

REDACTED

Docket No. 20000-__-EM-22

Witness: Michael G. Wilding

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

REDACTED

Direct Testimony of Michael G. Wilding

April 2022

1 **Q. Please state your name, business address, and present position with PacifiCorp**
2 **d/b/a Rocky Mountain Power (“PacifiCorp” or the “Company”).**

3 A. My name is Michael G. Wilding. My business address is 825 NE Multnomah, Suite
4 600, Portland, Oregon 97232. I am employed by PacifiCorp as Vice President of
5 Energy Supply Management.

6 **Q. Please describe your education and business experience.**

7 A. I received a Master of Accounting from Weber State University and a Bachelor of
8 Science degree in accounting from Utah State University and am a Certified Public
9 Accountant licensed in the state of Utah. During my tenure at the Company, I have
10 worked on various regulatory projects including general rate cases, the multi-state
11 protocol, and net power cost filings. In 2021, I was promoted to Vice President of
12 Energy Supply Management. I have been employed by PacifiCorp since 2014.

13 **Q. Please explain your responsibilities as PacifiCorp’s Vice President of Energy**
14 **Supply Management.**

15 A. My current responsibilities include directing PacifiCorp’s front office organization in
16 commercial and trading activities. I serve as the vice president of the organization
17 responsible for commercially managing PacifiCorp’s diverse generation portfolio. This
18 includes the electric and natural gas hedging, term and day-ahead trading, and real-time
19 trading and system balancing. Most relevant to this docket, I also manage PacifiCorp’s
20 renewable energy credit (“REC”) portfolio including the sale of RECs in excess of
21 compliance requirements.

1 **Q. Please describe the REC and Sulfur Dioxide (“SO₂”) Revenue Adjustment**
2 **(“RRA”) Mechanism, referred to as Schedule 93.**

3 A. The RRA Mechanism, as established in the stipulation in the Company’s 2010 rate case,
4 Docket No. 20000-384-ER-10, contains two main components. First, it imputes REC
5 and SO₂ revenue forecasted for the 12 months ending December 31, 2022 (“Forecast
6 Period”). Second, it calculates the deferral amount which accrued during the 12 months
7 ending December 31, 2021 (“Comparison Period”) to true-up the actual REC and SO₂
8 revenue.

9 **Q. Please describe the purpose of your testimony.**

10 A. First, I discuss the actual REC revenue and SO₂ sales that were used by Company
11 witness Mr. Nicholas L. Highsmith to calculate the RRA deferral component of this
12 RRA filing. Second, I provide and support the basis for the REC revenue and SO₂ sales
13 forecast for the Forecast Period. Finally, I explain REC revenue related to the Leaning
14 Juniper I wind project in the Forecast Period and Comparison Period.

15 **ACTUAL REC AND SO₂ REVENUE**

16 **Q. What was the REC volume the Company sold in the Comparison Period?**

17 A. In the Comparison Period, the total RECs sold was [REDACTED]. Confidential
18 Exhibits RMP__(MGW-5) and RMP__(MGW-6) provide the details of REC
19 revenues received for the Comparison Period. Confidential Exhibit RMP__(MGW-5)
20 provides a summary table of actual REC revenues by month and resource for the
21 Comparison Period. This information is provided on a total-Company basis for all of
22 the Company’s REC sales and is summarized by Renewable Portfolio Standard
23 (“RPS”) eligibility. Exhibit RMP__(NLH-3), page 3.3 shows how these revenues are

1 allocated to Wyoming based on their eligibility for RPS compliance. Confidential
2 Exhibit RMP___(MGW-6) provides a summary table of the actual number of RECs
3 sold by entity, tag price, resource, and vintage for the Comparison Period.

4 **Q. What were the actual REC revenues for the Comparison Period?**

5 A. Actual REC revenues for the Comparison Period were approximately [REDACTED] on
6 a total-Company basis or \$1.4 million on a Wyoming-allocated basis, as shown in
7 Confidential Exhibit RMP___(MGW-5). The calculation of the Wyoming-allocated
8 amount is discussed in the testimony of Mr. Highsmith.

9 **Q. What were the actual SO₂ sales in the Comparison Period?**

10 A. In 2021, the Company made no SO₂ sales transactions. However, the Company
11 received its allocation of the annual Environmental Protection Agency (“EPA”) auction
12 proceeds. The revenue from the EPA auction was approximately \$47 on a total-
13 Company basis and \$7 on a Wyoming-allocated basis. The calculation of the Wyoming-
14 allocated amount is shown in Exhibit RMP___(NLH-3) of Mr. Highsmith’s testimony.
15 The monthly detail for the Comparison Period SO₂ sales is provided in Confidential
16 Exhibit RMP___(MGW-4).

17 **FORECAST REC AND SO₂ REVENUE**

18 **Q. What is the Company’s REC forecast for the Forecast Period in this RRA filing?**

19 A. The 2022 REC revenue forecast included in this RRA filing is \$10.8 million on a total-
20 Company basis or \$2.3 million on a Wyoming-allocated basis. The method used to
21 calculate the Wyoming-allocated amount is discussed in the testimony of
22 Mr. Highsmith.

1 **Q. Please explain how the Company calculated the forecast REC revenue for the**
2 **Forecast Period.**

3 A. To calculate the Forecast Period REC revenue, the Company included expected REC
4 revenue from sixteen existing contracts in place as of April 7, 2022 (“Existing
5 Contracts”), additional REC revenues at projected volumes and forecast market prices,
6 and the forecast REC revenues related to the Leaning Juniper wind project. The REC
7 revenue related to the signed Existing Contracts in 2022 accounts for approximately
8 \$ [REDACTED] million of the approximately \$10.8 million total REC revenue, as shown in
9 Confidential Exhibit RMP___(MGW-1). The Forecast Period assumes additional
10 forecast REC sales of [REDACTED] RECs at an average forecast REC price of \$ [REDACTED] per
11 REC for the Structured REC Market, \$ [REDACTED] per REC for the Unstructured REC Market
12 for RECs generated 2021 or later, and \$ [REDACTED] per REC for the Unstructured REC Market
13 for RECs generated prior to 2021. The forecast prices and volumes are based on the
14 Company’s historical experience in voluntary and compliance markets, the information
15 from counterparties that are active in the REC market, and the bids received through
16 Company’s REC Reverse request for proposals (“RFPs”) conducted in 2021.
17 Confidential Exhibit RMP___(MGW-1) is a summary of total Forecast Period REC
18 sales, including the Existing Contracts and additional forecast REC sales. Confidential
19 Exhibit RMP___(MGW-2) provides a summary of REC sales forecast for the Forecast
20 Period for the Existing Contracts, by entity, per REC price, resource, on a megawatt
21 hour basis. Confidential Exhibit RMP___(MGW-3) provides a summary of REC sales
22 forecast for the Forecast Period for the Existing Contracts, by entity, per REC price,
23 resource, on a dollar revenue basis.

1 **Q. What is the Company's basis for the \$ [REDACTED] price per REC associated with the**
2 **Structured REC forecast, \$ [REDACTED] per REC for the Unstructured REC market for**
3 **RECs generated 2021 or later, and \$ [REDACTED] per REC for the Unstructured RECs**
4 **generated prior to 2021 used in 2022?**

5 A. The Company has been following the activity on both the pricing and availability of
6 RECs in the Unstructured REC Market and the Structured REC Market and the prices
7 associated with the Company REC purchases executed under the voluntary Blue Sky
8 program. Structured REC Market forecast assumes a three-year historical average price
9 of \$ [REDACTED] per REC which also aligns with REC market research. Unstructured REC
10 Market forecast assumes a historical average price of \$ [REDACTED] for RECs generated since
11 2021 and \$ [REDACTED] for RECs generated prior to 2021 based on transactions executed since
12 2021. The newer vintage RECs are more desirable in the Unstructured REC Market
13 due to broader qualification with RPS and Green-e eligibility in western states, and
14 have a higher price point than older vintage RECs.

15 **Q. How does the Comparison Period REC revenue and volumes compare to the**
16 **Forecast Period REC revenue and volumes?**

17 A. In 2021, the actual total REC revenue was approximately [REDACTED] from
18 approximately [REDACTED] RECs sold. The 2022 revenue from Existing Contracts is
19 forecasted to not exceed Comparison Period revenue with [REDACTED] from
20 approximately [REDACTED] RECs sold. The Forecast Period assumes [REDACTED] total
21 RECs will be sold. The forecast volume is determined using average annual REC sales
22 since 2017. Based on historical averages, the forecast assumes [REDACTED] percent of total RECs
23 sold in 2022 will come from Structured Market RECs, [REDACTED] percent from Unstructured

1 Market RECs generated 2021 or later, and [REDACTED] percent from Unstructured Market RECs
2 generated prior to 2021.

3 **Q. What was the response to the Company's reverse RFPs?**

4 A. The Company issued [REDACTED] reverse RFPs during the Comparison Period. The reverse
5 RFPs were emailed directly to [REDACTED] potentially interested parties. The Company
6 completed [REDACTED] separate sale transactions as a result of bids received from these reverse
7 RFPs, which are more particularly described in Confidential Exhibit RMP___(MGW-
8 9).

9 **Q. Please describe why the Company is forecasting limited REC revenue related to
10 the Leaning Juniper I wind project.**

11 A. The Company is forecasting limited REC revenue related to the Leaning Juniper I wind
12 project due to a contract unique to that wind project, as summarized in Confidential
13 Exhibit RMP___(MGW-10).

14 **Q. What is the value of the RECs from the Leaning Juniper I wind project used in
15 the Forecast Period?**

16 A. The Company used a value of [REDACTED] per REC in the Forecast Period.

17 **Q. How was the value determined?**

18 A. It was a negotiated value for the RECs between the parties for 2021 and used as the
19 forecast for the Forecast Period. The REC revenues related to the Leaning Juniper I
20 wind project are included in the Company's revenue requirement calculation presented
21 by Mr. Highsmith.

22 **Q. What is the SO₂ Forecast for the Forecast Period?**

23 A. The Company is forecasting no sales from SO₂ allowances.

1 **Q. Why is the Company forecasting no sales related to SO₂ credits?**

2 A. The Clean Air Interstate Rule (“CAIR”) SO₂ program was superseded by the Cross-
3 State Air Pollution Rule (“CSAPR”, pronounced “Caspar”) on January 1, 2012.
4 PacifiCorp’s SO₂ credits were usable through any of the remaining CAIR compliance
5 periods but are not usable as currency in CSAPR. CSAPR was subject to numerous
6 challenges since 2012, which created regulatory uncertainty as well as devastating the
7 market, resulting in minimal sales opportunities for recent vintage allowances. In
8 November 2014, EPA issued a revised implementation and schedule of CSAPR as a
9 result of final order from the U.S. Court of Appeals in the District of Columbia allowing
10 a three-year delay in implementation. CSAPR was reset to take effect January 1, 2015,
11 with CAIR retained through the 2014 compliance periods, and then replaced by the
12 CSAPR. While the forward market for PacifiCorp’s SO₂ credits has vanished, the
13 Company continues to monitor the market and occasionally can take advantage of
14 inquiries for 2015-vintage or earlier SO₂ credits. However, because of the change in
15 the clean air rules, the Company does not expect any future market sales opportunities
16 to materialize.

17 **Q. Given the RRA mechanism, does the Company and its customers have a common**
18 **objective in forecasting REC and SO₂ revenues during the Forecast Period?**

19 A. Yes. The Company and its customers have a common objective of attempting to keep
20 the balance in the RRA as low as possible. Therefore, the Company has reflected its
21 best attempt to impute a reasonable level of REC and SO₂ revenues into the Forecast
22 Period.

1 Q. Does this conclude your direct testimony?

2 A. Yes.

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE)
APPLICATION OF ROCKY MOUNTAIN) DOCKET NO. 20000-__-EM-22
POWER)
) (RECORD NO. ___)
)

AFFIDAVIT, OATH AND VERIFICATION

Michael G. Wilding (Affiant) being of lawful age and being first duly sworn, hereby deposes and says that:

Affiant is the Vice President, Energy Supply Management for PacifiCorp, which is a party in this matter.

Affiant prepared and caused to be filed the testimony submitted on April 15, 2022. Affiant has, by all necessary action, been duly authorized to file the testimony and make this Oath and Verification.

Affiant hereby verifies that, based on Affiant's knowledge, all statements and information contained within the testimony and all of its associated attachments are true and complete and constitute the recommendations of the Affiant in his official capacity as Vice President, Energy Supply Management.

Further Affiant Sayeth Not.

Dated this 17th day of April, 2022

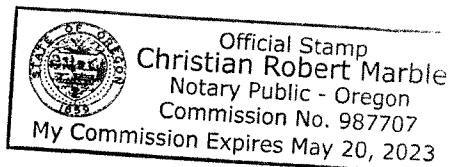
Michael G. Wilding
Michael G. Wilding
Vice President, Energy Supply Management
825 NE Multnomah St, Ste 600
Portland, OR 97232

STATE OF Oregon)
) SS:
COUNTY OF Multnomah)

The foregoing was acknowledged before me by Michael G. Wilding on this 17th day of April, 2022. Witness my hand and official seal.

Christian Robert Marble
Notary Public

My Commission Expires: 5/20/2023



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Rocky Mountain Power

Exhibit RMP__ (MGW-1)

Docket No. 20000-__-EM-22

Witness: Michael G. Wilding

BEFORE THE WYOMING PUBLIC SERVICE
COMMISSION

ROCKY MOUNTAIN POWER

REDACTED

Exhibit Accompanying Direct Testimony of Michael G. Wilding

Summary of REC & SO₂ Revenue Forecasts

April 2022

**THIS EXHIBIT IS CONFIDENTIAL IN
ITS ENTIRETY AND IS PROVIDED
UNDER SEPARATE COVER**

REDACTED

Rocky Mountain Power

Exhibit RMP__ (MGW-2)

Docket No. 20000-__-EM-22

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BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Summary of REC Sales Forecast for CY 2022 by Entity and Resource (in MWh)

April 2022

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Rocky Mountain Power

Exhibit RMP__ (MGW-3)

Docket No. 20000-__-EM-22

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Summary of REC Sales Forecast for CY 2022 by Entity and Resource (in \$)

April 2022

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Rocky Mountain Power

Exhibit RMP__ (MGW-4)

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Actual SO2 Revenue for CY 2021 and Forecast for CY 2022

April 2022

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Rocky Mountain Power

Exhibit RMP__ (MGW-5)

Docket No. 20000-__-EM-22

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Actual REC Revenue Sales by Resource (in \$)

April 2022

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Rocky Mountain Power

Exhibit RMP___(MGW-6)

Docket No. 20000-___-EM-22

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Actual REC Revenue Sales by Entity, Tag Price, Resource, and Vintage (in MWh)

April 2022

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Rocky Mountain Power

Exhibit RMP___(MGW-7)

Docket No. 20000-___-EM-22

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Actual REC Revenue Sales by Resource (in \$)

April 2022

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Exhibit RMP__ (MGW-8)

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

REC Sale Transactions Completed in 2021 by Structured and Unstructured Type

April 2022

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Rocky Mountain Power

Exhibit RMP__ (MGW-9)

Docket No. 20000-__-EM-22

Witness: Michael G. Wilding

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Exhibit Accompanying Direct Testimony of Michael G. Wilding

REC Request for Proposals Since 2021

April 2022

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Rocky Mountain Power

Exhibit RMP___(MGW-10)

Docket No. 20000-___-EM-22

Witness: Michael G. Wilding

BEFORE THE WYOMING PUBLIC SERVICE
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Exhibit Accompanying Direct Testimony of Michael G. Wilding

Leaning Juniper I Indemnity Memo

April 2022

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