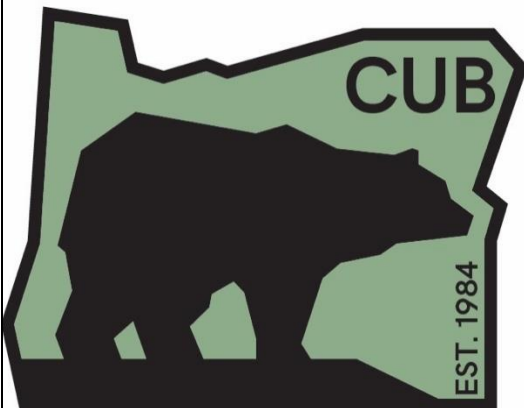


**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1953**

In the Matter of )  
 )  
PORTLAND GENERAL ELECTRIC )  
COMPANY, )  
 )  
Investigation into Proposed Green Tariff. )  
\_\_\_\_\_ )

**OPENING BRIEF  
OF THE  
OREGON CITIZENS' UTILITY BOARD**

December 11, 2018



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1953**

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	
COMPANY,	)	OPENING BRIEF OF THE OREGON
	)	CITIZENS' UTILITY BOARD
Investigation into Proposed Green Tariff.	)	
_____	)	

**I. INTRODUCTION**

Pursuant to Administrative Law Judge (ALJ) Kirkpatrick’s November 30, 2018 Ruling, the Oregon Citizens’ Utility Board (CUB) hereby submits its Opening Brief in the above-captioned proceeding. In this Brief, CUB offers support for Portland General Electric Company’s (PGE or the Company) proposal to bifurcate this proceeding into two phases with separate tranches of subscribing customers, while leaving larger policy questions such as utility ownership and a long-term crediting mechanism to be determined during Phase II.<sup>1</sup> While CUB may not necessarily support all elements of the Company’s Phase I proposal, we believe bifurcating the proceeding to ensure an adequate evidentiary record for the remaining, important issues is prudent.

PGE filed its initial proposal in this proceeding on April 13, 2018 with the intent to offer a green tariff product to enable potential subscribers to procure renewable energy

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<sup>1</sup> UM 1953 – PGE/400/Sims – Tinker/4-6.

through a power purchase agreement (PPA) while remaining on the existing cost of service (COS) rate.<sup>2</sup> Green tariff customers would pay the COS rate plus the difference between the PURPA QF rate and the PPA cost.<sup>3</sup> After several rounds of testimony and settlement conferences, parties to this proceeding have been unable to reach a stipulated agreement.

Although Phase I is an interim pilot, several issues have impeded parties from reaching agreement. The primary sticking point is the structure of energy and capacity credits. Parties disagree whether to structure the energy and capacity credits as fixed or floating. For the reasons addressed herein, CUB continues to support Staff's recommendation that a fixed credit be used that ensures that the total rate a green tariff participant pays cannot be below the customer's total rate under COS.<sup>4</sup> While other parties—most notably Walmart—would prefer a credit structure that enables them to pay less than COS rates<sup>5</sup>, it is inappropriate for captive COS customers to subsidize green tariff subscribers seeking to find creative mechanisms to lower their rates. The purpose of the Company's green tariff proposal is to give optionality to large customers who wish to have greater control over their resource selection, not to enable them a new avenue through which to purchase cheap power.

## II. ARGUMENT

CUB believes the Company's proposal to bifurcate the proceeding and roll out a small pilot program with an interim credit structure is reasonable, and enables parties to

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<sup>2</sup> UM 1953 – PGE/400/Sims – Tinker/4.

<sup>3</sup> UM 1953 – Staff/200/Gibbens/3.

<sup>4</sup> UM 1953 – Staff/200/Gibbens/3.

<sup>5</sup> UM 1953 – Walmart/200/Chriss/7.

continues to work towards creating an adequate record to finalize important elements of the green tariff program in Phase II. As referenced in our testimony, CUB's involvement in this docket is to ensure that captive COS customers are truly protected from cost-shifting in the rollout of PGE's green tariff proposal. If a capacity credit structure enables green tariff subscribers to receive power at below the COS rate, this will not happen. Voluntary Renewable Energy Tariff (VRET) Guideline 7 provides that "[t]he utility must demonstrate that there is no risk or cost shifting on nonparticipating customers due to direct or indirect VRET service and resource obligations."<sup>6</sup> Staff has repeatedly emphasized that cost shifting not occur as a result of PGE's VRET-driven green tariff proposal.<sup>7</sup> CUB supports this.

The correct methodology for valuing capacity credits remains a contested issue in this proceeding. CUB continues to have concerns that a credit structure may enable green tariff customers to acquire energy at below COS rates and unnecessarily shift costs onto other COS customers. It is paramount for the Commission to adopt a credit structure in Phase I of this proceeding that protects COS customers who cannot opt into the green tariff program from this risk. Further, residential customers currently pay a premium for optional utility green power programs. CUB therefore agrees with Staff that it would be unfair to allow larger, more sophisticated customers to participate in a green tariff program that could allow them to pay less than COS rates.<sup>8</sup>

A long-term solution for the capacity credit issue can be addressed in Phase II of this proceeding. As an interim measure, CUB recommends that the Commission place a

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<sup>6</sup> OPUC Order No. 16-251, Appendix A at 8.

<sup>7</sup> UM 1953 – Staff/100/Kaufman/7.

<sup>8</sup> UM 1953 – Staff/200/Gibbens/10.

floor on the green tariff rate to ensure it cannot go below existing COS rates. While CUB does have some issues with PGE’s proposed IRP valuation credit for Phase I of the proceeding—chiefly, that it is not the result of a contested case proceeding—we believe it is a reasonable short-term credit methodology.

Together with a green tariff rate floor, CUB generally supports the Company’s cross-answering testimony position for Phase I of this proceeding.<sup>9</sup> CUB agrees with Staff that the proper methodology to calculate energy and capacity credits is the most difficult and critical step in the implementation process, as it has the potential to lead to cost shifting and subsidization.<sup>10</sup> CUB agrees that the green tariff program should be closely monitored while in its infancy to ensure that cost shifting does not occur. CUB also agrees with Staff that, if any capacity credit is used for Phase I, it should be the IRP-valuation methodology.<sup>11</sup>

### III. CONCLUSION

For the foregoing reasons, CUB respectfully requests that the Commission adopt the Company’s proposal for using the IRP methodology to calculate energy and capacity credits for Phase I of this proceeding, and to direct parties to resolve remaining issues—including long-term credits and potential utility ownership—in Phase II of this proceeding.

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<sup>9</sup> UM 1953 – PGE/400/Sims – Tinker/5.

<sup>10</sup> UM 1953 – Staff/200/Gibbens/15.

<sup>11</sup> UM 1953 – Staff/200/Gibbens/16.

Dated this 11<sup>th</sup> day of December, 2018.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael P. Goetz". The signature is stylized and cursive.

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