BEFORE THE

PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, REQUEST FOR A GENERAL RATE REVISION	)	UE 394 CALPINE ENERGY SOLUTIONS, LLC'S CLOSING BRIEF

I. INTRODUCTION AND SUMMARY

Calpine Energy Solutions, LLC ("Calpine Solutions") hereby submits its closing brief to the Public Utility Commission of Oregon ("OPUC" or "Commission") in the above-captioned case. Calpine Solutions continues to recommend that deferred costs of transportation electrification under Schedule 150 should be recovered from all customers in a manner similar to the recovery of distribution costs and not allocated proportionally to all revenue, including imputed generation revenues for direct access customers. Despite suggestions in Portland General Electric Company's ("PGE") opening brief, Calpine Solutions' proposal does not allow direct access customers to bypass these deferred costs – instead, direct access customers would pay the exact same amount as they would pay if they took bundled generation service from PGE. PGE has not established that its proposed allocation of the Schedule 150 costs at issue complies with the cost-allocation requirements of Senate Bill 1547. Calpine Solutions' proposal is the only reasonable and lawful proposal before the Commission, and it should be adopted.

II. ARGUMENT

The Commission should reject PGE's proposal to allocate deferred costs of PGE's transportation electrification pilots in Schedule 150 by imputing generation costs to direct access customers and should instead approve Calpine Solutions' proposal to allocate these costs to all customers, *including* direct access customers, in a manner consistent with allocation of distribution costs.

A. Senate Bill 1547 Requires Allocating the Deferred Schedule 150 Costs In a Manner Consistent with Distribution Investments.

As Calpine Solutions' opening brief demonstrated, the dispositive fact is that PGE began incurring these deferred costs in 2018 under pilot programs approved by the Commission pursuant to Section 20 of Senate Bill 1547.[1] Thus, Senate Bill 1547 requires that such transportation electrification costs "*[s]hall* be recovered from all customers of an electric company in a manner that is similar to recovery of distribution system investments."[2] PGE provides no persuasive explanation of how the Commission could ignore such mandatory language regarding allocation of the costs at issue here.

Instead, PGE's opening brief attempts to justify PGE's cost-allocation proposal by relying on the more lenient cost recovery language enacted in the past year and PGE's assertion that some of the costs to be recovered under the part of Schedule 150 at issue have been, or will be, incurred after the effective date of the new legislation.[3] The fundamental problem with PGE's argument is that PGE designed the part of Schedule 150 at issue to also include costs that

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1 2016 Or Laws ch 28, § 20 (codified at ORS 757.357 (2021)); Tr at 27:9-17 (Macfarlane, agreeing the costs were incurred beginning in 2018).

2 2016 Or Laws ch 28, § 20(5)(a)(B) (emphasis added) (codified at ORS 757.357(5)(a)(B) (2021)).

3 PGE's Opening Brief at 42.

were incurred beginning in 2018 pursuant to the restrictive cost allocation language of Senate Bill 1547. Thus, the part of Schedule 150 at issue must comply with *both* the requirements of ORS 757.357's old cost-allocation provision (from Senate Bill 1547) and ORS 757.357's new cost-allocation provision (from bills enacted in 2021, including House Bill 2165).[4] Where two different statutory provisions apply to the same tariff, PGE cannot choose to comply with one and ignore the other. Because the more restrictive cost recovery requirements of Senate Bill 1547 apply to much of the costs included in the tariff PGE designed, such tariff must comply with the cost-allocation provision of Senate Bill 1547.

The most PGE can argue on this point is that another bill it has not previously mentioned, House Bill 3055, enacted the same language as House Bill 2165 but had an effective date a few months earlier on September 25, 2021.[5] But that argument does not cure PGE's problem. PGE agrees that the costs at issue were incurred *beginning* in 2018 – up to three years or more before September 25, 2021. PGE's testimony even states that much of the Schedule 150 costs at issue were incurred pursuant to Senate Bill 1547.[6] Indeed, it was not until the hearing that PGE clarified that any of the costs at issue would be incurred after the effectiveness of ORS 757.357's new cost-allocation provision. Thus, PGE's proposal to use a cost-allocation method at odds

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[4] PGE's testimony and Advice No. 21-26 identified only House Bill 2165 as the source of the new statutory language justifying its proposed cost allocation. PGE/500, Bekkedahl-McFarland/11:14-15; PGE/1700, Bekkedahl-McFarland/28:2-4; PGE's Advice No. 21-26 at 1. However, the 2021 Legislature enacted the same amendment to ORS 757.357's cost-allocation provision in three separate bills. 2021 Or Laws Ch 630 § 21(9) (House Bill 3055); 2021 Or Laws 95 § 4(9) (House Bill 2165); 2021 Or Laws Ch 23 § 4(9) (House Bill 2290).

[5] PGE's Opening Brief at 42. PGE is correct that House Bill 3055 had an effective date of September 25, 2021. 2021 Or Laws Ch 630 § 170. House Bills 2165 and 2290 specified no effective date and thus became effective January 1, 2022. 2021 Or Laws 95 (House Bill 2165); 2021 Or Laws Ch 23 (House Bill 2290).

[6] PGE/500, Bekkedahl-Macfarlane/12:7 to 13:16; Tr at 29:8-15 (Macfarlane, agreeing costs were incurred pursuant to Senate Bill 1547).

with Senate Bill 1547 is without merit.

Remarkably, PGE's opening brief asks the Commission to, in effect, ignore the cost-allocation language in Senate Bill 1547. PGE makes the perplexing assertion that "costs in PGE's Schedule 150 such as advertising and rebates for transportation electrification would not logically be allocated to PGE's distribution system revenue requirement in the first instance, so allocating them in proportion to a customer's share of responsibility for distribution system costs, as Calpine suggests, is not allocating these costs 'similar to the recovery' of these types of 'distribution system investments.'"[7] Whether PGE believes it is "logical" or not, the fact remains that the Legislature directed that these deferred Schedule 150 costs – including those PGE considers to be related to advertising and rebates – "*[s]hall* be recovered . . . in a manner that is similar to recovery of distribution system investments."[8]

Moreover, the result required by Senate Bill 1547 is not so illogical as PGE suggests because the referenced rebates included payments by PGE for distribution investments made by customers in the form of charging stations and related equipment.[9] The table reproduced in PGE's opening brief confirms this fact.[10] The applicable rebate tariffs further explain that PGE has paid rebates for customer-installed equipment used "for the purpose of transferring alternating current electricity at 208 or 240 volts between the electrical infrastructure and the

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7 PGE's Opening Brief at 42.

8 2016 Or Laws ch 28, § 20(5)(a)(B) (emphasis added) (codified at ORS 757.357(5)(a)(B) (2021)).

9 PGE/500, Bekkedahl-Macfarlane/16 (Table 2); Tr at 28:21 to 29:7 (Macfarlane).

10 PGE's Opening Brief at 41 (Table 2).

EV."[11] Therefore, these deferred costs included PGE's payment for equipment used to distribute electric energy from PGE's generation sources to the end-use load of electric vehicles. Allocating such costs for distribution infrastructure in the same manner as other distribution infrastructure is perfectly logical.

B. PGE's Opening Brief Misstates And Fails to Even Address Calpine Solutions' Proposal.

PGE misstates Calpine Solutions' proposal in multiple different ways. In doing so, PGE fails to even respond to the only proposal in the record that complies with Senate Bill 1547.

First, PGE asserts that Calpine Solutions "asks the Commission to allocate the costs as if the Commission were solely allocating costs based on a customer's share of PGE's distribution system revenue requirement."[12] Not so. As has been repeatedly explained, Calpine Solutions' proposal is as follows:

> Specifically, to the extent that the deferred costs are specific to a customer class, such costs should be directly assigned to that class and recovered from customers based on their distribution revenue requirement. To the extent that the deferred costs are not specific to a single class, the costs should be allocated to each class in proportion to each class's distribution revenue requirement.[13]

Calpine Solutions does not ask the Commission to blindly assign all the costs of deferred transportation electrification pilots based on a customer's share of PGE's distribution system

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[11] PGE's Schedule 52, Nonresidential Electric Vehicle Charging Rebate Pilot, at Sheet No. 52-1; *see also* Schedule 8, Residential Electric Vehicle Charging Pilot (providing similar rebates for residential customers); PGE/500, Bekkedahl-McFarland/12:16-19 (citing Schedule 52); *id.* at 14:18-21 (noting the Commission has approved "rebates for residential customers installing connected charging stations at their homes" and "rebates for commercial customers installing charging infrastructure"); *id.* at 16 (Table 2, listing "residential smart charging rebates and business charging rebates" as among the costs deferred in UM 2003); PGE/601, Salmi-Koltz/197 (discussing "rebates for approximately 3,600 charging stations" by residential customers).

[12] PGE's Opening Brief at 40.

[13] Calpine Solutions' Prehearing Brief at 6 (citing Calpine Solutions/100, Higgins/9:1-11); *see also* Calpine Solutions/200, Higgins/2:3-11 (making same recommendation).

revenue requirement. Rather, our proposal is that – as with other distribution-related costs – the costs be directly assigned to a single class to the extent they relate to a program benefiting solely that class.

Second, PGE incorrectly suggests that Calpine Solutions' proposal provides unfairly advantageous treatment unique to direct access customers. In responding to Calpine Solutions' proposal, PGE invokes the prohibition against unwarranted cost shifting in implementing direct access,[14] and PGE asserts its proposal has the benefit of "allocate[ing] the deferred costs of PGE's transportation electrification pilots broadly to all customers as if they were cost of service."[15] PGE thus suggests that Calpine Solutions' proposal does not allocate the costs to direct access customers the same "as if they were cost of service" customers.[16] But Calpine Solutions' proposal shares the same feature as PGE's proposal on that point because it also applies the costs broadly to direct access customers identically as if they were cost-of-service customers. PGE's own witness agreed with that point at the hearing.[17] The salient difference between PGE's and Calpine Solutions' proposals is that Calpine Solutions proposes allocating the costs to all customers, including direct access customers, in a manner similar to distribution investments – just as Senate Bill 1547 requires – instead of imputing generation revenues to direct access customers to allocate the costs in a manner dissimilar to distribution investments as PGE proposes. While PGE would apparently like to cast Calpine Solutions' proposal as

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14 PGE's Opening Brief at 40 n 166 (citing ORS 757.607(1)).

15 PGE's Opening Brief at 39-40; *see also id.* at 40 (asserting: "The most principled cost allocation methodology for spreading costs for these types of public policy mandates would be to allocate them to all Oregonians").

16 PGE's Opening Brief at 39-40.

17 Tr at 29:19-24 (agreeing that "a Direct Access customer taking service under Schedule 485, for example, would pay the same Schedule 150 charge for these deferred amounts that are at issue as a Schedule 85 customer if that customer had remained on cost of service").

uniquely benefiting direct access customers, that is simply not the case.

The true issue PGE identifies is not a disparity in cost allocation between direct access versus cost-of-service customers, but rather a claimed disparity in cost allocation between large customers (e.g., non-residential customers) and small customers (e.g., residential customers). PGE's witness made this assertion at the hearing, but without any supporting analysis; subsequently, PGE's opening brief tries to recast it as an issue specific to direct access.[18] However, the record does not actually bear out PGE's witness's assertion that small customers would pay more than large customers under Calpine Solutions' proposal because PGE never attempted to quantify how Calpine Solutions' proposal would allocate costs between large and small customers. As noted above, in considering Calpine Solutions' proposal PGE apparently overlooked that deferred transportation electrification costs solely benefiting non-residential classes could be solely allocated to such classes. In any event, any disparity in rate impact would be the result of the Senate Bill 1547's directive to allocate the costs in a manner consistent with distribution investments.

Third, PGE asserts "Calpine's methodology would ignore the size of the customer and the size of the customer's load in determining what share of public policy benefits the customer enjoys and what costs it should bear[.]"[19] PGE is woefully incorrect. Distribution charges are based on the size of the customer's load.[20] Therefore, under Calpine Solutions' proposal, larger customers would make a greater contribution to Schedule 150 cost recovery than smaller

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[18] Tr at 31:15 to 32:5 ("while the Direct Access customers would pay the same amount . . . it creates a higher rate for small customers and a lower rate for large customers, thus putting more burden on the smaller customers").

[19] PGE's Opening Brief at 40.

[20] *See, e.g.,* PGE's Schedule 85, Large Nonresidential Standard Service, 201 - 4,000 kW (including "Distribution Charges" on a "per kW" basis).

customers on the same rate schedule in direct proportion to their load size. Moreover, direct access customers would pay the exact same load-based distribution charge as the corresponding cost-of-service customers.[21] Despite PGE's assertion, adoption of Calpine Solutions' proposal would result in a customer's load directly impacting the amount that a customer would pay for any public policy benefits of the deferred costs of PGE's transportation electrification pilots.

In sum, PGE has misunderstood and thus not meaningfully responded to Calpine Solutions' proposal. Because Calpine Solutions' proposal is the only lawful and reasonable proposal, the Commission should approve Calpine Solutions' proposal.

III. CONCLUSION

For the reasons stated above, the Commission should adopt Calpine Solutions' proposal to allocate deferred costs under Schedule 150 in a manner consistent with distribution costs.

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[21] *See, e.g.,* PGE's Schedule 485, Large Nonresidential Cost Of Service Opt-Out, 201 - 4,000 kW (containing the same "Distribution Charges" on the same "per kW" basis as Schedule 85).