allows for pre-1995 woody biomass to qualify, but the RECs will not be eligible for use in compliance until 2026.

These exemptions are very significant to EWEB, because the vast majority of our resources are from BPA Tier 1 resources and EWEB owned or contracted for legacy hydro. In addition to the above exemptions, there are mechanisms written into the Act that are designed to put a cap on the cost of complying with the RPS. The Act also requires Oregon utilities to offer customers the option to elect a green power rate. EWEB's Greenpower program, implemented prior to the passage of the Act, is an example of such a voluntary retail green power rate.

RPS Compliance rules

The RPS requires that utilities include a percentage of electricity generated from qualifying renewable energy sources in their portfolio of power sold to retail customers. Measurement of compliance is based on annual megawatt hours (MWh) of retail sales and qualifying generation.

Per rules adopted by the Oregon Department of Energy, qualifying generation volumes are based on values recorded and reported to the Western Renewable Energy Generation Information System (WREGIS). WREGIS is a large database that receives monthly generation volumes of renewable generation and serves as the regional system of record to issue, monitor, account for or transfer Renewable Energy Certificates (REC). Each MWh of renewable generation equals one REC. Each REC has a unique identification number that indicates the generation project and the month the electricity was generated. The purpose of this system is to ensure that renewable generation and its associated REC are not used to meet the requirements of more than one program.

The compliance target for EWEB in 2013 is 5 percent of retail sales, subject to the four exemptions that can reduce the compliance target. Compliance is demonstrated by retiring a quantity of WREGIS RECs equal to the compliance target. Once a REC is retired in WREGIS it is no longer available to be used in any other program. However, as long as a REC has not been retired it can be retained or banked for a future use such as compliance, a voluntary program, or sold to another entity.

Two exemptions significantly reduce EWEB's current and projected compliance targets. The first exemption releases EWEB from reducing purchases of BPA Tier 1 energy in order to take in qualifying electricity. The second exemption releases EWEB from replacing energy produced by non-fossil resources (such as our legacy hydro) with qualifying electricity.

The policy rationale for these exemptions is that the intent of the RPS is to displace fossil fuels, not to require EWEB to replace energy from our existing legacy hydro projects with other renewable energy resources. The Act strikes a balance in doing no harm to the many legacy hydro projects in the Northwest while disqualifying them from creating RECs, in order to promote the deployment of new renewable generation projects to displace fossil fuels and spur economic development.

EWEB's generation portfolio is overwhelmingly supplied from BPA Tier 1 power and our legacy hydro generation. Under Oregon's RPS rules, if exempt generation in 2013 exceeds 95 percent of total retail sales then EWEB can reduce the 5 percent compliance target by the amount the exempt generation exceeds 95 percent. If exempt generation exceeds 100 percent of total retail sales then EWEB can reduce its compliance target to zero.

2013 Oregon Renewable Energy Act and RPS Compliance Information

RPS compliance is measured in annual MWh. Figure 2 contains annual MWh information used to calculate EWEB's RPS compliance.

Figure 2. EWEB 2013 RPS Compliance Obligation Calculations

	MWh
Retail Sales	2,408,393
RPS Target	5%
RPS obligation BEFORE exempt	120,420
Exempt resources	
BPA Tier 1 purchases	2,399,216
Mid-C hydro (contract)	17,126
EWEB hydro (owned)	563,785
Total exempt resources	2,980,127
Fraction of EWEB sales from exempt resources	124%
RPS obligations AFTER exempt	0

EWEB does not have any RPS compliance obligation in 2013 due to exempt hydro generation; however, EWEB did retire a number of RECs to satisfy the portion of the Act that refers to voluntary renewable purchases by EWEB customers.

The Greenpower program allows customers the choice to voluntarily pay an additional one cent per kWh which contributes to the development and use of renewable energy. Just as RECs are retired to satisfy any obligations under the mandatory RPS, RECs are also retired to match the volume of sales under EWEB's voluntary retail Greenpower program, with one REC retired for every MWh of program sales.

In 2013, sales to EWEB customers under the Greenpower totaled 31,185 MWh. EWEB has retired this amount of RECs from our available portfolio. For additional information on EWEB's Greenpower program please see <http://www.eweb.org/greenpower>.

EWEB will publish the 2014 compliance report by June 1st of 2015.

Attachment 1

Summary of Oregon's Renewable Portfolio Standard