



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD
POWER RESOURCE DIVISION



TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Megan Capper, Energy Resources Manager; Catherine Gray, Sr. Resource Analyst
DATE: May 21, 2021
SUBJECT: Oregon Renewable Portfolio Standard Compliance Report
OBJECTIVE: Annual Oregon RPS Compliance

Issue

In compliance with ORS 469A.170, the Power Planning department is providing the EWEB Board with an annual update as to EWEB's Renewable Portfolio Standard (RPS) compliance.

For the reasons detailed below, EWEB's 2020 Oregon RPS compliance obligation, after exemptions, is zero.

Oregon RPS Compliance Background

In 2007, Oregon enacted Senate Bill 838, the Oregon Renewable Energy Act (Act), which created an 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. In 2016, SB 1547 further increased RPS targets for investor-owned utilities (IOUs) only.

Oregon's RPS establishes standards for electric utilities, requiring that a percentage of their annual retail sales must come from qualifying renewable resources. The exact percentage required and the year the compliance obligation begins differs for large and small electric utilities, and specifically for large IOUs, as shown in Figure 1, below. Therein, the "Utility Size" is determined as a percentage of Oregon's total retail electric sales in the year. EWEB is classified as a "Large Utility" because it provides 3% or more of total state retail electricity sales. PacifiCorp and Portland General Electric are assigned an even larger target based on both size and utility type (IOU).

Figure 1. Annual percentage target of qualifying electricity by year

	Utility Size	2011	2015	2020	2025	2040
Large IOU	3% or more			20%	27%	50%
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 IOU reporting and compliance with the RPS. However, consumer-owned utilities like EWEB are not regulated by the PUC. The statute governing RPS compliance reporting, ORS 469A.170, states: "A consumer-owned utility shall make the report to the members or customers of the utility." EWEB's long term RPS compliance strategy is addressed in

its Integrated Resource Plan (IRP) which is updated every 5 years, or as determined by the EWEB Board of Commissioners.

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.¹

Oregon RPS Compliance Calculation

Figure 2. EWEB 2020 Oregon RPS Compliance Obligation Calculation
in megawatt hours (MWhs) unless noted

Category		MWhs
Retail Sales to Customers	a	2,328,536
RPS Target	b	20%
2020 RPS Obligation BEFORE Exemption	$c = a \times b$	465,707
Generation from Exempt Resources		
BPA Tier 1 net purchases	d	2,277,970
EWEB hydro (owned)	e	243,985
Mid-C hydro (contract)	f	13,249
Total 2020 MWhs from Exempt Resources	$g = d + e + f$	2,535,204
Percent of Retail Sales from Exempt Resources ²	$h = g \div a$	109%
Percent of Retail Sales Greater than Exempt Resources ³	$I = 1 - h$	0%
RPS Obligation AFTER Exemption Applied	$I \times a$	0
RECs Required for 2020 RPS Obligation (one REC = one MWh)	$I * 1$	0

Because EWEB’s “Generation from Exempt Resources” exceeds its total “Retail Sales to Customers” in 2020, as detailed in the calculation in Figure 2, above, EWEB does not have any RPS compliance obligation in 2020.

Oregon RPS Compliance Rules

Per rules adopted by the Oregon Department of Energy, generation volumes qualifying for RECs are based on values recorded and reported to the Western Renewable Energy Generation Information System (WREGIS). WREGIS is an organizational database that receives monthly generation volumes of renewable generation and serves as the regional system of record to issue, monitor, transfer, and account for Renewable Energy Certificates (REC). One MWh of renewable generation equals one REC. The RECs have identification numbers that indicate the generation project and the month the electricity was generated. The purpose of this system is to ensure that renewable generation and its

1 See link for a list of conditions under which pre-1995 resources are eligible to produce qualifying electricity, <https://olis.leg.state.or.us/liz/2016R1/Downloads/MeasureDocument/SB1547/Enrolled>

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.

2 Exempt generation in 2020 exceeds 80% of total retail sales, by 29%, so EWEB can reduce the RPS target by 20% (the amount the exempt generation exceeds 80%).

3 If generation from exempt resources exceeds 100% of retail sales, the number of RECs needed for RPS compliance is reduced to zero.

associated REC are not used to meet the requirements of more than one program.

As detailed above, EWEB's compliance target for 2020 is 20 percent of retail sales, subject to exemptions. 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, if a REC is retired it can be retained, or banked, for future use such as compliance, a voluntary program, or sold to another entity.

Under Oregon's RPS rules, if exempt generation in 2020 exceeds 80 percent of total retail sales, then EWEB can reduce the 20 percent compliance target by the amount the exempt generation exceeds 80 percent. If exempt generation exceeds 100 percent of total retail sales, then EWEB can reduce its compliance target to zero.

Because EWEB's hydroelectric resources, including BPA Tier 1, are considered "exempt generation", these resources significantly reduce EWEB's current and projected compliance targets. These exemptions release EWEB from reducing purchases of BPA Tier 1 energy and from replacing energy produced by non-fossil resources.

As a result, and in accordance with Oregon's RPS rules, EWEB's 2020 RPS compliance obligation results in the retirement of zero RECs.

Greenpower Program

In accordance with the Oregon Renewable Energy Act (Act) EWEB offers voluntary renewable purchases to EWEB customers under the Greenpower program.

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 2020, sales to EWEB customers under the Greenpower program totaled 18,578 MWhs. EWEB has retired an equivalent quantity of RECs from its portfolio. For additional information on EWEB's Greenpower program please see: [Greenpower | EWEB](#).

Conclusion

Again, EWEB's RPS compliance obligation for 2020, after exemptions, is zero RECs, and resulted in the retirement of zero RECs. Surplus RECs will be banked for future use or sold.

This report will be published on EWEB's website by June 1, 2021.