



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

December 30, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P. O. Box 1088
Salem, OR 97308-1088

RE: UM 1988 PGE's Deferral of Costs Associated with QF Commercial Operation Dates

Filing Center;

Enclosed for filing is Portland General Electric Company's (PGE) Application for Reauthorization of the Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities' Commercial Operation Dates pursuant to Commission Order No. 19-239.

A Notice regarding the filing of this application has been provided to the parties on the UE 394 and UM 1988 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at 503-464-7488. Please direct all formal correspondence, questions, or requests to the following e-mail address: pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement

JF/np
Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1988

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Portland General Electric Company Deferral
of Costs Associated with QF Commercial
Operation Dates

**Application for Reauthorization of Deferral
of Costs Associated with QF Commercial
Operation Dates**

Pursuant to ORS 757.259, OAR 860-027-0300, and Commission Order Nos. 18-405, 19-441, and 19-329, Portland General Electric Company (PGE) hereby requests authorization to continue to defer for later rate-making treatment the annual difference between actual and forecasted Qualifying Facilities (QFs) costs. This deferral will support the QFs' Commercial Operation Dates (CODs) track and true-up method adopted by the Commission in Order No. 18-405 and revised through Commission Order No. 19-329. PGE requests this reauthorization to be effective January 1, 2022 through December 31, 2022 and continue to be subject to annual renewals.

I. Deferral History.

On December 14, 2018, PGE filed a request for authorization to defer the annual difference between actual and forecasted QF costs. The deferral application was filed to support the QFs' CODs track-and-true-up mechanism as adopted by Commission Order No. 18--405. The Commission approved PGE's initial deferral request through Order No. 19--083 for the deferral period beginning January 1, 2019 through December 31, 2019. Subsequently, the Commission approved PGE's deferral reauthorization request through Order No. 19-441 for the deferral period beginning January 1, 2020 through December 31, 2020. The Commission, however, has not issued

an Order regarding PGE's deferral reauthorization request filed December 29, 2020 for the deferral period January 1, 2021 through December 31, 2021. Thus, we have an unresolved deferral reauthorization application and are now at the following 12-month deadline, prompting this reauthorization filing.

II. OAR 860-027-0300 Requirements.

The following is required pursuant to OAR 860-027-0300(3):

A. Description of Utility Expense for Which Deferred Accounting is Requested

Under the Public Utility Regulatory Policies Act (PURPA) and through ORS 758.505 et seq., PGE is obligated to enter into Power Purchase Agreements (PPAs) with QFs. The federal government enacted PURPA in 1978 to promote, among other things, energy conservation, increased efficiency in the use of facilities and resources by electric utilities, and equitable rates for electric consumers. To accomplish these goals, PURPA established a new class of generating facilities (i.e., QFs), which would receive special rate and regulatory treatment. QFs are generating facilities that fall within the following two categories: 1) qualifying generation facilities with a capacity of 80 MW or less and whose primary energy source is renewable (hydro, wind, solar, biomass, waste, or geothermal); or 2) qualifying cogeneration facilities that sequentially produce electricity and another form of useful thermal energy (e.g., heat, steam) in a way that is more efficient than the separate production of both forms of energy.

PGE models QF contracts in its annual Net Variable Power Cost (NVPC) forecast to begin production based on the COD specified in the contract, which is selected by the PPA seller. The achievement of commercial operation triggers the applicable on/off-peak, avoided cost prices per the executed contract. New QFs, however, can encounter any number of constraints that might prevent them from achieving their scheduled COD.

To address the issue of QFs not meeting their scheduled COD, Commission Order No. 18-405 adopted a mechanism to track and true up the costs of the actual online dates of newly forecasted QFs with their scheduled CODs that were modeled in PGE’s annual NVPC forecast. Subsequently, the Commission revised the QF track-and-true-up mechanism through Order No. 19-329 in Docket No. UE 359 (PGE’s 2020 Annual Update Tariff – Schedule 125). Pursuant to the QF track-and-true-up mechanism, on a going-forward basis, PGE tracks the actual online dates of all newly forecasted QFs with the purpose of either refunding to, or collecting from customers, the difference between costs associated with forecasted and actual QF online dates. This collection (or refund) amount is then deferred and included in PGE’s next scheduled NVPC forecast.¹

For 2022, the QF tracking mechanism operates as follows:

1. PGE updated the QF CODs through the final (November 15th) 2022 MONET² update.
2. PGE derated the expected generation of new QFs that have not been identified as having achieved commercial operation by PGE’s final November 2022 MONET update. The energy derate is based on the most recent four-year historical annual average of actual costs versus projected QF costs.
3. PGE files the request for reauthorization to continue to defer the difference between actual and forecasted QF costs in 2022 to recover or refund the variance in QF costs in the 2024 power cost proceeding.
4. The variance to be refunded or collected from customers will be determined by re-running the final November 15th, 2022 NVPC MONET forecast and replacing: (1) the

¹ PGE’s NVPC forecasts occur as either part of a general rate case or as part of annual update tariff (AUT) filings, for non-rate case years.

² PGE’s power cost forecasting model.

estimated QF CODs with actual recorded CODs; and (2) the forecast QF generation for projects subject to the derate in part 2) above with actual QF generation.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e) and Commission Order Nos. 18-405, 19-441, and 19-329, PGE seeks to continue to defer the difference between actual and forecasted QF costs to support the QFs COD track-and-true-up mechanism as authorized by Commission Order Nos. 18-405 and 19-329. Because QFs CODs are modeled in each year's NVPC forecast, PGE will continue to seek reauthorization of this deferral in subsequent years. The granting of this Application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

C. Proposed Accounting for Recording Amounts Deferred

For collection amounts, PGE proposes to record the deferred amount in FERC Account 182.3 (Regulatory Assets); crediting FERC Account 555, Purchased Power. For refund amounts, PGE would record the deferred amount in FERC 229 (Accumulated Provision for Rate Refunds); debiting FERC 449.1 (Provision for Rate Refunds). In the absence of deferral approval, PGE would record QF expenses to the appropriate FERC accounts.

D. Estimate of Amounts to be Recorded Over the Next 12 Months

PGE does not have an estimate of the amount that will be deferred because it is dependent on actual 2022 information that is currently unknown.

E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with the Notice are attached to the Application as Attachment A. In compliance with the provisions of 860-027-0300 (6), PGE is serving Notice of Application on the UM 1988 and UE

394 Service Lists.

III. The following is provided pursuant to OAR 860-027-0300(4):

a. Description of Deferred Account Entries

Please see sections II (a) and II(c) above.

b. The Reason for Continuing Deferred Accounting

PGE seeks approval to continue to defer the difference between actual and forecasted QF costs to support the QFs COD track-and-true-up method as authorized by Commission Order Nos. 18-405 and 19-329. Because QFs CODs are modeled in each year's NVPC forecast, PGE will seek reauthorization of this deferral in subsequent years. Without reauthorization, this deferral will expire on December 31, 2022.

IV. Summary of Filing Conditions.

A. Earnings Review

There is no earnings review for this deferral. The difference between costs associated with forecasted and actual QF online dates will be deferred and included in PGE's next scheduled NVPC forecast as described in Section II, part a, above.

B. Prudence Review

A prudence review should be performed at the time of deferral amortization.

C. Sharing Percentages

All prudently incurred differences between costs associated with forecasted and actual QF online dates are to be included in PGE's next scheduled NVPC forecast with no sharing mechanism.

D. Rate Spread / Rate Design

The deferred amounts will be spread based on an equal percent of generation revenue applied on a cents per kWh basis, as specified in Schedule 125.

E. Three Percent Test (OAR 757.259 (6))

The amortization of the deferred QF costs are not subject to the three percent test because the associated refunds or collections will automatically be included in PGE's subsequent year power cost forecast (as incorporated in PGE's prices) in accordance with Commission Order Nos. 18-405 and 19-329.

V. PGE Contacts

The authorized addresses to receive notices and communications in respect to this Application are:

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In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Jaki Ferchland
Email

Manager, Revenue Requirement
jacquelyn.ferchland@pgn.com

VII. Conclusion

For the reasons stated above, PGE requests permission to continue to defer the difference between actual and forecasted QF costs to support the QF CODs track-and-true-up mechanism adopted by Commission Order Nos. 18-405 and 19-329.

DATED this 30th day of December 2021.

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-7488
jacquelyn.ferchland@pgn.com

Attachment A

**Notice of Application for Reauthorization for Deferral of Costs Associated
with the Difference Between Actual and Forecasted Qualifying Facilities'
Commercial Operation Dates**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1988

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Portland General Electric Company Deferral
of Costs Associated with QF Commercial
Operation Dates

**Notice of Application for Reauthorization of
Deferral of Costs Associated with QF
Commercial Operation Dates**

On December 30, 2021 Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (Commission or OPUC) for an Order authorizing the continuance of a deferral for the cost difference between actual and forecasted Qualifying Facilities (QFs) to support PGE's method to track and true-up QFs' Commercial Operation Dates (CODs), adopted by the Commission through Order No 18-405 and subsequently revised through Commission Order No. 19--239.

Approval of PGE's reauthorization application will not authorize a change in PGE's rates, but will permit PGE to continue its QF CODs track-and-true-up mechanism as adopted by Commission Order Nos. 18-405 and 19-239. Persons who wish to obtain a copy of PGE's application will be able to access it on the OPUC website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than January 30, 2022.

Dated this 30th day of December 2021

/s/ Jaki Ferchland

Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon Street
Portland OR 97204
(503) 464-7488
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization of Deferral of Costs Associated with the Difference Between Actual and Forecasted Qualifying Facilities Commercial Operation Dates** to be served by electronic mail to those parties whose email addresses appear in the attached service lists for OPUC Docket No. UE 394 and UM 1988.

Dated at Portland, Oregon, this 30th day of December 2021.

/s/ Jaki Ferchland

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OPUC Docket UE 394

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