



Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

February 1, 2023

Via electronic filing

Madison Bolton
Public Utility Commission of Oregon
201 High St. SE
Salem, OR 97301

Re: *UM 1953 – Comments of the Oregon Citizens' Utility Board for February 7, 2023 Public Meeting*

Dear Mr. Bolton:

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to comment on this public meeting agenda item RA3 at the forthcoming February 7, 2023 Public Utility Commission of Oregon (Commission) Regular Public Meeting.

CUB is making the following recommendations:

1. Update the net cost of the Daybreak Solar contract to account for the delays in the project in order to ensure that Voluntary Renewable Energy Tariff (VRET) Condition 8 is met.¹ Under Portland General Electric Company's (PGE or the Company) filed tariff, non-participating cost of service customers will be exposed to direct and indirect costs that should be "borne by the participating voluntary renewable energy tariff customers, shareholders of the utility or third-party developers and suppliers."² PGE's proposal runs counter to the established VRET Guidelines.
2. CUB would like to share its viewpoint on the Green Future Tariff program, its risks, and who has benefitted from the program.

///

///

///

¹ OPUC Order No. 21-091 at 13-14 ("All direct and indirect costs and risks are borne by the participating voluntary renewable energy tariff customers, shareholders of the utility or third-party developers and suppliers with provisions allowing independent review and verification by Commission Staff of all utility costs.")

² *Id.*

Green Tariff Power Purchase Agreements (PPAs)

PGE has entered into (Start Highly Confidential) [REDACTED] (End Highly Confidential) that it plans to use to serve green tariff customers in its Green Future Impact program.³

1. (Start Highly Confidential) [REDACTED] (End Highly Confidential)
2. Daybreak Solar (140 MW)
3. Montague Solar (160 MW)

In this section, CUB will briefly explain each solar facility to provide context for the remainder of these comments.

The first facility is the (Start Highly Confidential) [REDACTED] [REDACTED] [REDACTED] (End Highly Confidential) (Start Confidential) [REDACTED] (End Confidential).⁴ (Start Highly Confidential) [REDACTED] (End Highly Confidential).⁵ In (Start Confidential) [REDACTED] (End Confidential), PGE and (Begin Highly Confidential) [REDACTED] (End Highly Confidential) engaged in bilateral negotiations, which resulted in (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential) (Start Confidential) [REDACTED] (End Confidential).⁶ The contract had a levelized cost of energy (LCOE) of (Start Confidential) [REDACTED] (End Confidential). The contract term was (Start Confidential) [REDACTED] (End Confidential).

The second facility is Daybreak Solar project. The Daybreak Solar project is (Start Highly Confidential) [REDACTED] (End Highly Confidential) and has also been referred to as Bakeoven II in internal PGE documents. The photovoltaic facility is expected to be installed capacity of 140 MW. The following figure shows the geographic layout of both facilities.

///

///

³ CUB will generally refer to the Green Future Impact program as the “green tariff program.”

⁴ CUB Attachment 1, Appendix C – (Start Highly Confidential) [REDACTED] (End Highly Confidential) - Confidential

⁵ *Id.*

⁶ *Id.*

(Start Highly Confidential)

[REDACTED] ⁷

[REDACTED]

(End Highly Confidential)

In March 2020, (Start Confidential) [REDACTED] (End Confidential) , a PGE customer, enrolled in the queue for the Green Future Impact program under the Customer Supply Option (“CSO”). (Start Confidential) [REDACTED] (End Confidential).. (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential)The 2020 Daybreak Solar PPA had a LCOE of (Start Confidential) [REDACTED] (End Confidential). Daybreak was scheduled to enter commercial operation by (Start Highly Confidential) [REDACTED] (End Highly Confidential).⁸ At the time the contract was signed, the Daybreak Solar contract was expected to have a total energy and capacity benefit of (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential). Therefore, (Start Confidential) [REDACTED] (End Confidential). was scheduled to receive all of the renewable energy credits (RECs) associated with the Daybreak solar project for the (Start Confidential) [REDACTED]

⁷ This figure is highly confidential, but it has not been highlighted in green to preserve its readability

⁸ The first compliance filing UM 1953 (January 22, 2021) for Daybreak solar had the facility in operation at this date.

[REDACTED]
[REDACTED] (End Confidential).

The third contract is the Montague Solar Facility (also known as Pachwaywit Fields). Montague Solar facility is a 160 MW solar facility located in Gilliam County, Oregon. Montague was scheduled to enter (Start Highly Confidential) [REDACTED] (End Highly Confidential). Montague Solar was the first resource brought to PGE through PGE's Green Future Impact program. Seventeen customers have subscribed to this green tariff resource.

Discussion

What happened to the contracts?

(Start Highly Confidential) [REDACTED]
[REDACTED] (End Highly Confidential) On March 2022, the Department of Commerce (DOC) announced a year-long investigation into whether imports of solar panels from Southeast Asia were circumventing the tariffs in place against Chinese photovoltaic manufacturing. (Start Confidential) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (End Confidential) (Start Highly Confidential) [REDACTED]
[REDACTED] (End Highly Confidential) (Begin Confidential) [REDACTED]
[REDACTED]
[REDACTED]⁹ (End Confidential)

(Start Highly Confidential) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] (End Highly Confidential)
Confidential)

⁹ CUB Attachment 1, (Start Highly Confidential) [REDACTED] (End Highly Confidential), Page 1.

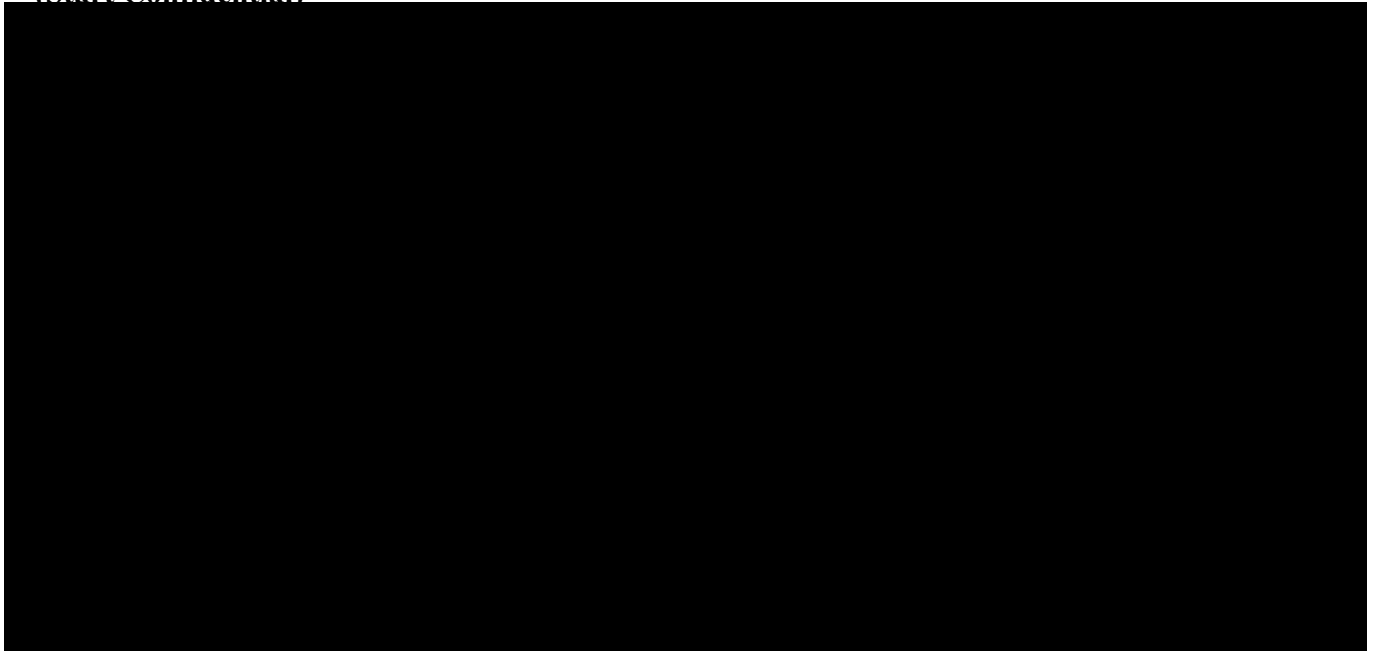
¹⁰ CUB Attachment 1, (Start Highly Confidential) [REDACTED] (End Highly Confidential), Page 4.

¹¹ CUB Attachment 1, (Start Highly Confidential) [REDACTED] End Highly Confidential), Page 1.

Portland General Electric (Start Highly Confidential) [REDACTED]
 [REDACTED] (End Highly Confidential). (Start Confidential) Below [REDACTED]
 [REDACTED] (End Confidential) (Start Highly Confidential) [REDACTED] (End Highly Confidential) and (Start Confidential) [REDACTED] [REDACTED] (End Confidential).

	[REDACTED]	[REDACTED]	[REDACTED]
Capacity (MW)	[REDACTED]	[REDACTED]	[REDACTED]
Term	[REDACTED]	[REDACTED]	[REDACTED]
LCOE (\$/MWh)	[REDACTED]	[REDACTED]	[REDACTED]
Levelized Energy and Capacity Value	[REDACTED]	[REDACTED]	[REDACTED] ¹²
Scheduled COD	[REDACTED]	[REDACTED]	[REDACTED]

(Start Confidential)



(End Confidential)¹³

¹² (Begin Confidential) [REDACTED]
 (End Confidential)

¹³ CUB Attachment 1

(Start Highly Confidential)

[Redacted]

(End Highly Confidential) ¹⁴

CUB provides this information as background information to help the Commission understand the terms of the transaction. (Start Highly Confidential) [Redacted]

[Redacted] (End Highly Confidential).

CUB recommendations and comments:

- CUB recommends that the Commission adopt an alternative energy and capacity value for Daybreak solar project for the PPA.
- CUB would like to share its viewpoint on the Green Future Tariff program, its risks, and who has benefitted from the program.

CUB recommends that the Commission adopt an alternative energy and capacity value for Daybreak solar project for the PPA.

In this agenda item, PGE is seeking acknowledgement of its capacity and energy credits for the (Start Highly Confidential) [Redacted] (End Highly Confidential) and Daybreak project.

(Start Confidential) [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted] (End Confidential)

PGE’s compliance filing suggests that the Daybreak project’s capacity and energy credit (Start Confidential) [Redacted]

[Redacted]
[Redacted] (End Confidential) if this calculation was accepted by the Commission.

¹⁴ CUB Attachment 1.

In Commission Order No. 21-091, the Commission stated “[a]ll direct and indirect [green tariff] costs and risks are borne by the participating voluntary renewable energy tariff customers, shareholders of the utility or third-party developers and suppliers with provisions allowing independent review and verification by Commission Staff of utility costs.”

CUB is recommending that one change be made to calculate the value of the Daybreak solar project for the green tariff compliance filing. (Start Confidential) [REDACTED]

[REDACTED] (End Confidential), CUB is proposing that these indirect costs be borne by the subscribers of the Daybreak Solar project, and that the premium associated with this project be updated to reflect this indirect cost. CUB believes this proposal aligns with the Commission’s Order on the contours of the green tariff program and protects captive cost of service customers from costs associated with individual large customer energy choices.

In order to calculate the (End Confidential), [REDACTED] [REDACTED] (End Confidential), CUB used the MONET model. The final indicative update to MONET was filed with the Commission in UE 402 on November 15, 2022. The final November 15th model run (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential). CUB used expected solar generation values and pricing from the (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential) with the power costs associated with added to annual benefit/cost line for 2023.

This change results in the project being a (Start Highly Confidential) [REDACTED] [REDACTED] (End Highly Confidential) for the Daybreak project. In order to ensure that all direct and indirect costs and risks are not borne by non-participating customers, CUB recommends that the commission adopt CUB’s proposed change to the credit methodology.

CUB does not recommend any changes to the credit methodology associated (Start Highly Confidential) [REDACTED] [REDACTED] [REDACTED] (End Highly Confidential)

CUB would like to share its viewpoint on the green tariff program, its risks, and who has benefitted from the program.

PGE's green tariff program has been mixed in its success in providing value to customers. **(Start Confidential)** [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] **(End Confidential)**

PGE and subscribers of the green tariff program have benefitted from the green tariff program. PGE is a vertically integrated utility, who faces competition from Oregon's direct access program. If a customer subscribes to a green tariff program, that customer is unable to participate in direct access. It is in PGE's interest to get as many customers as possible on green tariff programs in order to keep load on its system.

The cost of PGE's green tariff PPAs are recovered from all customers through its annual AUT proceedings. These costs are collected from customers classes on the basis of generation revenues. All customers fund these projects through the AUT process. The premium that green tariff subscribers pay are the difference between the PPA costs and the estimated capacity and energy value of the project. If that premium is inaccurate or does not include "direct and indirect costs," then nonparticipating cost of service customers are subsidizing individual large customers' green tariff resources.

Subscribers of the green tariff program have or are due to benefit from the program. As filed, the **(Start Highly Confidential)** [REDACTED]

[REDACTED] **(End Highly Confidential)**. As proposed by PGE in this compliance filing, one large customer would be able to procure **(Start Highly Confidential)** [REDACTED]

[REDACTED] **(End Highly Confidential)**. In comparison, residential and small commercial customers pay \$9.40 per MWh for RECs under the Green Future Choice Renewable Power program. CUB is aware that there are differences between the residential/small business green tariff program and the green future impact program, such as unbundled RECs vs dedicated projects. However, this disparity is too great to be ignored.

In the past, the green tariff program credit design has not resulted in subscribers of the green tariff program bearing **(Start Highly Confidential)** [REDACTED]

[REDACTED] **(End Highly Confidential)** in a green tariff program. If a future project is brought forward to green tariff program with little to no premium associated with it, like the **(Begin Highly Confidential)** [REDACTED] **(End Highly Confidential)** CUB will consider making changes to how the green tariff crediting process works, such as raising the floor on green tariff premiums, or increasing the discount rate associated with the net present value of a green tariff resource credit calculation.

To be clear, CUB engaged in the UM 1953 proceeding in good faith and we generally do not oppose green tariff options for some PGE customers. However, it is important that these

programs—and their associated crediting mechanisms—be designed in a manner that does not shift costs onto nonparticipating customers. This is a core provision of the green tariff guidelines that must be upheld.

Conclusion

CUB makes the following recommendation:

1. CUB recommends that the Commission adopt an alternative energy and capacity value for Daybreak solar project.

Sincerely,

/s/ William Gehrke

William Gehrke

Senior Economist

Oregon Citizens' Utility Board

will@oregoncub.org

UM 1953 - CERTIFICATE OF SERVICE

I hereby certify that, on this 1st day of February, 2023, I served the **Confidential Comments of the Oregon Citizens’ Utility Board** in docket UM 1953 upon the Commission and each party designated to receive confidential information pursuant to Order 18-260 through a secure, encrypted attachment to an e-mail.

I hereby certify that, on this 1st day of February, 2023, I served the **Highly Confidential Comments of the Oregon Citizens’ Utility Board** in docket UM 1953 upon the Commission and each party designated to receive confidential information pursuant to Order 20-302 through a secure, encrypted attachment to an e-mail.

At the time of service, current counsel for Portland General Electric have not signed the General Protective Order or Modified Protective Order. CUB contacted Portland General Electric regarding the issue and has served both the **Confidential Comments of the Oregon Citizens’ Utility Board** and the **Highly Confidential Comments of the Oregon Citizens’ Utility Board** upon Ms. Burton and Mr. White through a secure, encrypted attachment to an e-mail.

PORTLAND GENERAL ELECTRIC

KIM BURTON
PORTLAND GENERAL ELECTRIC
121 SW SALMON STREET
PORTLAND OR 97204
kim.burton@pgn.com

DAVID F WHITE
PORTLAND GENERAL ELECTRIC
121 SW SALMON ST., 1WTC1301
PORTLAND OR 97204
david.white@pgn.com

ALLIANCE OF WESTERN ENERGY CONSUMERS

BRENT COLEMAN (C) (HC)
DAVISON VAN CLEVE
1750 SW HARBOR WAY, SUITE 450
PORTLAND OR 97201
blc@dvclaw.com

BRADLEY MULLINS (C)
MOUNTAIN WEST ANALYTICS

VIHILUOTO 15
KEPELE FI-90440
brmullins@mwanalytics.com

TYLER C PEPPE (C)
DAVISON VAN CLEVE

1750 SW HARBOR WAY STE 450
PORTLAND OR 97201
tcp@dvclaw.com

CALPINE SOLUTIONS

GREGORY M. ADAMS (C) (HC)
RICHARDSON ADAMS PLLC

515 N 27TH ST
BOISE ID 83702
greg@richardsonadams.com

KEVIN HIGGINS (C)
ENERGY STRATEGIES LLC

215 STATE ST - STE 200
SALT LAKE CITY UT 84111-2322
khiggins@energystrat.com

NIPPC

CARL FINK (C) (HC)
BLUE PLANET ENERGY LAW
LLC

628 SW CHESTNUT ST, STE 200
PORTLAND OR 97219
cmfink@blueplanetlaw.com

OREGON CITIZENS UTILITY BOARD

MICHAEL GOETZ (C) (HC)
OREGON CITIZENS' UTILITY
BOARD

610 SW BROADWAY STE 400
PORTLAND OR 97205
mike@oregoncub.org

ROBERT JENKS (C) (HC)
OREGON CITIZENS' UTILITY
BOARD

610 SW BROADWAY, STE 400
PORTLAND OR 97205
bob@oregoncub.org

RENEWABLE NW

MAX GREENE (C) (HC)
RENEWABLE NORTHWEST

421 SW 6TH AVE STE 975
PORTLAND OR 97204
max@renewablenw.org

STAFF

SCOTT GIBBENS (C) (HC)
PUBLIC UTILITY COMMISSION
OF OREGON

201 HIGH ST SE
SALEM OR 97301
scott.gibbens@puc.oregon.gov

WALMART

VICKI M BALDWIN (C)
PARSONS BEHLE & LATIMER

201 S MAIN ST STE 1800
SALT LAKE CITY UT 84111
vbaldwin@parsonsbehle.com

Dated this 1st day of February, 2023.



Thomas Jerin
Operations Manager
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
503.227.1984
thomas@oregoncub.org

CUB Attachment 1 is Highly Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 20-302.