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July 8, 2022

*Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street Southeast  
P.O. Box 1088  
Salem, OR 97308-1088

**RE: UM 1728 – PGE’s Comments on Staff’s Recommendation for PGE’s Updates to Schedule 201, Qualifying Facility (10 MW or Less) Avoided Cost Information and PGE’s Response to Joint QF Parties Comments**

Dear Filing Center:

Portland General Electric Company (PGE or Company) submits these comments in response to Public Utility Commission of Oregon Staff’s (Staff) Public Meeting Memorandum and the Joint Comments of the Renewable Energy Coalition, the Northwest & Intermountain Power Producers Coalition, the Community Renewable Energy Association, and Oregon Solar + Storage Industries Association (collectively, the QF Trade Associations). PGE respectfully requests that the Public Utility Commission of Oregon (Commission) approve PGE’s avoided cost update as-filed, or alternatively, adopt Staff’s recommendation to utilize only the standard update factors. Additionally, as described in these comments, PGE has analyzed the information referenced by the QF Trade Associations for Idaho Power and PacifiCorp. PGE is open to providing the analysis described in these comments to participants in a future IRP roundtable workshop.

PGE appreciates Staff’s careful review of PGE’s proposed update and additional analysis of the natural gas and electricity price forecast. PGE’s updated avoided cost prices for Schedule 201 qualifying facilities (QFs) are reasonable as filed and PGE’s proposed updates to the QF forecast and solar generation profile make the prices more accurate. While PGE’s Schedule 201 contracting has slowed as the QF Trade Associations note,<sup>1</sup> PGE has signed 223 MW of QF PPAs under Schedule 202 since December 2020—at negotiated prices for which the starting point is PGE’s Schedule 201 prices. Therefore, avoided cost pricing needs to be accurate. However, PGE recognizes that its waiver request is unusual and that the Commission will consider revisions to its

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<sup>1</sup> QF Trade Association Comments at 1 (June 28, 2022).

avoided cost methodology in Docket No. UM 2000. Therefore, PGE does not object to Staff's recommendation that PGE update only the four factors specified in OAR 860-029-0085(4)(a).

## **BACKGROUND**

On May 2, 2022, PGE filed an Application in Docket No. UM 1728 to update its Schedule 201 avoided cost prices pursuant to OAR 860-029-0085,<sup>2</sup> which provides for a limited update to four specific aspects of avoided cost prices around May 1 of each year. In its initial filing, PGE requested waiver of OAR 860-029-0085(4)(a) to allow PGE to update two additional factors: the QF forecast and solar generation profile—both of which are inputs to the effective load carrying capacity (ELCC).<sup>3</sup> PGE explained that its waiver request was in response to stakeholder feedback from PGE's 2021 avoided cost update. After discussion of its Application with Staff and stakeholders during a May 18 workshop, PGE supplemented its Application on May 26 to correct an inadvertent error and to update the natural gas price forecast and non-renewable avoided cost prices. PGE's supplemental filing modified its requested effective date to July 13, 2022, to allow parties additional time for review, consistent with Staff's request.

### **PGE does not object to Staff's recommendation that the Commission approve a standard May 1 update.**

Staff and QF Trade Associations recommend no changes to the avoided cost prices in PGE's supplemental Application, except for removal of the ELCC updates.<sup>4</sup> While PGE maintains that its proposed ELCC updates are reasonable, PGE also does not object to conducting only the more limited update provided for in OAR 860-029-0085(4)(a) at this time.

As explained in its Application, PGE requested a waiver to update specific inputs to the ELCC in order to respond to stakeholder feedback from PGE's 2021 avoided cost update regarding PGE's QF-forecast and solar-generation-profile assumptions.<sup>5</sup> Specifically, after stakeholders criticized PGE's assumptions regarding QF success rates and solar generation profiles,<sup>6</sup> PGE agreed in a settlement of its 2021 avoided cost update to perform and present additional analyses related to

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<sup>2</sup> PGE's Application to Update Qualifying Facility Information (May 2, 2022).

<sup>3</sup> PGE' Application to Update Qualifying Facility Information at 1-2 (May 2, 2022).

<sup>4</sup> Staff memo at 1; QF Trade Association Comments at 2.

<sup>5</sup> PGE' Application to Update Qualifying Facility Information at 2 (May 2, 2022).

<sup>6</sup> *See, e.g.*, Docket UM 1728, REC and NIPPC Comments on the 2021 Annual Update at 14 (June 8, 2021) (“In determining how many new QFs with executed contracts are likely to come online, PGE has made no attempt to develop an accurate forecast and instead adopted a simplifying assumption of 100%....PGE's simplifying assumptions are inaccurate, unjustified, and do not demonstrate the standard of care a reasonable person would exercise.”); Docket UM 1728, NewSun Comments at 3 (June 8, 2022) (recommending that PGE update “Solar performance characteristics to reflect geographically specific actual or forecasted performance characteristics of the solar resources in the baseline using industry standard typical meteorological year data”).

QF forecasts and solar generation profiles to inform future planning and avoided cost matters.<sup>7</sup> Because PGE received an extension of time to 2023 to perform its next integrated resources plan (IRP),<sup>8</sup> any updates to these factors based on the analysis PGE conducted likely would not flow through the IRP and into avoided cost prices for approximately two years.<sup>9</sup>

PGE's proposed ELCC updates result in more accurate avoided costs than the standard May 1 update. As described in PGE's initial filing, PGE updated the ELCC values to incorporate new QF forecast assumptions and new solar generation profiles. PGE updated its portfolio based on the assumption that 50 percent of the QFs under Schedule 201 that have executed contracts but have not yet achieved commercial operation will come online and that 100 percent of the QFs under Schedule 202 that have executed contracts but have not yet achieved commercial operation will come online. As described in the initial filing, PGE was willing to include a 50 percent assumed success rate for Schedule 201 projects based on actual experience for PGE's executed Schedule 201 QF contracts to date. For Schedule 202 projects, given the limited history for QFs of this size, the sophistication of the developers of these projects, and the significant size of these projects, it is reasonable for PGE to assume that these projects will come online.

PGE also included updated solar generation profiles in its filing. PGE's current avoided cost prices are based on one solar generation profile for a proxy resource located in Christmas Valley. Based on feedback received during PGE's 2021 avoided cost update, PGE updated its solar generation profiles used to calculate ELCC values to use three proxy resources, which includes two east-side resources (Christmas Valley and Wasco) and one west-side resource (McMinnville).

Staff believes that PGE's out-of-cycle update request is properly framed under OAR 860-029-0085(5); however, Staff notes the Commission has a high standard for out-of-cycle updates, "based on a showing of extraordinary circumstances, and allowed updates where it was demonstrated that values were significantly out of sync with market indicators, as demonstrated by a major resource acquisition or competitive bid."<sup>10</sup> Staff does not believe that any of the proposed additional updates meet this standard.

Although PGE submits that its proposed additional updates are accurate and justified, PGE recognizes that the May 1 update is intended to be straightforward and limited. Given that Staff and stakeholders do not support additional changes and that the Commission will re-examine its

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<sup>7</sup> PGE' Application to Update Qualifying Facility Information at 1 (May 2, 2022).

<sup>8</sup> *In re Portland Gen. Elec. Co. 2019 Integrated Resource Plan*, Docket LC 73, Order No. 21-422 at 1 (Nov. 18, 2021).

<sup>9</sup> PGE' Application to Update Qualifying Facility Information at 2 (May 2, 2022).

<sup>10</sup> *In the Matter of Rulemaking Regarding Power Purchases by Public Utilities for Small Qualifying Facilities*, Docket No. AR 593, Order No. 18-422 (October 29, 2018).

avoided cost methodology soon, PGE does not object at this time to removing the ELCC update from its filing.

**PGE’s assumptions regarding QF success rates are reasonable.**

The QF Trade Associations acknowledge that they previously criticized the assumptions that PGE now seeks to update, but they also oppose PGE’s requested update. The QF Trade Associations concede that “there may have been good cause” to grant PGE’s waiver request and allow the requested updates had PGE complied with the 2021 stipulation in this docket, but they contend that PGE did not comply with the stipulation because it did not review the historic percentage of QFs reaching completion and renewals for other utilities.<sup>11</sup> The QF Trade Associations request that the Commission direct PGE to comply with the 2021 stipulation.<sup>12</sup> Staff also states that it believes PGE did not comply with the terms of the stipulation and recommends that “the Commission require PGE to perform additional analyses related to QF forecasts to inform future planning and avoided cost matters.”<sup>13</sup>

The stipulation required PGE to conduct various analyses regarding QF success and renewal sensitivities and also stated that PGE would “review the historic percentage of QFs reaching completion and renewals for other utilities.”<sup>14</sup> PGE conducted the required analyses and presented them at an IRP roundtable meeting on March 14, 2022. PGE’s presentation did not discuss PGE’s review of information regarding other utilities because PGE had not identified any publicly available information regarding the other utilities’ historic QF success and renewal rates. In response to follow-up questions after the roundtable, PGE explained to counsel for REC and NIPPC on April 22, 2022, that PGE had contacted the other utilities and had not identified a publicly available source of this information. Counsel now directs PGE to certain data responses from a different docket.<sup>15</sup>

In their comments, the QF Trade Associations argue that PGE should have reviewed data responses from PacifiCorp and Idaho Power, which the QF Trade Associations filed in docket AR 631 on March 25, 2022 (which was after PGE’s presentation of its initial results at the IRP Roundtable), to support arguments in that docket regarding the identity of QF developers.<sup>16</sup> The data responses do not obtain readily identifiable statistics regarding QF success rates or renewals, and the QF Trade Associations do not explain what success or renewal rates they draw from the referenced

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<sup>11</sup> QF Trade Association Comments at 7, 11.

<sup>12</sup> QF Trade Association Comments at 2.

<sup>13</sup> Staff’s Public Meeting Memorandum at 1.

<sup>14</sup> Docket UM 1728, Order No. 21-215, App. A at 12 (July. 6, 2021).

<sup>15</sup> QF Trade Association Comments at 13-14.

<sup>16</sup> *In re Rulemaking to Address Procedures, Terms, and Conditions Associated with QF Standard Contracts*, Docket AR 631, QF Trade Associations’ Reply Comments on Group 1 Issues at 15 n.43 & Attachment A (Mar. 25, 2022).

data responses nor what QF success or renewal rates they would recommend PGE adopt based on review of the other utilities' data.

PGE has reviewed and analyzed the referenced data responses and is open to discussing this targeted analysis at a future IRP roundtable workshop. The Idaho Power data response appears to include only “online” QFs and therefore does not appear to shed light on the QF success rates Idaho Power has experienced. Based on PGE’s analysis of the PacifiCorp data response, PacifiCorp’s historical success rates for both standard and negotiated QFs are higher than those PGE has experienced historically. Thus, to the extent other utilities’ historical experiences are helpful in predicting the QF success rates PGE will experience, PacifiCorp’s response does not disagree with PGE’s assumption regarding Schedule 202 QFs and does not contradict or change PGE’s proposed assumption that 50 percent of standard QFs will succeed could be too low.

Although PGE believes it has complied with the terms of the stipulation, we have also provided analysis of the information available in these comments. Additionally, PGE is open to discussing this analysis at a future IRP roundtable meeting. However, PGE would like to make clear that PGE anticipates that any discussions at a future roundtable proceeding would be based on the information analyzed in these comments. Should the Commission adopt Staff’s recommendation in this docket, PGE seeks clarification that the required analysis that PGE is to perform “related to QF forecasts to inform future planning and avoided cost matters” references only this analysis of the information in the referenced data requests that the QF Trade Associations included in this docket and that PGE has included in these comments.

### **Assumptions regarding QF renewal rates have no impact on current avoided cost prices.**

The QF Trade Associations make several references to the fact that PGE’s proposed avoided cost prices do not assume that existing QFs renew their PPAs after they expire.<sup>17</sup> However, as PGE explained in both the IRP roundtable and in response to discovery, PGE makes no assumption on this point because it has *no impact* on avoided cost prices. The current, deficiency-period avoided cost prices are based on the year 2025, and PGE does not have any QF contracts coming up for renewal until 2026. Therefore, PGE’s proposed avoided cost prices would be the same regardless of whether PGE assumed a zero or 100 percent renewal rate. Debating the appropriate assumption for a factor that has no impact on current prices is not an efficient use of party or Commission resources.

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<sup>17</sup> See, e.g., QF Trade Association Comments at 2 (“PGE continues to claim its limited history as justification for its assumptions, like 0% for existing QFs to renew, which are not just nor reasonable.”); *Id.* at 12 (“The other assumption that PGE continues to base on inadequate and inaccurate data concerns the number of currently operational and selling QFs who will likely renew their contracts to sell. PGE makes no assumption (essentially a 0% assumption)...”).

PGE respectfully requests that the Commission either (1) grant PGE's waiver request and approve PGE's avoided cost update as reflected in its May 26, 2022 supplemental Application, or (2) adopt Staff's recommendation and approve PGE's May 1 update utilizing only the standard update factors consistent with OAR 860-029-0085(4)(a).

PGE appreciates the opportunity to respond to the July 5, 2022 Staff Report and comments submitted by the Joint QF Parties. Informal questions regarding this filing may be directed to Chris Pleasant at (503) 464-2555.

Sincerely,

*\s\ Robert Macfarlane*

Robert Macfarlane  
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