

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 380

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Advice No. 20-09 (ADV 1112), Schedule 136
Cost Recovery Mechanism.

ORDER

**DISPOSITION: COMPLIANCE FILINGS ORDERED; ADVICE NO. 20-09
PERMANENTLY SUSPENDED**

This order memorializes our decision, made and effective at our May 19, 2020 Regular Public Meeting, regarding Portland General Electric Company's Advice No. 20-09, docketed as ADV 1112. Staff recommended that the Commission approve the tariff sheets, and the Staff Report with the recommendation is attached as Appendix A. We instead approved tariff changes related to allocation of start-up costs that PGE incurs to support the CSP program but rejected other proposed tariff changes and ordered modifications to PGE's proposal instead. We permanently suspend Advice No. 20-09 and direct PGE to submit compliance tariff sheets as described below.

PGE's Advice No. 20-09 is an update to Schedule 136, its Oregon Community Solar Program Cost Recovery Mechanism.¹ PGE's Schedule 136 was originally intended to recover the Community Solar Program development costs from customers, which included "primarily the start-up costs associated with the program administrator and also including start-up costs that PGE incurs to support the CSP [Community Solar] program."²

The purpose of the update, as stated by PGE, is to update the types of costs recovered under Schedule 136 and to include additional customer classes as subject to payments under the schedule:

¹ *PGE Schedule 136, Advice No. 20-09 Community Solar Cost Recovery Mechanism Update*, Docket No. ADV 1112 (Apr 23, 2020); and Amended Filing at 2 (May 4, 2020), to include the additional collection of bill credit payment costs and to expand the contributing customer classes to new load and long-term direct access customers.

² Amended Filing at 2.

PGE is now updating its Schedule 136, to include CSP [Community Solar Program] bill credit payment costs as among those costs that are collected by Schedule 136 and also expanding the customer classes that contribute to those costs to include new load and long-term direct access customers.³

We received numerous comments from stakeholders regarding PGE's filing and Staff's recommendation. After consideration of Staff's recommendation and stakeholders' positions, and as discussed at the May 19, 2020 Public Meeting, we approve PGE's tariff in part, permanently suspend Advice No. 20-09, and order PGE to file a revised compliance tariff consistent with this decision.

We determine that the tariff proposal does not violate the stipulation agreed to by parties to docket UE 335. The UE 335 stipulation provides sufficient flexibility to address the allocation of new costs associated with legislatively mandated programs. We find that the Community Solar Program is a legislatively-mandated program that is intended to provide for broad public, customer, and community benefits such that all customers should contribute to the recovery of costs for the program. This includes costs associated with bill credits that we have previously determined were appropriate to implement our legislative mandate to launch the program.

Although we disagree with the Alliance of Western Energy Consumers and Calpine Solutions that direct access customers should be shielded from any costs associated with the bill credits under the Community Solar Program, we agree with them that more review of the specific calculation and cost allocation methodology for those costs is warranted. Accordingly, we allow PGE to implement its tariff proposal with regard to Community Solar Program start-up costs, under the allocation methodology PGE proposed, but direct PGE to file a compliance tariff sheet that states that the specific cost allocation methodology for costs associated with the bill credits under the Community Solar Program will be specified by future order. This means that we will need additional process before incremental bill credit costs may be collected from direct access customers. We affirm that these costs will be allocated to all customers, including new load and long-term direct access customers, pending future approval of a cost calculation and recovery approach.

Therefore, we direct PGE to file a compliance tariff Schedule 136 to extend start-up costs to direct access customers consistent with this order and its original tariff proposal. PGE should make clear in its compliance tariff that costs associated with the bill credits under the program will be recoverable from the same customers (including direct access customers), but that the specific methodology for allocating costs associated with the bill credits will be determined by the Commission after a future filing. PGE should file a methodology for the

³ *Id.*

calculation, allocation and recovery of incremental bill credit costs at a later date, understanding our preference to have a tariff in place before Community Solar projects begin generating bill credits, potentially by August or September of this year. Given the timing of the program, we request that PGE file a proposal that can be reviewed or investigated to allow us to more fully consider Staff analysis of the alternatives presented in comments for the public meeting.

We decline Calpine Solutions' request that we allow direct access customers at this time to participate in the Community Solar Program, because we do not perceive the current program as structured in a way that would be compatible with the services that such customers are provided from their utilities.

Our decision regarding Community Solar Program costs is not precedential for future consideration of costs associated with other public policy directives. We will consider more broadly the question of whether and how costs associated with public policy directives should apply to direct access customers as part of the UM 2024 investigation.

We note that the settlement between PGE and several community solar parties, included with PGE's advice filing, provided context for our consideration of this matter only. We are not bound by the terms of that settlement, and have reached the conclusions reflected in this order independent of that settlement.

IT IS ORDERED that:

1. Portland General Electric Company must file revised Schedule 136 compliance tariff sheets reflecting the portions of the proposed tariff that we approved—the recovery of CSP development start-up costs incurred by PGE not already in rates and costs associated with the program administrator identified in Commission administrative rules—and other requirements specified in this order and as determined in our May 19, 2020 Public Meeting decision.
2. Portland General Electric Company's Advice No. 20-09 is permanently suspended.

3. Portland General Electric Company is directed to confer with the parties and file new proposed tariff sheets along with support for its methodology for identifying bill credit related costs and allocating them to direct access customers, and analysis of alternative options.

Made, entered, and effective May 28 2020.

Megan W Decker

Megan W. Decker
Chair

Letha Tawney

Letha Tawney
Commissioner

Mark R. Thompson

Mark R. Thompson
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 19, 2020**

REGULAR X CONSENT _____ EFFECTIVE DATE June 7, 2020

DATE: May 11, 2020

TO: Public Utility Commission

FROM: Natascha Smith

THROUGH: Bryan Conway, Michael Dougherty, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
Docket No. ADV 1112/Advice No. 20-09
Revision to Schedule 136, Oregon Community Solar Program Cost
Recovery Mechanism.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) Advice No. 20-09.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (OPUC or Commission) should approve PGE's Advice No. 20-09 (Update), which revises Schedule 136, Oregon Community Solar Program's (CSP) Cost Recovery Mechanism, to recover costs incurred during and for the development and/or modification of the Oregon CSP that are not otherwise included in rates and to spread these costs across all customers.

Applicable Law

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.

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- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.
- OAR 860-022-0030 requires that tariff filings that name increased rates include additional requirements to OAR 860-022-0025 and necessitate statements for each separate schedule.
- ORS 757.386(7)(a) specifies different treatment for the start-up and ongoing costs of the CSP.
 - Start-up costs: Utilities may recover prudently incurred program start-up costs as well as costs of energy purchased from CSP projects (Projects) from all ratepayers.
 - Ongoing costs: Owners and subscribers (i.e., program participants) shall bear all ongoing costs incurred for the cost to construct and operate community solar projects.
- ORS 757.386(7)(b) specifies costs incurred under a CSP Power Purchase Agreement are “recoverable in the rates of an electric company.”
- OAR 860-088-0160(1) states that start-up costs must be reviewed and approved by Commission order and clarifies that start-up PA and LIF costs are recoverable in rates of all ratepayers. Further, the rules specify that utilities’ prudently incurred start-up costs recoverable from ratepayers exclude any costs associated with the electric company developing a CSP project.¹

Analysis

Background

In UM 1930,² Order No. 19-122, the Commission approved Staff’s recommendation in its April 9, 2019, public meeting memo for Utility cost recovery and remittance to the PA through tariff filings.³ The Commission approved Schedule 136 as a CSP cost recovery tariff on June 6, 2019.⁴ Schedule 136 recovers costs incurred during and for the development and/or modification of the Oregon CSP including the Program Administrator (PA) and Low Income Facilitator (LIF) costs, and the Company’s prudently incurred costs associated with implementing the CSP that are not otherwise included in rates. Parties agreed that PGE would recover PA/LIF forward-forecasted costs contemporaneously through an automatic adjustment clause and file a deferral to recover any variance at year-end.

¹ OAR 860-088-0160(1)(b).

² Commission Order No. 19-122, Docket No. UM 1930, April 11, 2019.

³ *Id.*, Appendix A, p.7.

⁴ Docket No. ADV 958/Advice No. 19-12, Allowed (Approved) Utility Filing, June 7, 2019.

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If approved, PGE's Advice Filing would expand the types of costs covered by the tariff to include the portion of the payments to participants (aka bill credits) that are incremental to the Company's avoided cost of energy. Additionally, the Advice Filing would expand the customers classes responsible for these costs to include long-term opt out and new load direct access customers.

PGE submits the Advice Filing, Attachment A, pursuant to a settlement ("Settlement") between the Company and Community Solar Project Developers that want to terminate previously-signed PURPA Power Purchase Agreements (PPA) so that they can participate in the CSP. Under the terms of the Settlement, the Commission's approval of PGE's Advice Filing is a condition of the Settlement. If the Commission does not approve the Advice Filing, most of the provisions of the Settlement are no longer effective, including PGE's agreement to terminate the Project Developers' previously executed PURPA PPAs.

PGE's Advice 20-09 expands the scope of the tariff from recovering only start-up costs to include recovery of "payments to participants."⁵ PGE is entitled to recover payments to participants pursuant to ORS 757.386(7)(b):

Costs incurred by an electric company under the terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this section are recoverable in the rates of the electric company. Moneys collected pursuant to imposing those rates, under the terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this section, may be transferred to a project manager for the purpose of operating a community solar project.

The Advice Filing is intended to cover only the "above-market" cost to procure power from CSP projects (aka bill credits). The "above-market" cost is the difference between the participant bill credits and what the Company would pay to acquire the same amount of energy from another resource. The Company will recover the amount paid to projects that equal to the avoided cost of energy through its Annual Update Tariff and Power Cost Adjustment Mechanism.

Additionally, PGE's Advice Filing expands the customers classes responsible for CSP costs to include long-term opt out and new load direct access customers. Staff's analysis included consideration of two issues related to PGE's proposal to include direct access customers in this tariff: (1) whether considering PGE's proposal conflicts with a pending investigation into Direct Access policies in Docket No. UM 2024

⁵ Attachment A, Docket No. ADV 1112/Advice No 20-09, Initial Utility Filing, p. 1, April 23, 2020.

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and (2) whether PGE's proposal is inconsistent with a stipulation executed by PGE, Staff and other parties in Docket No. UM 335.

The Commission opened its investigation into Direct Access in August 2019. In February 2020, the Administrative Law Judge (ALJ) issued an order adopting a four-phase procedural schedule agreed to by parties that includes briefing of preliminary legal issues, two evidentiary phases, and a rulemaking.⁶ One of the issues to be considered in one of the evidentiary phases is whether Direct Access customers should continue to bypass costs from legislatively mandated programs charged to cost-of-service customers.

Staff considered whether it is appropriate to address whether to spread costs of the legislatively mandated CSP to Direct Access customers in connection with PGE's Advice Filing rather than in the Docket No. UM 2024.⁷ However, as PGE emphasizes, it has been the Commission's practice to approve rate spread methodology at the outset of new programs. In other words, the issue, as it pertains to the CSP, is ripe now. Staff believes PGE's tariff update is appropriate to consider how to spread the costs of the legislatively mandated CSP across all customers now rather than waiting for the conclusion of a general investigation into Direct Access policy. Staff recognizes that Direct Access customers may be concerned that a decision regarding CSP costs may be precedential with respect to the by-passability of all state-mandated program costs. However, the Company expressly recognizes that approval of the Advice Filings would not be precedential on the bypassability issue in UM 2024,⁸ as does Staff.

PGE's proposal to spread CSP costs to Direct Access customers also implicates a stipulation filed in PGE's most recent general rate case (Docket No. UE 355) regarding direct access issues ("Direct Access Stipulation"). In that stipulation PGE agreed to "... to refrain from making new proposals to the Commission for any changes that would become effective for the existing Direct Access programs for service years 2020 or 2021."⁹ However, "[t]he Stipulating Parties may continue to advocate their respective positions [...] in any docket(s) opened by the Commission to fulfill statutory obligations or at the request of the legislature."¹⁰

In response to concerns by stakeholders relating to the Direct Access Stipulation, PGE notes that the stipulation does not prohibit the Company from allocating costs of new pilots or programs to long term Direct Access customers, that Schedule 136 is required

⁶ Docket No. UM 2024, February 21, 2020 Ruling.

⁷ Non-by-passable charges are not slated to be addressed in UM 2024 until Phase III.

⁸ Attachment A, pp. 3-4.

⁹ Docket No. UE 355, Partial Stipulation Regarding Direct Access, Stipulation 6, August 2018.

¹⁰ *Id.*

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to fulfill the statutory and legislative mandate from SB 1547, and that the Update is not a change to a direct access program but rather a cost allocation.¹¹ Staff agrees with PGE's interpretation of the stipulation in Docket No. UE 335.

Compliance with OAR 860-022-0025 and 860-022-0030

Staff supports PGE's assertion that OAR 860-022-0025 and 860-022-0030 is not implicated here.¹² The Advice Filing does not increase, decrease, change existing rates, or impact revenues for COS customers because the Update does not include pricing. PGE expressed intent to file pricing adjustments at a later date.

Tariff Filing

The proposed Update to Schedule 136 expands both the costs covered by the tariff and the customers responsible for paying these costs.

Additional Costs

PGE's Update expands the scope of the tariff from recovering only start-up costs to include recovery of "payments to participants."¹³ Notably, the scope of start-up costs has also expanded since the establishment of Schedule 136 in June 2019. Pursuant to ORS 757.186(7), PGE may recover prudently-incurred program start-up costs and the cost of unsubscribed energy purchases from all ratepayers. In Order No. 19-392, the Commission adopted Staff's recommendation to establish ongoing administrative fees for participants and the level of Program participation required to recover ongoing costs.¹⁴ As part of this decision, ratepayers will backfill unfunded administrative costs, which are considered start-up costs. Staff finds the inclusion of these costs to be appropriate and consistent with the Commission's decision and the CSP statute.

PGE also included the above market cost of payments to participants in its Update. This cost represents the difference between the participant bill credits and what the Company would pay to acquire the same amount of energy from another resource.

Responsible Customer Classes

While the CSP statute and Oregon Administrative Rules allow cost recovery by utilities, it is silent on the customer classes should contribute. In its Update, PGE includes long-

¹¹ ADV 1112, Adv. 20-09, PGE Response to Calpine Information Request No. 001, April 29, 2020.

¹² Attachment A, p.1.

¹³ *Id.*

¹⁴ Commission Order No. 19-392, Docket No. UM 1930, Appendix A, p. 21 Nov. 8, 2019.

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term opt out and new load direct access customers, representing 297 additional customer accounts, as responsible customer classes.¹⁵

Customer Classes added in Schedule 136 Update:

Schedule	Description
485	Large Nonresidential Cost of Service Opt-Out (201 – 4,000 kW)
489	Large Nonresidential Cost of Service Opt-Out (>4,000 kW)
490	Large Nonresidential Cost of Service Opt-Out (>4,000 kW and Aggregate to >100 MWa)
491	Street and Highway Lighting Cost of Service Opt-Out
492	Traffic Signals Cost of Service Opt-Out
495	Street and Highway Lighting New Technology Cost of Service Opt-Out
575	Partial Requirements Service Direct Access Service
589	Large Nonresidential Direct Access Service (>4,000 kW)
689	New Large Load Cost of Service Opt-Out (>10MWa)

PGE’s inclusion of new customers in the Update is based on the argument that the cost of the CSP should be non-bypassable. PGE stated that “[a]ll customers benefit from the increases in the renewable energy supply and in recognition, all should contribute to program costs.”¹⁶ Further the Company believes that refusal to spread the costs of the CSP would place an “unwarranted cost burden” on residential and small commercial customers responsible for contributing to CSP costs.¹⁷ Staff agrees that the CSP benefits all Oregonians and recognizes that where the Commission views a program as beneficial to all ratepayers it has spread the cost across all customers, as is the case with low-income energy assistance.

Staff appreciates PGE’s calculation of Schedule 136 prices that the Company included in its filing.¹⁸ These calculations demonstrate that long-term opt out and new load direct access customers are priced at the equivalent cost of service rate schedule. In other words, similarly situated cost of service and direct access customers would pay the same amount of CSP costs. Taken together, the long-term opt out and new load direct access customers would be responsible for less than 10% of the CSP costs recovered under Schedule 136, as shown in Attachment B.¹⁹

¹⁵ Other direct access (short-term) customers were previously approved as part of the customer classes that pay these costs.

¹⁶ Attachment A, p2.

¹⁷ *Id.*, p. 1.

¹⁸ *Id.*, p. 11.

¹⁹ See Attachment B.

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Staff believes that there are both benefits and tradeoffs associated to making the changes to Schedule 136 proposed in PGE's Update. Staff views the timing of the Update and the nominal cost impact as supporting the inclusion of long-term opt out and new load direct access customers in Schedule 136. The Commission typically determines rate spread when a program launches. The CSP launched January 21, 2020, and is nearing the end of its development phase. Moreover, ratepayers will incur the majority of CSP start-up costs in the first few years of the Program. Because of the prohibition on retroactive ratemaking, the choice not to include these customers will exclude them from contributing to a substantial portion of CSP start-up costs.

Nonetheless, Staff also supports the Commission taking a holistic approach to avoid piecemeal solutions to larger policy issues. The question of which customers should contribute to CSP costs is a part of the larger policy issue of the bypassability of costs associated with legislatively mandated programs. While this decision is not precedential, it does undermine the holistic assessment of the larger policy issue undertaken in UM 2024.

We appreciate the parties and AHD working so hard to come to a settlement and what this revised tariff filing represents. However, the need for a settlement comes from a misunderstanding that should have been avoided: the signing of QF PPAs under the expectation they would be cancelled. Despite the positive outcome from the settlement, represented by this revised tariff filing, such an approach to project development should not be taken as precedential either. Staff will not support another settlement arrangement based on a similar, avoidable contract situations in the future

Conclusion

The purpose of Schedule 136 is to recover costs incurred during and for the development and/or modification of the Oregon CSP that are not otherwise included in rates and to spread these costs across all customers. Staff supports updating the costs covered by Schedule 136 to include costs incurred to procure power under the CSP incremental to PGE's avoided cost of energy and expanding the customer classes responsible for CSP costs.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's Advice No. 20-09, effective for service rendered on and after June 7, 2020.



Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

May 4, 2020

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

RE: Amended Filing of Advice No. 20-09, Schedule 136 Oregon Community Solar Program Cost Recovery Mechanism Update

Portland General Electric Company (PGE) submits this amended filing as a follow-up to the original filing made April 23, 2020, pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rules 860-022-0025, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18. PGE is submitting this Amended Filing to incorporate input from community solar developers and others negotiating the termination of their PURPA PPAs so that they can participate in the community solar program. A settlement in principle has been reached. PGE requests an effective date of **June 7, 2020** for these tariff changes:

All sheets remain as previously filed.

The purpose of this filing is to update the title of Schedule 136 and the type of costs to recover in Schedule 136 to include payments to participants. Following Commission approval of this tariff filing, PGE will update the pricing terms to include the additional rate schedules for long term direct access and new load direct access. PGE provides as an attachment, indicative pricing to show the impact of making this change.

This filing comes after a settlement in principle has been reached between PGE and Qualifying Facilities who have signed Public Utility Regulatory Policies Act (PURPA) power purchase agreements (PPA) with PGE and are seeking to terminate those PPAs so that their proposed solar projects may participate in Oregon's Community Solar Program (CSP) in PGE's service territory. PGE brought to the mediation the issue of which customer classes pay the costs of community solar and the fact that long term and new load direct access customers bypass, and do not contribute to CSP costs that are borne by PGE customers generally as distinguished from those customers participating or subscribing to a CSP project. Since community solar is a state mandated program aimed at furthering the state policy of decarbonization, all customers benefit from that policy and all customers should pay for the CSP, including long term and new load direct access customers. The Qualifying Facilities who PGE has reached a settlement in principle with do not take a position on PGE's filing, but do support the Commission and PGE considering responsibility of program costs.

PGE Amended Filing of Advice No. 20-09ORDER NO. 20-173
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Given that agreement in principle has been reached, PGE is now updating its Schedule 136, to include CSP bill credit payment costs as among those costs that are collected by Schedule 136 and also expanding the customer classes that contribute to those costs to include new load and long term direct access customers. The timing of the update is twofold: 1) to capitalize on support for the principle that CSP furthers decarbonization of energy supply in Oregon and provides a public benefit and a public good that benefits all customers; and 2) to incorporate this change as close to the start of the program as possible. Approving rate spread methodology is appropriate for the Commission to do when it authorizes a program and prior to program launch. Such is the case here with CSP, given that agreement in principle has been reached to allow 25 projects that have signed PURPA PPAs with PGE to terminate their PPAs to allow them to participate in the CSP, conditioned on the approval of this tariff filing. Many of the 25 have been conditionally pre-certified for CSP in PGE's service territory and, with the mediated settlement, are poised to advance to project certification.

PGE originally designed Schedule 136, in consultation with PUC Staff, to expedite the collection of CSP development costs, primarily the start-up costs associated with the program administrator and also including start-up costs that PGE incurs to support the CSP program. These are costs, identified in the Commission's administrative rules, that are borne by participating and nonparticipating PGE customers. The rules are silent on the customer classes that contribute to bill credit costs to subscribers. PGE is filing this now to implement the mediation resolution and to set forth cost responsibility and cost allocation before the bill credit costs to subscribers are incurred when the CSP program launches.

Also included in our filing is PGE's proposed method to allocate the updated Schedule 136 costs to all customers; by all customers, PGE includes long-term opt out and new load direct access customers. Other direct access (short term) customers were previously approved as part of the customer classes that pay these costs.

PGE first recommended in October 2019¹ that the costs of community solar, given its foundation in Oregon's decarbonization public policy, should be borne by all customers. Furthermore, Oregon's community solar program is legislatively mandated, providing customers with access to the environmental benefits without requiring them to install panels on their roofs. All customers benefit from the increases in the renewable energy supply and in recognition, all should contribute to program costs. Allowing long term and new load direct access customers to bypass the costs of developing the CSP and the cost of compensating subscribers would result in an unwarranted cost burden being placed on residential and small commercial customers.

CSP and Oregon Public Policy

Oregon's community solar program was created by the historic Senate Bill 1547, Oregon's Clean Electricity and Coal Transition Plan (2016 regular session). In passing that law, Oregon increased and accelerated its Renewable Portfolio Standard (RPS); required Electricity Service Suppliers to bundle renewable attributes and energy to the same extent as utilities; committed to eliminate coal-fired resources from electricity rates; declared that transportation electrification is necessary to meet state policy goals; and

¹ <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac162218.pdf>.

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directed the Public Utility Commission to establish a community solar program.² The legislature directed the Commission to implement the CSP for the benefit of the public.

If large nonresidential customers, in choosing to opt out of cost of service (COS), avoid contributing to CSP by bypassing the program's costs, the costs are then borne, in large part, by PGE's COS customers. It is fundamentally unfair to those mostly residential customers to bear the majority of the costs to support the state's policy goals. In addition, as the legislature mandates more decarbonization programs like CSP, and utilizes the electric company to subsidize the program costs through its customers, it is imperative, that the cost burden is shared among all customers. This rate treatment is also consistent with the governor's Executive Order 20-04 calling for advancing decarbonization in the utility sector and directing the PUC to exercise its statutory authority to, among other objectives, mitigate the energy burden on utility customers.³

If long-term opt out and new load direct access customers are able to bypass the costs of the CSP program, this burden falls on residential and low-income customers with a disproportionate share of the costs. As Schedule 136 is currently structured, there are a number of customer classes that contribute to the start-up costs even though those particular customers are not eligible to participate. Much like the policy supporting low income customers and having all customers contribute to low income energy assistance even though some cannot avail themselves of the energy assistance, PGE is advocating that the state's decarbonization policy be treated similarly.

Relationship of this Filing to UM 2024

PGE advocated for the issue of bypassability of costs by long term and new load direct access customers be included in the scope of UM 2024 and the issue is on the issues list. While PGE's opening UM 2024 comments have discussed bypassability and provided examples including community solar, it is more appropriate for the Commission to take on now the narrow issue of community solar program costs, the customer groups that benefit from the community solar policy, and the customer classes that should pay the program costs. This is aside from the prescribed costs in the Commission's rules that are to be borne only by subscribing customers.

It is appropriate (and has been the Commission's practice) to determine rate spread methodology of program costs contemporaneous with the Commission's launch of that program. Given that the mediated settlement in principle is likely to result in project developers moving to certify their projects into the community solar program, program launch will soon occur. Also given Commission decisions settling the subscriber bill credit costs, it is the appropriate time for the Commission to consider and approve PGE's tariff on cost responsibility. Waiting for resolution in UM 2024 may mean waiting to make decisions on CSP program costs until well after the CSP program has launched. It is also appropriate as it responds to the Governor's executive order calling for advancements in decarbonization as well as mitigation of energy burden on utility customers. PGE's proposal addresses energy burden as it spreads the CSP program costs to all customers, including direct access customers. Spreading costs over a greater amount of customer

² <https://olis.leg.state.or.us/liz/2016R1/Downloads/MeasureDocument/SB1547>

³ To contribute to this mitigation of energy burden goal, the settling parties have agreed that consideration paid by the QFs to terminate PURPA QF contracts, will be directed in its entirety to further low income customer participation in community solar.

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energy consumption results in reduced price pressure on low income and other residential customers.

PGE recognizes that approval of this tariff filing is not precedential on the bypassability policy issue that PGE is raising in UM 2024. PGE will continue to advocate in UM 2024 for fairness and equity in cost responsibility for state mandated programs that advance important state public policies.

Proposed Cost Allocation and Recovery

PGE proposes that costs recovered through this schedule be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule, with long-term opt out and new load direct access customers priced at the equivalent cost of service rate schedule. In determining the total cost of the bill credit payments to allocate, PGE subtracts the avoided cost of energy as it does to recover costs for the Solar Payment Option Pilot.

To satisfy the requirements of OAR 860-022-0025, PGE responds as follows:

These proposed revisions to Schedule 136, Oregon Community Solar Program Cost Recovery Mechanism Update, do not increase, decrease, otherwise change existing rates, or impact revenues for COS customers as the Schedule change does not include pricing. PGE will separately propose to modify prices in Schedule 136 as it evaluates the program costs for the coming year. When PGE implements prices, an opt out (long term and new load direct access) customer will pay the same price per kilowatt hour as they would on the equivalent COS schedule. For example, the price for a Schedule 89 primary voltage customer will pay the same price as a Schedule 489 primary voltage customer for Schedule 136.

Given the proposed addition of long-term opt out and new load direct access schedules, and that the issue of direct access customers bypassing costs is raised in UM 2024, PGE is copying the UM 2024 service list as a courtesy.

Please direct any questions or comments regarding this filing to me at (503) 464-8954. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pqn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing & Tariffs

cc: UM 2024 Service List

**PORTLAND GENERAL ELECTRIC COMPANY
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- 339 On-Bill Loan Repayment Service – Clean Energy Works of Oregon Program
- 340 On-Bill Repayment Service - Energy Efficiency and Sustainable Technologies
(EEAST)
- 341 Energy Efficiency Upgrade Voluntary On-Bill Repayment Service

Promotional Concessions

- 402 Promotional Concessions Residential Products and Services

**SCHEDULE 136
OREGON COMMUNITY SOLAR PROGRAM
COST RECOVERY MECHANISM**

(C)

PURPOSE

The purpose of this Schedule is to recover costs incurred during and for the development (or modification) of the Oregon Community Solar Program (Oregon CSP) including the costs associated with the State of Oregon's Program Administrator, Low Income Facilitator, the company's prudently incurred costs associated with implementing the Community Solar Program that are not otherwise included in rates, and payments to participants in the Oregon CSP. Company incurred costs to implement the state program do not include costs associated with the company developing a community solar project. This cost recovery mechanism is authorized by ORS 757.386 (7)(c) and OAR 860-088-0160. The Oregon CSP is an optional program that will provide PGE customers the opportunity to voluntarily subscribe to the generation output of eligible community solar projects. This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210 to allow recovery of operations and maintenance start-up costs as soon as the cost data is approved by the Commission.

(T)

(C)

(C)

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76R and 576R.

(C)

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>	<u>Adjustment Rate</u>	
7	0.006	¢ per kWh
15/515	0.005	¢ per kWh
32/532	0.006	¢ per kWh
38/538	0.005	¢ per kWh
47	0.007	¢ per kWh
49/549	0.007	¢ per kWh
75/575		
Secondary	0.005	¢ per kWh
Primary	0.005	¢ per kWh
Subtransmission	0.005	¢ per kWh

(M)

SCHEDULE 136 (Continued)

(T)

ADJUSTMENT RATE (Continued)

83/583	0.006	¢ per kWh	(M)
85/485/585			(C)
Secondary	0.006	¢ per kWh	
Primary	0.005	¢ per kWh	
89/489/589/689			(C)
Secondary	0.005	¢ per kWh	
Primary	0.005	¢ per kWh	
Subtransmission	0.005	¢ per kWh	
90/490/590	0.005	¢ per kWh	(C)
91/491/591	0.005	¢ per kWh	
92/492/592	0.005	¢ per kWh	
95/495/595	0.005	¢ per kWh	(C)

BALANCING ACCOUNT

The Company will maintain a balancing account to accrue differences between incremental costs associated with the Oregon CSP and the revenues collected under this schedule. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts.

DEFERRAL MECHANISM

Each year the Company may file a deferral request to defer the incremental costs associated with the Oregon CSP. (C)

SPECIAL CONDITION

1. Pursuant to OAR 860-088-0160 (1), Oregon CSP start-up costs are:
 - Costs associated with the Program Administrator and Low-Income Facilitator; and
 - Each utility's prudently incurred start-up costs associated with implementing the Community Solar Program. These costs include, but are not limited to, costs associated with customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a project.
2. PGE will remit payments to the Program Administrator on a monthly basis for program costs including performing work as provided in OAR 860-088-0020 and OAR 860-088-0030 within 15 days receipt of the Commission's approval of eligible costs.

SCHEDULE 136 (Concluded)

SPECIAL CONDITION (Continued)

3. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule, with long-term opt out and new load direct access customers priced at the equivalent cost of service rate schedule.

(N)
|
(N)

PGE Advice No. 20-09
Attachment

ORDER NO. 20-173

PORTLAND GENERAL ELECTRIC
Calculation of Hypothetical Schedule 136 Prices

Schedule	2020 Calendar MWh	2020 Revenues (000)	Gen Rev All DA at COS	Current mills/KWh	Current Revs (000)	Scenario 1: \$3 million Annually (with 25% credit for avoided energy) Plus Admin			Scenario 2: \$10 million Annually (with 25% credit for avoided energy) Plus Admin			
						Allocation (000)	Price mills/kWh	Revenues (000)	Allocation (000)	Price mills/kWh	Revenues (000)	Percent Impact
Schedule 7	7,477,704	\$912,362	\$481,251	0.06	\$449	\$1,356	0.18	\$1,346	0.1%	\$3,547	\$3,515	0.3%
Schedule 15	15,398	\$3,323	\$754	0.05	\$1	\$2	0.14	\$2	0.0%	\$6	\$6	0.1%
Schedule 32	1,567,603	\$183,089	\$91,579	0.06	\$94	\$258	0.16	\$251	0.1%	\$675	\$674	0.3%
Schedule 38	31,818	\$4,212	\$1,713	0.05	\$2	\$5	0.15	\$5	0.1%	\$13	\$13	0.3%
Schedule 47	19,730	\$3,842	\$1,400	0.07	\$1	\$4	0.20	\$4	0.1%	\$10	\$10	0.2%
Schedule 49	60,363	\$8,569	\$4,266	0.07	\$4	\$12	0.20	\$12	0.1%	\$31	\$31	0.3%
Schedule 83	2,872,407	\$264,865	\$167,209	0.06	\$172	\$471	0.16	\$460	0.1%	\$1,232	\$1,235	0.4%
Schedule 85-S	2,159,006	\$173,846	\$122,525	0.06	\$130	\$345	0.16	\$345	0.1%	\$903	\$907	0.4%
Schedule 85-P	670,998	\$50,463	\$37,093	0.05	\$34	\$105	0.16	\$107	0.1%	\$273	\$275	0.5%
Schedule 89-S	403,732	\$26,231	\$20,848	0.05	\$20	\$59	0.15	\$61	0.2%	\$154	\$153	0.5%
Schedule 89-P	114,898	\$7,603	\$5,742	0.05	\$6	\$16	0.14	\$16	0.1%	\$42	\$43	0.5%
Schedule 89-T	2,132,134	\$125,231	\$105,260	0.05	\$107	\$297	0.14	\$298	0.2%	\$776	\$768	0.5%
Schedule 90	55,696	\$12,143	\$2,728	0.05	\$3	\$8	0.14	\$8	0.0%	\$20	\$20	0.1%
Schedule 91	2,595	\$217	\$133	0.05	\$0	\$0	0.14	\$0	0.1%	\$1	\$1	0.4%
Schedule 92	595,675	\$14,990	\$33,441	0.00	\$0	\$94	0.16	\$95	0.6%	\$246	\$250	1.7%
Schedule 485-S*	350,248	\$7,033	\$19,272	0.00	\$0	\$54	0.16	\$56	0.8%	\$142	\$144	2.0%
Schedule 485-P*	11,196	\$290	\$595	0.00	\$0	\$2	0.15	\$2	0.6%	\$4	\$4	1.5%
Schedule 489-S*	938,238	\$17,444	\$48,252	0.00	\$0	\$136	0.14	\$131	0.8%	\$356	\$357	2.0%
Schedule 489-P*	184,094	\$1,076	\$9,320	0.00	\$0	\$26	0.14	\$26	2.4%	\$69	\$68	6.3%
Totals	19,663,534	\$1,816,828	\$1,153,382		\$1,022	\$3,250		\$3,226		\$8,500	\$8,473	
Large Nonresidential MWh	9,460,768											
Scenario 1		\$3,250										
Scenario 2		\$8,500										

* Does not include ESS energy and transmission bill. In terms of price COS and DA customer would pay the same amount if similarly situated.

ORDER NO. 20-173

Estimates of Schedule 136 Costs

These tables consider the cost of Commission Decisions proposed in PGE's Update, ADV 20-09

All costs are shown in Real 2020\$

These figures assume a 25% credit for avoided energy

Schedule 136 with no changes

Program Size	Subscription	Max Annual Impact to PGE Ratepayers	Costs Allocated to existing Sched 136 Customers
80 MW	50%	\$1,890,056.87	\$ 1,417,542.65
80 MW	75%	\$1,800,786.87	\$ 1,350,590.15
80 MW	100%	\$1,711,517.87	\$ 1,283,638.40
160 MW	50%	\$1,710,997.87	\$ 1,283,248.40
160 MW	75%	\$1,532,199.87	\$ 1,149,149.90
160 MW	100%	\$1,476,857.87	\$ 1,107,643.40

Additional Ratepayers but NOT Additional Costs

Program Size	Subscription	Max Annual Impact to PGE Ratepayers	Costs Allocated to existing Sched 136 Customers	Costs Allocated to Updated Customer Classes
80 MW	50%	\$1,890,056.87	\$1,280,041.02	\$137,501.64
80 MW	75%	\$1,800,786.87	\$1,219,582.91	\$131,007.24
80 MW	100%	\$1,711,517.87	\$1,159,125.48	\$124,512.93
160 MW	50%	\$1,710,997.87	\$1,158,773.31	\$124,475.10
160 MW	75%	\$1,532,199.87	\$1,037,682.36	\$111,467.54
160 MW	100%	\$1,476,857.87	\$1,000,201.99	\$107,441.41

Additional Costs but NOT Additional Ratepayers

Program Size	Subscription	Max Annual Impact to PGE Ratepayers	Costs Allocated to existing Sched 136 Customers
80 MW	50%	\$3,665,066.87	\$2,748,800.15
80 MW	75%	\$4,552,571.87	\$3,414,428.90
80 MW	100%	\$5,440,076.87	\$4,080,057.65
160 MW	50%	\$5,445,236.87	\$4,083,927.65
160 MW	75%	\$7,222,826.87	\$5,417,120.15
160 MW	100%	\$9,000,417.87	\$6,750,313.40

Sched 136 Update: Additional Cost + Additional Ratepayers

Program Size	Subscription	Max Annual Impact to PGE Ratepayers	Costs Allocated to existing Sched 136 Customers	Costs Allocated to Updated Customer Classes
80 MW	50%	\$3,665,066.87	\$2,482,166.54	\$266,633.61
80 MW	75%	\$4,552,571.87	\$3,083,229.30	\$331,199.60
80 MW	100%	\$5,440,076.87	\$3,684,292.06	\$395,765.59
160 MW	50%	\$5,445,236.87	\$3,687,786.67	\$396,140.98
160 MW	75%	\$7,222,826.87	\$4,891,659.50	\$525,460.65
160 MW	100%	\$9,000,417.87	\$6,095,533.00	\$654,780.40

OPUC Staff
Calculation of Hypothetical Schedule 136 Prices

Schedule	2020 Calendar MWh	2020 Revenues (000)	Gen Rev All DA at COS	Current mills/kWh	Current Revs (000)	Additional Ratepayers: NO Additional Costs			Schedule 136 Update: Additional Ratepayers + Additional Costs			
						Allocation (000)	Price mills/kWh	Percent Impact	Allocation (000)	Price mills/kWh	Percent Impact	
Schedule 7	7,477,704	\$912,362	\$481,251	0.06	\$449	\$789	0.11	\$823	\$2,270	0.30	\$2,243	0.2%
Schedule 15	15,398	\$3,323	\$754	0.05	\$1	\$1	0.08	\$1	\$4	0.23	\$4	0.1%
Schedule 32	1,567,603	\$183,089	\$91,579	0.06	\$94	\$150	0.10	\$157	\$432	0.28	\$439	0.2%
Schedule 38	31,818	\$4,212	\$1,713	0.05	\$2	\$3	0.09	\$3	\$8	0.25	\$8	0.2%
Schedule 47	19,730	\$3,842	\$1,400	0.07	\$1	\$2	0.12	\$2	\$7	0.33	\$7	0.1%
Schedule 49	60,363	\$8,569	\$4,266	0.07	\$4	\$7	0.12	\$7	\$20	0.33	\$20	0.2%
Schedule 83	2,872,407	\$264,865	\$167,209	0.06	\$172	\$274	0.10	\$287	\$789	0.27	\$776	0.2%
Schedule 85-S	2,159,006	\$173,846	\$122,525	0.06	\$130	\$201	0.09	\$194	\$578	0.27	\$583	0.3%
Schedule 85-P	670,998	\$50,463	\$37,093	0.05	\$34	\$61	0.09	\$60	\$175	0.26	\$174	0.3%
Schedule 89-S												
Schedule 89-P	403,732	\$26,231	\$20,848	0.05	\$20	\$34	0.08	\$32	\$98	0.24	\$97	0.3%
Schedule 89-T	114,898	\$7,603	\$5,742	0.05	\$6	\$9	0.08	\$9	\$27	0.24	\$28	0.3%
Schedule 90	2,132,134	\$125,231	\$105,260	0.05	\$107	\$172	0.08	\$171	\$496	0.23	\$490	0.3%
Schedule 91	55,696	\$12,143	\$2,728	0.05	\$3	\$4	0.08	\$4	\$13	0.23	\$13	0.1%
Schedule 92	2,595	\$217	\$133	0.05	\$0	\$0	0.08	\$0	\$1	0.24	\$1	0.2%
Schedule 485-S*	595,675	\$14,990	\$33,441	0.00	\$0	\$55	0.09	\$54	\$158	0.26	\$155	1.0%
Schedule 485-P*	350,248	\$7,033	\$19,272	0.00	\$0	\$32	0.09	\$32	\$91	0.26	\$91	1.3%
Schedule 489-S*	11,196	\$290	\$595	0.00	\$0	\$1	0.09	\$1	\$3	0.25	\$3	1.0%
Schedule 489-P*	938,238	\$17,444	\$48,252	0.00	\$0	\$79	0.08	\$75	\$228	0.24	\$225	1.3%
Schedule 489-T*	184,094	\$1,076	\$9,320	0.00	\$0	\$15	0.08	\$15	\$44	0.24	\$44	4.1%
Totals	19,663,534	\$1,816,828	\$1,153,382		\$1,022	\$1,890		\$1,928	\$5,440		\$5,400	
Large Nonresidential MWh	9,460,768											
Additional Ratepayers: NO Additional Costs						\$1,890						
Additional Ratepayers + Additional Costs						\$5,440						

* Does not include ESS energy and transmission bill. In terms of price COS and DA customer would pay the same amount if similarly situated.