

ELLEN F. ROSENBLUM
Attorney General



FREDERICK M. BOSS
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

July 25, 2014

Attention: Filing Center
Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
P.O. Box 1088
Salem, OR 97308-1088

Re: *In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, 2013 Integrated
Resource Plan*
PUC Docket No.: LC 56
DOJ File No.: 330030-GN0114-13

Enclosed for filing with the Commission today are an original and five copies of the
Reply Comments of the Oregon Department of Energy in the above-captioned matter.

Sincerely,

Matt DeVore

for Renee M France
Senior Assistant Attorney General
Natural Resources Section

Enclosures
RMF:jrs/#5569445
c: LC 56 service list

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 56

In the Matter of)	
)	REPLY COMMENTS OF
PORTLAND GENERAL ELECTRIC)	OREGON DEPARTMENT OF
)	ENERGY
2013 Integrated Resource Plan)	
)	

The Oregon Department of Energy (the “department”) submits these comments in response to other parties’ opening comments on Portland General Electric’s (“PGE”) 2013 Integrated Resource Plan (“IRP”) and to PGE’s reply comments submitted July 3, 2014. Our reply comments address four topics: 1) carbon dioxide (CO₂) price risk analysis, 2) method for calculating capacity contribution, 3) energy storage, and 4) cost forecast for renewable resources.

1. CO₂ price risk analysis

The department recommends the Public Utility Commission (the “Commission”) find PGE’s 2013 IRP in compliance with IRP Guideline 8. In its reply comments, PGE correctly explained that the CO₂ trigger point scenario in its 2013 IRP resulted in a 2050 CO₂ price of approximately \$565 per ton,¹ which is significantly higher than the \$295 per ton price suggested by the department. The department acknowledges that the trigger point analysis indicated that a CO₂ price lower than \$565 per ton would not have resulted in the selection of a different preferred portfolio, and therefore, would not change PGE’s 2013 Action Plan.

¹ PGE’s reply comments, at 9.

2. Method for calculating capacity contribution

The Commission should open a docket to establish the appropriate methodology for calculating capacity contribution of variable energy resources. The value assigned to the capacity contribution of variable energy resources has grown in importance. It is now used not only to evaluate resource portfolio options in the IRP, but also to calculate avoided cost rates for wind and solar qualifying facilities (see Docket No. UM 1610) and to determine the incremental cost of utility compliance with Oregon's Renewable Portfolio Standard (see Docket No. UM 1616). Decisions in both of those dockets pointed to the IRP process as the forum in which the methodology for determining the capacity contribution should be considered. While the department acknowledges and appreciates PGE's consideration of parties' suggestions, the department is finding that the IRP process is not the right forum for parties to effectively argue for changes in methodology. The IRP process is not adjudicated and results only in Commission acknowledgment of specific IRP action items. A separate proceeding is required to fully consider and establish the appropriate methodology for determining capacity contribution of variable energy resources.

In its July 1, 2014, report on the "Investigation into the Effectiveness of Solar Programs in Oregon" the Commission stated that it "will open a formal proceeding to determine the resource value of solar and the extent of cost-shifting, if any, from net metering."² That proceeding will necessarily address the capacity contribution of solar. It should also evaluate and establish the appropriate methodology for determining the capacity contribution of solar. Similarly, the Commission should open a docket related to capacity contribution of wind generation.

² Report available at http://www.puc.state.or.us/electric_gas/Solar%20Report%202014.pdf.

3. Energy storage

The department supports Staff's comments that energy storage technologies should be included in some resource portfolios evaluated in the IRP, "especially in light of the poor incremental capacity capability brought out in the Company's flexibility study."³ We are pleased that PGE stated in its reply comments that it expects to "include storage resources such as batteries in the portfolio analysis for its next IRP"⁴ and we look forward to seeing that analysis in the 2015 IRP.

4. Cost forecast for renewable resources

The department supports Renewable Northwest's recommendation that PGE conduct cost sensitivities or a trigger point analysis that would indicate how lower renewable resource costs would change the preferred portfolio.⁵ In particular, the department recommends that PGE include in its next IRP futures that represent different plausible cost trends for utility-scale solar photovoltaic generation and flow battery storage.

Conclusion

First, the Commission should find that PGE's CO₂ risk analysis complied with IRP Guideline 8. Second, the Commission should open a docket to evaluate and establish the methodology for determining capacity contribution of variable energy resources. The solar resource value docket proposed by the Commission in its 2014 solar report to the Legislature

///

///

³ Staff's opening comments, at 7.

⁴ PGE's reply comments, at 4.

⁵ Renewable Northwest's opening comments, at 3.

may serve this purpose for solar photovoltaic generation. Third, PGE should include in its 2015 IRP one or more resource portfolios that include storage, and an analysis of how sensitive portfolio results are to different resource cost assumptions, particularly for solar and storage.

Dated this 25th day of July, 2014.

Respectfully submitted,

ELLEN ROSENBLUM
Attorney General

Matt DeVore #063103

for

Renee M. France, #004472
Assistant Attorney General
Of Attorneys for Oregon
Department of Energy

CERTIFICATE OF SERVICE/SERVICE LIST

I hereby certify that on July 25, 2014, I served the foregoing REPLY COMMENTS OF THE OREGON DEPARTMENT OF ENERGY upon all parties of record in this proceeding by delivering a copy by electronic mail only as all parties of the service list have waived paper service.

OPUC Dockets
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland OR 97205
dockets@oregoncub.org

Oregon Dockets
PacifiCorp, dba Pacific Power
825 NE Multnomah St., Suite 2000
Portland OR 97232
oregondockets@pacificcorp.com

Renewable NW Dockets
Renewable Northwest Project
421 SW 6th Ave., Suite 1125
Portland OR 97204
dockets@rnp.org

James Birkelund (C)
Small Business Utility Advocates
548 Market Street, Suite 11200
San Francisco CA 94104
james@utilityadvocates.org

Kacia Brockman (C)
Oregon Department of Energy
625 Marion Street NE
Salem OR 97301-3737
kacia.brockman@state.or.us

Phil Carver
Oregon Department of Energy
625 Marion Street NE
Salem OR 97301-3737
phil.carver@state.or.us

Ralph Cavanagh
Natural Resources Defense Council
111 Sutter Street, Floor 20
San Francisco CA 94104
rcavanagh@nrdc.org

John Crider (C)
Public Utility Commission of
Oregon
PO Box 1088
Salem OR 97308-1088
john.crider@state.or.us

Megan Decker (C)
Renewable Northwest Project
421 SW 6th Ave #1125
Portland OR 97204-1629
megan@rnp.org

Angus Duncan (C)
Natural Resources Defense Council
2373 NW Johnson Street
Portland OR 97210
angusduncan@b-e-f.org

Nancy Esteb, Ph D
PO Box 490
Carlsborg WA 98324
esteb44@centurylink.net

Renee M. France (C)
Oregon Department of Justice
Natural Resources Section
1162 Court St NE
Salem OR 97301-4096
renee.m.france@doj.state.or.us

Wendy Gerlitz (C)
NW Energy Coalition
1205 SE Flavel
Portland OR 97202
wendy@nwenergy.org

Patrick G. Hager (C)
Portland General Electric
121 SW Salmon St – 1WTC0702
Portland OR 97204
Pge.opuc.filings@pgn.com
patrick.hager@pgn.com

Teresa Hagins
Northwest Pipeline GP
8907 NE 219th Street
Battle Ground WA 98604
teresa.l.hagins@williams.com

Diane Henkels (C)
CleanTech Law Partners PC
6228 SW Hood
Portland OR 97239
dhenkels@cleantechlawpartners.com

Robert Jenks (C)
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland OR 97205
bob@oregoncub.org

John Lowe
Renewable Energy Coalition
12050 SW Tremont Street
Portland OR 97225-5430
jravenesanmarcos@yahoo.com

G. Catriona McCracken (C)
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland OR 97205
catriona@oregoncub.org

Stewart Merrick
Northwest Pipeline GP
295 Chipeta Way
Salt Lake City UT 84108
stewart.merrick@williams.com

Thomas H. Nelson
PO Box 1211
Welches OR 97067-1211
nelson@thnelson.com

Tyler C. Pepple (C)
Davison Van Cleve, PC
333 SW Taylor – Suite 400
Portland OR 97204
tcp@dvclaw.com

V. Denise Saunders (C)
Portland General Electric
121 SW Salmon Street –
1WTC1301
Portland OR 97204
denise.saunders@pgn.com

S. Bradley Van Cleve
Davison Van Cleve PC
333 SW Taylor - Suite 400
Portland OR 97204
bvc@dvclaw.com

Sarah Wallace
Pacific Power
825 NE Multnomah St., Suite 1800
Portland OR 97232
sarah.wallace@pacificcorp.com

Michael T. Weirich (C)
PUC Staff--Department of Justice
Business Activities Section
1162 Court Street NE
Salem OR 97301-4096
michael.weirich@state.or.us

(C)= Confidential

Dated this 25th day of July, 2014.

Matt DeVore #063103
for Renee M. France, OSB #004472
Senior Assistant Attorney General