

**PUBLIC UTILITY COMMISSION OF OREGON  
REDACTED STAFF REPORT  
PUBLIC MEETING DATE: April 19, 2022**

REGULAR  CONSENT  EFFECTIVE DATE June 1, 2022

**DATE:** April 11, 2022

**TO:** Oregon Public Utility Commission

**FROM:** Eric Shierman

**THROUGH:** Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1379/Advice No. 22-03)  
Revisions to Schedules 7 and 32 for renewable portfolio options for residential and small commercial customers.

**STAFF RECOMMENDATION:**

The Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE or the Company) Advice No. 22-03, which revises the Green Future renewable portfolio options for Schedule 7 and 32 customers and authorizes the transfer of remaining funds from 2020 and 2021 to the Renewable Development Fund.

**DISCUSSION:**

Issue

Whether the Commission should approve the modification of PGE's Green Future renewable portfolio options that would raise the price for renewable usage option customers, decrease the price for renewable fixed option customers, eliminate the fixed contribution to the RDF, and transfer remaining funds from 2020 and 2021 to the Renewable Development Fund (RDF).

Applicable Rule or Law

ORS 757.603 requires electric utilities to provide a portfolio of rate options to residential customers. The Commission regulates portfolio options so that the rates reflect the costs and risks of serving each option.

Under ORS 757.603(2), each electric company is required to offer residential customers a portfolio of rate options that, at minimum, includes a rate that reflects significant new renewable energy resources, a market-based rate, and, when demand is found to be sufficient to justify the rate, a rate option associated with a specific renewable energy source.

OAR 860-038-0220 sets forth the Commission's requirements for electric companies to provide a portfolio of products and pricing options (Portfolio Options) to residential and, in some instances, small nonresidential customers.

### Analysis

#### *Background*

Through UM 1020, PGE has offered portfolio options to residential and small commercial customers for two decades. This program is self-funded. For the past two years, the price of Renewable Energy Credits (RECs) which PGE purchases on behalf of portfolio option customers have nearly tripled.<sup>1</sup> PGE's proposed changes are an adaptation to these higher prices.

For residential and small commercial customers, Green Future has two product options, renewable usage and renewable fixed. The renewable usage option bills proportionally to the customer's energy usage, charging a premium for renewable energy investments that go primarily to the purchase of RECs. The other product is the renewable fixed option, which bills customers a premium in 200 kWh blocks for renewable energy investments that go primarily to the RDF.

#### *PGE's Proposal*

PGE proposes to raise the renewable usage option from 0.8 to 0.94¢ per kWh. This is an increase of 0.14¢ per kWh needed to purchase RECs at a new contracted price [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].<sup>2</sup>

Despite the increase in REC prices, PGE proposes to reduce the price of the renewable fixed option from \$2.50 to \$1.88 per 200 kWh block. This is a decrease of 62¢ per 200 kWh block. The net reduction in price is made possible by reducing spending on the marketing of this product by \$2 million and removing the \$1.50 from each block that was earmarked for the RDF.

---

<sup>1</sup> See Docket No. ADV 1309, OPUC Staff, Staff Report, p 2, December 20, 2021.

<sup>2</sup> See Docket No. ADV 1379, PGE, Confirmation Letter No. 29, p 2.

PGE has more than \$15 million in unused RDF funds from 2020 and 2021 to roll over to 2022. PGE proposes to also use these funds for the RDF in future years.

In addition to distributing these unused funds that have accumulated over the past two years, Green Future's contributions to the RDF going forward would come from rolling over any unspent funds after the cost of RECs, marketing, and administration, rather than having a fixed allocation, and going forward, the RDF's funding will come from both the usage and fixed options. PGE forecasts this will ensure the RDF can fund a minimum of \$1 million in renewable energy projects per year.

Staff finds PGE's proposal reasonable. Like Pacific Power's request to cut the size of a renewable block in half in ADV 1309, PGE's proposal is an adaptation to higher REC prices. PGE was able to find room for reduced marketing costs to keep the cost increase limited and even reduce the price of a 200 kWh block. Because of the accumulation of unspent funds over the past two years, the reduction in the renewable fixed option's contribution to the RDF will not prevent the RDF from awarding at least \$1 million in grants directly to renewable energy projects in future years.

Finally, PGE's changes will enable Green Future to remain self-funded. This will hold customers that do not participate in Green Future harmless to the rising REC prices.

### Conclusion

The escalating price of RECs has required PGE to make some changes to the Company's portfolio options. If the Commission approves these changes, the renewable usage option will be increased by 0.14¢ per kWh. The price of a 200 kWh block for the renewable fixed option will be reduced by 62¢, while also reducing marketing expenditures and removing the fixed contribution to the RDF. PGE will roll unspent funds from 2020 and 2021 into the RDF, and plans to continue to do so. Staff finds these changes to be a reasonable adjustment to the higher REC prices while keeping the Green Future program self-funded.

### **PROPOSED COMMISSION MOTION:**

The Commission should approve PGE's Advice No. 22-03, which revises the Green Future renewable portfolio options for Schedule 7 and 32 customers and authorizes the transfer of remaining funds from 2020 and 2021 to the Renewable Development Fund.