

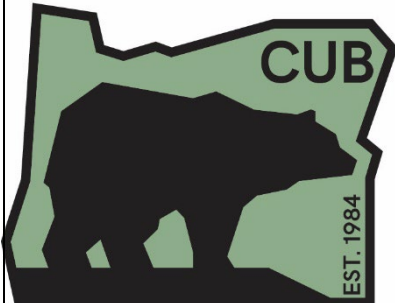
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2166

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	COMMENTS OF THE
COMPANY,)	OREGON CITIZENS' UTILITY
)	BOARD
2021 All-Source Request for Proposals.)	
_____)	

COMMENTS OF THE
OREGON CITIZENS' UTILITY BOARD

June 15, 2022



**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 2166**

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC COMPANY,)	COMMENTS OF THE OREGON CITIZENS' UTILITY BOARD
2021 All-Source Request for Proposals.)	
<hr/>		

I. INTRODUCTION

CUB appreciates the opportunity to provide comments in response to Portland General Electric’s (PGE) request for acknowledgement of its final Request for Proposals (RFP) short list filed on May 5, 2022, and the subsequent errata filing on May 25, 2022. CUB’s comments address two issues in PGE’s 2021 RFP filing. First, CUB addresses PGE’s proposal to procure renewable resources beyond volumes identified in its 2019 Integrated Resource Plan (IRP), which the Company argues would be necessary to make progress towards HB 2021 compliance. Second, CUB addresses the rate impact of additional procurement on Oregon ratepayers already facing near-term and ongoing rate hikes stemming from various PGE projects.

PGE requests acknowledgment of a final shortlist of renewables that include projects to generate 434 unique MWa of renewable energy. According to PGE:

[t]he volume of renewable resources included in the final shortlist provides adequate bids to meet three to four times the 150 MWa IRP Action Plan and 100 MW GFI renewable procurement approved in the RFP design.¹

¹ UM 2166 PGE Request for Acknowledgement of Final Shortlist of Bidders in 2021 RFP, Errata filing May 25, 2022, p.16.

CUB supports Staff's comments regarding the vagueness and insufficient analysis of risks and rate impacts associated with different sizes of renewable procurement that PGE has presented towards requesting acknowledgement for its final shortlist of bidders. CUB also appreciates the Commission's adherence to need, and resources identified through rigorous analysis in the IRP process and the decision to deny PGE's proposed additional procurement of 65MWa of renewable resources in this RFP.²

II. HB 2021 COMPLIANCE AND THE CLEAN ENERGY PLAN

PGE had proposed to go forward with an extra 65MWa of renewables in the RFP³ following the passage of Oregon HB 2021. HB 2021 lays down a plan for electric utilities to achieve reductions in emissions at a successive rate through 2040 (80% below baseline emissions by 2030, 90% by 2035 and 100% by 2040).⁴

CUB believes policy changes should be considered in the IRP analysis to identify the proper system resources that would be required to comply with those changes. A utility's plan to acquire resources is informed by several factors, including state and federal policies and the energy and capacity needs on the system. The portfolio analysis undertaken in an IRP is a rigorous process that is reviewed and analyzed by the Commission Staff and stakeholders prior to acknowledgement. The utility, Commission and stakeholders share the responsibility of analyzing, and eventually approving, a resource portfolio that would be least-cost and least-risk for Oregon ratepayers. Ignoring this process will leave many stakeholders out of this discussion and introduce new uncertainties in the IRP process.

² UM 2166, Order no. 21-460, p.9.

³ PGE's 2021 All-Source RFP. Page 4.

⁴ HB 2021 Section 3 Clean Energy targets 1(a) (b) (c).

HB 2021 clearly directs utilities to formulate a clean energy plan. This plan is a formal model of the utility’s path forward to achieving the prescribed reductions in emission levels. The direction for the plan includes more than just acquiring renewables to reduce emissions. It asks utilities to explore actions including “acquisition of non-emitting generation resources, energy efficiency measures and acquisition and use of demand response resources”.⁵ CUB is not confident that these elements of HB 2021 were included in PGE’s analysis of renewables procurement needed to progress reasonably to meet part of HB 2021 requirements. It is unclear what role HB 2021 has played in selection of different renewables portfolio sizes as analyzed by PGE.

Staff Comments quote PGE:

Widespread analytical findings indicate the opportunity to reduce customer costs and risks through procurement volumes above and beyond the 150 MWa acknowledged in the 2019 IRP Action Plan. At the same time, important and unquantified risks provide additional context support adherence to the approved volumes of approximately 150 MWa of renewable resources in addition to the 100 MW of GFI resources. These risks include transient increases in renewable pricing, federal tax policy, and supply chain disruptions related to federal trade investigations.⁶

This clearly shows that the RFP analysis is far from comprehensive and lacks the rigor that we would see in an IRP. As PGE states:

Following the passage of HB 2021, PGE shared a preliminary estimate in the RFP approval proceeding that an additional 650 MWa of additional renewable resources (inclusive of the 150 MWa acknowledged in the 2019 IRP) would be required to meet the law’s requirement in 2030. This resource requirement will be scrutinized and updated in PGE’s 2023 IRP.⁷

CUB recommends that the Commission continue to support the 2019 IRP identified renewables procurement in this RFP and require PGE to provide a comprehensive portfolio

⁵ HB 2021 Section 4 (5).

⁶ UM 2166 Staff Comments filed on June 7, 2022, p.5.

⁷ UM 2166 — PGE’s Request for Acknowledgment of Final Short List of Bidders in 2021 All-Source RFP.

analysis of the nature we would see in an IRP before considering any additional procurement. Procuring resources in this RFP that go beyond what was acknowledged in the 2019 IRP may result in procurement that does not align with established least-cost, least-risk planning.

III. RATE IMPACT

According to PGE, customers face a lower average rate increase (5.7%) in 2025 for 250MW compared to 180MWa (5.9%). Due the limited time since PGE's errata filing, it is not clear to CUB would be driving this non-intuitive outcome. CUB was present at the Commission Workshop on May 19, 2022, where the Commission made it clear that it needed more information on how the Company strikes a balance between long-term benefits of a larger sized procurement with near term rate impact.⁸ Specifically, the Commission asked for a range of rate impacts spread over time as opposed to a single point in time. PGE has not provided that information yet, as is noted in Staff comments⁹

CUB also urges the Commission to consider the rate impact of this single procurement in the light of other present and future costs that PGE customers are or will be sharing as the Company progresses to meet a variety of public policy goals. This May, Portland General Electric significantly increased rates for residential customers in its general rate case proceedings. On top of that rate increase, PGE has requested to increase residential customer rates by an additional 2.6% in its annual power cost proceeding. CUB expects additional rate increases to occur between now and this RFP procurement, including the cost of low-income programs, the cost of COVID-19 deferrals, the cost of storm restoration after the historic 2021 ice storm, the cost of Faraday repowering, transportation electrification programs, and the cost of

⁸ See recording of May 19, 2022 Commissioner workshop.

⁹ Staff Comments filed on June 7, 2022, p.5-6.

restoration after the 2020 Labor Day wildfires. CUB is not opposing all these cost increases but is highlighting the upcoming pressure on rates. Customers are also doing their part to decarbonize PGE's electricity system by funding the cost associated with Wheatridge and paying for the Montana Colstrip units on accelerated basis. Looking forward in helping PGE meet HB 2021 goals, customers will be bearing the costs of transportation electrification, flexible load programs and distribution system investments. As was pointed out in the May 19, 2022, Commission workshop,¹⁰ while it is important to focus on procurement strategies in the current dynamic environment, we must be mindful of cost and risk sharing between the Company, shareholders and customers. As a vertically integrated investor-owned utility in a rate regulated environment, Portland General Electric has an enormous financial incentive to procure as much capital investment to increase its annual profits.

CUB urges the Commission to acknowledge the 2019 IRP renewables procurement amount of 150MWa of renewable energy and 100MW of capacity for the Green Future Investment program as was originally planned in the RFP. Should PGE procure additional amounts, that will be considered under prudence review, and PGE should bear more risk for those investments.

III. CONCLUSION

CUB advocates for the best value for PGE customers as they share the costs and risks of the Company's future clean energy projects. CUB believes that changing policy environments are appropriately addressed in IRP analyses and provide the necessary information that the stakeholders and the Commission need to review prior to acknowledging actions related to them. The proposed procurement strategy in this RFP does not provide sufficient information to weigh

¹⁰ *Id.*

the long run benefits of larger procurements against short term cost impacts of additional procurements and lacks analysis regarding risks involved in various procurement levels.

Finally, Staff and stakeholders are putting in a sincere effort to develop the Clean Energy Plan process. Acknowledging resource actions meant for HB 2021 compliance outside the CEP process undermines the importance of the CEP and leaves many stakeholders out of the process.

Dated this 15th day of June 2022.

Respectfully submitted,



Sudeshna Pal
Economist
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
T. 217-552-5680
E. sudeshna@oregoncub.org