BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY,	)	UM 1953
	)	
	)	CALPINE ENERGY SOLUTIONS, LLC'S OPENING LEGAL BRIEF
Investigation Into Proposed Green Tariff	)	

INTRODUCTION AND SUMMARY

Calpine Energy Solutions, LLC ("Calpine Solutions") hereby submits its opening legal brief to the Public Utility Commission of Oregon ("OPUC" or "Commission") in this proceeding. For the reasons explained below, the Commission should only approve a green tariff for Portland General Electric Company ("PGE") if the following conditions are met:

- In the case of a fixed credit, negative pricing should be disallowed. In other words, the green tariff credit should not be permitted to exceed the all-in price of the power purchase agreement ("PPA") paid by green tariff subscribers unless the subscriber elects a variable or floating credit that is regularly updated during the subscriber's term on the green tariff.

  -And-

- If the green tariff credits include a capacity credit under a fixed credit or a variable credit, the Commission should acknowledge that direct access customers should also receive a capacity credit if the transition charges extend beyond five years.

These limitations are consistent with the Commission's own prior order addressing the necessary conditions for any green tariff, as well as Staff's carefully considered and reasonable limitations proposed in this proceeding. Without these reasonable limitations, PGE's green tariff would harm the competitive retail market and non-participating customers.

BACKGROUND

In 2014, the Oregon legislative assembly passed House Bill 4126 ("H.B. 4126"), which directed the Commission to consider whether it would be in the public interest to allow investor-owned utilities to offer a green tariff (also referred to as a "voluntary renewable energy tariff" or "VRET"). *See* Or Laws 2014, ch 100, § 3. The law first instructed the Commission to "conduct a study to consider the impact of allowing electric companies to offer voluntary renewable energy tariffs to their nonresidential customers." *Id.* at § 3(2). After completing such a study, the law required the Commission to "consider the results of the study . . . in conjunction with [five] factors . . . to determine whether, and under what conditions, it is reasonable and in the public interest to allow electric companies to provide voluntary renewable energy tariffs to nonresidential customers." *Id.* at § 3(3). Among the five factors, the legislature required the Commission to consider: "[t]he effect of allowing electric companies to offer voluntary renewable energy tariffs on the development of a competitive retail market," and "[a]ny direct or indirect impact, including any potential cost-shifting, on other customers of any electric company offering a voluntary renewable energy tariff." *Id.* at § 3(3)(b) & (c).

After the Commission establishes the conditions that must apply to such a green tariff, the law allows the Commission to authorize a utility to file such a green tariff meeting those conditions. *See id.* at § 3(4). The law further requires that "[a]ll costs and benefits associated with a voluntary renewable energy tariff shall be borne by the nonresidential customer receiving service under the voluntary renewable energy tariff." *Id.*

In Docket No. UM 1690, the Commission engaged in a lengthy process to complete the study called for in the legislation and to establish the conditions that any green tariff must meet to comply with the requirements of the law. *In re Public Utility Commission of Oregon, Voluntary Renewable Energy Tariffs for Non-Residential Customers* (*hereafter* "*In re VRETs*"), Docket No. UM 1690, Order No. 15-258 (Aug. 26, 2015) (adopting study); *In re VRETs*, Docket No. UM 1690, Order No. 15-405 (Dec. 15, 2015) (establishing conditions). The culmination of this critical step in the implementation of H.B. 4126 is embodied in the Commission's Order No. 15-405. In the words of the law, that order established "under what conditions, it is reasonable and in the public interest to allow electric companies to provide voluntary renewable energy tariffs to nonresidential customers." Or Laws 2014, ch 100, § 3(3).

Those conditions included nine important requirements that must apply to any green tariff in order for the tariff to be in the public interest. The conditions included:

1. Renewable Portfolio Standard (RPS) definitions for resource type, location, and bundled Renewable Energy Certificates (RECs) must apply to VRET products.

2. VRET options should only include bundled REC products. Any RECs associated with serving participants must be retired by or on behalf of participants, unless the participants consent to RECs being retired by the utility or the developer.

3. The year in which a VRET eligible renewable resource became operational should be no earlier than 2015.

4. The VRET program size is limited to 300 aMW for PGE and 175 aMW for PacifiCorp.

5. VRET product design should be sufficiently differentiated from existing direct access programs.

6. VRET terms and conditions (including the timing and frequency of VRET offerings), as well as transition costs, must mirror those for direct access. PGE and PacifiCorp may propose VRET terms and conditions that differ from current direct access provisions but must propose changes to their respective direct access programs to match those changes.

7. The regulated utility may own a VRET resource, but may not include any VRET resource in its general rate base. It may recover a return on and return of its investment in the VRET resource from the VRET customer; however, the utility

must share some of the return on with other utility customers for ratepayer-funded assets used to assist the VRET offering.

8. All direct and indirect costs and risks are borne by the VRET customers, shareholders of the utility, or third-party developers and suppliers with provisions allowing independent review and verification by the Commission Staff of all utility costs. Costs include but are not limited to ancillary services and stranded costs of the existing cost of service rate based system.

9. All VRET offerings must be made publicly available and subject to review by the Commission to ensure they are fair, just, and reasonable.

In re VRETs, Order No. 15-405.[1]

Subsequent to Order No. 15-405, both PacifiCorp and PGE determined that they were unable to design a green tariff proposal that met the nine conditions. Accordingly, the Commission ordered closure of Docket No. UM 1690. *In re VRETs,* Docket No. UM 1690, Order No. 16-251 (July 5, 2016).

Almost two years later, however, PGE filed a petition to re-open Docket No. UM 1690 and approve the green tariff at issue in this proceeding. *See PGE's Petition*, Docket No. UM 1690 (April 13, 2018). PGE's petition asked for the Commission "to amend Order No. 16-251, which [closed] Docket No. 1690, and reopen the docket to permit review of the Company's green tariff." *Id.* at 2. However, PGE's petition did not seek to amend or modify Order No. 15-405 or any of the nine conditions the Commission placed on green tariffs. In its opening testimony filed with the petition, PGE attempted to explain how its green tariff proposal met each of those nine conditions under a section of testimony titled "Compliance with the nine conditions." PGE/200, Sims-Tinker/18-22.

[1] Commission Chair Ackerman dissented and explained that she would have concluded "that it is not in the public interest to allow utilities to offer VRETs and would have closed this docket." *Id.* In other words, in then-Chair Ackerman's view, even a VRET that met all nine conditions would not have been in the public interest.

Although PGE's initial testimony suggested that its green tariff proposal would not include utility ownership of the underlying renewable energy resource, PGE has subsequently clarified that this portion of the proceeding is just "Phase I" of PGE's green tariff proposal. PGE/400, Sims-Tinker/1. According to PGE, the green tariff proposal currently before the Commission "is limited to a pilot" where PGE will obtain the renewable energy resource only through one or more PPAs. *Id.* at 4-5.

In Phase I, PGE's proposal is to procure PPAs to serve no more than 100 megawatts ("MW") of subscriptions, and PGE will consider up to 200 MW of additional PPAs proposed by customers with a peak load greater than 10 aMW. *Id.* at 5. Customers enrolled in the program would pay the PPA price for the renewable energy, but would also receive a credit that would reduce their cost-of-service generation charges for PGE's generation portfolio. *Id.* PGE proposes to provide a long-term, levelized, fixed credit including up to 20 years of forecasted avoided costs of energy and capacity supplied by the green tariff resource. *Id.* at 7-11.

PGE proposes to commence Phase II of the green tariff proposal shortly after Phase I ends, apparently before gaining an experience from the outcome of the "pilot." *Id.* at 5-6. In Phase II, PGE intends to propose to own green tariff resources, and PGE states that it wishes to examine whether the nine conditions in Order No. 15-405 should continue to apply. *Id.* In response to concerns raised by Staff, PGE proposed that Phase II also address the issues of whether the credit should be allowed to exceed the PPA price – which would effectively result in the green tariff subscribers paying less than the normally applicable cost-of-service rates. *Id.* at 10-11. However, while PGE states it will not allow a credit exceeding the PPA price for the 100-MW pilot, PGE states it would allow a large customer to achieve such negative pricing through 200 MW of PPAs customers may bring to PGE. *Id.* Thus, PGE proposes that such negative pricing would be allowed in the 200-MW portion of the Phase I pilot, despite also suggesting the issue needs to vetted later in Phase II. Additionally, other parties have advocated for the Commission to allow such negative pricing at this time. In contrast, Staff has opposed allowing negative pricing and raised other significant concerns with PGE's green tariff proposal.

ARGUMENT

At the outset, the Commission should recognize that the green tariff will directly compete with the competitive retail market encouraged by Oregon's direct access law. As Walmart's witness testified at the hearing, eligible customers will choose between the green tariff and direct access primarily based on economics – "essentially it all kind of boils down to the bill." Tr. at 101-103. Ordinarily, green tariffs should not be necessary in states with adequate direct access programs, which operate subject to strict rules to protect non-participants. PGE's consultant's report explains, "Green tariffs have emerged as an option for customers in markets *where there is no retail electricity choice* allowing direct access to renewable energy." PGE/202, Sims-Tinker/5 (emphasis added). Thus, the proposal to offer such a green tariff in Oregon immediately calls into question whether Oregon's direct access programs are too restrictive and whether the green tariff is being offered on more favorable terms that will disadvantage the direct access market or non-participating customers.

The Commission should therefore require important limitations on PGE's green tariff to protect non-participating customers and the competitive retail market. In particular, Calpine Solutions urges the Commission to: (i) ensure that the green tariff cannot offer negative pricing in the case where the credit is a long-term, fixed credit; and (ii) acknowledge that if PGE's green tariff includes a capacity credit, PGE would have to provide a similar capacity credit to direct access customers if the transition charges extend beyond five years.

A. The Commission Should Not Allow Guaranteed Negative Pricing with Long-Term, Fixed Credits

The Commission should not overlook the risk of negative pricing in a green tariff program. The intent of H.B. 4126 was to allow customers to increase the renewable content of their energy supply, not to provide an opportunity to pay less than normal cost-of-service rates. It would not be in the public interest to create a program that guarantees some customers will pay less than other customers for a premium green product that piggy backs on the generation portfolio that the remaining customers fund at full price. Such a guarantee of a discounted rate would be contrary to the public interest.

PGE has consistently characterized the option for a green tariff as an offering that would allow certain customers the option to pay more than other customers to obtain a greener energy supply. PGE justifies not charging transition charges to the green tariff subscribers on the ground that the "green tariff is a supplemental product, meaning that it serves only as *an addition* to the subscriber's current cost of service rate schedule." PGE/200, Sims-Tinker/13 (emphasis added). According to PGE, the subscribers "continue to contribute to fixed power supply costs through their cost of service schedule" – suggesting that green tariff subscribers would pay the full cost-of-service rate for PGE's generation portfolio plus some additional amount for the extra green supply. *Id*. At the hearing, PGE again confirmed that in its discussions with customers, "there was some willingness to pay a premium." Tr. at 46.

Yet one of the major issues that developed in this proceeding is the prospect of green tariff subscribers receiving the premium, green product while paying *less* than the traditional cost-of-service offering. There are several problems with offering a discounted rate to customers who receive a premium product that supplements their continued use of PGE's cost-of-service generation, at least where the green tariff subscriber is guaranteed to receive lower rates.

First, it is important to recognize that the rate discount, referred to in this proceeding as "negative pricing," would exist regardless of what the cost-of-service rates turn out to be. The cost-of-service rate itself, and the fact that it will escalate over time, has no impact on whether the negative pricing for the green tariff would exist. Negative pricing exists whenever the green tariff subscriber pays less than normally applicable cost-of-service rates because the all-in PPA price is lower than the credit for the renewable energy supplied – resulting in a net payment to the green tariff subscriber. *See* Calpine Solutions/100, Higgins/10-11.

The negative pricing scenario is most problematic if the credit is a long-term fixed credit, which effectively guarantees such a rate discount. Some parties have testified that if the credit is variable then the risk is reduced, however there has been no meaningful explanation of why it would be in the public interest to guarantee a rate discount for participating in the green tariff program. *See* Walmart/200, Chriss/2, 4-8 (arguing for negative pricing where the credit is variable); AWEC/200, Mullins/8-13 (making similar arguments). Walmart's witness explained that under Walmart's floating credit proposal, the benefit is justified because "it's *not* a guaranteed benefit." Tr. at 98 (emphasis added).

On the other hand, Staff has persuasively explained why a negative pricing scenario is not in the public interest, at least where the negative pricing would be guaranteed. As Staff's witness testified, "If you set up a program that is fixed, is fixed and is lower than the cost-of-service rates, I think anybody that's eligible would be crazy not to sign up for guaranteed lower power cost prices than – than they otherwise would." *Id.* at 64; *see also id.* at 71. At the same time, this guaranteed rate discount relies on allocation of market price forecasting risk to non-participants. *See id.* at 63-64. As Staff explained at the hearing, "if you are going to fix the credits, you are relying on a forecast, which like I said, will inherently have some error." *Id.* at 66. "[I]f it's not being paid for or assumed by subscribers, it's necessarily either being assumed or paid for by PGE shareholders or cost-of-service customers. So in that sense, that's why staff recommended the no negative pricing for fixed credit." *Id.* at 67. If "you are making a 15- or 20-year forecast this inherently going to be wrong." *Id.* at 63-64.

Staff's position is consistent with Condition 8 of Order No. 15-405, which bars such allocation of risk to non-participants. Condition 8 is that "[a]ll direct and indirect costs *and risks* are borne by the VRET customers, shareholders of the utility, or third-party developers and suppliers." *In re VRETs*, Order No. 15-405 (emphasis added). In the case of fixed credits, therefore, the rate credit should be capped at the all-in PPA price to protect cost-of-service customers from the risks and harm proscribed by Order No. 15-405.

In addition to harming other customers, the guaranteed negative pricing would harm the competitive retail market. Oregon's direct access law specifically requires the Commission to "eliminate barriers to development of a competitive retail market" and to "mitigate the vertical and horizontal market power of incumbent electric companies." ORS 747.646(1). There is no question that competitive retail markets will be harmed if the incumbent utility may offer guaranteed rate discounts for the premium service under its green tariff, which would allow customers to obtain a premium product without being subjected to the same the risks and administrative burdens inherent in the current programs for direct access.

Staff also correctly articulated this point, explaining several ways that negative pricing would create an unfair advantage over direct access. Staff's witness explained:

> In the fixed world, again, you would have information where you could decide, well, this is what I'm going to pay, this is what I'm going to receive. I don't have to leave PGE service territory, I don't have to deal with election windows, I don't

> – there's no transmission [sic, transition] charges I need to calculate, there's fewer restrictions on the size.

Tr. at 68-69. Such an offering is plainly not in the public interest in a state with direct access.

However, these problems are mitigated in the case of the floating credit. As Staff explained, in a fixed credit, "You are also having the cost-of-service customers assume the risk, the price risk, whereas in the floating credit you are not." *Id.* at 69-70. However, "the ability to go – have the credit go negative overall is not necessarily a concern regarding cost shifting in a – in a freely floating credit scenario." *Id*. at 71. These are valid points.

Some parties have asserted the Commission must allow negative pricing because H.B. 4126 entitles green tariff subscribers to all benefits of the green tariff, including economic benefits of reduced cost-of-service rates. The provision of the law at issue provides: "*All costs and benefits* associated with a voluntary renewable energy tariff shall be borne by the nonresidential customer receiving service under the voluntary renewable energy tariff." Or Laws 2014, ch 100, § 3(4) (emphasis added). In addition to receiving the benefits, green tariff subscribers must also be allocated all of the actual costs. In the case of the fixed credit, the participating customers will not pay all of the actual costs of the green tariff if the forecasted credits exceed the future value of the green tariff resource's energy and capacity at the time of delivery up to 20 years in the future. The law does not state that green tariff subscribers are entitled to all *forecasted* benefits of the renewable resource over a 20-year period. Accordingly, this provision of H.B. 4126 could only justify the possibility of negative pricing in the scenario of a variable credit.

In sum, the Commission should not allow negative pricing in the case of a long-term fixed credit, but Calpine Solutions does not oppose the possibility of negative pricing for a variable or floating credit. However, in either scenario, the occurrence of negative pricing is only likely to occur if the credit includes a capacity credit. *See* Calpine Solutions/100, Higgins/11-12. As explained in the next section, any use of a capacity credit in such a floating credit should require a similar credit in direct access transition adjustments.

B. The Commission Should Acknowledge the Need for Comparable Capacity Credits in Direct Access

If PGE's green tariff will include a capacity credit, the same type of credit should also be included for the avoided capacity costs associated with a loss of direct access load. The Commission's requirements in Order No. 15-405 and basic logic compel this result.

1. Capacity Credits Should Apply to Direct Access

As noted above, PGE's petition did not seek to amend or modify Order No. 15-405 or any of the nine conditions the Commission placed on green tariffs. In its opening testimony filed with the petition, PGE attempted to explain how its green tariff proposal met each of those nine conditions. *See* PGE/200, Sims-Tinker/18-22. Thus, PGE's green tariff must meet all nine conditions. Most significantly, Condition 6 requires that "VRET terms and conditions . . ., as well as transition costs, must mirror those for direct access." *In re VRETs*, Order No. 15-405. PGE "must propose changes to [its] direct access programs to match" any preferential features of the green tariff. *Id.* The most significant preferential feature of PGE's proposed green tariff is the proposed capacity credit.

The equivalent of the "transition charge or credit" in PGE's green tariff is the assessment to the subscriber of the charge or credit reflecting the difference between the all-in PPA cost and the green tariff resource's avoided cost value to PGE's system. That is the overall charge or credit to the subscriber that is intended to hold non-participating customer's harmless in the same manner that a transition charge is intended to hold non-participants harmless from direct access. By proposing to include a capacity credit in the calculation of the overall green tariff rate, PGE acknowledges that the green tariff resource will impact PGE's load and resource balance by adding generation that will offset or defer the need to acquire the next planned capacity resource. *See* PGE/200, Sims-Tinker/10.

However, PGE's own justification for a capacity credit in the green tariff applies equally to direct access. The basis for determining and recognizing capacity credits exists whether the benefit is a "generation addition" benefit (as in the green tariff) or a "loss of load" benefit (as in direct access) because a loss of load will also offset or defer the need to acquire the next planned capacity resource. *See* Calpine Solutions/100, Higgins/7. The departure of opt-out load to direct access allows PGE to avoid adding incremental generation resources that would otherwise be needed to serve the PGE's system load. *Id.* Those new incremental generation resources would otherwise increase the generation costs charged to all PGE customers. *Id.* This avoided fixed generation cost is thus a benefit to PGE's system and the customers who are not participating in direct access, just as PGE describes in the scenario where PGE avoids fixed generation costs when the green tariff resource is committed to the system. *Id.*

Moreover, by Commission order, PGE does not plan for, or acquire, new capacity to meet the generation service needs of five-year opt-out customers. The Commission has determined that customers in PGE's five-year program are "'effectively committed to service' under direct access" and should be excluded from the PGE's generation planning "until they provide notice to return to cost-of-service rates." *See In the Matter of Pub. Util. Comm'n of Or.: Investigation Into Integrated Resource Planning*, Docket No. UM 1056, Order No. 07-002, at 19 (Jan. 8, 2007). The departure of these direct access customers allows the PGE's net capacity additions to be lower than they would otherwise be. *See* Calpine Solutions/100, Higgins/6. Therefore, if a capacity credit is recognized for green tariff subscribers, it is logically necessary to also recognize a capacity credit for direct access customers.

The only potentially valid distinction for direct access on this point is that the direct access term of charges currently ends after five years, whereas the green tariff term of charges extends further into the capacity deficiency period. Notably, PGE proposes that its capacity credit could apply to the green tariff within less than five years, depending on its projected capacity deficiency at the time of the customer's enrollment in the program. *See* Tr. at 13-14. Therefore, an argument could be made to apply a capacity credit even during a five-year transition period for direct access.

However, for purposes of this case, Calpine Solutions is not asking to re-open the five-year program terms. *See* Calpine Solutions/100, Higgins/8-9. Assuming the Commission approves the stipulation preserving the five-year term of charges in Docket No. UE 335, the issue would only become relevant in the future if the transition period is extended beyond five years. Additionally, PGE has proposed to withdraw its proposed use of a capacity credit in the green tariff if such credit would apply to direct access, and PGE may ultimately choose not to include the capacity credit in the green tariff. Therefore, in this case, the Commission should simply direct that if PGE includes a capacity credit in its green tariff, direct access customers should also receive a capacity credit if the transition charges extend beyond five years.

2. PGE's Arguments Against a Capacity Credit in Direct Access Are Misplaced

PGE presents no persuasive reason to ignore the mandates of Order No. 15-405 or the economic justifications for a capacity credit in direct access where such a credit exists for the green tariff. PGE asserts that the "existing direct access program is already designed to allow for voluntary renewable energy from an electricity service supplier at a premium[,]" and therefore "[n]o changes to the direct access program are necessary based on PGE's Green Tariff filing." PGE/200, Sims-Tinker/21. However, if a capacity credit is allowed in the green tariff program such that the green tariff program will no longer be offered at a "premium," a capacity credit must also be provided for the direct access program to avoid the same "premium" charge in that program.

PGE next incorrectly argues that Condition 6 of Order No. 15-405 does not apply to its green tariff, but that is wrong. According to PGE's witnesses, Condition 6 applies only to a VRET where the underlying resource will be owned by the utility, and thus PGE's PPA-based green tariff can be offered on more favorable terms and conditions than direct access. *See* PGE/400, Sims-Tinker/14-15. In criticizing the Northwest and Intermountain Power Producer's ("NIPPC") reliance on Condition 6 in this case, PGE's witnesses asserted:

> NIPPC did not include the paragraph that precedes condition 6 in Order No. 16-251, which states: "The Commission replaced three of the nine conditions originally proposed by Staff in its Phase 2 report with the following three conditions. These additions *allow for utility ownership* yet add further protections to minimize impact on competitive retail markets and to ensure not cost shifting."

Id. (purportedly quoting Order No. 16-251). PGE's testimony is incorrect.

There is no limitation on the applicability of Condition 6. First of all, Condition 6 exists in Order No. 15-405, *not* in Order No. 16-251 as PGE suggests. Order No. 15-405 created the nine conditions, and Order No. 15-405 contains no limitation on any of the nine conditions. *See In re VRETs*, Order No. 15-405. Each of the nine conditions applies to *any* VRET proposal under the plain terms of Order No. 15-405.

In Order No. 16-251, the Commission merely approved Staff's recommendation to close

Docket No. UM 1690 on account of the utilities' inability to design a VRET that met all nine conditions from Order No. 15-405. The entirety of Order No. 16-251 provides: "This order memorializes our decision, made and effective at our July 5, 2016 Regular Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A." *In re VRETs*, Order No. 16-251. The "recommendation" set forth in the Staff Report and approved by Order No. 16-251, merely provides:

> STAFF RECOMMENDATION:
>
> Staff recommends the Commission close Docket UM 1690.

Id. at Appendix at p. 1. The quotation in PGE's testimony appears to be from the third page of 31-page Staff Report appended to the Commission's two-line order, not any statement provided or adopted by the Commission. *Id.* at Appendix at p. 3. PGE's assertion that the Commission limited Condition 6's applicability is therefore meritless.

Additionally, PGE argues that a loss of direct access load has no capacity value because electricity service suppliers ("ESS") have no resource adequacy requirements and PGE is the provider of last resort if the ESS goes bankrupt. PGE/300, Sims-Tinker/5-6. But these arguments overlook the basic construct of the direct access program. PGE's witness conceded at the hearing that, by Commission order, PGE is not planning to serve the long-term direct access customers in its integrated resource plans. Tr. at 54. He also agreed that a long-term direct access customer may not return to use PGE's bundled generation portfolio without providing two or three years' advance notice (depending on the year the customer initially enrolled). *Id*. at 55. In the interim, the returning direct access customer must pay market-based prices for generation supplied by PGE. *Id.* The returning direct access customer is barred from using PGE's cost-of-service portfolio for two to three years, and PGE has no legitimate need to acquire capacity before that time to serve the customer. PGE's argument does not negate the capacity benefit conferred by the loss of direct access load.

PGE further complains about its obligation to "balance scheduling deviations by ESSs," without mentioning that PGE is fully compensated for balancing scheduling deviations by ESSs. PGE/300, Sims-Tinker/6. Specifically, the ESSs purchase imbalance energy from PGE, acting as a transmission provider, under Schedule 4-R of Part III of PGE's Open Access Transmission Tariff. *See, e.g., Portland General Elec. Co.*, 124 FERC ¶ 61,208 (Aug. 29, 2008). PGE must offer such energy imbalance service when a difference occurs between the scheduled and the actual delivery of energy to a load located within PGE's balancing authority over a single hour, and Federal Energy Regulatory Commission has reviewed and approved PGE's charges for such service under PGE's Schedule 4-R. *See id.*; *see also* FERC Docket No. ER17-1075. Because PGE is fully compensated for imbalance service provided to ESSs, the provision of such imbalance service does not negate the capacity value conferred with a loss of direct access load. PGE's argument is therefore without merit.

In sum, there is no rational basis to provide a capacity credit to green tariff subscribers without also providing a similar credit to long-term direct access customers who provide capacity benefit to remaining customers.

CONCLUSION

The Commission should impose the conditions set forth in the Introduction and Summary of this brief on PGE's proposed green tariff.

DATED: December 11, 2018.

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