



**Portland General Electric Company**  
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**Erin Apperson**  
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December 1, 2022

***Via Electronic Filing***

Public Utility Commission of Oregon  
Attention: Filing Center  
201 High Street Southeast, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: UM 2166 – In the Matter of Portland General Electric Company 2021 All-Source Request for Proposals – PGE’s Compliance Filing**

Dear Filing Center:

Enclosed for filing today in the above-referenced docket is Portland General Electric Company’s Compliance Filing in accordance with Order No. 22-315.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "Erin Apperson".

Erin Apperson  
Assistant General Counsel III

EA:dm  
Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 2166

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

2021 All-Source Request for Proposals.

**PORTLAND GENERAL ELECTRIC  
COMPANY’S COMPLIANCE  
FILING/STATUS REPORT PURSUANT  
TO ORDER NO. 22-315**

**I. INTRODUCTION**

Portland General Electric Company (PGE) submits this filing in accordance with Order No. 22-315, which acknowledged, with conditions, PGE’s final shortlist of renewable resources and non-emitting dispatchable capacity. In that order, the Commission directed PGE to “file a status report no later than December 1, 2022, that addresses the costs and benefits of the IE’s engagement past December 31, 2022, and explains why it is in customers’ interest for PGE to continue rather than conclude the procurement and begin a new planning and procurement cycle.”<sup>1</sup> PGE recommends continued engagement with the Independent Evaluator (IE) and continued negotiation with the intent to procure resources by March 31, 2023.

**A. Costs and Benefits of Continued Engagement with the IE.**

As part of acknowledgment of PGE’s final shortlist of projects associated with the 2021 RFP, the Commission adopted Staff’s first condition with modifications. The Commission directed PGE to “ensure that Bates White shall continue to serve as IE through final resource selection, in order to monitor all contract negotiations, file a final resource selection closing report with the Commission no later than 30 days after final resource selection and respond to any Staff or Commission questions on the final IE report.”<sup>2</sup> The Commission also stated that it may modify this condition in response to PGE’s December 1, 2022 status report.

As discussed below, PGE appreciates the involvement of Bates White and recommends continued engagement through the remainder of the commercial negotiation process.

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<sup>1</sup> Order No. 22-315 at 9.

<sup>2</sup> *Id.* at 4.

## *1. Benefits from the IE's Involvement*

Bates White has continued to serve as the IE throughout the Company's resource selection, which has included monitoring communications between the Company and bidders that have occurred as part of the commercial negotiation process. Additionally, the IE provided an updated report on September 30, 2022 as a result of the additional process where the Company provided bidders on the acknowledged final shortlist to the 2021 All-Source Request for Proposals an additional opportunity to update price and/or commercial online date (COD) terms. As part of that process, PGE refreshed price scoring and portfolio modeling analyses. PGE shared its results with the IE and the IE prepared an analysis of PGE's price update, which was filed September 30, 2022.

PGE sees the benefit of continued engagement with the IE consistent with the benefits described in Oregon Administrative Rule (OAR) 860-089-0450(9), which identifies that the closing report will include an evaluation of the applicable competitive bidding process in seeking the least-cost, least-risk acquisition of resources. PGE notes that many of the IE duties listed in OAR 860-089-0450 are to ensure fairness and transparency throughout the RFP bidding, scoring, and final shortlist selection process, which has largely been completed with the acknowledgement of the final shortlist.

Continuing the engagement with Bates White through the end of commercial negotiations would provide a resource to the Commission and Staff for updates as part of the commercial negotiations, would provide a neutral third-party perspective in the event of any possible dispute, and would likely instill confidence in bidders of continued oversight to ensure a fair process.

## *2. Costs of IE Involvement*

Based on the results of the IE request for proposal conducted in June 2021 and approved by the Commission through Order No. 21-235, the estimated cost for the IE to extend activity related to PGE's commercial negotiations through March 2023 would be approximately \$75,000.

### **B. PGE Continuing Commercial Negotiations is in Customers' Interest and will Materially Impact the Company's Ability to Meet its 2025 Capacity Need**

While PGE has made progress in its negotiation efforts, work is ongoing, and it is in customers' interest for PGE to continue rather than conclude procurement associated with the 2021 All-Source RFP. The capacity shortfall beginning in 2025 is currently estimated to be 388 MW and PGE's 2021 All-Source RFP seeks to meet this capacity need to ensure reliability on the system and to provide a least-cost, least-risk set of resources in meeting House Bill 2021's decarbonization targets.

On October 25, 2022, PGE announced an agreement to acquire (and acquire the output of) a 311 MW wind energy facility, which is part of the larger Clearwater Wind development in Eastern Montana. This project will provide 109 MW of capacity to PGE's portfolio, leaving a remaining shortfall of 179 MW in the 2025 portfolio. PGE continues to negotiate with remaining bidders on the final shortlist, with the intent to finalize negotiations by the end of 2022 or in the first quarter of 2023. The remaining projects represent 632 MW of ELCC capacity. PGE has included a highly confidential summary of current negotiations, status, and forecasted capacity additions by the end of Q1 2023 as Attachment A.

If PGE were to conclude the procurement in favor of beginning a new planning and procurement cycle it would be very challenging for PGE to acquire the resources needed to fill the 2025 capacity deficit due to the time required to run a separate RFP, coupled with the significant lead time to bring new projects online. This procurement cycle alone, which started with the IE selection process in April 2021 and that continues with counterparty negotiations as of December 2022, has taken over a year and half. After accounting for resource construction timeline, which can take over a year, there would be insufficient time to start a new procurement cycle and acquire resources that would come online before 2025. PGE is in advanced negotiations with counterparties and expects that resource acquisition would be complete by the end of Q1 2023.

These continued negotiations are also very important to support the Company's path to meet the decarbonization targets set in HB 2021. As stated in PGE's Reply Comments filed June 15, 2022, PGE faces significant resource needs by 2030 to achieve HB 2021 compliance.<sup>3</sup> PGE believes it is appropriate to take actions available in this RFP to procure available resources while balancing PGE's obligations regarding affordability and reliability. The traditional cost and risk metrics included in PGE's final shortlist suggest that elevated procurement volumes would lower long-term cost and risks for customers. This finding is largely associated with reducing exposure to mandatory renewable procurements at the end of the decade. Additionally, many northwest utilities face similar and significant renewable resource requirements in 2030 whether they are subject to Oregon's HB 2021, Washington's Clean Energy Transformation Act (CETA), or California's reduced 2032 emissions targets associated with Senate Bill 100 requirements. In an

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<sup>3</sup> Currently estimated at 2,500 to 3,500 MW of renewable resources, and 800-1,000 MW of capacity resources per PGE's October 25, 2022 investor presentation: [PowerPoint Presentation \(portlandgeneral.com\)](https://portlandgeneral.com)

environment of rapidly increasing demand, PGE could face elevated supply costs and risks if planning to close a larger fraction of compliance requirements in the 2025 to 2030 timeframe.

For these reasons, PGE recommends continued engagement with the IE and continued negotiation with the intent to procure resources by March 31, 2023.

DATED this 1<sup>st</sup> day of December, 2022.

Respectfully Submitted,



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**UM 2166**

**Attachment A**

**Highly Confidential Pursuant to  
Modified Protective Order No. 22-025**

## CERTIFICATE OF SERVICE

I certify that I filed a true and correct copy of **Portland General Electric Company's Compliance Filing in accordance with Order No. 22-315**, and was served on the parties listed below via electronic mail and/or overnight delivery in compliance with OAR 860-001-0180.

### Service List UM 2166

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Erin Apperson Portland General Electric Company 121 SW Salmon Street, 1WTC1301 Portland, Oregon 97204 <a href="mailto:Erin.apperson@pgn.com">Erin.apperson@pgn.com</a>	Greg Batzler Portland General Electric Company 121 SW Salmon Street, 1WTC1301 Portland, Oregon 97204 <a href="mailto:Greg.batzler@pgn.com">Greg.batzler@pgn.com</a>
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Dated this 1<sup>st</sup> of December 2022.

*Danielle McCain*

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Danielle McCain  
Office Administrator