

ENTERED Sep 08 2022

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2242

In the Matter of

SHELL ENERGY NORTH AMERICA
(US), L.P.,

2021 Renewable Portfolio Standard
Compliance Report.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 6, 2022, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 6, 2022**

REGULAR **CONSENT** X **EFFECTIVE DATE** September 7, 2022

DATE: August 23, 2022

TO: Public Utility Commission

FROM: Paul Rossow

THROUGH: Bryan Conway, Marc Hellman, and Matt Muldoon **SIGNED**

SUBJECT: SHELL ENERGY NORTH AMERICA, (US) L.P.:
(Docket No. UM 2242)
2021 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Commission take the following actions, based upon Shell Energy North America, (US) L.P.'s (Shell) 2021 Renewable Portfolio Standard (RPS) Compliance Report (Compliance Report):

1. Find that Shell complied with the RPS for the 2021 compliance period;
2. Direct Shell to retire the renewable energy certificates (RECs) identified in its Compliance Report; and
3. Direct Shell to provide a Western Renewable Energy Generation Information System (WREGIS) retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.

DISCUSSION:

Issue

Whether Shell's amended Compliance Report for the year 2021 demonstrates compliance with applicable RPS requirements.

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Applicable Law

Per ORS 469A.170(1), each electric utility and electric service supplier (ESS) that is subject to the RPS must file an annual compliance report with the Commission. The Commission, on review of the report, shall determine whether the company or supplier has complied with applicable RPS requirements.

In reviewing the reports, the Commission must consider the manner in which the company or supplier has complied and review the information required under ORS 469A.170(2)(a-g) and any other factors deemed reasonable by the Commission.

RPS compliance may be demonstrated through the retirement of RECs that are maintained through WREGIS. Under ORS 469A.135, RECs may be either bundled with energy or exchanged separate from the energy (unbundled).

Per OAR 330-160-0015(17), one REC is issued per megawatt-hour of renewable generation produced.

Under ORS 469A.065, the RPS for an ESS is the same as the RPS requirement applicable to the electric utilities that serve the territories in which the ESS sells electricity to retail consumers. When an ESS sells electricity in more than one service territory, the Commission may provide for an aggregate standard based on the amount of electricity the ESS has sold in each territory.

OAR 860-083-0350(1)(b) requires that each electric company subject to the RPS in ORS 469A.052 and each electric service supplier subject to Oregon's RPS in ORS 469A.065, and providing service in the service territory of an electric company subject to ORS 469A.052, provide an annual report on or before June 1 of each year.

OAR 860-083-0350(2) sets forth specific information that the electric company or supplier must address in its Compliance Report. Among other reporting details required by OAR 860-083-0350(2)(a-s), the Compliance Report must contain a complete accounting of the RECs used for compliance in the compliance year, separating the RECs into bundled or unbundled categories, showing clearly which generating unit produced the RECs, and the total cost of compliance.

Once a company or supplier files a compliance report, Staff and interested persons may file written comments within 45 days of the filing. The company or supplier may respond within 30 days of any comments, per OAR 860-083-0340(4).

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Per OAR 860-083-0340(4), on review of the Compliance Report, the Commission will issue a decision determining whether the company or supplier complied with applicable RPS requirements, and the Commission may address any of the issues noted in ORS 469A.170(2) such as whether the actions taken are contributing to the long-term development of generating capacity using renewable energy resources and the effect on rates for retail customers. If the company or supplier is not in compliance with the RPS, the Commission may, per ORS 469A.180 and ORS 469A.200, require an alternative compliance payment, impose a penalty or both, unless the cost limit in ORS 469A.100 applies.

Analysis

As an ESS, Shell must meet the requirements of the RPS that apply to the electric utilities that serve the territories serviced by Shell. Shell serves customers in Portland General Electric Company's (PGE) service territory. PGE's 2021 RPS requirement is 20 percent.¹ Therefore, for the compliance year 2021, Shell must meet its RPS target through the retirement of RECs equal to 20 percent of its retail load or provide an alternative compliance payment.

Shell filed its RPS compliance report on May 27, 2022. Shell's 2021 RPS Compliance Report contained a typographical error, where the number of acquired and used bundled RECs for period between January 1 and March 31, 2022, was listed as the same quantity of bundled RECs acquired during the entirety of the 2021 compliance year.

With Shell's filing of its amended 2021 RPS Compliance Report (Amended Report) filed on July 13, 2022, Staff finds that the Amended Report corrected the typographical error and demonstrates compliance with the RPS through the use of bundled and banked unbundled RECs. Shell's use of unbundled RECs to meet its compliance obligation does not exceed the 20 percent limit set in ORS 469A.145(4).²

There is one mechanism that serves as a cost protection for Oregon consumers—the incremental cost limit equal to four percent of annual revenue requirement. Shell has calculated the total cost of compliance and the percentage of revenue requirement that this cost represents. Shell's total cost of compliance is below the cost limit of four percent of its revenue requirement as established by law.

¹ ORS 469A.052(1)(c).

² ORS 469A.145(4) exempted energy service suppliers from the 20 percent unbundled REC limit for compliance years before 2021.

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Conclusion

Staff finds that Shell's 2021 Report demonstrates that it complied with the RPS by the purchase and planned retirement of RECs in a bundled transaction as well as an unbundled banked transaction equivalent to 20 percent of the electricity that Shell sold to retail electricity consumers. Shell has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

1. Find Shell to have complied with Oregon's Renewable Portfolio Standard during the 2021 compliance year;
2. Direct Shell to retire the RECs identified in its Compliance Report; and
3. Direct Shell to provide a WREGIS retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of this Order.

Shell UM 2242 2021 RPS Compliance Report