



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

May 4, 2020

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

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

Portland General Electric Company (PGE) submits this amended filing as a follow-up to the original filing made April 23, 2020, 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. PGE is submitting this Amended Filing to incorporate input from community solar developers and others negotiating the termination of their PURPA PPAs so that they can participate in the community solar program. A settlement in principle has been reached. PGE requests an effective date of **June 7, 2020** for these tariff changes:

All sheets remain as previously filed.

The purpose of this 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.

This filing comes after a settlement in principle has been reached 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. 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. The Qualifying Facilities who PGE has reached a settlement in principle with do not take a position on PGE's filing, but do support the Commission and PGE considering responsibility of program costs.

Given that agreement in 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 principle that CSP furthers decarbonization of energy supply in Oregon and provides a public benefit and a public good that 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 agreement in principle has been reached to allow 25 projects that have signed PURPA PPAs with PGE to terminate their PPAs to allow them to participate in the CSP, conditioned on the approval of this tariff filing. Many of the 25 have been conditionally pre-certified for CSP in PGE's service territory and, with the mediated settlement, are poised 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.

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

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

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 bypassability 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.

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 settlement 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

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.

PGE Amended Filing of Advice No. 20-09
May 4, 2020

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 bypassability 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@pgn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing & Tariffs

cc: UM 2024 Service List