

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2166

In the Matter of

PORTLAND GENERAL ELECTRIC,

2021 All-Source Request for Proposals.

REPLY COMMENTS OF
RENEWABLE NORTHWEST

I. Introduction

Renewable Northwest thanks the Oregon Public Utility Commission (“Commission”) for this opportunity to comment on the scoring methodology proposed by Portland General Electric (“PGE”) for its 2021 All-Source Request for Proposals (“RFP”). While Renewable Northwest did not file opening comments on PGE’s proposed methodology, we submit these Reply Comments in response to the opening comments of Commission Staff (“Staff”), the Northwest & Intermountain Power Producers Coalition (“NIPPC”), and the Oregon Solar + Storage Industries Association (“OSSIA”). Specifically, we support elements of Staff’s and OSSIA’s comments regarding the impact of HB 2021 (2021) on the RFP, and we support elements of NIPPC’s comments regarding PGE’s proposed approach to transmission in the RFP. We also take the opportunity to raise several primarily technical suggestions regarding scoring criteria for storage resources. All in all we support PGE’s RFP and hope that our comments will help ensure that this procurement is as robust and competitive as possible -- and that it serves as the first step in meeting HB 2021’s mandate that PGE reduce system emissions 80% by 2030 and eliminate emissions entirely by 2040.¹

II. HB 2021’s Emission Reduction Mandates Support Raising the RFP’s Energy Cap.

Renewable Northwest appreciates that all parties who filed opening comments addressed the potential impact of HB 2021 (2021) on this RFP. NIPPC invoked HB 2021 on page one of its comments, relating “PGE’s upcoming need for capacity” to “the clean energy targets set in HB 2021.”² OSSIA’s comments broadly address the need for immediate action by Oregon utilities to

¹ HB 2021 (2021), section 3.

² NIPPC Comments at 1.

meet the “dramatic[] accelerat[ion]” of decarbonization efforts mandated by HB 2021.³ Staff similarly raises “concern[] about the timing to acquire the resources necessary for PGE to meet the 2030 GHG targets of HB 2021” and poses the question whether “an adjustment to the energy cap [may be] needed to allow for additional procurement in this RFP to support achieving the targets in HB 2021.”⁴

Renewable Northwest agrees with all commenters to date that, to use Staff’s phrasing, “this RFP has an important role to play in positioning PGE to achieve the 2030 target in HB 2021 -- as well as the future HB 2021 targets.”⁵ HB 2021 established mandatory greenhouse gas emission reduction targets for PGE and PacifiCorp of 80% below baseline by 2030, 90% by 2035, and 100% by 2021.⁶ Not only does HB 2021 provide a central role for the Commission in terms of planning to meet these targets,⁷ but it also gives the Commission a direct mandate: “The commission shall ensure that an electric company demonstrates continual progress ... and is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers.”⁸

These provisions of HB 2021 create a significant change in the regulatory environment, clarifying that the Commission has not only the authority but also an obligation to ensure rapid decarbonization. When the Commission was considering PGE’s 2019 IRP -- the analytical underpinning for this RFP -- Oregon law did not grant the Commission clear, unequivocal direction to the Commission to consider greenhouse gas emissions in assessing the IRP. The Commission may recall that Staff’s opening comments in the IRP docket included the following passage:

Staff understands challenges PGE faces aligning the Commission’s long-term planning process with its decarbonization goals. This will be a complex undertaking *until the State provides the OPUC with a specific policy directive to decarbonize*. ... Staff also highlights its three main difficulties related to PGE’s discussion of decarbonization in its 2019 IRP. The first is simple: decarbonization goals, while laudable, do not exempt PGE from the existing IRP Guidelines. *The Public Utility Commission has not been authorized by the legislature to pursue*

³ OSSIA Comments at 1.

⁴ Staff Comments at 5.

⁵ *Id.*

⁶ HB 2021, section 3.

⁷ *Id.*, section 4.

⁸ *Id.*, section 4(6). While this section does include a specific reference to “continual progress as described in subsection (4)(e),” and that subsection refers to “continual progress *within the planning period*,” the term “planning period” is undefined and PGE is currently working on development of its next IRP which will likely include the Clean Energy Plan required by HB 2021, section 4(3)(a) -- all of which is to say that timing technicalities do not undermine the clear direction to the Commission to ensure continual progress.

decarbonization as a policy goal, and without such an authorization it is difficult to justify a substantial diversion from the current least-cost and least-risk. The Company must identify a traditional least cost, least risk long term plan that considers all resources equally and adheres to the other guidelines.⁹

These were the types of concerns that led to development of a 150 MWa energy cap on this RFP, despite PGE's IRP concluding that "portfolio analysis suggests that allowing a larger renewable resource addition in 2023 or 2024 may further reduce costs."¹⁰ Between Governor Brown's Executive Order 20-04 and now, more importantly, HB 2021, there should be no question about the Commission's authority to require rapid decarbonization; in fact, there is now a clear statutory mandate to do just that.

Against this backdrop, Renewable Northwest particularly appreciates Staff's analysis identifying that "the Company will be approximately 2,500,000 metric tons above the estimated 2030 target levels from HB 2021" if it follows its current path from the 2019 IRP through this RFP.¹¹ We agree that the disconnect between PGE's current greenhouse gas trajectory and the scale of this RFP, combined with the company's IRP conclusion that additional renewable procurement would be cost-effective, and the Commission's mandate to ensure "continual progress" through "rapid greenhouse gas reductions" achieved "as soon as practicable" all counsel in favor of reconsidering the energy cap on this RFP.

III. PGE Has Added Flexibility to Its Transmission Requirements, and Additional Changes Could Increase Competition.

NIPPC's comments address PGE's transmission requirements in detail. Without taking a position on all of NIPPC's transmission comments, we specifically support the following recommendations NIPPC raised:

- We support PGE's "proposal to allow renewable resources to participate if they can demonstrate eligible transmission service for at least 80% of the project's interconnection limit"¹²;
- We support PGE's proposal to allow "bidders to qualify for the RFP through participation in [BPA's] 2022 Transmission Service Request Study and Expansion Process"¹³;

⁹ Docket No. LC 73, Staff's Opening Comments at 16-17 (Oct. 11, 2019).

¹⁰ PGE 2019 IRP at 194.

¹¹ Staff Comments at 4 and n16.

¹² NIPPC Comments at 2-3.

¹³ *Id.* at 3.

- We support PGE’s “propos[al] to allow bidders to participate in the RFP using the conditional firm reassessment product”¹⁴;
- We agree that it would be appropriate to give bidders the opportunity to cure a determination by PGE that a bidder does not have an achievable plan for delivery¹⁵;
- We agree that PGE’s proposal to assume that resources using Conditional Firm Bridge will be curtailed for the maximum number of hours and that those hours will correlate to the PGE’s hours of greatest need is overly conservative, and we support NIPPC’s proposal that “[i]n the absence of better information, PGE should assume that 50% of the hours of conditional firm curtailment would coincide with PGE’s hours of greatest need”¹⁶; and
- We agree with NIPPC’s recommendation that PGE “revis[e] the Proposed RFP Scoring and Methodology to remove the non-price score factor related to transmission attributes.”¹⁷

On the first three points, we appreciate PGE’s continued efforts to build more flexibility into its transmission requirements in order to ensure that more renewable projects can compete in an environment that continues to be significantly transmission-constrained. The latter three points would likely foster additional competition without creating significant risk.

IV. Renewable Northwest Recommends Modest Changes to PGE’s Scoring Methodology for Storage Resources.

Finally, Renewable Northwest has identified several modest changes to PGE’s scoring methodology for storage resources that may be necessary to allow storage to compete in this RFP.

First, we recommend that PGE eliminate the requirement that a bidder obtain a Conditional Use Permit for a battery storage resource at the time of Final Short List development.¹⁸ Relatedly, we also recommend that PGE eliminate the requirement that a bidder obtain any Removal Fill Permits for a battery storage resource at the time of Final Short List development.¹⁹ Given that the Final Short List will be developed in 2022 but PGE is not requesting a commercial operation date before the end of 2024, there should be ample time for storage resources to obtain any needed permits in the intervening years. This is especially true given that storage resources generally have much less stringent permitting requirements than generating resources. Simply put, competitive storage resources may not be in a position to have all permits in place six

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 4-5.

¹⁷ *Id.* at 6.

¹⁸ This requirement appears on page 30 of PGE’s Exhibit A.

¹⁹ This requirement appears on page 30 of PGE’s Exhibit A.

months from now even if having them in place by 2024 would be a straightforward proposition. Excluding those projects from consideration for the Final Short List could lead to procurement of less competitive resources.

Second, we recommend eliminating the point differential for battery storage resources with a commercial operation date by December 31, 2023 (which PGE proposes to assign 10 points) versus December 31, 2024 (which PGE proposes to assign 8 points).²⁰ There are two reasons for this recommendation: First and most importantly, PGE's RFP seeks to address a 2025 capacity need by acquiring resources with a commercial operation date on or before December 31, 2024. The rationale for assigning a higher score to resources with an online date prior to need is unclear. And second, projects' commercial operation dates are currently subject to some uncertainty due to supply chain constraints. Eliminating the 2023/2024 point differential would allow bidders more of an opportunity to propose online dates that meet PGE's needs while also leaving room for supply constraints to be resolved. One final note: given those supply chain constraints and the additional flexibility PGE has proposed to afford to projects with longer lead times, it may make sense to apply a point value less than 10 but greater than zero to projects with online dates in 2025 -- perhaps by granting 10 points to projects with online dates up to December 31, 2024 and 8 points to projects with online dates up to December 31, 2025.

Third, the scoring metric for storage commercial operation dates omits score values for calendar year 2025, so regardless of the above recommendation, we recommend the metric be revised to include a value for projects with 2025 commercial operation dates before December 31. This omission appears to be an unintentional error, but if PGE accepts our previous recommendation regarding online-date point values then the error should be resolved. Otherwise we recommend that PGE assign *some* value to projects with commercial operation dates between December 31, 2024 and December 31, 2025.

Fourth and finally, we recommend that scoring for storage resources -- and possibly other resources as well -- account for additional benefits such as grid services including provision of reserves, and avoided or deferred transmission and distribution costs. Because of the Commission's preference for price factors over non-price factors,²¹ this outcome could be accomplished by calculating the value of certain specific metrics -- contributions to meeting reserve requirements, avoided transmission and distribution costs, and deferred transmission and distribution costs -- and applying that value to each bid's price score as an offset. PGE also mentions that "for resource flexibility values in the 2021 All-Source RFP, PGE will rely on flexibility values from ROM as detailed in the 2019 IRP."²² We recommend using more recent

²⁰ This requirement appears in section 6.5, on page 26 of PGE's proposed scoring methodology.

²¹ See OAR 860-089-0400(2).

²² PGE proposed scoring methodology, p. 23.

flexibility values from PGE’s 2022 IRP modeling studies (ROM) to ensure that the greater benefits derived from flexible resources in light of increased renewable energy penetration are valued appropriately.

V. Conclusion

Renewable Northwest appreciates this opportunity to comment on PGE’s draft scoring methodology for its 2021 RFP. We support PGE’s efforts to procure new, cost-effective renewable resources, and we encourage the Commission to bear in mind both the company’s and the Commission’s new obligations under HB 2021 as it reviews the RFP. We look forward to further engagement with the Commission and stakeholders both as this RFP continues to proceed through the regulatory process and, more broadly, as we all work together to achieve a 100% clean electricity grid for Oregon.

Respectfully submitted this 13th day of September, 2021,

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