



Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

April 23, 2020

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Advice No. 20-09, Schedule 136 Oregon Community Solar Program Cost Recovery Mechanism Update

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rules 860-022-0025, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **June 7, 2020**:

Thirty Third Revision of Sheet No. 1-3
Third Revision of Sheet No. 136-1
First Revision of Sheet No. 136-2
Original Sheet No. 136-3

PGE requests that the Commission approve the tariff at the May 5, 2020 public meeting. The purpose of the is filing is to update the title of Schedule 136 and the type of costs to recover in Schedule 136 to include payments to participants. Following Commission approval of this tariff filing, PGE will update the pricing terms to include the additional rate schedules for long term direct access and new load direct access. PGE provides as an attachment, indicative pricing to show the impact of making this change using two hypothetical CSP cost scenarios.

This filing follows successful mediation between PGE and Qualifying Facilities who have signed Public Utility Regulatory Policies Act (PURPA) power purchase agreements (PPA) with PGE and are seeking to terminate those PPAs so that their proposed solar projects may participate in Oregon's Community Solar Program (CSP) in PGE's service territory. PGE brought to the mediation the issue of which customer classes pay the costs of community solar and the fact that long term and new load direct access customers bypass, and do not contribute to CSP costs that are borne by PGE customers generally as distinguished from those customers participating or subscribing to a CSP project. PGE's aim was to enlist support from the QFs for a principle or policy that since community solar is a state mandated program aimed at furthering the state policy of decarbonization, all customers benefit from that policy and all customers should pay for the CSP, including long term and new load direct access customers.

Given that agreement on principle has been reached, PGE is now updating its Schedule 136, to include CSP bill credit payment costs as among those costs that are collected by Schedule 136 and also expanding the customer classes that contribute to those costs to include new load and long term direct access customers. The timing of the update is twofold: 1) to capitalize on support for the successful launch of community solar in PGE's service territory and the fair and equitable allocation of those CSP program costs such that they are borne by all customers. For PGE, this is in recognition that community solar, as a legislated program for Oregon as a policy of decarbonization, benefits all customers; and 2) to incorporate this change as close to the start of the program as possible. Approving rate spread methodology is appropriate for the Commission to do when it authorizes a program and prior to program launch. Such is the case here with CSP, given that there are a number of conditionally pre-certified CSP projects for PGE's service territory that, with the mediated settlement, are ready to advance to project certification.

PGE originally designed Schedule 136, in consultation with PUC Staff, to expedite the collection of CSP development costs, primarily the start-up costs associated with the program administrator and also including start up costs that PGE incurs to support the CSP program. These are costs, identified in the Commission's administrative rules, that are borne by participating and nonparticipating PGE customers. The rules are silent on the customer classes that contribute to bill credit costs to subscribers. PGE is filing this now to implement the mediation resolution and to set forth cost responsibility and cost allocation before the bill credit costs to subscribers are incurred when the CSP program launches.

Also included in our filing is PGE's proposed method to allocate the updated Schedule 136 costs to all customers; by all customers, PGE includes long-term opt out and new load direct access customers. Other direct access (short term) customers were previously approved as part of the customer classes that pay these costs.

PGE first recommended in October 2019¹ that the costs of community solar, given its foundation in Oregon's decarbonization public policy, should be borne by all customers. Furthermore, Oregon's community solar program is legislatively mandated, providing customers with access to the environmental benefits without requiring them to install panels on their roofs. All customers benefit from the increases in the renewable energy supply and in recognition, all should contribute to program costs. Allowing long term and new load direct access customers to bypass the costs of developing the CSP and the cost of compensating subscribers would result in an unwarranted cost burden being placed on residential and small commercial customers.

¹ <https://edocs.puc.state.or.us/efdocs/HAC/um1930hac162218.pdf>.

CSP and Oregon Public Policy

Oregon's community solar program was created by the historic Senate Bill 1547, Oregon's Clean Electricity and Coal Transition Plan (2016 regular session). In passing that law, Oregon increased and accelerated its Renewable Portfolio Standard (RPS); required Electricity Service Suppliers to bundle renewable attributes and energy to the same extent as utilities; committed to eliminate coal-fired resources from electricity rates; declared that transportation electrification is necessary to meet state policy goals; and directed the Public Utility Commission to establish a community solar program.² The legislature directed the Commission to implement the CSP for the benefit of the public.

If large nonresidential customers, in choosing to opt out of cost of service (COS), avoid contributing to CSP by bypassing the program's costs, the costs are then borne, in large part, by PGE's COS customers. It is fundamentally unfair to those mostly residential customers to bear the majority of the costs to support the state's policy goals. In addition, as the legislature mandates more decarbonization programs like CSP, and utilizes the electric company to subsidize the program costs through its customers, it is imperative, that the cost burden is shared among all customers. This rate treatment is also consistent with the governor's Executive Order 20-04 calling for advancing decarbonization in the utility sector and directing the PUC to exercise its statutory authority to, among other objectives, mitigate the energy burden on utility customers.³

If long-term opt out and new load direct access customers are able to bypass the costs of the CSP program, this burden falls on residential and low-income customers with a disproportionate share of the costs. As Schedule 136 is currently structured, there are a number of customer classes that contribute to the start-up costs even though those particular customers are not eligible to participate. Much like the policy supporting low income customers and having all customers contribute to low income energy assistance even though some cannot avail themselves of the energy assistance, PGE is advocating that the state's decarbonization policy be treated similarly.

Relationship of this Filing to UM 2024

PGE advocated for the issue of by-passability of costs by long term and new load direct access customers be included in the scope of UM 2024 and the issue is on the issues list. While PGE's opening UM 2024 comments have discussed bypassability and provided examples including community solar, it is more appropriate for the Commission to take on now the narrow issue of community solar program costs, the customer groups that benefit from the community solar policy, and the customer classes that should pay the program costs. This is aside from the prescribed costs in the Commission's rules that are to be borne only by subscribing customers.

² <https://olis.leg.state.or.us/liz/2016R1/Downloads/MeasureDocument/SB1547>

³ To contribute to this mitigation of energy burden goal, the settling parties have agreed that consideration paid by the QFs to terminate PURPA QF contracts, will be directed in its entirety to further low income customer participation in community solar.

It is appropriate (and has been the Commission's practice) to determine rate spread methodology of program costs contemporaneous with the Commission's launch of that program. Given that the mediated agreement in principle is likely to result in project developers moving to certify their projects into the community solar program, program launch will soon occur. Also given Commission decisions settling the subscriber bill credit costs, it is the appropriate time for the Commission to consider and approve PGE's tariff on cost responsibility. Waiting for resolution in UM 2024 may mean waiting to make decisions on CSP program costs until well after the CSP program has launched. It is also appropriate as it responds to the Governor's executive order calling for advancements in decarbonization as well as mitigation of energy burden on utility customers. PGE's proposal addresses energy burden as it spreads the CSP program costs to all customers, including direct access customers. Spreading costs over a greater amount of customer energy consumption results in reduced price pressure on low income and other residential customers.

PGE recognizes that approval of this tariff filing is not precedential on the by-passability policy issue that PGE is raising in UM 2024. PGE will continue to advocate in UM 2024 for fairness and equity in cost responsibility for state mandated programs that advance important state public policies.

Proposed Cost Allocation and Recovery

PGE proposes that costs recovered through this schedule be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule, with long-term opt out and new load direct access customers priced at the equivalent cost of service rate schedule. In determining the total cost of the bill credit payments to allocate, PGE subtracts the avoided cost of energy as it does to recover costs for the Solar Payment Option Pilot.

To satisfy the requirements of OAR 860-022-0025, PGE responds as follows:

These proposed revisions to Schedule 136, Oregon Community Solar Program Cost Recovery Mechanism Update, do not increase, decrease, otherwise change existing rates, or impact revenues for COS customers as the Schedule change does not include pricing. PGE will separately propose to modify prices in Schedule 136 as it evaluates the program costs for the coming year. When PGE implements prices, an opt out (long term and new load direct access) customer will pay the same price per kilowatt hour as they would on the equivalent COS schedule. For example, the price for a Schedule 89 primary voltage customer will pay the same price as a Schedule 489 primary voltage customer for Schedule 136.

Given the proposed addition of long-term opt out and new load direct access schedules, and that the issue of direct access customers bypassing costs is raised in UM 2024, PGE is copying the UM 2024 service list as a courtesy.

Please direct any questions or comments regarding this filing to me at (503) 464-8954.

Please direct all formal correspondence and requests to the following email address
pge.opuc.filings@pqn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing & Tariffs

Enclosures
Cc: UM 2024 Service List

**PORTLAND GENERAL ELECTRIC COMPANY
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**SCHEDULE 136
OREGON COMMUNITY SOLAR PROGRAM
COST RECOVERY MECHANISM**

(C)

PURPOSE

The purpose of this Schedule is to recover costs incurred during and for the development (or modification) of the Oregon Community Solar Program (Oregon CSP) including the costs associated with the State of Oregon's Program Administrator, Low Income Facilitator, the company's prudently incurred costs associated with implementing the Community Solar Program that are not otherwise included in rates, and payments to participants in the Oregon CSP. Company incurred costs to implement the state program do not include costs associated with the company developing a community solar project. This cost recovery mechanism is authorized by ORS 757.386 (7)(c) and OAR 860-088-0160. The Oregon CSP is an optional program that will provide PGE customers the opportunity to voluntarily subscribe to the generation output of eligible community solar projects. This adjustment schedule is implemented as an automatic adjustment clause as provided under ORS 757.210 to allow recovery of operations and maintenance start-up costs as soon as the cost data is approved by the Commission.

(T)

(C)

(C)

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76R and 576R.

(C)

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

<u>Schedule</u>	<u>Adjustment Rate</u>	
7	0.006	¢ per kWh
15/515	0.005	¢ per kWh
32/532	0.006	¢ per kWh
38/538	0.005	¢ per kWh
47	0.007	¢ per kWh
49/549	0.007	¢ per kWh
75/575		
Secondary	0.005	¢ per kWh
Primary	0.005	¢ per kWh
Subtransmission	0.005	¢ per kWh

(M)

SCHEDULE 136 (Continued)

(T)

ADJUSTMENT RATE (Continued)

83/583	0.006	¢ per kWh	(M)
85/485/585			(C)
Secondary	0.006	¢ per kWh	
Primary	0.005	¢ per kWh	
89/489/589/689			(C)
Secondary	0.005	¢ per kWh	
Primary	0.005	¢ per kWh	
Subtransmission	0.005	¢ per kWh	
90/490/590	0.005	¢ per kWh	(C)
91/491/591	0.005	¢ per kWh	
92/492/592	0.005	¢ per kWh	
95/495/595	0.005	¢ per kWh	(C)

BALANCING ACCOUNT

The Company will maintain a balancing account to accrue differences between incremental costs associated with the Oregon CSP and the revenues collected under this schedule. This balancing account will accrue interest at the Commission-authorized rate for deferred accounts.

DEFERRAL MECHANISM

Each year the Company may file a deferral request to defer the incremental costs associated with the Oregon CSP. (C)

SPECIAL CONDITION

1. Pursuant to OAR 860-088-0160 (1), Oregon CSP start-up costs are:
 - Costs associated with the Program Administrator and Low-Income Facilitator; and
 - Each utility’s prudently incurred start-up costs associated with implementing the Community Solar Program. These costs include, but are not limited to, costs associated with customer account information transfer and on-bill crediting and payment, but exclude any costs associated with the electric utility developing a project.
2. PGE will remit payments to the Program Administrator on a monthly basis for program costs including performing work as provided in OAR 860-088-0020 and OAR 860-088-0030 within 15 days receipt of the Commission’s approval of eligible costs.

SCHEDULE 136 (Concluded)

SPECIAL CONDITION (Continued)

3. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule, with long-term opt out and new load direct access customers priced at the equivalent cost of service rate schedule.

(N)
|
(N)

PGE Advice No. 20-09
Attachment

PORTLAND GENERAL ELECTRIC
Calculation of Hypothetical Schedule 136 Prices

Schedule	2020 Calendar MWh	2020 Revenues (000)	Gen Rev All DA at COS	Current mills/kWh	Current Revs (000)	Scenario 1: \$3 million Annually (with 25% credit for avoided energy) Plus Admin				Scenario 2: \$10 million Annually (with 25% credit for avoided energy) Plus Admin			
						Allocation (000)	Price mills/kWh	Revenues (000)	Percent Impact	Allocation (000)	Price mills/kWh	Revenues (000)	Percent Impact
Schedule 7	7,477,704	\$912,362	\$481,251	0.06	\$449	\$1,356	0.18	\$1,346	0.1%	\$3,547	0.47	\$3,515	0.3%
Schedule 15	15,398	\$3,323	\$754	0.05	\$1	\$2	0.14	\$2	0.0%	\$6	0.36	\$6	0.1%
Schedule 32	1,567,603	\$183,089	\$91,579	0.06	\$94	\$258	0.16	\$251	0.1%	\$675	0.43	\$674	0.3%
Schedule 38	31,818	\$4,212	\$1,713	0.05	\$2	\$5	0.15	\$5	0.1%	\$13	0.40	\$13	0.3%
Schedule 47	19,730	\$3,842	\$1,400	0.07	\$1	\$4	0.20	\$4	0.1%	\$10	0.52	\$10	0.2%
Schedule 49	60,363	\$8,569	\$4,266	0.07	\$4	\$12	0.20	\$12	0.1%	\$31	0.52	\$31	0.3%
Schedule 83	2,872,407	\$264,865	\$167,209	0.06	\$172	\$471	0.16	\$460	0.1%	\$1,232	0.43	\$1,235	0.4%
Schedule 85-S	2,159,006	\$173,846	\$122,525	0.06	\$130	\$345	0.16	\$345	0.1%	\$903	0.42	\$907	0.4%
Schedule 85-P	670,998	\$50,463	\$37,093	0.05	\$34	\$105	0.16	\$107	0.1%	\$273	0.41	\$275	0.5%
Schedule 89-S													
Schedule 89-P	403,732	\$26,231	\$20,848	0.05	\$20	\$59	0.15	\$61	0.2%	\$154	0.38	\$153	0.5%
Schedule 89-T	114,898	\$7,603	\$5,742	0.05	\$6	\$16	0.14	\$16	0.1%	\$42	0.37	\$43	0.5%
Schedule 90	2,132,134	\$125,231	\$105,260	0.05	\$107	\$297	0.14	\$298	0.2%	\$776	0.36	\$768	0.5%
Schedule 91	55,696	\$12,143	\$2,728	0.05	\$3	\$8	0.14	\$8	0.0%	\$20	0.36	\$20	0.1%
Schedule 92	2,595	\$217	\$133	0.05	\$0	\$0	0.14	\$0	0.1%	\$1	0.38	\$1	0.4%
Schedule 485-S*	595,675	\$14,990	\$33,441	0.00	\$0	\$94	0.16	\$95	0.6%	\$246	0.42	\$250	1.7%
Schedule 485-P*	350,248	\$7,033	\$19,272	0.00	\$0	\$54	0.16	\$56	0.8%	\$142	0.41	\$144	2.0%
Schedule 489-S*	11,196	\$290	\$595	0.00	\$0	\$2	0.15	\$2	0.6%	\$4	0.39	\$4	1.5%
Schedule 489-P*	938,238	\$17,444	\$48,252	0.00	\$0	\$136	0.14	\$131	0.8%	\$356	0.38	\$357	2.0%
Schedule 489-T*	184,094	\$1,076	\$9,320	0.00	\$0	\$26	0.14	\$26	2.4%	\$69	0.37	\$68	6.3%
Totals	19,663,534	\$1,816,828	\$1,153,382		\$1,022	\$3,250		\$3,226		\$8,500		\$8,473	
Large Nonresidential MWh	9,460,768												
Scenario 1		\$3,250											
Scenario 2		\$8,500											

* Does not include ESS energy and transmission bill. In terms of price COS and DA customer would pay the same amount if similarly situated.