

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT APPLICATION BETWEEN ROCKY MOUNTAIN POWER AND P4 PRODUCTION, LLC REQUESTING APPROVAL OF AN AGREEMENT TO RETIRE RECS))))))	CASE NO. PAC-E-21-08 ORDER NO. 35131
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On March 29, 2021, PacifiCorp dba Rocky Mountain Power (“PacifiCorp” or “Company”) and P4 Production LLC. (“P4”) applied jointly requesting the Commission approve the P4 System Renewable Energy Certificate Retirement Agreement (“Agreement”). The Company requested its Application be processed under Modified Procedure.

On April 27, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure establishing deadlines for public comments and the Company’s reply. Staff filed the only comments. The Company did not reply.

Having reviewed the record, we approve the Agreement as filed.

THE APPLICATION

P4 and its predecessor in interest Monsanto have operated the Soda Springs phosphate plant continuously since 1951. P4 owns the Soda Springs plant and mines as a wholly owned subsidiary of Monsanto. In October 2018, Bayer acquired all assets of Monsanto.

P4’s Soda Springs plant is the largest single user of electricity on PacifiCorp’s six-state system, with a load of approximately 200 MW and 1.5 million MWh per year.

In December 2019, Bayer announced a goal to attain 100 percent of its global electricity purchases from renewable resources by 2030. Bayer’s initial strategy to achieve this goal includes retirement of its share of PacifiCorp’s system renewable energy certificates (“RECs”) allocated to Idaho and possible purchase of additional RECs on the market beginning in 2021.

On March 24, 2021, P4 and PacifiCorp entered into the Agreement, under which PacifiCorp would retire—rather than sell—P4’s allocated share of RECs generated from PacifiCorp’s system resources. If approved, the Agreement would be effective starting January 2021 and would automatically renew unless a party elects to terminate the Agreement.

RECs from PacifiCorp’s generation facilities and purchase power agreements are allocated to states under the Commission-approved 2020 Protocol cost allocation method. System

RECs are allocated to Idaho based on the System Generation (“SG”) factor. Under the Agreement, P4’s share of RECs allocated to Idaho will be proportional to P4’s SG factor compared to Idaho’s System Generation factor. In 2019, P4 represented approximately 30% of Idaho’s SG factor.

The treatment of Idaho’s remaining share of RECs would be unchanged by this Agreement. The Applicants state that the Agreement will not impact other customers because revenue from the sale of P4’s share of system RECs was previously passed back to P4 and not to other customers. P4 will pay PacifiCorp annually to cover PacifiCorp’s costs to administer the Agreement. Initially, P4 will pay PacifiCorp \$15,000 per year to administer the Agreement.

STAFF COMMENTS

Staff filed comments and recommends the Commission approve the Company’s Application because it would not increase costs for the body of customers. Staff believes the proposed allocation of RECs to P4 using the SG factor is reasonable because it is proportional to P4’s Idaho load in each Reporting Year. Staff agrees the SG factor provides a more favorable outcome for Idaho customers compared to other methods, including the System Energy factor. Staff notes it will closely monitor the allocation factor each year when the Company files its energy cost adjustment mechanism (“ECAM”).

Staff notes that the request to retire P4’s RECs is not governed by *Idaho Code* § 61-328, but that the Statute offers objective guidelines for evaluating the proposal. *Idaho Code* § 61-328(3) governs the sale of electric utility owned property in the state of Idaho that is used in the “generation, transmission, distribution, or supply of electric power.” *Idaho Code* § 61-328(3) requires a showing that (a) the transaction is consistent with the public interest; (b) that the cost of and rates for supplying service will not be increased by reason of such transaction; and (c) that the applicant for such acquisition or transfer has the bona fide intent and financial ability to operate and maintain said property in the public interest. Staff reviewed the proposal to retire P4’s RECs to help P4 meet its 100 percent renewable energy goal, and believes the proposal complies with the applicable statutory criteria.

Staff recommends the Company mention any RECs retired on behalf of P4 in its quarterly ECAM reports where it already tracks REC revenues. Staff states that the Agreement anticipates the Company will provide two reports to P4 each October—a Position Report and a Retirement Report. Because of the relationship of the Agreement and the ECAM regarding RECs, Staff recommends the Company also file the two reports it provides to P4 in its 3rd Quarter ECAM

report filed annually in November. Staff states this will provide an opportunity to annually review the impact of the Agreement and propose any necessary updates to the method for retiring P4's RECs.

COMMISSION DISCUSSION AND FINDINGS

The Company is an electrical corporation and public utility as defined in *Idaho Code* §§ 61-119 and -129, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the Idaho Code, including *Idaho Code* § 61-501.

We have reviewed the record and find the proposed REC retirement is fair, just, and reasonable. As the Agreement between the Company and P4 contemplates, P4 will be able to retire the RECs that would otherwise be sold, and the proceeds returned to P4. This will allow P4 to help meet its corporate parent's goal to attain 100 percent of its global electricity purchases from renewable resources by 2030. The Agreement also provides that P4 will cover the Company's administrative costs required to carryout P4's desired REC retirement arrangement.

We find the Agreement will not shift benefits or burdens to other customer groups.

We direct the Company to keep the Commission apprised of the RECs it retires on behalf of P4 in its quarterly ECAM reports. We also direct the Company to include the annual Position Report and Retirement Report in the 3rd Quarter ECAM report annually. We expect Staff to closely monitor the RECs retired on P4's behalf and the associated administrative costs and to report back to the Commission if unexpected patterns evolve or if the costs of the Agreement are no longer covered by P4.

ORDER

IT IS HEREBY ORDERED that the Agreement between the Company and P4 is approved as filed.

IT IS FURTHER ORDERED that the Company shall file the Position Report and Retirement Report annually with the 3rd Quarter ECAM report.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11th day
of August 2021.



PAUL KJELLANDER, PRESIDENT

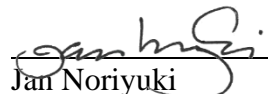


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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