

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1773

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Petition for Partial Waiver of Competitive
Bidding Guidelines and Approval of
Request for Proposals (RFP) Schedule

COMMENTS OF
RENEWABLE NORTHWEST

I. INTRODUCTION

Renewable Northwest submits these comments for the Commission’s consideration regarding Portland General Electric Company’s (“PGE”) Petition for a Partial Waiver of Competitive Bidding Guidelines and Approval of Request for Proposals (“RFP”) Schedule (the “Petition”). As discussed in these comments, Renewable Northwest is pleased that PGE is interested in exploring the potential acquisition of new renewable resources in order to facilitate low-cost compliance with Oregon’s recently expanded Renewable Portfolio Standard (“RPS”). Indeed, there is a near-term opportunity to acquire renewable resources that could position PGE to deliver significant value to ratepayers by maximizing the value of federal tax credits and early action incentives in the Oregon RPS. While we are eager for PGE and other Northwest utilities to pursue this near-term opportunity, it is also important to us that resource procurement processes instill market confidence and provide for robust competition that produces the best results for utility customers. In order to ensure that renewable generation will be deployed on a least-cost, least-risk basis, procurement processes must have fair evaluation criteria and provide meaningful opportunities for market participants to compete. A rushed process makes it more

difficult for stakeholders to fully vet the evaluation criteria and for market participants to meaningfully engage. Moreover, the current RFP process precedes completion of the Commission’s rulemaking regarding allowances for diverse ownership of renewable energy (AR 600) and its investigation of the Competitive Bidding Guidelines (UM 1776), both of which are intended to explore these competitive procurement issues in depth. Pending completion of AR 600 and UM 1776, Renewable Northwest recommends that the Commission consider adopting an interim safeguard to increase fairness and competition in the RFP at issue in this docket while facilitating forward movement on renewable resource acquisitions.

II. COMMENTS

Renewable Northwest enthusiastically supports wide deployment of responsibly sited renewable energy resources in order to clean up our electric sector while maintaining reliability and affordability. Indeed, when the benefits of a robust competitive market are brought to bear, renewable resources are increasingly cost-effective, reliable, and readily integrated into the electric grid. Even without Senate Bill 1547’s (“SB 1547”) increased RPS requirements, there are good reasons for Oregon utilities to consider renewable resource acquisitions in the near-term as part of a diverse, cost-effective portfolio. The long-term renewable energy requirements set forth in SB 1547 complement the other potential benefits of early procurement of renewable resources.

The potential benefits to PGE customers of early action on renewable resource acquisitions are significant. PGE’s current forecasts identify the need for 253 average megawatts (“aMW”) of renewable resource capacity additions in 2025 to comply with the RPS, with approximately 70 aMW needed in 2020.¹ To meet these needs, PGE should pursue low-cost

¹ Petition at 4.

RPS compliance options that add diversity to the current mix of resources in PGE's portfolio. As PGE's analysis shows, there are substantial near-term savings associated with acquisition of a renewable resource that can capture the full federal production tax credit ("PTC") value. In addition, the extension of the federal investment tax credit ("ITC") for solar projects also offers significant potential savings to PGE customers. SB 1547's provisions regarding unlimited renewable energy certificate ("REC") life for new, long-term renewable energy projects that come online in the near-term also provide benefits to customers associated with early action on RPS compliance.

Robust competition in the energy marketplace is good for customers. From a utility customer's perspective, the current window of full PTC and ITC availability as well as unlimited-life RECs presents the best near-term opportunity for active competition among renewable energy suppliers and project developers as it draws on a larger pool of potential projects. However, this active competition will only be present if market participants have confidence in the RFP design and process. To this end, we would expect a well-designed RFP to encourage broad participation from diverse suppliers and provide meaningful opportunities for power purchase agreement ("PPA") bids to be among those selected as the least-cost and least-risk resources for utility ratepayers. PPA options help foster competition in the market and spread the risks associated with resource procurement and operation, thereby bringing benefits to utility customers.

As the Commission has previously acknowledged, under the current utility business model, there is the potential for bias in utility resource procurement processes that favors utility ownership of generation assets over PPAs with third parties on account of a utility's ability to

earn a return on the capital investment.² Indeed, the recent history of renewable energy procurement in Oregon points to a strong reliance on utility ownership and even self-build with very few PPAs being executed. Thus, there is an open question as to whether the Commission's current Competitive Bidding Guidelines—when strictly adhered to—are rigorous enough to ensure fair competition in utility procurement processes. When utilities seek to accelerate and abbreviate aspects of the process laid out in the Competitive Bidding Guidelines, it becomes more difficult to assess whether such truncated processes have sufficient safeguards in place to ensure fairness and meaningful competition.

On the one hand, the renewable energy market is ripe for immediate low-cost procurement of renewable resources, but the lowest-cost projects can only come into play if there is sufficient opportunity for them to compete on a level playing field. In Renewable Northwest's view, the Commission's rulemaking regarding allowances for diverse ownership of renewable energy and investigation of the Competitive Bidding Guidelines (AR 600 and UM 1776) are both critical to fully examining the diversity of ownership issues and providing for a more robust competitive process related to renewable resource acquisitions in the long-term. While the current docket may not be the place to hardwire a more durable, long-term solution to the concerns regarding diversity of ownership, there may be an opportunity for the Commission to adopt an interim competitive safeguard in order to address concerns about the fairness of the process and instill greater confidence in the Oregon market. We recommend that the Commission explore the range of options available to it that would ensure a fair and vibrant

² *In the Matter of an Investigation to Address Potential Build-vs.-Buy Bias*, Docket No. UM 1276, Order No. 11-001 at 2, 5 (Jan. 3, 2011); *In the Matter of an Investigation Regarding Competitive Bidding*, Docket No. UM 1182, Order No. 14-149 at 1 (Apr. 30, 2014).

competitive procurement process in the near-term pending exploration of longer-term solutions in the rulemaking and investigative dockets.

Respectfully submitted this 28th day of July, 2016.

/s/ Dina Dubson Kelley _____

Dina Dubson Kelley
Chief Counsel
Renewable Northwest
421 SW Sixth Ave, Suite 1125
Portland, OR 97204
(503) 223-4544
dina@renewableNW.org

/s/ Michael O'Brien _____

Michael O'Brien
Senior Policy Analyst
Renewable Northwest
421 SW Sixth Ave, Suite 1125
Portland, OR 97204
(503) 223-4544
michael@renewableNW.org