



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

March 18, 2019

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
P. O. Box 1088  
Salem, OR 97308-1088

RE: UM 1912 – PGE Initial Compliance Filing to Update RVOS Values

As directed by Commission Order No. 19-023 in Docket No. UM 1912, PGE submits this compliance filing to update RVOS values for Energy Shape to use the uncapped Energy Imbalance Market (EIM) methodology, an updated levelized Generation Capacity Value, and an updated levelized Distribution Capacity Deferral Value. A description of each update is given below.

PGE will update Generation Capacity Value to include a 12x24 shape, T&D Capacity Value to include a 12x24 shape and initial locational values (in collaboration with Staff), Line Loss in 12x24 blocks, updated RPS Compliance proxy values, a Market Price Response Value that uses the method described by Staff of the Public Utility Commission of Oregon (Staff), and an updated utility-scale proxy no later than July 18, 2019, as set forth in the required actions in Order No. 19-023 at 23-24. PGE will also provide an updated line-loss study at that time.

For Hedge Value, Integration, Administration, and Environmental Compliance, Order 19-023 adopts the values filed in December 2017. PGE does not have an update to these values at this time but recognizes that updated values will be developed according to individual program implementation needs, per Order 19-023.

**Impact of March 18, 2019 Updates on PGE's Initial RVOS Compliance:**

<b>RVOS Element</b>	<b>December 2017 \$/MWh, real levelized value</b>	<b>March 2019 \$/MWh real levelized value</b>
Energy	24.98	25.33
Generation Capacity	7.30	7.19
T&D Capacity	8.08	7.91
Line Loss	1.48	1.50
Administration	(5.58)	(5.58)
Market Price Response	1.81	1.81
Integration	(0.83)	(0.83)
Hedge Value	1.25	1.27
Environmental Compliance	11.41	11.57
RPS Compliance	0	0
Grid Services	0	0
<b>RVOS Total</b>	<b>49.88</b>	<b>50.16</b>

- **Updated Energy Shape to use Uncapped EIM Methodology:**
  - As directed by Order No. 19-023, PGE has updated energy values to reflect the usage of an uncapped EIM shape. PGE maintains that this is not our preferred method to shape energy usage for the following reasons:
    - PGE does not use the EIM for large amounts of energy transactions, and therefore EIM may not represent an accurate proxy of PGE dispatched resources; and
    - PGE typically uses EIM for short-term imbalance issues such as 5 and 15-minute markets. This imbalance service does not reflect PGE's hourly avoided energy costs.
  
- **Updated Levelized Generation Capacity Value:**
  - Per the instruction of Order No. 19-023, PGE has updated the levelized Generation Capacity Value. PGE used the capacity value from the 2016 Integrated Resource Plan (IRP) update – filed March 8, 2018 in Docket LC 66 – of \$124 per kW-year, which is the fixed cost of a Simple Cycle Combustion Turbine. This value is down slightly from the \$125.86 that PGE filed in the December 2017 RVOS filing.
  
- **Updated Distribution Capacity Deferral Value:**
  - As directed in Order 19-023, PGE has updated the distribution value of avoided T&D upgrades due to capacity to reflect the most recently completed Distribution marginal cost of service study (MCOSS).
  - The distribution capacity value, per the Docket UE 335 Distribution MCOSS is \$24.39 per kW-year. This updates from the value of \$25.35 per kW-year that was included in PGE's December 2017 RVOS filing, based on the Docket UE 319 Distribution MCOSS.
  - PGE has not updated the levelized transmission capacity value, as the \$21.52 per kW-year value – the price of Bonneville Power Administration's (BPA) Firm Point-to-Point transmission service with Scheduling, System Control, and Dispatch Service – is tariffed for both 2018 and 2019 and represents the current rate.

While PGE did not specifically update the Line Loss, Environmental Compliance, and Hedge Value elements as part of this initial compliance filing, the value of Line Loss increased from \$1.48/MWh to \$1.50/MWh, Environmental Compliance from \$11.41/MWh to \$11.57/MWh, and Hedge Value from \$1.25/MWh to \$1.27/MWh. This increase is due to the way these elements are calculated – as a proportion of energy price – and is driven by the increase in levelized energy price due to the adoption of the uncapped EIM methodology.

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Workpapers associated with this update will be provided on Huddle.

Should you have any questions or comments regarding this filing, please contact Jacob Goodspeed at (503) 464-7806.

Please direct all formal correspondence and requests to the following email address:  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

A handwritten signature in black ink, appearing to read 'Karla Wenzel', written in a cursive style.

Karla Wenzel  
Manager, Pricing & Tariffs

cc: UM 1912 Service List