

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. PAC-E-24-04
OF ROCKY MOUNTAIN POWER FOR)
AUTHORITY TO INCREASE ITS RATES) DIRECT TESTIMONY OF
AND CHARGES IN IDAHO AND) CRAIG M. ELLER
APPROVAL OF PROPOSED)
ELECTRIC SERVICE SCHEDULES AND
REGULATIONS

ROCKY MOUNTAIN POWER

CASE NO. PAC-E-24-04

May 2024

1 I. INTRODUCTION AND QUALIFICATIONS

2 Q. Please state your name, business address, and present
3 position with PacifiCorp dba Rocky Mountain Power
4 ("Rocky Mountain Power" or the "Company").

5 A. My name is Craig M. Eller. My business address is 1407
6 West North Temple Street, Suite 310, Salt Lake City,
7 Utah 84116. My present position is Senior Vice
8 President, Strategy and Development for Rocky Mountain
9 Power.

10 Q. How long have you been in your present position?

11 A. I have been in my present position since May 2024.

12 Q. Please describe your education and business experience.

13 A. I have a Bachelor of Science in Mechanical Engineering
14 from the University of Nebraska. I have been employed
15 with PacifiCorp since July 2020. I am currently
16 responsible for the development of generation resources
17 and the management of the Company's large load additions
18 and the management of large customer accounts. Prior to
19 my current role, I worked at Northern Natural Gas
20 Company, an affiliate of the Company, from 2007 through
21 2020 in various business development, commercial
22 marketing, and engineering roles.

23 Q. Have you testified in previous regulatory proceedings?

24 A. Yes. I have previously filed testimony on behalf of the
25 Company in regulatory proceedings in Utah, Wyoming, and

1 Idaho.

2 **II. PURPOSE AND SUMMARY**

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to describe the new
5 voluntary renewable energy credit ("REC") option tariff,
6 a proposed new program where customers can elect to have
7 the Company retire RECs on their behalf (the "REC Option
8 Program" or "Program"). My testimony provides the
9 details of the Program, including program design,
10 enrollment process, and REC retirement on behalf of
11 participants. My testimony describes how the Company
12 generates and tracks RECs, how the RECs will be accounted
13 for under the Program, and how this will affect the way
14 RECs are currently marketed and sold. Company witness
15 Shelley E. McCoy addresses the Company's proposed
16 adjustments to the revenue requirement in this case to
17 facilitate the Program and proposed tariff Electric
18 Service Schedule No. 98 - REC Revenue Adjustment
19 ("RRA").¹ Company witness Ramon J. Mitchell will address
20 the removal of the REC revenue from the Energy Cost
21 Adjustment Mechanism ("ECAM").

22 **Q. Please summarize the proposed Program.**

23 A. The voluntary Program will offer the Company's Idaho

¹ Electric Service Schedule No. 98 - REC Revenue Adjustment is presented by Company witness Robert M. Meredith.

1 customers on certain rate schedules the opportunity to
2 have Rocky Mountain Power retire RECs on the customer's
3 behalf from the Company's owned and contracted renewable
4 resources. This allows program participants to report a
5 portion of the renewable attributes from the Company's
6 Idaho-allocated resources that is associated with their
7 purchase of electricity and allows customers the ability
8 to achieve sustainability goals. For customers who
9 select this option, the Company will retain RECs for
10 retirement based on a percentage of participating
11 customers' aggregated load data in the calendar year
12 immediately preceding the Program Year and based on
13 Idaho-allocated Company RECs. The Company will retire
14 these RECs and participating customers will know the
15 percent of their electricity that can be supported by
16 the Program's REC retirement report from the Western
17 Renewable Energy Generation Information System
18 ("WREGIS"). Participation in this Program will also
19 require customers to forego revenue credits in their
20 rates from sales of Company entitled RECs from the RRA.

21 **III. PROGRAM BACKGROUND**

22 **Q. What prompted the Company to design this new offering?**

23 A. PacifiCorp continues to respond to a growing interest of
24 customers requesting the ability to achieve their
25 sustainability goals. Through existing programs such as

1 the Blue Sky program offered through Electric Service
2 Schedule No. 73, the Company has supported its
3 customers' interest in renewable goals. The Company has
4 been approached by customers that are interested in
5 making renewable energy claims based on the renewable
6 energy resources in PacifiCorp's system resource
7 portfolio that are allocated to serve their load, and
8 that these claims be supported by retirement of RECs.

9 **Q. What is the primary objective of the Program?**

10 A. The objective of the Program is to help Idaho customers
11 meet their sustainability goals with the renewable
12 resources that are already a part of the Company's
13 diverse resource portfolio. Enabling customer
14 sustainability goals with existing system resources
15 already reflected in rates is another option to building
16 or acquiring new renewable resources to support customer
17 goals.

18 **Q. Is the Program replacing the Blue Sky program?**

19 A. No. The Program is an additional renewable program that
20 provides another option for customers to meet their
21 sustainability goals.

22 **Q. How is the Program different than the Blue Sky?**

23 A. The Blue Sky Program supports the expansion of renewable
24 resources through REC purchases. Under the Blue Sky
25 Program, the Company purchases RECs on behalf of

1 customers who participate. A customer who participates
2 in the current Blue Sky block purchase program does not
3 receive an electricity usage offset from their block
4 purchases.

5 **Q. Why does the Company believe the new Program would appeal**
6 **to customers when the Blue Sky program already exists?**

7 A. RECs retired for the Blue Sky program are not Company-
8 entitled system RECs, rather they are purchased for the
9 Blue Sky program on behalf of participating customers.

10 **Q. Could a customer participate in the new Program and the**
11 **Blue Sky program?**

12 A. Yes. A customer could participate in the Program and the
13 Blue Sky program. The Company will retire Idaho-
14 allocated system RECs up to the REC Option Program
15 Percentage and then a customer could purchase Blue Sky
16 blocks to achieve a full coverage to their energy usage.

17 **Q. Is the Program replacing the Company's agreement with P4**
18 **Production, L.L.C. ("P4")?**

19 A. Not at this time. In the event the Program is approved,
20 the Company anticipates evaluating the option with P4
21 and making a determination on whether it will
22 participate in the Program in the future.

23 **Q. Which Idaho customers will be eligible to participate in**
24 **the Program?**

25 A. Initially, participation in the Program will be

1 available to non-residential customers who take service
2 from the Company on any of the following Electric Service
3 Schedules:

- 4 • Electric Service Schedule No. 6 - General Service
5 Large Power
- 6 • Electric Service Schedule No. 6A - General Large
7 Power Residential and Farm
- 8 • Electric Service Schedule No. 9 - General Service
9 High Voltage
- 10 • Electric Service Schedule No. 10 - Irrigation
11 and Soil Drainage Pumping Power Service
- 12 • Electric Service Schedule No. 23 - General
13 Service
- 14 • Electric Service Schedule No. 23A - General
15 Service Residential and Farm
- 16 • Electric Service Schedule No. 35 - Optional Time-
17 of-Day General Service - Distribution Voltage
- 18 • Electric Service Schedule No. 35A - Optional
19 Time-of-Day General Service - Distribution
20 Voltage (Farm)
- 21 • Electric Service Schedule No. 400 - Special
22 Contract

23 **Q. Why does the Company recommend limiting the Program**
24 **eligibility to these particular rate schedules?**

25 A. The Company recommends the participation be limited to
26 non-residential customers to minimize the administration
27 of the Program. The Company may consider opening up the
28 Program to customers on other rate schedules at a later
29 date.

30 **Q. How will the enrollment process work?**

31 A. Open enrollment periods to participate in the Program
32 will occur from January 1 through September 30 of each
33 calendar year ("Enrollment Period"). The Program will

1 run based on calendar years ("Program Year"). The first
2 Program Year is expected to be calendar year 2026. For
3 example, for Program Year 2026, the Enrollment Period
4 would begin January 1, 2025 and end September 30, 2025.
5 An eligible customer would enroll by September 30, 2025
6 to indicate its interest in participating in the Program
7 during the calendar year 2026 Program Year. Once
8 enrolled, a customer is locked into the Program for the
9 entire Program Year. The customer may cancel for the
10 following Program Year by notifying the Company in
11 writing of its intent to cancel by September 30, 2026 to
12 cancel for the calendar year 2027 Program Year. An
13 eligible customer would enroll by contacting the Company
14 either through their Regional Business Manager, if
15 applicable, or through contacting the Company's customer
16 call center.

17 **Q. Will an eligible customer incur costs to participate in**
18 **the Program?**

19 A. Eligible customers participating in the Program under
20 the proposed tariff Electric Service Schedule No. 74 -
21 System REC Option ("Schedule 74")² will not incur any
22 new cost under Schedule 74. However, the customer would
23 be removed from the RRA, which will be administered

² Proposed Schedule 74 is provided as Exhibit No. 46.

1 through proposed tariff Electric Service Schedule No. 98
2 and would cease to receive credits associated with the
3 rate schedule during the Program Year. Under the earlier
4 example, a customer who enrolled by September 30, 2025
5 to participate in Program Year 2026 would have Schedule
6 98 credits removed from their electric bill for usage on
7 January 1, 2026 through December 31, 2026. This removal
8 of the credits is an opportunity cost of a customer's
9 participation. Company witness McCoy's testimony further
10 explains how the proposed treatment of REC revenue in
11 the revenue requirement ensures participating customers
12 will not receive any credits in their rates related to
13 the sale of RECs.

14 **Q. Will the Company incur administrative costs to develop**
15 **and manage the Program?**

16 A. There may be some cost to administer and manage the
17 Program but the Company has determined that the initial
18 costs should be minimal in the beginning stages of the
19 Program and will depend on customer participation. In
20 the future, the Company could propose to collect an
21 administrative fee or some other type of fee or rate
22 from participating customers if the cost to administer
23 the Program increases beyond what is expected. However,
24 no fee is being proposed at this time.

1 **Q. If no customers enroll in the proposed Program, would**
2 **there be risk of adverse impacts to other customers?**

3 A. No. If no customers opted into the Program, there would
4 be no risk of stranded costs or adverse impacts to other
5 customers since there is no new resource being procured
6 to serve the Program. Also, under the proposed
7 Enrollment Period construct, the Company would know in
8 advance of the Program Year that no customers elected to
9 enroll in the Program and would not need to reserve any
10 RECs on behalf of the Program.

11 **Q. How would the REC revenue credits under Schedule 98 that**
12 **is forgone by a participating customer be treated?**

13 A. Company witness McCoy describes how the REC revenue
14 forgone by participating customers would remain in the
15 existing balancing account and be credited to Idaho's
16 non-participating customers through the RRA.

17 **Q. How will the Program be marketed?**

18 A. The Company does not intend to engage in marketing
19 efforts for the Program. Instead the Program will be
20 offered to customers who approach the Company expressing
21 interest in Programs that support corporate
22 sustainability goals.

23 **Q. How will the Program benefit Idaho customers?**

24 A. The Program will provide Idaho customers the ability to
25 partially meet their sustainability goals with the

1 retirement of RECs associated with the Program that are
2 included in their rates.

3 **Q. Does the Company intend to offer a similar Program in**
4 **its other states?**

5 A. Yes. The Company intends to file for approval of the
6 Program in Wyoming and Utah. Due to renewable portfolio
7 standards ("RPS") requirements and clean energy mandates
8 that exist in Oregon, Washington, and California, this
9 type of program would not be offered in those states.

10 **IV. REC ACCOUNTING, RETIREMENT, AND REPORTING**

11 **Q. What is a REC?**

12 A. One renewable energy credit, also referred to as a REC,
13 is created for every one megawatt-hour ("MWh") of energy
14 produced from a renewable resource comprised of wind,
15 solar, hydro, geothermal, biogas, and biomass.

16 **Q. How are RECs generated and tracked?**

17 A. The Company's renewable resources and their energy
18 generation are registered in the Western Renewable
19 Energy Generation Information System ("WREGIS").

20 **Q. What is WREGIS and how long has the system been in use?**

21 A. WREGIS is an independent, web-based tracking system for
22 RECs that covers the Western Interconnection territory.
23 WREGIS is a division of the Western Electricity
24 Coordinating Council ("WECC").

25 WREGIS tracks renewable generation to help ensure

1 the credibility of the renewable attributes of
2 electricity generated from resources. WREGIS creates
3 RECs for verifiable renewable generation from generating
4 units registered in the system. WREGIS certificates can
5 be used by energy utilities and others to comply with
6 state policies and to support voluntary green markets.

7 The WREGIS system was initially developed in 2007
8 in response to policies set by the California
9 legislature and the Western Governors Association to
10 develop and implement a system tracking renewable energy
11 generation. WREGIS is a system that is used by all states
12 in the WECC.

13 **Q. Please explain how RECs are currently allocated and**
14 **treated.**

15 Where the Company has entitlement to the RECs, it
16 allocates the system generated RECs to the respective
17 six states consistent with multi-state cost allocation
18 methodology approved by state commissions, currently the
19 2020 Protocol as described by Company witness McCoy.
20 With some exceptions, the System Generation factor for
21 each state is used to allocate generation resource and
22 RECs to each state. In Oregon, Washington, and
23 California, the allocated share of RECs is retired or
24 banked in support of each state's clean energy policies
25 such as compliance with RPS. Typically, the Company

1 offers the RECs allocated to Utah, Wyoming, and Idaho on
2 the open market and transacts to sell the RECs for
3 revenue that is passed back to customers. Starting in
4 2025, Utah will also have a Renewable Portfolio Goal
5 ("RPG") which will require the Company to retire Utah
6 allocated RECs for compliance, which include older
7 vintage RECs which have not been sold.

8 Revenue that is received for the sales of Idaho-
9 allocated RECs is passed to Idaho customers through a
10 \$.07/MWh credit in base rates that was established in
11 Case No. PAC-E-21-07³. Each year, the actual REC revenue
12 is trued-up annually through the annual ECAM regulatory
13 process. In addition, certain commitments and
14 contractual obligations exist in Idaho to retire RECs
15 for specific customers in consideration for revenue that
16 is passed back to other Idaho customers.

17 **Q. Please explain how the Company will determine the number**
18 **of RECs to be retired for this Program.**

19 A. The number of RECs to be retired for the REC Option
20 Program will be calculated based on the aggregated load
21 for participating customers multiplied by a percentage
22 of renewable resource generation from PacifiCorp's

³ *In the Matter of the Application of Rocky Mountain Power for Authority to Increase its Rates and Charges in Idaho and Approval of Proposed Electric Service Schedules and Regulations, Case No. PAC-E-21-07, Order No. 35277 (Dec. 30, 2021).*

1 system. The load will be based on the usage in the
2 calendar year prior to the Program Year. The Company
3 will set an initial percentage of 20 percent for the
4 first program year ("REC Option Program Percentage").
5 Following the example above for Program Year 2026, if
6 the aggregate load for Idaho participating customers in
7 calendar year 2025 is 200,000,000 kilowatt-hour ("kWh"),
8 then the number of RECs that would be retired on behalf
9 of participating customers would be 40,000 RECs. An
10 individual customer would be able to calculate the
11 number of RECs to be retired on their behalf, for example
12 if their usage was 194,000 kwh annually, then 38 RECs
13 would be retired.

14 **Q. How will the Company select the RECs for retirement?**

15 A The renewable energy mix consists of multiple renewable
16 technology types including wind, solar, hydro,
17 geothermal, biogas, and biomass. The Company will
18 determine which RECs it will retire from a balanced
19 portfolio of the renewable resources in its system and
20 the REC distribution within these categories will be
21 done in a manner which are most efficient and minimize
22 administrative burden on the Program. For example,
23 instead of choosing a few RECs from every wind facility,
24 the Company may select RECs from one or two wind
25 facilities. If some REC categories do not have

1 sufficient RECs, other categories may be adjusted but
2 the overall number of RECs to be retired for the Program
3 will not change.

4 **Q. When will the Company retire RECs on behalf of the**
5 **participants of the Program?**

6 A. RECs will be retired for the Program in the fourth
7 quarter following the Program Year. For example, for
8 Program Year 2026, RECs generated in 2026 will be retired
9 during the fourth quarter of 2027.

10 **Q. What information will the Company provide to the**
11 **Commission on the Program?**

12 A. The Company will include information on the Program in
13 the annual RRA filings that will include the number of
14 Program participants for the year, amount of aggregate
15 load associated with Program participants, a calculation
16 of the percentage for the REC Option Program, and a
17 WREGIS retirement report showing RECs retired towards
18 the program. For example, Program Year 2026 would be
19 reported after WREGIS retirement occurs in the RRA that
20 is filed in spring of 2028.

21 **Q. How will the Company communicate to its participating**
22 **customers the RECs that were retired?**

23 A. The Company will provide an annual letter to
24 participating customers noting their participation in
25 the Program and a summary of the types of RECs that were

1 retired on behalf of all participants in the Program.

2 **Q. Will each participating customer get an itemized REC**
3 **report for their own usage?**

4 A. No. The WREGIS report will be for the total program, but
5 customers may use the renewable percentage reflected in
6 the letter provided by the Company and their individual
7 energy usage to estimate the volume of RECs attributed
8 to their load.

9 **Q. Will the RECs retired under the Program be Green-e**
10 **certified?**

11 A. No. The Green-e Renewable Energy Standard for the United
12 States requires that electricity come from eligible
13 sources of supply, such as wind, solar, geothermal, bio-
14 mass, or low-impact hydropower, and only renewable
15 facilities built within the last 15 years can be used
16 restricting the number and types of RECs available to
17 the Program.

18 **Q. How does the design of the Program ensure that the**
19 **Company will not over-commit its Idaho-allocated RECs in**
20 **any given year?**

21 A. REC retirements under the proposed REC Option Program
22 will be managed in accordance with PacifiCorp's Energy
23 Risk Management Policy. The policy requires the Company
24 reserve RECs for the program. Two aspects of the Program
25 design are intended to ensure the Company's REC

1 commitments. First, the use of the Enrollment Year
2 process allows the Company to have a set list of Program
3 participants in advance of the Program Year. Second, the
4 Company will utilize historic electricity usage of the
5 Program participants to develop an accurate estimate of
6 the number of RECs to reserve for the Program.
7 Collectively, these aspects of the Program will ensure
8 the Company sets aside enough RECs for the Program.

9 **Q. How will this affect the treatment of the remaining Idaho**
10 **allocated RECs?**

11 A. Treatment of Idaho's remaining share of RECs will be
12 unchanged. The Company will continue its best efforts to
13 monetize the marketable RECs and pass any REC revenue to
14 other customers. Company witness McCoy addresses the
15 Company's proposed adjustments to the revenue
16 requirement and Company witness Mitchell address the
17 removal of the REC revenue from the ECAM and inclusion
18 in the proposed RRA process. As previously described,
19 the Program will reserve RECs based on an estimate that
20 is developed using the prior actual year of usage. This
21 reservation of RECs may reduce the amount of Idaho
22 allocated RECs that the Company is able to market and
23 ultimately sell.

Case No. PAC-E-24-04
Exhibit No. 46
Witness: Craig M. Eller

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

ROCKY MOUNTAIN POWER

Exhibit Accompanying Direct Testimony of Craig M. Eller

Proposed Electric Schedule No. 74

May 2024

ROCKY MOUNTAIN POWER
ELECTRIC SERVICE SCHEDULE NO. 74
STATE OF IDAHO

Renewable Energy Credit Option Program

PURPOSE: To allow Customers the ability to achieve sustainability goals through this voluntary program that provides the option to have Rocky Mountain Power retire renewable attributes associated with the generation from Renewable Resources, referred to as Renewable Energy Credits (RECs), on the Customer's behalf. Customers participating in this Schedule will forego the benefits of the revenue from the sales of RECs in Electric Service Schedule No. 98 (REC Revenue Adjustment).

APPLICATION: To Customers receiving service under the Company's Electric Service Schedules 6, 6A, 9, 10, 23, 23A, 35, 35A and 400.

DEFINITIONS:

ENROLLMENT PERIOD: Enrollment begins January 1 and ends September 30 of each calendar year prior to the Program Year.

PROGRAM YEAR: January 1 through December 31 of each calendar year.

RENEWABLE ENERGY CREDITS: A Renewable Energy Credit (also known as Tradeable Renewable Energy Credit, Renewable Energy Certificate, Green Tag, or Carbon Credit) represents all of the regional and global environmental and emissions benefits associated with one unit of output from a qualifying renewable electricity generating resource. For purposes of this Program, Renewable Energy Credits from Rocky Mountain Power's owned and contracted resources will be utilized.

SPECIAL CONDITIONS:

1. On behalf of the participants of the Program, the Company will retire RECs from contracted or Company-owned Renewable Resources equal to the aggregated load for participating customers multiplied by a percentage of renewable resource generation from PacifiCorp's system. For participating customers receiving service on Company's Electric Service

(continued)

ELECTRIC SERVICE SCHEDULE NO. 74 - Continued

- Schedules 6, 6A, 9, 10, 23, 23A, 35, 35A and 400, the load will be based on the total energy consumption in the calendar year immediately proceeding the Program Year.
2. Rocky Mountain Power will retain the right to determine the particular Renewable Resources for allocating and retiring system RECs and will also determine which RECs for each resource type will be retired on behalf of the Program.
 3. The RECs associated with the Company REC Option will not require Green-e certification or eligibility.
 4. The Company will provide an annual notice to participating customers providing a summary of the RECs that were retired on behalf of all participants in the Program during the Program Year.
 5. The REC revenue that the program participants would otherwise have been credited through Electric Service Schedule No. 98 from the sale of system RECs generated will be forfeited from the first month of participation until the Customer cancels their participation in this Schedule, through written notice.
 6. The Customer may cancel its participation in the Program by notifying the Company in writing of its intent to cancel during the Enrollment Period, but no later than September 30, for the upcoming Program Year.
 7. The Company may not accept enrollments for accounts that have a time-payment agreement in effect, or have received two or more disconnect notices, or have been disconnected for non-payment within the last 12 months.

ELECTRIC SERVICE REGULATIONS: Service under this Schedule will be in accordance with the terms of the Electric Service Agreement between the Customer and the Company. The Electric Service Regulations of the Company on file with and approved by the Idaho Public Utilities Commission, including future applicable amendments, will be considered as forming a part of and incorporated in said Agreement.