

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 10, 2017**

REGULAR  CONSENT  EFFECTIVE DATE October 11, 2017

DATE: October 3, 2017

TO: Public Utility Commission

FROM: Nolan Moser 

THROUGH: Jason Eisdorfer and JP Batmale 

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 620/Advice No. 17-15) Schedule 54 Large Nonresidential Renewable Energy Certificates Rider (Competitive Operation).

**STAFF RECOMMENDATION:**

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE) Advice Filing 17-15 and application to waive statutory notice for rates effective October 11, 2017, subject to the condition that PGE file an annual report with the Commission regarding the level of customer participation under each of Schedule 54's program options, with details concerning competitive operation specified resource contracts filed including REC prices, the length of contracts and the specific resources from which specified resource contract RECs were derived, subject to appropriate confidentiality measures.

**DISCUSSION:**

Issue

Whether the Commission should accept PGE's Advice No. 17-15 for rates effective October 11, 2017, with less than statutory notice.

Applicable Law

PGE's advice filing concerns changes to tariffs governed by ORS 757.205 and 757.210. The Commission reviews proposed tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable. Filings made to change rates, tolls, charges, rules or regulations must be made at least 30 days prior to

the effective date of the change.<sup>1</sup> However, where an application for waiver of statutory notice is filed by the utility and granted by the Commission, a tariff may become effective with less than statutory notice.<sup>2</sup>

## Analysis

### *Background*

PGE seeks changes to Schedule 54, its Large Nonresidential Renewable Energy Certificates Rider. (Attachment A) These changes would add a new option for large non-residential customers, allowing these customers and PGE to develop custom arrangements and contracts for the purchase of specified resource Renewable Energy Credits (RECs). The contracts would be for REC purchases only; there is no energy transaction involved. These changes also include minor updates to PGE's existing "Clean Wind" REC program offering.

Most significantly, PGE will add provisions to this tariff allowing non-residential customers to specify the general type of resource from which the RECs will be acquired, or potentially develop a custom contract with PGE for RECs from a specific individual resource or resources. The latter specified resource option contains the following restriction: "Generation facilities solely owned by an investor-owned utility (or included in the rate base of an investor-owned utility) and constructed for the purpose of serving cost-of-service utility customers are not eligible for selection in the specified resource program."<sup>3</sup>

According to an agreement filed with and approved by the Commission under PGE Advice No. 02-12 in docket No. UE 140 on October 7<sup>th</sup>, 2002, the following restrictions apply to Schedule 54 tariffs:

- REC offerings to nonresidential customers will be tarified pursuant to ORS 757.205(1);
- The revenues and costs associated with offering these programs should not be included in PGE's regulated operations; and
- Ratepayers should not subsidize the program.<sup>4</sup>

Accordingly, this "agreement" which was reflected in a Staff Memo, and adopted by Commission Order required that changes to PGE's large customer REC purchase

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<sup>1</sup> ORS 757.220 and OAR 860-022-0020.

<sup>2</sup> *Id.*

<sup>3</sup> PGE Advice No. 17-15 Schedule 54 Large Nonresidential Renewable Energy Certificates Rider, Third Revision of Sheet No. 54-2 Canceling Second Revision of Sheet No. 54-2.

<sup>4</sup> Order No. 02-700 UE 140 Appendix A at 2.

option be tariffed, as regulated rates are tariffed under ORS 757.205(1), despite the fact that this offering is competitive in nature. That memo and Order also required that any costs or revenues associated with implementing or offering the non-residential REC purchase programs be separate from PGE's regulated operations. At that time, the Commission also adopted several additional special conditions, which were agreed to by PGE and Staff, given the competitive nature of the products offered under Schedule 54. Specifically, the Commission adopted the following conditions:

"Special Condition No. 6:

All incremental costs and revenues associated with the provision of services under this schedule shall be appropriately changed or credited to nonutility accounts.

Special Condition No. 7:

The Company may use Consumer proprietary information gathered for the provision of Electricity service upon Consumer written or verbal permission as long as it provides the same information under the same terms and conditions to alternative Tradeable Renewable Credits (TRC's) providers under Consumer written or verbal request.

Special Condition No. 8:

The Company will communicate to Consumers or potential Consumers, both in its verbal conversations and in its written materials that: the Consumer may buy TRCs from other providers; and Consumers are not required to buy TRCs from the Company in order to receive the Company's safe and reliable Electricity service.

Special Condition No. 9:

If the Company chooses to use bill inserts to market this schedule to Consumers, it will allow other TRC providers access to place inserts in the Company's bills under the same prices, terms and conditions that apply to the Company's Large Nonresidential TRC program."

These conditions were established to mirror the requirements of Oregon's code of conduct, which according to ORS 757.646 requires "fair treatment of all competitors by a distribution utility."

*Discussion*

Staff has met with PGE regarding this filing, and PGE has represented to Staff that all the above Special Condition protections have been adhered to. PGE explained that the

changes they are proposing to this tariff have been prompted by customers desiring to more specifically identify renewable energy sources as part of REC procurement efforts. The requirement that if PGE utilizes customer data for the provision of these services it must also make that same data available to competitors, is being followed in addition to the other protections ensuring fair competition between PGE and alternative suppliers of REC products. No parties have offered comments or concerns regarding this filing. Staff also recognizes that specific language in PGE's proposed schedule prevents non-residential customer program participation in any project in which PGE has an interest.

Staff notes that the specified resource option developed by PGE is a forward-thinking approach allowing large non-residential customers to support specific projects—through the purchase of RECs only. Staff notes however that project developers or retailers of REC products do not have the opportunity to provide on-bill REC-only services to customers, while PGE's competitive operations do. Because this offering does not involve energy sales and has specific competitive protections in place, Staff can recommend approval of PGE's proposed changes.

However, similar to Staff's recommendation in PacifiCorp's somewhat parallel filing (ADV 386), Staff believes it is important to monitor this REC program offering closely in order to identify any unanticipated effects on Oregon's competitive market. Therefore, Staff requests that PGE report back to Staff in one year from the new effective date of this tariff on the status and effects of the new custom resource option, including a narrative on the levels of participation in the program, and key information about the contracts signed between PGE and participating customers such as REC prices, the length of contracts and the specific resources from which custom contracts RECs were derived, subject to appropriate confidentiality measures. Finally, Staff desires to make clear that no REC purchase under this proposed tariff should result in a disqualification of PGE's Clean Wind program as Green-E certified.

### Conclusion

PGE seeks to update its large non-residential customer REC product offerings to provide participating customers with more options and flexibility. PGE is in compliance with Commission approved conditions associated with competitive operations. Additionally, PGE expressly prevents projects in which PGE has an interest from being eligible to customers participating in the program. Accordingly, Staff recommends approval of PGE's ADV 620/Advice Filing 17-15.

**PROPOSED COMMISSION MOTION:**

Approve PGE's ADV 620/Advice Filing 17-15, and application to waive statutory notice, for rates effective October 11, 2017, subject to the condition that PGE file a report with the Commission annually regarding customer participation levels under each of Schedule 54's program options, with details concerning competitive operation specified resource contracts filed including REC prices, the length of contracts and the specific resources from which custom contracts RECs were derived, all subject to appropriate confidentiality measures.

**SCHEDULE 54  
LARGE NONRESIDENTIAL  
RENEWABLE ENERGY CERTIFICATES RIDER**

**PURPOSE**

This rider is an optional supplemental service that supports the development of New Renewable Energy Resources as defined in ORS 757.600. Under this Schedule, a Large Nonresidential Customer may purchase Renewable Energy Certificates (RECs) based on a percentage of the Customer's load, subject to a minimum purchase.

(D)

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all Customers taking service under any of the following PGE schedules: 38, 49, 83, 85, 89, 90, 485, 489, 490, 491, 495, 583, 585, 589, 590, 591, and 595.

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(C)

**PRODUCT OFFERINGS**

(N)

I. PGE Clean Wind (Commercial & Industrial)

This product allows a customer to purchase RECs based on a percentage of load, subject to minimum purchase. The product is Green-e certified, and as a result all RECs purchased on behalf of Clean Wind Customers will conform to Green-e Energy National Standards and are either registered with Western Renewable Energy Generation Information System (WREGIS) or provided via third party audited Green-e attestation.

II. Specified Resource

This product allows a customer to purchase RECs from a specified facility, based on a percentage of load, subject to minimum purchase. Specified Resource provides the participating customer with RECs obtained from specified resources and derived from the following fuels:

1. Wind;
2. Solar;
3. Certified low-impact hydroelectric;
4. Pipeline or irrigation hydroelectric systems;
5. Wave or tidal action;
6. Low emissions biomass (from digester methane from landfills, sewage or waste treatment plants, forest or field residues).
7. Hydrogen derived from photovoltaic electrolysis or non-hydrocarbon derivation process

(N)

**SCHEDULE 54 (Continued)**

**PRODUCT OFFERINGS**

**Specified Resource (Continued)**

Upon customer request, PGE will assist the customer in identifying discrete generators matching the fuel types listed above. Any offering under Specified Resource must be 100% new renewable, which is defined as follows:

- (1) a) Placed in operation (generating electricity) on or after January 28, 2000;
  - b) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or
  - c) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000 such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility.
- (2) Any project that has been subject to an uprate meant solely to increase generation at a facility – without the construction of a new or repowered, separately metered generating unit – is not eligible for the specified resource offering.

Generation facilities solely owned by an investor-owned utility (or included in the rate base of an investor-owned utility) and constructed for the purpose of serving cost-of-service utility customers are not eligible for selection in the specified resource program.

**RATE**

A Customer may purchase RECs through the PGE Clean Wind (C&I) offering at:

0.3¢ per kWh

A minimum REC purchase of 1,000 kWh times 0.3¢ (\$3.00) per month is required. For larger purchases, volume discounts may be available, subject to negotiation, pursuant to the execution of a written contract.

If a customer chooses to participate in the Specified Resource program, price may differ and is subject to execution of a written contract.

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(N)

(N)

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(N)

**SCHEDULE 54 (Concluded)**

**SPECIAL CONDITIONS**

1. The Customer may enroll to purchase Clean Wind RECs by signing a contract. Upon execution of a signed agreement, service will become effective with the next regularly scheduled meter reading date provided the Contract was entered into at least five days before their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date.
2. The Company will not accept enrollments from accounts with poor credit history. For the purposes of this offering, poor credit history is defined as: a) having received two or more final disconnect notices in the past 12 months; or b) having been involuntarily disconnected in the past 12 months.
3. The Company makes no representations as to the impact on the development of renewable resources from Customer participation.
4. The Company is not required to own renewables or to acquire energy from renewable resources simultaneously with Customer usage.
5. A REC purchase by the Company sufficient to meet the total of all Customer purchases of RECs will occur, at least, on an annual basis.
6. All incremental costs and revenues associated with the provision of services under this schedule will be appropriately charged or credited to nonutility accounts.
7. This product is offered through a competitive operation and is provided in accordance with the Code of Conduct as set forth in OAR 860-038-0500 through 860-038-0640.
8. If the Company chooses to use bill inserts to market this schedule to Customers, it will allow other REC providers access to place inserts in the Company's bills under the same prices, terms and conditions that apply to the Company's Large Nonresidential REC program.

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PGE Advice No. 17-15  
Redline Version of Schedule 54

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In all territory served by the Company.

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Specified Resource (Continued)

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**SCHEDULE 54 (Concluded)**

**SPECIAL CONDITIONS**

1. The Customer may enroll to purchase Clean Wind RECs by signing a contract to pay ~~annually or monthly~~. Upon execution of a signed agreement, service will become effective with the next regularly scheduled meter reading date provided the Contract was entered into at least five days before their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date.
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