

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2143**

In the Matter of

PUBLIC UTILITY COMMISSION OF  
OREGON

Investigation into Resource Adequacy in  
Oregon

**PORTLAND GENERAL ELECTRIC  
COMMENTS ON STAFF’S RESOURCE  
ADEQUACY REPORT**

**INTRODUCTION**

Portland General Electric Company (PGE) submits these comments in docket UM 2143 *Investigation into Resource Adequacy (RA) in the State* in response to the Public Utility Commission of Oregon (Commission or OPUC) Staff’s March 24, 2022, Report *Process Proposal and RA Solution Straw Proposal*.<sup>1</sup> PGE appreciates Staff’s analysis and is supportive of most of the Report’s conclusions. PGE agrees with Staff’s recommendation that the investigation now focus on a complementary “...resource adequacy framework at the state-level that could identify any seams issues in comparison to the regional adequacy framework”<sup>2</sup> being developed by the Western Power Pool (WPP) through the Western Resource Adequacy Program (WRAP). The remainder of these comments are structured as follows: the case for a regional RA program supported by a state-level RA framework; a discussion of the seams issues that will be explored in the next phase of this investigation; an explanation of how RA adequacy planning would contribute to a more level competitive playing field between investor-owned utilities (IOUs) and electricity service suppliers (ESSs); and, how Staff’s aggregate analysis points to the need for a capacity sharing program.

**I. STATE-LEVEL RESOURCE ADEQUACY FRAMEWORK**

Staff’s Report did not find “the need for near-term implementation of a binding RA program for Oregon”<sup>3</sup>, but importantly concluded that “[t]his does not imply the region does not have capacity

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<sup>1</sup> UM 2143, Staff Report, filed March 24, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf>.

<sup>2</sup> *Id.* at “Staff believes that further analysis and review focused on regional resource adequacy programs would be beneficial and believes that the RA investigation should focus on complimentary resource adequacy framework at the state level that could identify any seams issues in comparison to the regional adequacy framework for the next phase.”

<sup>3</sup> *Id.*

issues in the short-term or that RA is not a growing concern for the PUC”.<sup>4</sup> Staff’s analysis treated “[c]ontracts with undefined, or Fleet resources” as “firm, with no adjustments made.”<sup>5</sup> Though such an assumption has served as an indication to Staff that further steps in this docket are necessary, it also indicates an overestimation of the amount of capacity that can effectively contribute to resource adequacy. PGE observes that the WPP WRAP will not assume that system/fleet contracts (such as WSPP Schedule C)<sup>6</sup> are firm and will require an attestation that such contracts are “supported by physical generation capacity.”<sup>7</sup>

The regional power system is in transition: the retirement of thermal generators within and outside the region; increasing variable energy generation; and the effects of a changing climate have led to concerns about whether the region will have an adequate supply of electricity during critical hours.<sup>8</sup> The WPP WRAP will support reliability of supply in the region to meet load by validating each participant has enough generation and transmission available to meet their obligations. However, it is important for regulators to remember that participation will be voluntary. Thus, state regulatory action is imperative to address resource adequacy. Staff’s findings and conclusions point to the need for a regional RA program and a mandatory long-term state-level framework to complement, as described in Staff’s RA proposal from October 15, 2021.<sup>9</sup>

## II. SEAMS ISSUES

The WPP WRAP RA forward showing will be seven months ahead of the winter/summer peak seasons. Though informative such a timeline is too short to incentivize the building of physical

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<sup>4</sup> *Id.* at 8

<sup>5</sup> UM 2143, Staff Report, filed March 24, 2022, at 4, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf>.

<sup>6</sup> WSPP Inc. is an organization of electric wholesale market entities that have developed and utilize standardized power agreements to execute trading opportunities. Under the current WSPP Agreement (available at [https://www.wspp.org/pages/Documents/08\\_12\\_21\\_current\\_effective\\_agreement.pdf](https://www.wspp.org/pages/Documents/08_12_21_current_effective_agreement.pdf)) Schedule C (at 120) can be interrupted without damages, but within an agreed recall time, to meet the seller’s public utility obligations or to ensure reliability of native load (at 122) or interrupted for any other reason and be subject to the payment of damages (at 123). Therefore, without an attestation that Schedule C contracts will be supported by firm deliverable physical generation they will not contribute capacity in the WPP WRAP.

<sup>7</sup> (N)WPP Resource Adequacy Program – Detailed Design, July 2021, Section 2.4.2 at 66, ‘Sale and Purchase Transactions, available at: [https://www.westernpowerpool.org/private-media/documents/2021-08-30\\_NWPP\\_RA\\_2B\\_Design\\_v4\\_final.pdf](https://www.westernpowerpool.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf)

<sup>8</sup> (N)WPP, Exploring a Resource Adequacy Program for the Pacific Northwest, October 2019, available at: [https://www.westernpowerpool.org/private-media/documents/2019.11.12\\_NWPP\\_RA\\_Assessment\\_Review\\_Final\\_10-23.2019.pdf](https://www.westernpowerpool.org/private-media/documents/2019.11.12_NWPP_RA_Assessment_Review_Final_10-23.2019.pdf)

<sup>9</sup> UM 2143, Staff’s Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, at 5, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf> “The Commission will adopt a 1 in 10 LOLE [loss of load expectation] standard by rule. All LREs are required to plan to meet this standard. Compliance is focused on meeting a 1 in 10 LOLE in a resource plan over a 5 year outlook...LREs (load responsible entities) will file individual RA plans on an annual (Regional program non-participant) or biennial (Regional program participant) basis...If LRE is in a binding regional RA program, action plans must meet the state RA standard up to the following levels: 95% 1 years out, 90% 2 years out, 75% 3 years out, 65% 4 years out, 50% years out. If LRE is NOT a participant in a binding RA program, action plan must include five-year action plan that meets RA standard up to the following levels: 100% 1 years out, 95% 2 years out, 80% 3 years out, 70% 4 years out, 60% years out.”

infrastructure. The key component to Staff’s October 15, 2021, long-term state-level proposal is a partial RA compliance showing up to five years out, addressing the jurisdictional planning seam between the WPP WRAP and the OPUC’s integrated resource planning (IRP).<sup>10</sup> Staff’s long-term state-level proposal would identify capacity shortfalls in a timeframe that may allow for the building of physical infrastructure.

Additionally, Staff’s RA Report identifies another significant seams concern, “IOUs don’t plan for long-term opt out customers, while ESS’s generally have short-term contracts with the opt-out customers [...] the mismatch between contract length, and resource lifecycles could lead to a situation where no entity is planning for the RA of long-term opt-out customers absent Commission intervention.”<sup>11</sup> The reason PGE does not plan for long-term opt-out customers is because the Commission’s IRP Guideline 9 states “[a]n electric utility’s load-resource balance should exclude customer loads that are effectively committed to service by an alternative electricity supplier”<sup>12</sup> such as an ESS. Thus, Staff’s RA Report finding is a fundamental driver for the need to establish a mandatory long-term state-level RA framework.

### **III. RESOURCE ADEQUACY & COMPETITION**

PGE offers the following recommendation regarding the framing of Staff’s conclusion on RA and competition. Staff states: “ESS’s generally have short-term contracts to supply energy to their customers while RA generally looks more at long-lived generating assets. The mismatch may put ESSs at a competitive disadvantage; there may need to be some additional guidance in these situations.”<sup>13</sup> ESSs are currently able to rely on “short-term contracts” that do not have to be associated with firm physical capacity, while IOUs’ IRPs drive them to procure “long-lived generating assets.”<sup>14</sup> The absence of an RA framework puts IOUs at a competitive disadvantage. If an IOU or ESS similarly chose to supply energy to their customers with short-term contracts not associated with generation, those contracts would not contribute to RA, potentially putting the reliability of the system in jeopardy. An RA framework would not put an ESS at a competitive disadvantage. A mandated RA planning framework would contribute to furthering equitable planning requirements between Oregon IOUs and ESSs.

### **IV. AGGREGATE MODELING & ANALYSIS**

PGE thanks Staff for presenting RA findings in aggregate to protect commercially sensitive data. While Staff’s aggregate analysis generally found that “resources exceed the load substantially in

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<sup>10</sup> *Id.*

<sup>11</sup> UM 2143, Staff Report, filed March 24, 2022 p 8, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf>

<sup>12</sup> Public Utility Commission of Oregon. “Order 07-002.” UM 1056. Public Utility Commission of Oregon. 8 Jan 2007, page 19. <https://apps.puc.state.or.us/orders/2007ords/07-002.pdf>

<sup>13</sup> UM 2143, Staff Report, filed March 24, 2022 p 8, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf>

<sup>14</sup> *Id.*

all hours”<sup>15</sup> Staff acknowledge that “that transmission was not modeled [and] Staff made simplifying assumptions for expedited modeling.”<sup>16</sup> PGE concludes that the aggregate analysis points to the need for the WPP WRAP’s operational program to facilitate the sharing of potentially surplus capacity. Details about capacity sharing events can be found in the WPP WRAP’s Detailed Design.<sup>17</sup>

## CONCLUSION

PGE looks forward to supporting Staff’s recommendation to open a rulemaking (beginning in informal stage) to implement a long-term state-level RA framework at the May 17, 2022, Public Meeting.

Respectfully submitted this 14<sup>th</sup> day of April 2022.

*/s/ Jason Salmi Klotz*

Manager, Resource and Regulatory Strategy

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<sup>15</sup> UM 2143, Staff Report, filed March 24, 2022 p 5, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau154059.pdf>

<sup>16</sup> *Id.* at 8.

<sup>17</sup> (N)WPP Resource Adequacy Program – Detailed Design, July 2021, Section 3 p140, ‘Operational Design’ available at: [https://www.westernpowerpool.org/private-media/documents/2021-08-30\\_NWPP\\_RA\\_2B\\_Design\\_v4\\_final.pdf](https://www.westernpowerpool.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf)