


**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 25, 2015**

REGULAR _____ CONSENT X EFFECTIVE DATE August 26, 2015

DATE: August 17, 2015

TO: Public Utility Commission

FROM: Brittany Andrus 

THROUGH:  Jason Eisdorfer and  Aster Adams

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1728) Corrected Update to Qualifying Facilities Avoided Cost Payments, Schedule 201.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's (PGE) corrected Schedule 201, to be effective August 26, 2015.

DISCUSSION:

Issue

Subsequent to approval of PGE's most recent approved avoided cost filing, a Qualifying Facility¹ (QF) identified an error in PGE's calculation of avoided costs for renewable resources. PGE's Supplemental Revised Schedule 201 Qualifying Facility Information filed August 13, 2015, corrects these errors. Staff has reviewed the filing as have a subset of QFs and agree PGE has corrected the errors.

Applicable Orders

Under Order No. 14-058, utilities are required to update avoided cost prices for gas prices, electricity prices, the status of the Production Tax Credit, and relevant changes from an acknowledged IRP update.² On June 23, 2015, the Commission issued Order No. 15-206 approving PGE's avoided cost filing subject to PGE's removal of an update to its cost of capital. PGE submitted its compliance filing on June 29, 2015.

¹ Community Renewable Energy Association.

² Order No. 14-058 at 25-26.

After PGE submitted its compliance filing, a QF determined that PGE's avoided cost prices include updates to PGE's avoided cost prices that are not authorized under Order No. 14-058. Once alerted to the errors, PGE agreed to re-file the avoided cost prices to remove the unauthorized updates, and did so on August 11 and 13, 2015.

Analysis

The Company lists in its filing the changes to avoided costs made subsequent to the approval of the current Schedule 201. In its August 13, 2015 filing, the following items reverted to the values that were included in the avoided cost prices in effect prior to the May 1, 2015 filing:

- Capacity factor for the Tucannon Wind facility;
- Inflation factor; and
- Contingency reserve cost

The result of these corrections is an increase in avoided costs during the deficiency periods. The proposed avoided cost prices remain lower than those that were in place prior to the May 1, 2015 update.

The following table compares three sets of Schedule 201 avoided costs: prices in effect prior to June 30, 2015, prices effective June 30, 2015, and proposed prices. The prices below are for a baseload QF resource, weighted average of on- and off-peak prices, and levelized over 15 years (2016 through 2030).

	Nonrenewable Baseload	Renewable Baseload
Prior to June 30, 2015	\$59.16	\$84.99
Effective June 30, 2015	\$51.11	\$79.35
Proposed Schedule 201	\$54.11	\$82.65

Staff has conferred with PGE regarding documentation for the annual avoided cost updates. The Company agrees that going forward, in the interest of facilitating transparency and ease of review for parties, it will clearly identify anything that is updated beyond the four factors listed in Order No. 14-058.

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PROPOSED COMMISSION MOTION:

PGE's Supplemental Revised Schedule 201 Qualifying Facility Information be approved, effective August 26, 2015.

UM 1728 Corrected Update to Qualifying Facilities Avoided Cost Payments