



# Oregon

Kate Brown, Governor

## Public Utility Commission

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November 30, 2021



BY EMAIL

Portland General Electric Company

pge.opuc.filings@pgn.com

RE: Advice No. 21-25

At the public meeting on November 30, 2021, the Commission adopted Staff's recommendation in this matter docketed as ADV 1322. The Staff Report, LSN, and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 30, 2021**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** December 1, 2021

**DATE:** November 22, 2021

**TO:** Public Utility Commission

**FROM:** Madison Bolton

**THROUGH:** Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1322/Advice No. 21-25)  
PGE Schedule 54 Large Nonresidential REC Rider updates to mitigate the impacts of REC market volatility and ensure REC supply for customers.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) Advice No. 21-25, which updates Schedule 54 to end the suspension of this competitive operation, replaces the stated price per MWh for Offering 1 with a description of how the price will be determined for 2022 participants, allows PGE to limit total RECs sold, and adds a DEQ Clean Fuels Compliant REC offering, for service rendered on and after December 1, 2021, on less than statutory notice.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should approve PGE's proposed changes to Schedule 54, PGE's Renewable Energy Certificates (RECs) program on less than statutory notice.

Applicable Law

Oregon Revised Statute (ORS) 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

ORS 757.210 (1)(a) states a utility must show that a proposed rate or schedule of rates is fair, just, and reasonable. The Commission may authorize a rate or schedule of rates only if it is deemed to be fair, just, and reasonable.

ORS 757.220 requires 30 days' notice to changes to utility rates and schedules, except upon a finding of good cause shown.

Oregon Administrative Rules (OAR) 860-022-0015 states that energy utilities must provide the Commission with at least 30 days' notice prior to the effective date for any change in rates, tolls, charges, rules, or regulations.

OAR 860-022-0025 illustrates energy utility requirements for filing tariffs or changes to rate schedules.

## Analysis

### *Background*

PGE's Schedule 54 program is a competitive operation subject to the Commission's Code of Conduct rules and provides large nonresidential customers the option to purchase unbundled RECs from PGE.<sup>1</sup> Historically, PGE's Schedule 54 included a standard fixed \$/MWh product (Offering 1). PGE filed for the suspension of its standard fixed price product when volatility in the REC market caused prices to exceed the tariff's stated price of \$3.00 per MWh, leading to an unsustainable operation of the program from PGE's perspective. The temporary suspension was intended to provide PGE time to identify changes required to serve Schedule 54 customers in 2022 with a product more reflective of the current unbundled REC market. The Commission approved a temporary suspension of Offering 1 of this tariff on September 7, 2021.<sup>2</sup>

On October 15, 2021, the Company filed Advice No. 21-25, which proposes to end the temporary suspension and update Schedule 54 to remove the reference to a specific \$/MWh fixed price per REC for Offering 1, include a DEQ Clean Fuels Program compliant REC option, and allow PGE to limit the number of RECs sold.

From September 30 to November 10, Staff communicated with representatives from PGE in multiple teleconferences to discuss the proposed revisions to the tariff. Staff raised concerns about the lack of detail related to the price and pricing methodology for

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<sup>1</sup> The Code of Conduct rules found in OAR 860-038-0500 through 860-038-0640 govern the interactions and transactions among the electric company, its Oregon affiliates, and its competitive operations. The Code of Conduct is designed to protect against market abuses and anti-competitive practices by electric companies in the Oregon retail electricity markets.

<sup>2</sup> See Docket No. ADV 1303 PGE Advice No. 21-21, Schedule 54 Large Nonresidential Renewable Energy Certificates Rider Temporary Suspension of RECs.

Offering 1, which is intended to provide customer with a straightforward, standard price option.

PGE expressed concern over publishing the price of a competitive offering and sought more flexibility to adjust the price in response to market volatility and customer demand. However, Staff maintained that the tariff must provide a clear description of the methodology that PGE will use to determine the per MWh price for participants, including all pricing components, and how the pricing criteria will apply uniformly to customers to ensure no discriminatory rates.

On November 16, 2021, PGE submitted a supplemental filing with less than statutory notice that contains edits incorporating Staff's proposed feedback on tariff clarity and pricing details.

PGE intends to limit the RECs available under Offering 1 in 2022 to RECs procured under existing REC contracts so that the price will remain stable throughout the year. Customers wishing to increase their MWh level and new participants will be added to a waitlist and, subject to availability, would pay the same standard \$/MWh price as other participants in the offering. These customers will be served on a first come first served basis.

PGE also included edits that clarify how the REC price is determined in Offering 1. The rate will be made up of the market price for the RECs, a risk premium, and an administrative fee. The edits clarify that the \$/MWh price will be disclosed to the customer in the annual Green-e® disclosure documents. The risk premium will be uniform for all customers and will not exceed PGE's approved rate of return. The administration fee will be applied to customers uniformly to cover the entirety of their associated costs of program operation.

Staff believes that adding a DEQ Clean Fuels Program Compliant REC under Offering 3 is acceptable and that it does not need to be provided under Offering 1. This product still needs DEQ approval as a qualifying REC product for customers on Offering 3 to receive incremental clean fuels credits. PGE has noted that it is seeking Commission approval to offer this product prior to seeking DEQ approval of the product for use in the Clean Fuels Program. Staff recognizes that the large customers eligible for this product are sophisticated enough to understand the need to use a DEQ-approved REC product and that they have other options to source DEQ-approved RECs if the PGE product does not meet their needs.

Staff notes that throughout these discussions, PGE has stated that the updates to Schedule 54 are only intended for 2022 and the Company will be renewing and refreshing this tariff for the following year.

Staff concludes that the updates to Schedule 54 provide a clear description of how the price per REC is determined and ensure that pricing criteria is uniform for all customers. Staff believes the methods for determining prices in the tariff are fair, just, and reasonable.

Further, Staff finds good cause for approval on less than statutory notice given that the advice filing was initially filed prior to the statutory 30 day requirement, giving interested stakeholders ample notice of the filing and ability to review and participate in discussions. No stakeholder has reached out to Staff to discuss this filing.

#### Conclusion

The Commission should approve PGE's proposed tariff changes to Schedule 54, with less than statutory notice, noting that PGE intends to update this tariff with substantial changes after 2022.

#### **PROPOSED COMMISSION MOTION:**

Approve Portland General Electric's Advice No. 21-25, which updates Schedule 54 to end the suspension of this competitive operation, replaces the stated price per MWh for Offering 1 with a description of how the price will be determined for 2022 participants, allows PGE to limit total RECs sold, and adds a DEQ Clean Fuels Compliant REC offering, for service rendered on and after December 1, 2021, on less than statutory notice.

**LESS THAN STATUTORY NOTICE APPLICATION**

This document may be electronically filed by sending it as an attachment to an electronic mail message addressed to the Commission's Filing Center at [puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us).

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

IN THE MATTER OF THE APPLICATION OF ) UTILITY L.S.N. APPLICATION  
**PORTLAND GENERAL ELECTRIC** )  
\_\_\_\_\_) NO. 2288  
(UTILITY COMPANY) ) (LEAVE BLANK)  
TO WAIVE STATUTORY NOTICE. )

Received  
Filing Center  
NOV 16 2021

**NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.**


1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME)  
PGE submits this supplemental filing pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rule (OAR) 860-022-0025, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18. PGE initially filed Advice No. 21-25 on October 15, 2021 with a requested effective date of December 1, 2021, which remains as filed. After discussions with Staff, PGE is submitting this Supplemental Filing to address Staff's concerns that the tariff be more explicit about how the Option 1 REC price will be determined and to address program and participant caps.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM)  
First Revision of Sheet No. 54-3

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE AND ITEM)  
Second Revision of Sheet No. 54-3  
Original Sheet No. 54-4

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:  
PGE initially filed Advice No. 21-25 on October 15, 2021 with a requested effective date of December 1, 2021, which remains as filed. After discussions with Staff, PGE is submitting this Supplemental Filing to address Staff's concerns that the tariff be more explicit about how the Option 1 REC price will be determined and to address program and participant caps.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S) OR CHANGE(S): December 1, 2021

. AUTHORIZED SIGNATURE \s\ Robert Macfarlane	TITLE Manager, Pricing & Tariffs	DATE November 16, 2021
PUC USE ONLY		
<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE 12/01/2021	
AUTHORIZED SIGNATURE 	DATE 11/30/21	

**SCHEDULE 54  
LARGE NONRESIDENTIAL  
RENEWABLE ENERGY CERTIFICATES RIDER**

**PURPOSE**

This rider is an optional supplemental service that supports the development of New Renewable Energy Resources as defined in ORS 757.600. Under this Schedule, a Large Nonresidential Customer may purchase Renewable Energy Certificates (RECs), subject to a minimum purchase and availability of RECs for purchase.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To all Customers taking service under any of the following PGE schedules: 38, 49, 83, 85, 89, 90, 91, 95, 485, 489, 490, 491, 495, 583, 585, 589, 590, 591, 595, and 689. Customers who are on one of these base schedules who also have schedule 15 area lighting may include those schedule 15 lights in this program.

(D)

(C)

(C)

**PRODUCT OFFERINGS**

I. PGE Green Resource Mix

This product allows a Customer to purchase RECs, subject to minimum purchase. The product is Green-e® Energy certified, and as a result all RECs purchased on behalf of Green Resource Mix Customers will conform to the Green-e® Renewable Energy Standard for Canada and the United States and are either registered with Western Renewable Energy Generation Information System (WREGIS) or provided via third party audited Green-e attestation.

(T)

(C)

II. Specified Resource

This product allows a customer to purchase RECs from a specified facility, subject to a minimum purchase. Specified Resource provides the Customer with RECs obtained from specified resources and derived from the following fuels:

(T)

(C)

**SCHEDULE 54 (Continued)**

**PRODUCT OFFERINGS**

Specified Resource (Continued)

1. Wind;
2. Solar;
3. Certified low-impact hydroelectric;
4. Pipeline or irrigation hydroelectric systems;
5. Wave or tidal action;
6. Low emissions biomass (from digester methane from landfills, sewage or waste treatment plants, forest or field residues).
7. Hydrogen derived from photovoltaic electrolysis or non-hydrocarbon derivation process

Upon customer request, PGE will assist the Customer in identifying discrete generators matching the fuel types listed above. Any offering under Specified Resource must be 100% new renewable, which is defined as follows:

(T)

(1) a) Placed in operation (generating electricity) on or after January 28, 2000;

b) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or

c) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000 such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility.

(2) Any project that has been subject to an uprate meant solely to increase generation at a facility – without the construction of a new or repowered, separately metered generating unit – is not eligible for the specified resource offering.

Generation facilities solely owned by PGE (or included in the rate base of PGE) and constructed for the purpose of serving cost-of-service utility customers are not eligible for selection in the specified resource program.

(C)  
(C)

III. DEQ Clean Fuels Compliant Resource

(N)

This product allows Customers to purchase qualifying RECs that meet the requirements to generate incremental clean fuels credits as part of the Oregon Clean Fuels Program administered by the Oregon Department of Environmental Quality (DEQ) under ORS 468A. Under this option, PGE only offers RECs that meet the Clean Fuels Program requirements.

(N)



**SCHEDULE 54 (Continued)**

(T)

**RATE**

1. With regard to Offering 1, PGE Green Resource Mix:
  - a. The rate for this product is specified in the Green-e<sup>®</sup> Energy required disclosure documents, a copy of which is provided to the Customer.
  - b. The rate for Offering 1 shall be comprised of three components: the market price for the REC, selling, general, and administrative (SG&A) costs, and a risk premium fee.
  - c. The market price for RECs may change but will be based on expected market conditions and program demand. The SG&A costs will be calculated to ensure that program participants bear the entirety of these costs, and these costs will be uniformly charged to customers. The risk premium accounts for PGE shareholder risk from entering a fixed price contract to supply RECs and will not exceed PGE's currently approved rate of return. The risk premium will be the same for all customers participating in this offering.
  - d. A minimum REC purchase of 1,000 kWh per month, or annual equivalent, is required.
2. If a Customer chooses to participate in the Specified Resource or DEQ Clean Fuels Compliant Resource program, price may differ and is subject to execution of a written contract.

(C)

(C)

**SPECIAL CONDITIONS**

1. The Customer may enroll to purchase any option outlined in this tariff by signing a contract. Upon execution of a signed agreement, service will become effective with the next regularly scheduled meter reading date provided the Contract was entered into at least five days before their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date.
2. The Company will not accept enrollments from accounts with poor credit history. For the purposes of this offering, poor credit history is defined as: a) having received two or more final disconnect notices in the past 12 months; or b) having been involuntarily disconnected in the past 12 months.
3. The Company makes no representations as to the impact on the development of renewable resources from Customer participation.

(C)

(M)

**SCHEDULE 54 (Concluded)**

SPECIAL CONDITIONS (Continued)

- |    |  |                |
|----|--|----------------|
| 4. | The Company is not required to own renewables or to acquire energy from renewable resources simultaneously with Customer usage.  | (M)            |
| 5. | PGE will purchase RECs sufficient to meet all Customer commitments, and retire them annually.  | (C)<br>(C)     |
| 6. | The Company will charge or credit all incremental costs and revenues associated with the provision of services under this schedule to nonutility accounts.   | (C)<br>(C)     |
| 7. | PGE offers this product through a competitive operation and is provided in accordance with the Code of Conduct as set forth in OAR 860-038-0500 through 860-038-0640.  | (C)            |
| 8. | If the Company chooses to use bill inserts to market this schedule to Customers, it will allow other REC providers access to place inserts in the Company's bills under the same prices, terms and conditions that apply to allowing the Company's Large Nonresidential REC program to use the bill inserts.   | (C)<br>(C)(M)  |
| 9. | PGE will limit the number of RECs that PGE offers for purchase under the PGE Green Resource Mix option, as well as the number of Green Resource Mix RECs bought by any individual customer based on RECs PGE has purchased. The availability of Specified Resource and Clean Fuels Compliant RECs is also dependent on market supply and pricing and may be limited. In the event that RECs are limited in supply, there will be a waitlist for any new participants that will be served on a first come first served basis. | (N)<br><br>(N) |