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OREGON PUBLIC UTILITY COMMISSION
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UE 358: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Advice No. 19-02, New Load Direct Access Program.

Enclosed for electronic filing are Staff Exhibits 300 and 400.

/s/ Kay Barnes

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CASE: UE 358
WITNESS: SCOTT GIBBENS

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 300

**Staff/Intervenor Rebuttal and
Cross-Answering
Testimony**

August 21, 2019

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

2 A. My name is Scott Gibbens. I am a senior economist employed in the Energy
3 Rates, Finance and Audit Division of the Public Utility Commission of Oregon
4 (OPUC). My business address is 201 High Street SE., Suite 100, Salem,
5 Oregon 97301.

6 **Q. Have you previously provided testimony in this case?**

7 A. Yes, I sponsored Exhibit Staff/100.

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

9 A. I will provide Staff's response to other intervenor's opening testimony and the
10 Company's reply testimony concerning the RAD, program eligibility and queue
11 implementation issues.

12 **Q. Did you prepare any additional exhibits for this docket?**

13 A. No, I have no additional exhibits to my rebuttal testimony.

14 **Q. How is your testimony organized?**

15 A. My testimony is organized as follows:

16	Staff's Primary Recommendation.....	2
17	RAD Alternative Recommendation and Further Considerations	8
18	Eligibility and Participation Caps	11
19	Queue Implementation.....	12

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STAFF'S PRIMARY RECOMMENDATION

- Q. Has Staff's primary recommendation, which is to consider capacity charges in a separate investigation, changed in light of the testimony provided by other parties?**
- A. No. Staff continues to recommend that the Commission reserve judgment on capacity charges, such as the RIC and the RAD, for a general investigation that would address direct access issues more broadly and approve PGE's NLDA program absent these charges. No parties have provided new information or arguments to change the basic facts which Staff relied upon in making its primary recommendation. No party has provided evidence or compelling argument that the RIC and the RAD, if warranted, would not apply to LTDA and NLDA customers. . Staff continues to be concerned that the application of the RIC and RAD to NLDA customers, and not LTDA customers, may be discriminatory—not because of a difference in timing, but rather, because PGE has not provided evidence that NLDA customers place distinct capacity costs on the system that LTDA customers would not also cause. This also begs the issue that LTDA customers have not been provided with adequate notice and opportunity for hearing on whether the RIC and the RAD are legal and would lead to fair, just and reasonable rates, despite the fact that the Commission's decision in this case would likely impact LTDA rates. Accordingly, Staff recommends the Commission make a determination on the necessity and application of these charges based on input from all potentially affected parties. Further, consideration for PGE's Long-Term Energy Offer

1 should similarly be reserved for discussion in a more generic proceeding, such
2 as a general investigation or general rate case proceeding for the same
3 reasons.

4 **Q. Please summarize PGE's and intervenors positions on capacity charges**
5 **in this docket?**

6 A. CUB supports the charges as proposed by the Company, and makes no
7 indication in its opening testimony if it would support a broader, separate
8 investigation. AWEC and Calpine generally disagree with the charges as
9 proposed and would recommend the Commission reject the Company's
10 proposal should it make a determination in this docket. AWEC, Calpine, and
11 PGE all state support for a separate, broader investigation into direct-access
12 and capacity issues. PGE is amenable to Staff's proposal, only if the NLDA
13 program is not implemented until a determination on the RIC and RAD have
14 been made.

15 **Q. Does Staff agree that the program should be held in abeyance until all of**
16 **the pending issues are decided?**

17 A. No. Staff notes in its opening testimony that a delay is preferred to a decision
18 made prematurely. However, Staff does not believe that a delay in
19 implementation is required. PGE notes two reasons why the implementation
20 should be delayed. The first is that approval will further exacerbate resource
21 adequacy issues, and the second is that it will impact customer decision
22 making. Staff also notes that PGE mistakenly suggests that the Commission

1 can “extend the suspension of UE 358 or hold it in abeyance,” both of which
2 are unlawful. As I am not an attorney, Staff will expand upon this in briefing.

3 **Q. Why does Staff not believe that resource adequacy is a major issue in the**
4 **near term?**

5 A. First, PGE’s current proposal will most likely not result in any improvement to
6 resource adequacy for nearly a year and a half. PGE proposes to calculate the
7 RAD via the long run incremental cost study performed in their next general
8 rate case (GRC). PGE traditionally files rate cases in February or March of a
9 given year so that the rate effective date of the GRC is January 1st of the
10 following year. Meaning that the earliest PGE would begin recovery of RAD
11 related costs would be January 1, 2021. The Company may or may not file a
12 GRC. Wheatridge, the Company’s only new generation resource not included
13 in base rates, is a renewable adjustment clause (RAC) eligible resource.
14 Meaning they could achieve recovery of the Wheatridge investment without
15 filing for a GRC. The Company may have to clarify if it will begin procurement
16 of RAD based capacity prior to rate recovery, however utilities generally prefer
17 to match cost and benefit recovery when possible. If this is the case, a general
18 investigation may result in no delay of RAD capacity procurement. If there is a
19 delay in implementation of the RAD charge, as a result of moving the issue to
20 another docket, it will most likely be minimal, and will be most affected by the
21 Company’s decision to file a GRC if PGE’s current proposal is adopted in a
22 different docket.

1 Further, Staff sees the incremental risk as minimal. LTDA has been operational
2 for the past 16 years. During which time no resource adequacy charges have
3 been recovered. The delay in the implementation of the RAD by say a year,
4 during which time new large loads will have to go through the process of
5 coming online, will not materially impact the overall risk as compared to the
6 current situation. AWEC, Calpine, and Staff all agree that if a scenario were to
7 occur by which resource adequacy was a concern, it would most likely be
8 widespread in nature and not limited to PGE-specific circumstance. This makes
9 the likelihood that RAD based capacity will be necessary even lower.

10 Finally, Staff has noted that implementation of the RIC and RAD in NLDA prior
11 to LTDA, raises concerns of discriminatory rates. The stipulation agreed to by
12 Calpine, Staff and PGE as a part of UE 335, states that the parties will not
13 recommend changes to LTDA which would take effect prior to 2022.

14 **Q. Is Staff's concerned regarding the impact on customer choice?**

15 A. Staff believes that the Company's current proposal has a larger impact on
16 customer choice, than the potential lack of information regarding the RIC and
17 RAD at the time of program implementation. As Staff noted in its opening
18 testimony, Staff recommends a solution based on customer choice. Staff
19 recommends the Commission make a determination on the necessity of the
20 resource adequacy provisions in direct access, and if so, craft a solution which
21 allows the customers to choose a means to rectify the issue. The Company's
22 proposal forces an unavoidable charge on direct access customers. In the case
23 of the RAD, Staff sees a better solution as one which notifies direct access

1 customers to the potential reliability issues associated with their current power
2 procurement. Then allow the customer to accept the reduced reliability through
3 curtailment or to rectify the issue via the RAD or potentially a third-party or self-
4 generation based solution. The lack of customer knowledge already exists in
5 the LTDA program, and PGE could easily notify any NLDA participants of the
6 potential of these charges following the general investigation.

7 **Q. Are there any other reasons not to delay the implementation of the NLDA**
8 **program?**

9 A. Yes. The NLDA program is unlike a normal direct-access program in that it
10 requires the load to be unplanned for and new. The eligibility of the projects are
11 much more time-sensitive than standard direct access. Customers are already
12 waiting in a queue, which was the result of the Commission's decision in ADV
13 919, which was preceded by AR 614, which followed UM 1837, which was
14 opened in May of 2017. Staff appreciates the Company's consideration to
15 maintain customer's eligibility for the program, however this process has
16 already gone on for 27 months. Further delays to the program implementation,
17 all while PAC currently has an operational program, is unfair. It could
18 potentially impact a customer's ability to enroll in the program, and is
19 unnecessary as noted above.

20 **Q. Please summarize Staff's primary recommendation.**

21 A. Staff recommends that the Commission approve PGE's NLDA program,
22 without the RIC, RAD and Long-Term Energy Offer from Schedule 689.
23 Although not necessary for a decision in this docket, Staff suggests that the

1 issue of capacity charges in direct access programs be addressed in the
2 recently opened UM 2024 investigation.

RAD ALTERNATIVE RECOMMENDATION AND FURTHER CONSIDERATIONS**Q. What are parties' positions on the RAD apart from an investigation in a boarder docket?**

A. CUB supports the RAD charge as filed by the Company. AWEC and Calpine both generally disagree with the Company's argument and the implementation of the RAD. Calpine does note that curtailment or ESS based capacity could be an alternative solution should the Commission find a resource adequacy need. PGE responds with general support of a curtailment based option. Under the Company's proposal, a demand response program, currently a pilot, would be utilized to achieve the desired outcome. The Company further notes that on-site generation could be used as a means to ensure reliability, however it would require utility control of the unit. Lastly, the Company states the ESS based capacity would not achieve risk mitigation due to lack of oversight and finds it an uneconomic solution.

Q. How does Staff respond?

A. As stated in Staff/100, Staff believes that self-generation or a third-party based solution could be explored more thoroughly, in a generic investigation, but does not recommend the Commission make a determination in this case, as both options are too speculative at this time and Staff continues to have legal concerns about requiring a direct access customer to purchase capacity from PGE, as will be further explained in briefing. Legal issues aside, Staff is open to the use of a demand response program to implement the curtailment based option; however, the demand response schedule proposed by PGE is currently

1 a pilot with a stated sunset date of September 30, 2020. The use of Schedule
2 26 would require that the Commission first vet the reasonableness and
3 performance of the pilot, prior to implementation. Similar to concerns with
4 LTDA notice, Staff is concerned that stakeholders may not have been provided
5 notice about the expansion of such a program, and is also concerned that the
6 record in this case does not adequately address whether the pilot program
7 should be made permanent. However, in a general sense, the functionality of
8 demand response could achieve Staff's intended goal, so long as the program
9 allows a customer to offset the cost of the RAD, and only be curtailed or have a
10 reduction called during an event which would have otherwise required RAD
11 based capacity. Staff finds that such an option is ripe for additional
12 investigation, perhaps in the recently opened UM 2024 investigation. In the
13 meantime, Staff requests that the Company clarify the methodology or changes
14 it would propose to Schedule 26 to function for this purpose, specifically
15 addressing the interaction between RAD based resource procurement and the
16 avoidance through demand response. Staff wonders how the Company can
17 ensure that a customer electing or moving to the demand response program
18 does not result in stranded investment costs. To be clear, however, Staff finds
19 that PGE has not provided enough specificity in its proposal or evidence on the
20 record in this case for the Commission to adopt this proposal at this time.

21 **Q. Does Staff have any other points to add for the Commission's**
22 **consideration?**

1 A. Yes. In PGE's response to Staff's concern regarding the price impact of the
2 RAD, PGE agreed that the costs are "indeed high relative to the remainder of
3 direct access customer bill."¹ But that the high cost demonstrates the
4 magnitude of the cost and risk shifting potential. However, absent an
5 emergency event, PGE has not clearly stated how NLDA customers will
6 actually use the resources acquired by the RAD.

7 AWEC, Calpine, and Staff all believe that the most likely circumstance which
8 would require the use of capacity resources acquired from the RAD is to be a
9 region-wide major event. Though possible it could occur in the future, such an
10 event has not occurred since PGE developed its curtailment plan. Further, it
11 would not only require an event of sufficient magnitude to require the
12 emergency return of NLDA customers, but also it could not be an event of such
13 magnitude that the power system experienced catastrophic failure. Meaning
14 the RAD may provide a capacity benefit for circumstances that are large
15 enough, but not too large, which only occur when PGE provides emergency
16 service, and which have not occurred in the past 12 years. To make a
17 customer pay three times more for direct access to mitigate this risk, is not fair,
18 just or reasonable.

¹ PGE/200, Sims – Tinker/16; line 20.

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ELIGIBILITY AND PARTICIPATION CAPS

Q. Does Staff agree with PGE's interpretation of the cap?

A. No. The Commission clearly allowed for the consideration of customer enrollment on a case-by-case basis beyond the 119 MWa cap. At a minimum, customers must be made aware of the waiver process at the time they are informed of eligibility restrictions due to the cap. Further, if a customer is next in the queue, but there is insufficient room under the cap for its load, PGE should notify the customer of this fact, and allow the customer sufficient time to file for a waiver prior to removing them from the queue.

Q. Does Staff agree with the Company's proposal to tie the load forecast for eligibility to the distribution facility design?

A. Yes. As a general means to standardize the process and prevent gaming of the system, Staff agrees. Distribution facilities planning should provide an unbiased metric, due to the cost associated with increasing distribution capacity. However, many potential circumstances exist by which the distribution planning may not be an accurate means to calculate eligibility. Due to the broad spectrum of unique circumstances, Staff urges the Commission to require the Company to include waiver process information in its communication with potentially affected customers and to allow parties to review cap calculations to ensure the most reasonable assumptions are used.

QUEUE IMPLEMENTATION

1
2 **Q. AWEC and Calpine both propose that the Commission allow leniency**
3 **to customers currently in the queue who energize prior to program**
4 **implementation. Does Staff agree?**

5 A. No. Staff recommends that any customer who energizes beyond construction
6 power, prior to approval of a NLDA program, be deemed ineligible for the
7 program. Staff believes that the Commission must make two determinations in
8 deciding whether to treat customers currently in the queue different than future
9 customers.

10 The first is whether the current process has resulted in an unfair delay
11 between the time that the Commission adopted NLDA rules and the potential
12 rate-effective date of the NLDA tariff sheets in this case, such that a customer
13 may have begun making plans under the assumption a NLDA program was
14 imminent based on PacifiCorp's more streamlined implementation of the
15 program. However, Staff generally believes that the NLDA program is not a
16 deciding factor in new project decisions for customers, as NLDA is just a
17 means by which planned for costs may be avoided.

18 The second is whether the temporary service of new load by PGE would
19 result in the potential for cost shifting. Staff generally agrees with AWEC's
20 assertion that new generation investments are unlikely to be made as a result
21 of serving the queue load temporarily. However, much of the determination
22 would be specific to circumstance. If a customer requires PGE to serve its
23 entire load, the Company would have certain notice requirements in PGE's

1 current tariff, during which time other investments in PGE's system or other
2 PPA contracts may be entered into which would have not otherwise have
3 occurred. This incremental difference, if not accounted for could result in cost
4 shifting to COS customers. Should the Commission decide to provide special
5 consideration for customers who require energy prior to program
6 implementation, Staff encourages the Commission to do so based on a waiver
7 application and considered on a case-by-case basis.

8 **Q. Calpine asserted that the binding written agreement be reviewed and**
9 **approved in this proceeding. Does Staff agree?**

10 A. Yes. Although the contract will ultimately be dependent on the decisions made
11 by the Commission in this docket. Staff believes that the terms and conditions
12 in the contract are a central concern in this docket. If the Company is unable to
13 provide a final version of the agreement prior to the Commission decision, Staff
14 believes it should provide a draft based on a modified LTDA agreement. This
15 will allow parties a very limited opportunity to ensure compliance and clarify
16 concerns on the record in this case.

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

18 A. Yes.

CASE: UE 358
WITNESS: SABRINNA SOLDAVINI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 400

**Staff/Intervenor Rebuttal and
Cross-Answering
Testimony**

August 21, 2019

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

2 A. My name is Sabrina Soldavini. I am a Senior Regulatory Analyst employed in
3 the Energy Rates, Finance and Audit Division of the Public Utility Commission
4 of Oregon (OPUC). My business address is 201 High Street SE., Suite 100,
5 Salem, Oregon 97301.

6 **Q. Have you previously provided testimony in this case?**

7 A. Yes, I have previously provided testimony in this case in Exhibit Staff/200.

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

9 A. The purpose of my testimony is to address PGE’s response to parties’ position
10 on the RIC, Long-Term Market Energy Option, and RPS compliance charges
11 for the Company Supplied Energy Option.

12 **Q. How is your testimony organized?**

13 A. My testimony is organized as follows:

14	Issue 1, Resource Intermittency Charge	2
15	Issue 2, Standard Offer, Long-Term Market Energy Option.....	18
16	Issue 3, RPS Compliance Charges.....	27

ISSUE 1, RESOURCE INTERMITTENCY CHARGE**Q. Please describe the proposed Resource Intermittency Charge (RIC).**

A. In this filing, PGE is proposing to include a Resource Intermittency Charge (RIC) for all customers on Schedule 689. The RIC is intended to recover the costs of reserving the intra-hour capacity, generated on PGE's system (or through contracts) and thus paid for by cost of service customers, necessary to maintain system balance when an ESS under schedules load, i.e. when ESS customers' actual load exceeds the load the ESS scheduled with PGE. PGE is proposing that the RIC be applicable to all energy supply options under Schedule 689, and that the charge be applicable for all billing periods in which an ESS's scheduled load is less than actual load. The proposed RIC is currently set is set at \$0.58 per kW of monthly on-peak demand, and as PGE has clarified in its Reply Testimony, would be charged to all customers on Schedule 689 whose individual ESS under-schedules load within a given billing period.¹

Q. Please summarize parties' position on the proposed Resource Intermittency Charge (RIC).

A. In its Opening Testimony, the Oregon Citizen's Utility Board (CUB) expressed its support of PGE's proposed RIC, and recommended the Commission adopt the charge, stating "the RIC ensures that the balancing authority has the capacity to meet its obligation when the ESS under-schedules its power."²

¹ PGE/200, Sims – Tinker/30.

² CUB/100, Jenks/17.

1 Conversely, the Alliance of Western Energy Consumers (AWEC),
2 Calpine Solutions (Calpine), and Staff all recommend the Commission deny
3 the proposed RIC for various reasons. AWEC, Calpine and Staff each address
4 concerns with the potentially duplicative nature of the RIC, with AWEC noting
5 that “the ancillary services required to be purchased under PGE’s OATT
6 represent a comprehensive capacity product that the RIC would duplicate,”³
7 and Staff and Calpine noting that the RIC would constitute a form of double
8 recovery if the RAD is approved.^{4,5}

9 AWEC and Staff both raise concerns that the Commission’s approval
10 of the RIC may lead to discriminatory rates as ESS scheduling occurs not just
11 for NLDA customers, but all customers electing Direct Access service.^{6,7}

12 Both Calpine and Staff state that the RIC does not adhere to the
13 ratemaking principle of cost causation. Both parties state that the RIC does not
14 meet the criteria for cost causation as the RIC charges a customer for the
15 errors of an ESS, and note that the magnitude of the charge is not based on
16 the magnitude of the scheduling imbalance.^{8,9}

17 AWEC, Calpine, and Staff all state that the issue of ESS
18 under-scheduling may be more appropriately addressed by FERC, through

³ AWEC/100, Mullins/14.

⁴ Calpine/100, Higgins/17.

⁵ Staff/200, Soldavini/9.

⁶ AWEC/100, Mullins/17.

⁷ Staff/100, Soldavini/6.

⁸ Calpine/100, Higgins/16-17.

⁹ Staff/100, Soldavini/14.

1 modifications to PGE's Open Access Transmission Tariff (OATT). Calpine
2 summarizes this argument as follows:

3 *"If PGE is seriously concerned with the compensation it receives*
4 *under its FERC tariff, it seems that the proper forum for such a*
5 *complaint is FERC, rather than this NLDA proceeding. PGE's*
6 *fundamental complaint here appears to be the proper level of charges*
7 *and penalties for transmission scheduling imbalances. Those are*
8 *matters within FERC's exclusive expertise, which are governed by*
9 *FERC-approved tariffs."*¹⁰

10 **Q. What was Staff's initial recommendation regarding the RIC?**

11 A. While noting that it does not disagree with PGE that scheduling imbalances
12 impose a cost, as well as recognizing that ESSs appear to under-schedule
13 during high need hours, and cost of service customers should not be
14 subsidizing NLDA customers, Staff's primary recommendation for the RIC was
15 that the Commission not approve the RIC in this proceeding, and take up the
16 issue in the context of a larger investigation involving all customers and utilities
17 affected by the approval of such a charge.¹¹ Staff additionally provided a
18 secondary recommendation, that should the Commission wish to rule on the
19 RIC in this docket, Staff recommends the RIC be denied on the condition that
20 the charge does not result in rates that are fair, just, and reasonable.¹²

¹⁰ Calpine Solutions/100, Higgins/16.

¹¹ Staff/200, Soldavini/13.

¹² Staff/200, Soldavini/14.

1 **Q. How has PGE responded to the Parties' concerns regarding**
2 **implementation of the RIC?**

3 A. PGE appears to remain committed to implementing the RIC as proposed in its
4 initial filing and is generally in opposition to issues concerning the RIC raised
5 by AWEC, Calpine and Staff. Notably, PGE has not addressed concerns that
6 this is an issue that may be more appropriately addressed by FERC through
7 modifications to PGE's OATT. Instead, PGE's rebuttal focuses on four points.

8 That the RIC is:

- 9 1. Necessary;
10 2. Not Duplicative;
11 3. Non Discriminatory; and
12 4. Avoidable.¹³

13 **Q. Has Staff's recommendation changed from its Opening Testimony**
14 **position?**

15 A. No. Staff does not believe PGE has provided sufficient new evidence in its
16 Reply Testimony, and continues to recommend the Commission not approve
17 the RIC as proposed in this docket. Staff maintains its primary recommendation,
18 believing the issue of scheduling imbalances between the ESS and PGE is
19 more appropriately settled through modifications to PGE's OATT.

20 **Q. Please outline Staff's main issues with the RIC as proposed.**

21 A. As referenced above, and outlined in my Opening Testimony, Staff is
22 concerned that the imposition of the RIC will result in rates that are not fair,

¹³ PGE/200, Sims – Tinker/29-42.

1 just, and reasonable. The following sections will outline Staff's response to RIC
2 related issues addressed by PGE in its Reply Testimony.

- 3 1. The potential duplicative nature of the RIC if a RAD charge is
4 approved;
- 5 2. The RIC may result in rates that are discriminatory;
- 6 3. The RIC does not conform to the ratemaking principle of cost
7 causation; and
- 8 4. Staff's remaining issues and Staff recommendation.

9 1. Duplicative Nature of the RIC

10 **Q. Please briefly summarize Staff's position on the duplicative nature of**
11 **the RIC.**

12 A. As discussed above, Staff believes that if the RAD were to be approved, some
13 portion of the RIC would likely constitute double recovery. In Opening
14 Testimony, Staff noted that if the capacity necessary to serve an NLDA
15 customer in the instance its ESS no longer can has already been paid for
16 (through assessment of a RAD charge), than at least a portion of the RIC
17 should be duplicative. It is Staff's position that this is emphasized by PGE's
18 assertion that "providing RIC service is not expected to create a need for
19 additional peaking capacity beyond what is required to provide RAD service."¹⁴
20 Staff notes that it "finds it unlikely that none of the resources acquired through
21 the RAD would be available to serve the purpose of balancing system load."¹⁵

¹⁴ PGE/200, Sims – Tinker/34.

¹⁵ Staff/200, Soldavini/9.

1 Staff additionally noted concerns with PGE's assertion that the RIC
2 was non duplicative because it is avoidable, noting that the ability to, in
3 theory, avoid a charge based on a third party's (the ESS) scheduling behavior
4 has no bearing on whether or not a customer has been charged twice, in
5 reality, for the same capacity should both the RIC and RAD be approved.¹⁶

6 Staff also questioned the notion of how avoidable the RIC can truly be if it is
7 not based on the customer's own behavior, but that of the ESS (who may not
8 even be scheduling for just the customer in question).¹⁷

9 **Q. Does PGE agree with the parties' assessment that the RIC is**
10 **duplicative?**

11 A. No. PGE contends that the RIC and RAD are distinct charges, and because
12 PGE is not proposing to acquire capacity through the RIC, but to "compensate
13 COS customers for their capacity that is being used to cover ESS
14 under-scheduling events" the RIC is non-duplicative.¹⁸

15 PGE disagrees with Staff's assertion that at least some portion of the
16 RAD charge should be flexible enough to meet RIC needs, but states that "if
17 overlap could be demonstrated, it would be easily addressed through the cost
18 allocation process by ensuring that only the RAD related need/capability is
19 allocated to direct access customers."¹⁹ Additionally, PGE notes its
20 disagreement with AWEC's assertion that PGE's OATT already recovers the

¹⁶ Staff/200, Soldavini/9.

¹⁷ Staff/200, Soldavini/10.

¹⁸ PGE/200, Sims – Tinker/34.

¹⁹ *Ibid.*

1 costs the RIC seeks to, attesting that the OATT only recovers energy and not
2 capacity costs.²⁰

3 **Q. How does Staff respond to PGE's claims that the RIC is not a**
4 **duplicative charge?**

5 A. While Staff continues to agree with the Company that some portion of capacity
6 acquired for RAD service may not be available for RIC services, Staff also
7 maintains its position that PGE has provided insufficient evidence to support
8 the conclusion that in the event the RAD is approved, the RIC is necessary and
9 would not double recover the cost of RIC service. If no additional capacity is to
10 be acquired by the RIC, and peaking demand is met through the RAD, Staff
11 fails to see how the RAD would not be flexible enough to meet RIC needs. Until
12 such time as PGE can show that the resources acquired through the RAD and
13 those used to serve RIC purposes are not one in the same, Staff cannot
14 reasonably assert that the two charges would not be duplicative.

15 2. Discriminatory Nature of the RIC

16 **Q. Please briefly summarize Parties' position on the potential that**
17 **approving the RIC may result in discriminatory rates.**

18 A. Staff and AWEC both contend that implementation of the RIC through this
19 docket could lead to discriminatory rates. In its Opening Testimony, Staff noted
20 that as the RIC is a charge designed to recover costs for ESS
21 under-scheduling, which occurs for all customers receiving energy from an

²⁰ PGE/200, Sims – Tinker/35.

1 ESS, it cannot justly be applied to only a subset of customers who receive ESS
2 supplied power.²¹

3 **Q. How has PGE responded to this argument?**

4 A. PGE disagrees with AWEC and Staff's assessment that the RIC may lead to
5 discriminatory rates. PGE's argument wholly relies on the "distinction between
6 direct access customer classes, which generally enables the NLDA program."²²

7 **Q. Does Staff agree with PGE's assessment?**

8 A. No. Though Staff is not suggesting there are no differences between the two
9 groups of customers, and notes the two groups do differ in their size and
10 newness, Staff contends that these differences are immaterial in the context of
11 the RIC. It is Staff's belief that to the extent which customers have similarities,
12 they should be treated the same—regardless of other, immaterial differences.

13 For example, in the case of the RIC the charge is designed to recover
14 the cost of capacity paid for by COS customers to maintain system balance in
15 the event that an ESS under-schedules load in a given hour. ESS scheduling
16 takes place not just for NLDA customers but LTDA customers as well. In this
17 case then, for the RIC to be justly applied, it is Staff's opinion that the RIC must
18 be charged to all groups relying on ESS supply, irrespective of other
19 differences between the groups. In this instance, that means applying the
20 charge to not just NLDA customers, but to LTDA customers as well.

²¹ Staff/200, Soldavini/7.

²² PGE/200, Sim – Tinker/37.

1 Therefore, Staff remains generally concerned that implementing the
2 RIC only for NLDA customers, which would otherwise be applicable to both
3 NLDA and any other customers electing service through an ESS could be
4 considered discriminatory ratemaking, and may result in due process issues
5 with regard to its application to LTDA customers.

6 3. Cost Causation & Application of the RIC

7 **Q. Please briefly summarize the parties' issues with how the RIC is**
8 **assessed and designed.**

9 A. Calpine and Staff both generally contend that the RIC does not adhere to the
10 ratemaking principle of cost causation as the RIC imposes the charge for ESS
11 practices to the customer rather than the ESS, and therefore does not actually
12 place the cost on the entity responsible for causing the negative imbalance,
13 and the resulting cost to COS customers.^{23,24} Both parties additionally take
14 issue with the application and triggering of the RIC. The RIC is triggered for a
15 customer when its ESS under-schedules just one hour within a billing period.
16 As noted above, the RIC is currently set to \$0.58 per kW of on-peak monthly
17 demand. This means the RIC is set up as an all-or-nothing charge to the
18 customer, irrespective of the actual negative scheduling imbalance.

19 Staff also noted that because the price signal is not appropriately placed
20 on the entity responsible for the charge, and because the RIC is not dependent

²³ Calpine Solutions/100, Higgins/16.

²⁴ Staff/200, Soldavini/14.

1 on the magnitude of the scheduling imbalance that the RIC may not act as an
2 incentive for the ESS's to improve scheduling behavior as PGE believes.²⁵

3 **Q. Does PGE share Staff and Calpine's concerns with regards to cost**
4 **causation?**

5 A. PGE does not appear to directly reply to the issue of cost causation as brought
6 up by Staff and Calpine; however, Staff infers from arguments in PGE's Reply
7 Testimony regarding the avoidable nature of the RIC, and PGE's intent to use
8 the RIC as an incentive for ESSs to more accurately schedule, that PGE
9 disagrees with the concerns regarding the principle of cost causation.

10 **Q. Why does PGE believe the RIC is avoidable?**

11 A. PGE disagrees with Staff's assertion that an NLDA customer is not truly able to
12 avoid the RIC, as it does not control ESS scheduling practices. PGE seems to
13 take the position that because large, sophisticated customers have been
14 deemed competent in regards to weighing their energy supply options, to
15 choose the option that best suits their individual needs, they are necessarily
16 sophisticated enough to find ways to avoid the RIC.

17 PGE states that "by extension, these same customers are also
18 sophisticated enough to negotiate their supply agreements with prospective
19 ESSs and could easily include performance requirements relating to
20 scheduling, required or minimum scheduling practices, supply their ESS with a

²⁵ Staff/200, Soldavini/12.

1 load forecast on a more frequent or regular basis, or even negotiate a structure
2 where the ESS compensates the customer for RIC charges received.”²⁶

3 In addition, PGE points out that it disagrees with AWEC and Staff’s
4 assertion that the RIC is unavoidable if ESS schedules not by customer, but in
5 aggregate, as the ESS could correctly schedule load for one customer, but not
6 the other noting that this is an unreasonable inference because “megawatts
7 cannot be “color coded.””²⁷

8 Finally, PGE attests that Calpine’s testimony supports the notion that
9 there is no attempt, by Calpine, to “forecast individual loads at a meaningful
10 level that could be used for more accurate scheduling.”²⁸

11 **Q. Does Staff support PGE’s assertions that the RIC is avoidable?**

12 A. No. Staff sees no correlation between a customer’s being deemed
13 sophisticated enough to weigh its energy supply options and its speculated
14 sophistication in contract negotiations, leading it to be forced into additional
15 contract negotiations to avoid a charge based on ESS scheduling practices
16 because PGE has chosen to address the issue at the Commission level rather
17 than at FERC.

18 PGE’s arguments also seem to contradict one another in at least one
19 place. PGE first notes that one way an NLDA customer could avoid the RIC is
20 to, by extension of its sophistication “supply their ESS with a load forecast on a

²⁶ PGE/200, Sims – Tinker/41.

²⁷ *Ibid.*

²⁸ *Ibid.*

1 more frequent or regular basis.”²⁹ However, later on the same page PGE notes
2 that “it is clear from Calpine’s testimony that there is no attempt to forecast
3 individual loads at a meaningful that could be used for more accurate
4 scheduling.”³⁰

5 If PGE’s position is that the ESS does not meaningfully use customer
6 forecasts, Staff fails to see how providing more regular load forecasts will lead
7 to more accurate scheduling practices by the ESS, and thus potential
8 avoidance of the RIC. Further, Staff again notes that it takes just one
9 under-scheduled hour to trigger the full monthly RIC charge, and more regular
10 load forecasts are unlikely to produce the foresight necessary to exactly
11 schedule load for each hour.

12 Staff maintains that imposing a charge to NLDA customers for ESS
13 scheduling practices does not adhere to the principle of cost causation, and
14 therefore results in rates that are not fair, just, and reasonable. Staff
15 additionally notes that the imposition of such a charge may go against
16 Commission policy. According to OAR 860-038-0410(2)(d) “Each scheduling
17 ESS shall be responsible for settling imbalances with electric companies for the
18 total resources and direct access loads for which it has scheduling
19 responsibility.” Staff is concerned that imposing the RIC on the customer,
20 rather than the ESS itself may not adhere to this administrative rule.

²⁹ PGE/200, Sims – Tinker/41.

³⁰ *Ibid.*

1 **Q. Why does PGE believe the RIC acts as an incentive for ESSs to change**
2 **their scheduling practices?**

3 A. Again, PGE takes issue with AWEC and Staff's positions that the RIC may not
4 serve to incent ESSs to schedule load more accurately.

5 In its Opening Testimony, Staff noted: that the RIC may in fact act as a
6 disincentive to choosing NLDA service if the NLDA customer sees the RIC as a
7 punishment for electing Direct Access service, that ESSs will have less
8 incentive to improve scheduling practices as the RIC is triggered "by how well
9 ESSs schedule in aggregate,"³¹ and that because the RIC is not dependent on
10 magnitude, and is all-or-nothing, the ESS may have less incentive to improve
11 its scheduling.³² AWEC noted that as a one-sided charge, with no penalties for
12 over-scheduling other than those in PGE's OATT, the RIC will create an
13 incentive to over-schedule load in order to avoid the RIC.³³

14 PGE attests that the RIC does serve as an appropriate incentive
15 because an ESS would "not be incentivized to regularly over-schedule because
16 that would require it to procure excess energy, exposing the ESS, and likely its
17 customers (via a pass through) to the additional cost of procurement as well as
18 the prices spread between the OATT Schedule 4R energy index and the cost
19 at which the energy was produced."³⁴

³¹ Staff/200, Soldavini/12.

³² Staff/200, Soldavini/12.

³³ AWEC/100, Mullins/16.

³⁴ PGE/200, Sims – Tinker/38.

1 PGE also contends that Staff's assumption that the RIC will act as a
2 disincentive is based on the incorrect assumption that the RIC is triggered
3 based on ESS practices in aggregate, and notes that AWEC's assertion that
4 Schedule 4R of the OATT acts as enough of an incentive for is incorrect based
5 on the fact that ESSs currently under-schedule in the highest need, and
6 overschedule in the lowest need hours.³⁵

7 **Q. What is Staff's response to PGE's claims?**

8 A. Staff appreciates PGE's clarification that the RIC will only be triggered based
9 on an individual customer's ESSs scheduling behavior, rather than ESS
10 scheduling practices in aggregate. However, Staff's general position remains
11 unchanged.

12 Staff maintains that because the RIC is an all-or-nothing charge, not
13 based on the magnitude of the negative imbalance it may not actually incent
14 the ESS to improve its scheduling practices. If an ESS knows that when they
15 improve scheduling accuracy, but have just one under scheduling event its
16 customers will be subject to the RIC, Staff contends that without supporting
17 evidence, there is no reason to assume that ESS scheduling practices will
18 improve over time. Therefore, Staff finds the price signal is unlikely to be
19 enough to incent ESS behavior, and may instead serve as a deterrent to
20 customers electing service through Direct Access.

³⁵ PGE/200, Sims – Tinker/39.

1 4. Final RIC Concerns and Summary

2 **Q. Does Staff have any final concerns regarding the RIC?**

3 A. Yes. As addressed above, Staff is concerned that allowing PGE to impose a
4 charge on Direct Access customers for ESS scheduling practices may be
5 outside of the Commission's jurisdiction. As referenced in Staff's Opening
6 Testimony, Staff plans to address the potential legal issues with the RIC in
7 briefs.

8 **Q. Please summarize Staff's recommendation regarding the RIC.**

9 A. As alluded to previously, Staff's primary recommendation regarding the RIC
10 remains unchanged. Staff's primary recommendation is that the Commission
11 not approve the RIC in this proceeding, but instead make the decision in the
12 context of a larger investigation involving all utilities and customers implicated
13 by the RIC. This approach would address Staff's concerns over due process
14 notice issues and unjust discrimination.

15 However, if the Commission wishes to rule on the RIC in this docket,
16 Staff recommends the RIC be denied on the condition that the charge does not
17 result in rates that are fair, just and reasonable, and that the Commission may
18 not have the authority to approve such a charge.

19 Staff again notes that it does believe there are costs associated with
20 reserving capacity to meet BAA system requirements, but does not believe that
21 this charge should be assessed to the Direct Access customer, and should
22 instead be assessed to the ESS itself. It is Staff's position that this matter would

1 be better addressed by FERC, through modifications to the Company's OATT,
2 which would allow PGE to recover these costs directly from the ESS.

ISSUE 2, STANDARD OFFER, LONG-TERM MARKET ENERGY OPTION**Q. What is the Long-Term Market Energy Option?**

A. As part of PGE's NLDA program, it has proposed a new standard offer for Direct Access customers, entitled the Long-Term Market Energy Option. The Long-Term Market Energy Option will be PGE's standard offer for Schedule 689 customers. This is a new energy supply option that is currently not offered to the Company's existing direct access customers. PGE states that its new standard offer was included to capture the compliance costs associated with Oregon's Renewable Portfolio Standard (RPS).

Q. Please summarize parties' position on this issue.

A. Calpine and Staff both addressed the issue of PGE's newly proposed standard offer in Opening Testimony. Staff noted concerns that the introduction of a new standard offer product may be discriminatory, as otherwise similar customers would not be afforded the same choice of standard offer, and recommended that the Commission reject the proposal to add the Long-Term Market Energy Option for NLDA customers until PGE's next general rate case, when PGE can make a proposal that would appropriately apply to all Direct Access customers.³⁶

In its Opening Testimony, Calpine also recommended that the Commission reject PGE's proposed Long-Term Market Energy Option. Calpine additionally recommended the Commission "instruct PGE to use a standard offer analogous to PacifiCorp's Schedule 293," and that the standard offer "be

³⁶ Staff/200, Soldavini/17.

1 based on a daily market index price and participation in the standard offer
2 should not count towards the participation cap in the NLDA program.”³⁷

3 **Q. Please elaborate on Calpine’s issues with PGE’s proposed standard**
4 **offer.**

5 A. As stated above, Calpine recommends the Commission reject PGE’s proposed
6 standard offer in its entirety, for several reasons. An exhaustive and thorough
7 description can be found in Calpine’s Opening Testimony,³⁸ but I will briefly
8 touch on the issues here.

9 Calpine first notes that one interpretation of OAR 860-038-0720 could
10 suggest that the standard offer is not intended to be a part of the NLDA
11 program itself, and is rather meant to be “analogous to the cost-of-service
12 offering for the utility, for which customers may need to pay return charges,”
13 and notes PGE’s proposed Long-Term Energy Option does not require
14 payment under the return-to-service provisions and states concern that it
15 therefore leads to preferential treatment of customers electing the Long-Term
16 Energy Option over the Daily Market Option.³⁹

17 Calpine additionally notes concerns with PGE’s proposal to sell a
18 specialized energy product “with unique pricing to each individual customer”
19 that will not have an overall rate or publicly available index which the prices

³⁷ Calpine Solutions/100, Higgins/33.

³⁸ Calpine Solutions/100, Higgins/20-33.

³⁹ Calpine Solutions/100, Higgins/21-23.

1 must be based on,⁴⁰ and concerns that the Long-Term Energy Option is a
2 special contract – which is not allowed under OAR 860-038-0260(3).⁴¹

3 Further, Calpine addresses concerns that allowing PGE, the monopoly
4 in the space, to offer a competitive supply option “would be harmful to the
5 competitive retail market and contrary to the public interest.”⁴² Calpine also
6 points to the fact that throughout the UM 1837 investigation, PacifiCorp and
7 PGE argued for allowing the utility to supply a competitive product offering to
8 the new large load, but ultimately the NLDA program rules drafted by Staff, and
9 approved by the Commission in AR 614 did not authorize special contracts or
10 special service rates, as evidence that the Commission may have already
11 indicated its intent for PGE to not offer a specialized competitively procured
12 product to customers in its NLDA program.⁴³

13 **Q. Does PGE support Calpine and Staff’s positions?**

14 A. No. PGE believes “the parties have taken positions that are not supported by
15 the direct access rules and have the potential to place PGE in a position where
16 it is forced to choose between complying with the RPS at the expense of
17 shareholders or failing to comply with Oregon law.”⁴⁴

⁴⁰ Calpine Solutions/100, Higgins/24.

⁴¹ Calpine Solutions/100, Higgins/26.

⁴² Calpine Solutions/100, Higgins/29.

⁴³ Calpine Solutions/100, Higgins/30-31.

⁴⁴ PGE/200, Sims – Tinker/44.

1 **Q. Why does PGE believe the new standard offer complies with Direct**
2 **Access laws?**

3 A. PGE notes that there is no requirement that there be a single standard offer,
4 pointing to OAR 860-038-0250(1) which states, “each electric company shall
5 provide one or more standard offer rate options to large nonresidential retail
6 electricity consumers...” PGE similarly notes that the Direct Access laws do not
7 require standard offer rates to be charged at daily market price, citing
8 OAR 860-038-0250-2(a):

9 *“A standard offer rate option shall be a tariff approved by the*
10 *Commission, which is priced based on a supply purchases made on a*
11 *competitive basis from the wholesale market plus the transmission*
12 *credit or transition charge, if any, and all other unbundled costs of*
13 *providing standard offer service. A standard offer rate must reflect the*
14 *full costs of providing standard offer service...”⁴⁵*

15 Staff notes that PGE appears to not be directly responding to Calpine’s
16 concern that that the standard offer was not intended to be a part of the NLDA
17 program itself, and instead is simply restating PGE’s belief that it is allowed to
18 have more than one standard offer.

19 **Q. Has PGE responded to parties’ concerns related to discriminatory**
20 **rates resulting from the new standard offer?**

21 A. Yes. PGE again argues that it is not possible to set discriminatory rates
22 between LTDA and NLDA customers by virtue of the NLDA program’s

⁴⁵ PGE/200, Sims – Tinker/45.

1 existence.⁴⁶ PGE also seems to assert that while it does find it appropriate that
2 both LTDA and NLDA schedules have the same standard offer, in this case it is
3 irrelevant because the Long-Term Market Energy Option is not necessary for
4 LTDA customers prior to 2022, as “PGE currently only has one long-term
5 opt-out customer who recently began standard offer service, and PGE expects
6 to request a change to its tariff prior to the end of that customer’s transition
7 period.”⁴⁷

8 PGE also addresses Calpine’s concern that the Long-Term Energy
9 Option is meant to provide preferential treatment over the Daily Market Option,
10 stating this is not their intent and that it is willing to make modifications to its
11 cost-of-service return charge clarifying that the three year notice provision and
12 return to service charge applies to all standard offer service options and is
13 consistent with OAR 860-038-0720.⁴⁸

14 **Q. Does PGE provide any other arguments to support their position?**

15 A. Yes. PGE also notes that a distinguishing factor between NLDA and LTDA
16 customers is that while PGE’s current daily market option is not RPS
17 compliant, PGE does not have any customers on its daily option who have
18 completed the five year transition adjustment, and are therefore still
19 contributing to PGE generation resource that provide RPS compliance. PGE
20 notes that NLDA customers, who are only subject to a 20% transition
21 adjustment will not be fully contributing to RPS compliance, implying that PGE

⁴⁶ PGE/200, Sims – Tinker/46.

⁴⁷ *Ibid.*

⁴⁸ PGE/200, Sims – Tinker/47.

1 has designed this new standard offer to be “legally compliant” for NLDA
2 customers.⁴⁹

3 **Q. How does PGE respond to Calpine’s claims that the Long-Term Energy**
4 **Market Option represents a special contract?**

5 A. PGE disagrees with Calpine’s assertion and states that the Long-Term Energy
6 option is not a special contract. PGE notes that the pricing basis for the
7 Long-Term Energy Option is based on supply purchases made on a
8 competitive basis, incremental costs associated with providing the option, does
9 not include avoided costs, allows for the inclusion of administrative costs and
10 that its proposal “does not allow PGE to negotiate rates with customers or
11 create specialized products as Calpine implies.”⁵⁰

12 PGE also attests that the Long-Term Energy Option does not result in
13 cross subsidization or allow PGE to exercise a competitive advantage in part
14 because the RIC and the RAD apply to customers electing Company Supplied
15 Energy as well as service through an ESS, which it claims help ensure no
16 cross subsidization occurs for providing reliability.⁵¹ PGE also notes that if the
17 Commission share Calpine’s concerns, PGE “proposes the Commission
18 instruct PGE to add reporting requirements to add transparency” to the
19 Long-Term Energy Option “should any NLDA customers elect the option.”⁵²

⁴⁹ PGE/200, Sims – Tinker/46.

⁵⁰ PGE/200, Sims – Tinker/48.

⁵¹ PGE/200, Sims – Tinker/49.

⁵² *Ibid.*

1 **Q. How does Staff respond to Calpine and PGE's positions?**

2 A. Staff continues to disagree with PGE, and believes that it is possible for rates
3 to be discriminatory across customer groups if rates that would otherwise be
4 applicable to customers of both groups are only charged (or offered) to a
5 subset of customers. To be clear, Staff's concern about discriminatory
6 treatment is not based on the timing difference between when such a charge
7 would be applicable to an NLDA customer versus a LTDA customer, but rather,
8 was raised in response to PGE's initial unwillingness to take a definitive
9 position on whether the charges would be equally applicable in the first place.
10 As PGE has clarified in its reply testimony and in response to Staff Data
11 Request No. 9, PGE believes the same standard offering should be available
12 to both NLDA and LTDA customers. As such, the class of customers placing a
13 cost on the system should have appropriate notice and opportunity to argue for
14 whether the rate is fair, just and reasonable.

15 In sum, the introduction of a new standard offer through PGE's NLDA
16 program is not the appropriate venue, especially as PGE is also proposing to
17 maintain its current LTDA standard offer, the Company Supplied Energy Option
18 (with modifications for RPS compliance after the transition adjustment ends) as
19 an energy supply option for NLDA customers. If PGE were truly worried about
20 the risk of RPS compliance costs in the near term, Staff fails to see why it
21 would propose to maintain this daily market option, which it attests "is a
22 Mid-Columbia daily index purchase which is not RPS compliant."⁵³

⁵³ PGE/200, Sims – Tinker/43.

1 Staff makes no assertions here as to whether or not PGE or Calpine is
2 correct regarding the issue of Direct Access laws permitting changes to a
3 utility's standard offer in the NLDA program, but does not find supporting
4 evidence that the Commission intended for the two to be separate. Staff will
5 further address legal issues in briefing. Based on my non-legal understanding, I
6 agree with Calpine that the language does present as a special contract, and at
7 the least requires clarifying language within the tariff. Specifically, the
8 statement that "Prices for this option will be specified in a negotiated contract
9 between the Customer(s) and the Company."⁵⁴ Staff will address this issue
10 further in briefing.

11 Additionally, Staff agrees with Calpine's assertion that allowing the
12 utility to offer a competitive product may allow the utility to exercise market
13 power, and is therefore supportive of exploring Calpine's suggestion that if the
14 utility wishes to supply specialized product offerings to customers, it could
15 "create an unregulated affiliate for the purpose of providing ESS-type
16 services."⁵⁵ Creating an unregulated affiliate to offer such services may
17 potentially act as a safeguard against PGE using its market position (size,
18 name recognition, etc.) to earn real or perceived competitive advantage over
19 ESSs. All related legal issues will be addressed in briefing.

20 Finally, Staff at this time does not support Calpine's recommendation
21 that participation in the standard offer "should not count towards the

⁵⁴ PGE proposed Sheet No. 689-5.

⁵⁵ Calpine Solutions/100, Higgins/31.

1 participation cap in the NLDA program.”⁵⁶ Though in agreeance with Calpine
2 that if PGE is already serving the customer through the Long-Term Energy
3 Option, PGE should not have reliability concerns as the capacity to serve them
4 already exists, the Commission has set the program cap, and Staff finds that
5 cap remains the same whether the customer is served by an ESS or PGE
6 acting as a de-facto ESS.

7 **Q. Does Staff have a recommendation for this issue?**

8 A. Based on Staff’s initial position, and issues raised by Calpine in its Opening
9 Testimony, Staff continues to recommend the Commission reject PGE’s
10 proposal to add the Long-Term Energy Offer as an option for NLDA customers
11 until PGE’s next general rate case, or such time that the issues can be
12 addressed in the context of a larger investigation into Direct Access where
13 PGE can make a proposal that would appropriately explore all implications of
14 introducing a competitive Long-Term Energy offering by PGE.

⁵⁶ Calpine Solutions/100, Higgins/33.

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ISSUE 3, RPS COMPLIANCE CHARGES

Q. Please summarize the issue of RPS Compliance Charges.

A. Through proposed Sheet No. 689-4, under the Company Supplied Energy Option, PGE plans to allocate additional charges above the Daily Market Energy option, associated with procuring Renewable Energy Credits (RECs) to comply with Oregon’s Renewable Portfolio Standard (RPS) to customers electing service through the Company Supplied Energy option of Schedule 689 who are no longer paying opt-out charges.

Q. How did parties respond to this proposal in Opening Testimony?

A. In its Opening Testimony, Staff noted that while it “does agree with PGE that if it must procure RECS for a customer to comply with Oregon’s RPS, that customer should be allocated those costs, and that the inclusion of such charges appears reasonable”⁵⁷ the Company should apply these charges to all customers who have chosen the Company Supplied Energy option, including current LTDA customers who elect service through an otherwise identical Company Supplied Energy option.⁵⁸

As notice has not been provided to Direct Access customers regarding potential charges that may impact future rates in this proceeding, nor has PGE provided a basis for the Commission to adopt RPS compliance charges for only a subset of Direct Access customers, Staff recommended the Commission reject the addition of RPS charges to the Company Supplied Service option

⁵⁷ Staff/100, Soldavini/26.

⁵⁸ Staff/100, Soldavini/27.

1 until PGE's next rate case, when the Company can propose the change for all
2 Direct Access customers.⁵⁹

3 **Q. Does PGE agree with Staff's recommendation?**

4 A. No. In its reply testimony, PGE states that there is no reason the Commission
5 cannot rule on the issue of RPS compliance charges in this docket, and
6 additionally expresses concern that Staff's recommendation unduly shifts costs
7 to COS customers.⁶⁰

8 **Q. How does Staff respond to PGE?**

9 A. Staff disagrees with PGE's assertion that its recommendation unduly shifts
10 costs to COS customers. While Staff is generally sympathetic to incorporating
11 RPS compliance charges to appropriately allocate the costs associated with
12 procuring RECs, Staff's position remains unchanged, and it continues to
13 recommend the Commission reject PGE's proposal to include RPS compliance
14 charges to the Company Supplied Service option for NLDA customers until
15 PGE's next general rate case, when PGE can make a proposal that would
16 appropriately apply to all Direct Access customers.

17 Staff additionally clarifies that the proposed change referenced by Staff
18 here is only applicable to customers electing service through the Company
19 Supplied Energy option of Schedule 689, who are no longer paying opt-out
20 charges. As the NLDA program has not yet started, and opt-out payments are
21 made for 60 months, Staff believes delaying the decision on RPS compliance

⁵⁹ Staff/100, Soldavini/27.

⁶⁰ PGE/200, Sims – Tinker/47.

1 charges under the Company Supplied Energy is unlikely to lead to any cost
2 shifting.

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

4 A. Yes.