



# Oregon Citizens' Utility Board

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July 21, 2023

*Via electronic filing*

Curtis Dlouhy  
Public Utility Commission of Oregon  
201 High St. SE  
Salem, OR 97301

**Re: *UM 2143 – Investigation into Resource Adequacy in Oregon – CUB Comments on Staff's Updated Draft Resource Adequacy Rules Proposal***

Dear Mr. Dlouhy:

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to provide comments on Staff of the Public Utility Commission of Oregon's (Staff) Updated Draft Resource Adequacy (RA) Rules Proposal, circulated on June 30, 2023. CUB would like to thank Staff for its diligent work throughout this proceeding to help craft a sound set of rules that both complement regional activities in the Western Resource Adequacy Program (WRAP) and further the public interest by helping ensure reliable electricity service for Oregon retail customers. CUB further appreciates the work of all interested parties to this proceeding and the views they have shared.

At a high level, CUB generally supports Staff's most recently circulated draft rules and believes they help further the purpose that this investigation was opened to achieve. In these comments, CUB offers its view on two components of Staff's draft rules where consensus has not been reached.

### ***Resource Adequacy Backstop Charge***

CUB joins Staff and several other parties in opposing any standardized RA backstop charge. Such a proposal is supported by many of the electricity service suppliers (ESSs) and associated trade associations in this proceeding. CUB opposes this proposal for a variety of reasons. First, as PacifiCorp notes in its comments,<sup>1</sup> a backstop RA charge is likely to result in inappropriate cost shifting. If investor-owned utilities were required to carry backstop capacity to sell to ESSs and their direct access customers, it would result in higher rates for captive utility customers due to the utility carrying capacity beyond what is needed for peak cost-of-service utilization. This outcome would be an illegal cost shift under the Commission's direct access regulations. Second, the direct access customers who choose to leave the system to be served by ESSs make the conscious decision to do so. In doing so, these customers are both availing themselves to the

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<sup>1</sup> UM 2143 – PacifiCorp's Comments at 2 (Jul. 21, 2023).

benefits of the competitive wholesale electricity marketplace and exposing themselves to its risks. One risk is that the ESS they are served from has failed to carry adequate capacity to meet its needs. This risk should not be inappropriately placed back on investor-owned utilities and their captive customers. If ESSs require excess capacity to serve their load and meet their RA obligations, they can purchase these products on the open market. Oregon investor-owned utilities have an obligation to optimize their system for the benefit of the cost-of-service customers they serve. This optimization includes selling any excess capacity or energy into available markets to offset cost-of-service rates. It is unclear at best whether any proposal to sell backstop capacity to ESSs would be consistent with prudent utility behavior.

Further, requiring Oregon jurisdictional utilities to carry excess capacity—or even make excess capacity available to ESSs—implicates a wider range of issues that are beyond the scope of this proceeding. As noted, there may be legal issues related to the Commission’s implementation of its direct access program. Such a fundamental change to the interplay between ESSs, direct access customers, and investor-owned utilities should be addressed in a different forum, if addressed at all.

***Confidentiality of Commercially Sensitive RA Data***

CUB appreciates the discussion on this issue at the recent UM 2143 workshop and agrees with Staff and other parties that RA data should be made available to Staff and CUB as the only statutory parties. CUB proposes no change to Staff’s proposed rules on this issue.

Once again, CUB appreciates Staff’s hard and thoughtful work throughout this proceeding.

Sincerely,



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