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February 6, 2023

***Via Electronic Filing***

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC CO.
Investigation into Proposed Green Tariff
**Docket No. UM 1953**

Dear Filing Center:

Please find enclosed the Comments of the Alliance of Western Energy Consumers in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

*/s/ Jesse O. Gorsuch*
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

**UM 1953**

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| In the Matter of<br><br>PORTLAND GENERAL ELECTRIC COMPANY,<br><br>Investigation of Proposed Green Tariff Filing. | )<br>)<br>)<br>)<br>)<br>)<br>) | COMMENTS OF THE ALLIANCE OF WESTERN ENERGY CONSUMERS |

The Alliance of Western Energy Consumers ("AWEC") appreciates the opportunity to provide the following comments on this public meeting agenda item RA3 at the forthcoming February 7, 2023 Public Utility Commission Of Oregon ("Commission") Regular Public Meeting. AWEC provides these comments in response to the Report filed by the Staff of the Public Utility Commission ("Staff") and the Comments of the Oregon Citizens' Utility Board ("CUB"), dated February 1, 2023.

AWEC recommends the Commission approve the updated rate and credit calculations as proposed by Portland General Electric ("PGE"), and further recommends the Commission find that PGE's updated rate and credit calculations are in compliance with Order No. 19-075 and PGE's Schedule 55. AWEC further recommends the Commission reject the modified energy and capacity value proposed by CUB in its February 1, 2023 comments.

As an initial point, AWEC notes that Staff has evaluated the credit method and rate calculation proposed by PGE and has found it to be in compliance with the Commission-approved method as set forth in PGE's Schedule 55. Specifically, Staff has found that PGE "utilized the proper IRP valuation method[ ] and has provided reasonable estimates of



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administrative costs."[1] Additionally, Staff reviewed the *Amended and Restated Large Residential Green Energy Affinity Rider Service Agreement* ("Agreement") and found it to be consistent with previous service agreements approved by the Commission.[2]

AWEC also seeks to draw the Commission's attention to Staff's response to CUB's alternate power cost modeling presented in CUB's February 1 comments ("CUB Comments"), and specifically Staff's note that CUB's alternate analysis deviates from the established method of calculating the energy and capacity credit used by PGE in this filing and prior filings.[3]

Next, AWEC responds to CUB's proposal that customers in the Green Future Impact ("GFI") program Customer Supply Option ("Future GFI Customers") bear the "indirect costs" of the Daybreak solar project, and specifically that the premium associated with the Daybreak solar project be updated to reflect CUB's calculated indirect cost.[4] What CUB refers to as an "indirect cost" is actually the imputed energy benefit of Daybreak based on the 2023 market prices contained in the UE 402 Final Update, and assuming that Daybreak had been in service for the entire year. Thus, CUB is arguing that, notwithstanding the delay, non-participating customers are entitled to the benefits that would have been recognized if the project had come online January 1, 2023. The fact that the project was delayed, however, does not result in costs to non-participating customers. CUB is confusing a delayed benefit with a cost and, in the process, is effectively arguing that a delayed benefit is worse than no benefit at all. AWEC

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1 *Public Utility Commission of Oregon, Highly Confidential Staff Report, Public Meeting Date February 7, 2023*, dated January 30, 2023 ("Staff Report") at 3.
2 *Id.*
3 *Id.* at 7.
4 CUB Comments at 7.



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respectfully disagrees with this conclusion. The GFI program only requires that non-participating customers be insulated from higher retail rates as a consequence of the resources used in the program; it does not require that they receive net benefits at all from this program. The fact that they will with respect to Daybreak, though later than originally expected, is to non-participating customers' advantage, not to their detriment.

Even if CUB's concern were logically supportable and could withstand Staff's analysis that the modeling CUB conducted is inapposite with that generally conducted for Green Direct energy and capacity credit determination, the clear facts of the Agreement, not otherwise disputed by CUB, establish that, under the terms of the Agreement, Future GFI Customers were not a "participating voluntary renewable energy tariff customer[ ]" at the time the costs complained of by CUB were incurred.[5] Per Section 4 of the Agreement, attached to PGE's November 18, 2022 compliance filing, the Agreement does not take effect until commercial operation of the resource Accordingly, and contrary to CUB's contention, Commission Order No. 21-091 does not justify assigning increased forecast net power costs to Future GFI Customers. Indeed, contrary to CUB's assertion, Daybreak was not expected to be in service on January 2, 2022. Rather, Daybreak was not expected to reach commercial operations until August 2022. Thus, the impact of any delay in benefits reflected in the October update was only a small fraction of the amount CUB calculated.

Relatedly, the CUB Comments detail the unique and extenuating circumstances affecting the GFI projects. These circumstances constitute a force majeure event that was outside of the control of any party. Nonetheless, CUB seeks to assign the costs associated with

[5] Commission Order No. 21-091 (Mar. 29, 2021).



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increased net power costs resulting from the modification of these projects to Future GFI Customers. CUB has provided no justification for why Future GFI Customers should, solely, bear the burden of alleged increased net power costs resulting from outside forces over which these customers had no influence or control. Notably, notwithstanding CUB's admission that the Montague Solar project is also a Green Future Impact program resource, CUB has not requested the seventeen customers who have subscribed to the Montague Solar project's output be assigned any costs associated with replacement net power costs resulting from the modification of that project. CUB's proposal for inconsistent treatment of ratepayers is unjustified, prejudicial, and does not result in just and reasonable rates. Thus, the Commission should reject CUB's recommendation.

Finally, CUB's analysis is fundamentally flawed as it values the foregone benefits in 2023 using an updated price curve, without considering the impact of more contemporaneous pricing on the overall benefits of Daybreak. Wholesale electric prices have increased significantly in the past year. The foregone 2023 benefits that CUB calculates and adds to the price of the Daybreak PPA is calculated based on a November 2022 price curve that incorporates the increases in prices that have been seen in wholesale electric markets. The net benefit calculation used to establish the credit rates, however, is an older price curve from July 2022 that does not incorporate these increases in wholesale prices. When calculating the foregone benefits resulting from the PPA delay, it is inconsistent to use a more contemporaneous price curve than was used to calculate the corresponding net benefits. Given the increased wholesale electric prices, the net benefits would have otherwise increased if the same price curve tenor were used for both analyses. In fact, based on the price curve that was used in the cost benefit analysis, the



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delayed in-service date was actually a benefit to ratepayers. Highly Confidential Attachment 1 shows that if CUB's analysis were performed consistently, the Daybreak project is overwhelmingly beneficial to non-participating customers, even considering the impact of the delayed in-service date.

Additionally, CUB's analysis improperly singles out the impact of Daybreak in a single year. Under the IRP method approved by the Commission, individual years are understood to produce benefits that may be greater or lower than the forecast. If Daybreak actually produces significantly higher benefits in later years than forecast under the IRP method, the Future GFI Customer does not receive an additional credit. The Commission's justification for approving the IRP method explicitly rejected this year-by-year analysis, which would result in net benefits in some years and net costs in others. CUB's analysis does not align with the Commission's prior rulings, and should be rejected.

For similar reasons, CUB's apparent position that GFI customers should, as a matter of principle, pay a significant premium for RECs associated with GFI projects is misguided.[6] Because the Commission prohibited GFI customers from receiving a credit that reduces their cost-of-service rates, these customers *are* paying a premium for RECs from these projects – the premium is the difference between what they would have paid directly under the PPA and what they are instead paying in rates.

For the reasons discussed herein, AWEC recommends the Commission reject CUB's unsupported and inaccurate proposed modification to the credit and rate calculations

[6] CUB Comments at 8.



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presented by PGE. AWEC recommends the Commission approve the values as proposed by PGE, or in the alternative, as proposed by Staff.

Dated this 6th day of February, 2023.

Respectfully submitted,

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