

**Docket No. UM 1953**  
**Witness: Michael O'Brien**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1953**

**In the Matter of  
PORTLAND GENERAL ELECTRIC  
COMPANY,  
Investigation into Proposed Green Tariff.**

**RENEWABLE NORTHWEST'S EXHIBIT 200**

**Cross-Answering Testimony of Michael O'Brien**

**October 22, 2018**

1 **Q. Please state your name, occupation and business address.**

2 A. Michael O'Brien, Regulatory Director at Renewable Northwest. My business address is  
3 421 SW 6<sup>th</sup> Avenue, Suite 975, Portland, OR 97204-1625.

4 **Q. On whose behalf are you testifying?**

5 A. This testimony is on behalf of Renewable Northwest.

6 **Q. What is the purpose of your testimony?**

7 A. I appreciate this opportunity to provide cross-answering testimony to the Oregon Public  
8 Utility Commission ("the Commission") relating to a proposed green tariff program that  
9 Portland General Electric ("PGE") originally filed in Docket UM 1690 and that was  
10 transferred to Commission Docket UM 1953.

11 **Q. Would you please summarize your testimony?**

12 A. On behalf of Renewable Northwest, I continue to offer general support for PGE's green  
13 tariff concept. I explain that PGE's supplemental testimony on the proposed risk  
14 premium assuaged my earlier concerns. I continue to advocate for green tariff subscribers  
15 to be compensated for the capacity value of new renewable resources. I also add support  
16 to the concept of an additional "floating credit" green tariff that would allow subscribers  
17 to realize potential cost savings compared to the retail rate.

18 **Q. Would you like to update your position on PGE's proposed risk premium?**

19 A. I would. In my July 18, 2018 testimony, I expressed concern regarding the level of detail  
20 PGE provided regarding the risk premium it proposed to charge to subscribers.<sup>1</sup> On  
21 August 17, 2018, PGE provided supplemental testimony clarifying that the risk premium  
22 would only be applied to "subscribers that sign a contract less than the term of the PPA"

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<sup>1</sup> Commission Docket No. UM 1953, RNW/100, O'Brien/5-6 (Jul. 18, 2018).

1 and further explaining that the risk premium would likely “be between 1% and 5% of the  
2 PPA price,” depending on details.<sup>2</sup> Based on this additional detail in PGE’s supplemental  
3 testimony, I am no longer concerned about the proposed risk premium.

4 **Q. Would you like to update your position on PGE’s proposed capacity credit?**

5 A. I continue to support inclusion of a robust capacity credit. I disagree with Staff’s concern  
6 that PGE’s proposal “may provide too much value for capacity”<sup>3</sup> and instead maintain  
7 that the proposal may in fact undervalue capacity by setting the capacity credit at zero  
8 during periods of resource sufficiency. On that point, I stand by my original testimony.

9 **Q. PGE’s supplemental filing refers to the concept of a floating credit—do you have  
10 any response to this concept?**

11 A. The floating credit concept would allow subscribers to take on the risks associated with  
12 new renewable energy projects and, in exchange, to potentially receive credits in excess  
13 of their costs if a project yields net benefits. In terms of PGE’s proposed green tariff  
14 design (shown in Figure 1), this would mean the subscriber would pay more than a non-  
15 participant—i.e. would pay a premium—if the the “COS [cost of service] + PPA +  
16 Program Costs” were more than “Energy & Capacity Credits”, but would have the  
17 opportunity to benefit if the credits were larger than the costs.

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<sup>2</sup> UM 1953, PGE/300, Sims-Tinker/2 (Aug. 17, 2018).

<sup>3</sup> UM 1953, RNW/100, O’Brien/3-4.

## Proposed Green Tariff Design

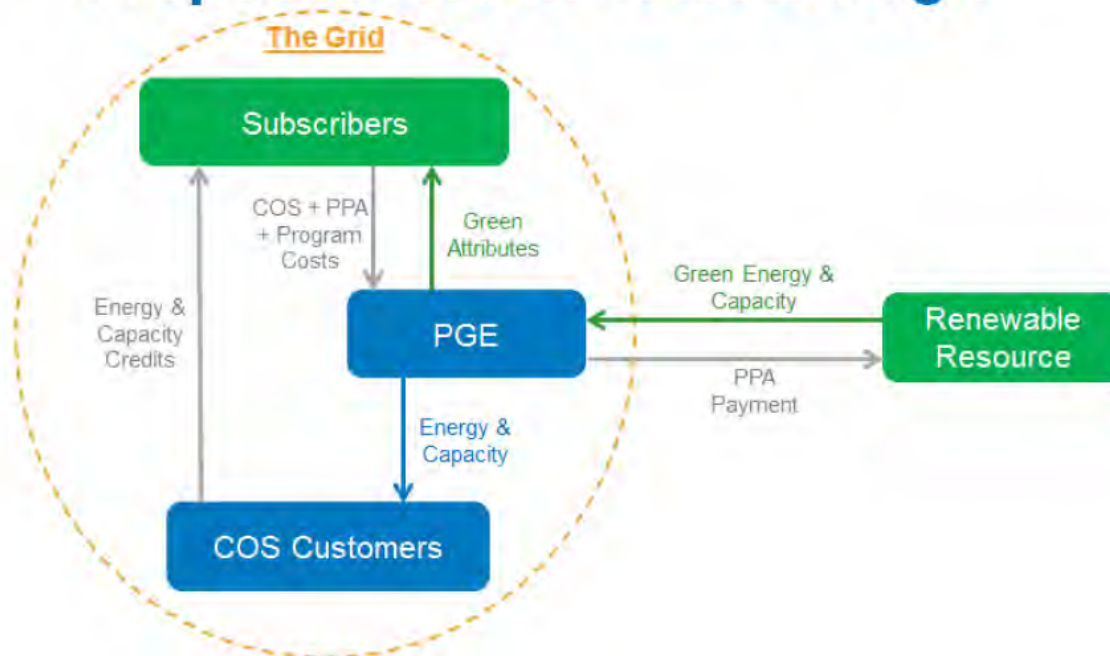


Figure 1— PGE Proposed Green Tariff Design<sup>4</sup>

The concept is a reasonable one, and it could allow PGE to procure beneficial renewable energy projects that it would not otherwise procure due to conservative project risk assessments. Private, non-regulated subscribers may have more risk tolerance than regulated utilities, and when that greater risk yields system benefits, it is appropriate to compensate those subscribers. For this reason, I look forward to reviewing a proposal that includes a floating credit if PGE elects to file one at some point.

**Q. Is there anything else you would like to comment on?**

**A.** Yes. I would like to reiterate my earlier testimony that for PGE's proposal to result in truly additional renewable energy—for the resulting product to be a true green tariff—PGE should retire RECs on behalf of subscribers.<sup>5</sup>

<sup>4</sup> UM 1690, PGE/200, Sims-Tinker/9 (Apr. 13, 2018).

1 **Q. Do you have any final thoughts on PGE's proposal?**

2 A. Yes. Overall, I continue to support the proposal, which will likely result in significant  
3 new renewable generation to supply Oregon customers and help shift the state's  
4 generating portfolio to a lower-carbon mix. Green tariff programs continue to be very  
5 popular—Puget Sound Energy (“PSE”) announced just last week that the second round of  
6 its Green Direct program is now fully subscribed.<sup>6</sup> In fact, PSE also applied to the  
7 Washington Utilities and Transportation Commission seeking approval to add 10 aMW  
8 to its Green Direct program (increasing the program cap from 75 aMW to 85 aMW) in  
9 order “to accommodate four customers that are currently on the ‘waiting list’ of the  
10 August 2018 Open Season subscription for some or all of their enrollment request” and  
11 received UTC approval just last Friday.<sup>7</sup> There is very high customer demand for  
12 programs like PGE's proposed green tariff, and I am pleased PGE is taking the initiative  
13 to meet that demand in Oregon.

14 **Q. Does this conclude your testimony?**

15 A. Yes.

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<sup>5</sup> See UM 1953, RNW/100, O'Brien/4-5.

<sup>6</sup> Press Release: PSE's Green Direct program is fully subscribed” (Oct. 16, 2018), *available at* <https://www.pse.com/press-release/details/green-direct-announcement>.

<sup>7</sup> Washington Utilities and Transportation Commission, Docket No. UE-180851, “1st Revision Sheet No. 139-A – Schedule 139: Voluntary Long Term Renewable Energy (continued)” (allowed to become effective at Oct. 19, 2018 meeting).