



# MEMORANDUM

EUGENE WATER & ELECTRIC BOARD  
ENERGY DIVISION

*Rely on us.*

TO: Commissioners McRae, Barofsky, Schlossberg, Brown, and Carlson  
FROM: Brian Booth, Chief of Energy Resource Officer, Jonathan Hart, Power Planning Supervisor  
DATE: May 7, 2024  
SUBJECT: Oregon Renewable Portfolio Standard 2023 Compliance Report  
OBJECTIVE: Information Only

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## **Issue**

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

For 2023, EWEB's RPS portfolio obligation, after applying resource exemptions, is 106,054 MWhs. The retirement of these RECs has been completed and surplus RECs have been banked for future use or sold.

For 2023, EWEB's voluntary Greenpower program generated 17,896 MWhs of sales, resulting in the retirement of 17,896 RECs.

This report will be published on EWEB's website by June 1, 2024.

## **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.

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." As such, EWEB reports the annual results of its RPS Compliance to the Board. Further, EWEB's long term RPS Compliance obligation is included in all Integrated Resource Plans (IRPs), which are also reported to the Board.

## Discussion

### *EWEB's RPS Portfolio Obligation*

Oregon's RPS establishes an obligation 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, depends both on the size and ownership type of the electric utility, as shown in Figure 1, below. As a consumer-owned utility, serving more than 3 percent of the state's total retail electricity sales, EWEB is classified as a "Large Utility" when determining its annual obligation.

**Figure 1. Annual percentage target of qualifying electricity by year**

| Utility Type              | Utility Size    | 2011 | 2015 | 2020 | 2025 | 2040 |
|---------------------------|-----------------|------|------|------|------|------|
| <b>Large IOU</b>          | 3% or more      |      |      | 20%  | 27%  | 50%  |
| <b>Large Utilities</b>    | 3% or more      | 5%   | 15%  | 20%  | 25%  |      |
| <b>Smaller Utilities</b>  | From 1.5% to 3% |      |      |      | 10%  |      |
| <b>Smallest Utilities</b> | Under 1.5%      |      |      |      | 5%   |      |

### *Oregon RPS Compliance Rules*

The Act 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.<sup>1</sup> Further definition of qualifying electricity can be found in ORS 469A.010.

There are some allowable exemptions from compliance outlined in ORS 469A.060, which can reduce a utility's RPS portfolio obligation. These exemptions ensure that the RPS does not compel utilities to procure new qualifying electricity resources to replace existing non-fossil fuel resources, or Tier 1 energy procured through the BPA Regional Dialogue Contract.

Under the Act, utilities may choose to comply with the RPS financially, in lieu of retiring RECs, through the use of an Alternative Compliance Payment. The price for Alternative Compliance Payment is based on the cost of qualifying electric resources, as determined by the Board. EWEB does not currently use this path to meet its RPS compliance. Details for Alternative Compliance Payment are outlined in ORS 469A.180.

To limit the impact of the RPS on retail consumer rates, the Act outlines a Cost Cap. This Cost Cap provides an upper limit on the cost for incremental actions required to comply with the Act. Further information for how this Cost Cap is defined can be found in ORS 469A.445.

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

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<sup>1</sup> 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.

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.

Excepting for limitations due to Cost Caps, or the use of Alternative Compliance Payments, compliance is demonstrated by retiring a quantity of WREGIS RECs equal to the compliance obligation. Once a REC is retired in WREGIS it is no longer available to be banked, sold, or used for any other RPS program.

*EWEB’s 2023 Oregon RPS Portfolio Obligation*

**Figure 2. EWEB Oregon RPS Portfolio Obligation Calculation**

| Category  | Calculation                 | Quantity  | Unit             |
|---|-----------------------------|-----------|------------------|
| Retail Sales to Customers                             | a                           | 2,375,665 | MWh              |
| Qualifying Electricity Target <i>before</i> Exemption | b                           | 20%       | Percentage       |
| RPS Portfolio Obligation <i>before</i> Exemption      | $c = a \times b$            | 475,133   | MWh              |
| Generation from Exempt Resources                      |                             |           |                  |
| BPA Tier 1 net purchases                              | d                           | 2,046,023 | MWh              |
| EWEB hydro (owned)                                    | e                           | 223,588   | MWh              |
| Mid-C hydro (contract)                                | f                           | 0         | MWh              |
| Total MWhs from Exempt Resources                      | $g = d + e + f$             | 2,269,611 | MWh              |
| Percent of Retail Sales covered by Exempt Resources   | $h = \min(g \div a, 100\%)$ | 96%       | Percentage       |
| Qualifying Electricity Target <i>after</i> Exemption  | $i = \min(100\% - h, b)$    | 4%        | Percentage       |
| RPS Portfolio Obligation <i>after</i> Exemption       | $i \times a$                | 106,054   | MWh <sup>1</sup> |

1. EWEB must retire 1 REC for each MWh of calculated RPS Obligation *after* Exemption to comply with the RPS

As detailed in Figure 2, above, EWEB’s qualifying electricity target for 2023 is 20 percent of retail sales before exemptions. Under Oregon’s RPS rules, if exempt generation in 2023 exceeds 80 percent of total retail sales, then EWEB can reduce the 20 percent qualifying electricity target by the amount the exempt generation exceeds 80 percent. If exempt generation exceeds 100 percent of total retail sales, then EWEB’s qualifying electricity target is reduced to zero (0) percent.

Because EWEB’s hydroelectric resources, including BPA Tier 1, are considered “exempt generation”, these resources significantly reduce EWEB’s current and projected qualifying electricity targets. As a result, EWEB’s 2023 RPS portfolio obligation results in the retirement of 106,054 RECs in 2024.

### ***Greenpower Program***

In accordance with the 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 pays for the cost of retiring Greenpower RECs and contributes to the development and consumption of renewable energy in EWEB's service territory. Just as RECs would be retired to satisfy EWEB's RPS obligation, RECs are also retired to match the volume of sales under EWEB's voluntary Greenpower program, with one REC retired for every MWh of program sales.

In 2023, sales to EWEB customers under the Greenpower program totaled 17,896 MWhs. EWEB has retired an equivalent quantity of RECs from its portfolio. For additional information on EWEB's Greenpower program please see: [Greenpower | EWEB](#).

### **Recommendation**

None

### **Requested Board Action**

None