



Portland General Electric Company
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July 17, 2023

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St SE, Suite 100
Salem, OR 97308-1088

RE: UM 2274 – In the Matter of Portland General Electric Company, 2023 All-Source Request for Proposals – PGE Planning and Procurement Forecast

Enclosed for filing in the above captioned docket is an electronic copy of PGE's 2023 PGE All-Source RFP Planning and Procurement Forecast pursuant to Order No. 23-146.

If you have any questions, please contact Greg Batzler at (503) 464-8644. Please direct all formal correspondence and requests to the following e-mail address: pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jaki Ferchland
Jaki Ferchland
Manager, Revenue Requirement

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2274

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2023 All-Source Request for Proposals.

**PORTLAND GENERAL ELECTRIC
PLANNING AND PROCUREMENT
FORECAST**

I. INTRODUCTION

In Order No. 23-146, the Commission directed PGE to make a filing describing “how its forecasted procurement needs interact with the cadence of its IRP development process.” This includes, to the extent possible, “how its projected procurement schedule may change based on new IRPs or IRP updates over the next five years” and where PGE “expects it will need regulatory forbearance to meet its needs.” Additionally, Staff noted it “would like PGE to detail specific components of the CBRs or other Commission policies or procedures that the Company thinks may prevent it from filling projected deficits in a timely fashion” and that “PGE should also list specific actions or decisions the Commission may be asked to take or approve to waive or amend the existing procurement process.” Staff also stated that “PGE may suggest any long-term alterations to the CBRs that it believes would streamline the procurement process while maintaining the spirit of the rules” with “a discussion of how the goals of stakeholder engagement, competitive procurements, and ratepayer protection will be maintained.”

As discussed in PGE’s 2023 Clean Energy Plan (CEP) and Integrated Resource Plan (IRP), the need for new resources is currently expected to be constant through the end of the decade. PGE’s LC 80 Addendum filed July 7, 2023 indicates that the annual energy need –

defined as the amount of system deficit expected over a typical year, expressed in average MW (MWa) – is now forecast to be 261 MWa (approximately 750 MW nameplate) per year through 2028. In addition, PGE is likely to have significant remaining capacity need – the resource deficit experience in times of peak need – in 2026.¹ The total energy procurement volume forecast before 2030 is forecast to be over 1,307 MWa, (approximately 3,900 MW nameplate).²

PGE does not recommend any specific change to the Competitive Bidding Rules at this time. Instead, the Commission decisions in Order No. 23-146 and the feedback received and incorporated to date in UM 2274 have highlighted a pathway to accelerating the procurement process within the existing framework. PGE prefers a continued focus on adapting the rules as they exist today to meet this period of much faster acquisition and much higher system needs.

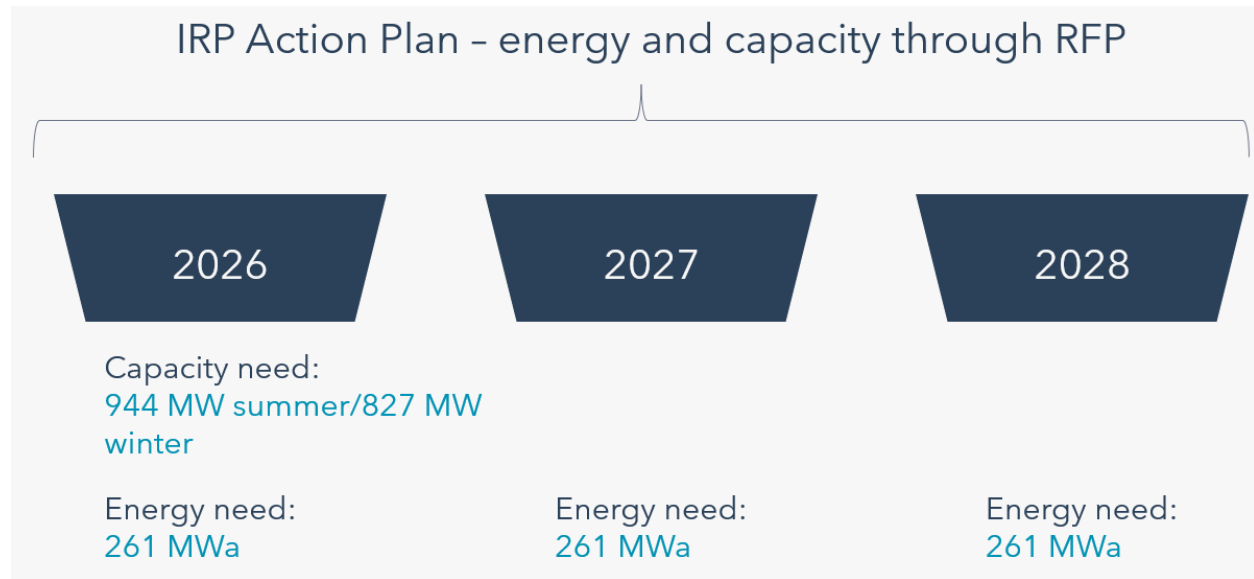
Within UM 2274, PGE received feedback from Staff and stakeholders that shifting the procurement approach in a way that focuses on connectivity to the entire IRP Action Plan – as opposed to a singular COD – is likely a beneficial outcome to accelerate the procurement process. PGE adopted this feedback in its June 28, 2023 comments,³ and further discussion around the benefit of COD flexibility occurred during the July 6, 2023 Special Public Meeting. This moved the Draft RFP from having a COD of 12/31/2025 to accepting projects with any COD on or before 12/31/2027 (or 12/31/2029 for long-lead time resources). This expanded flexibility aligns with the identified “buckets” of need for both capacity and energy identified in the IRP Action Plan and would enable more nimble procurement out into the future. Figure 1 below illustrates the concept of yearly energy and capacity resource need.

¹ LC 80 Addendum, page 28

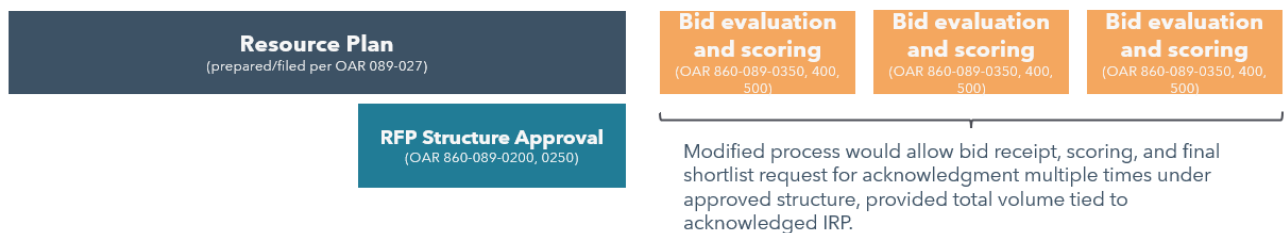
² LC 80 Addendum, page 15

³ UM 2274 PGE comments filed June 28, 2023; page 4.

Figure 1 – “Buckets” of resource need throughout the Action Plan



PGE proposes to build upon this concept, by both accepting CODs throughout the Action Plan and adding the option of multiple bid windows per approved RFP structure. In the next RFP, at this time PGE would anticipate requesting Commission approval of the selection of an Independent Evaluator and the design elements from OAR 860-089-0200 and 0250 as occurs today, but once approved, those elements would be in effect throughout the IRP Action Plan window. Once the structural elements are approved, PGE could seek, score, and evaluate bids multiple times – as needed – provided the final shortlists are compliant with the approval of the RFP structure received by the Commission and are consistent with the remaining need from the most recently acknowledged IRP. An example of this potential pathway is provided below:



Each IRP Action Plan would prompt filing and review of a new RFP structure. Once that structure is approved, multiple bid windows could be utilized as needed to meet the outstanding need. A Bid window would begin with PGE filing an updated needs assessment that points back to what has been acquired in previous bid windows and the need remaining from the most recently filed CEP/IRP or CEP/IRP Update. PGE could hold bidder conferences, provide an opportunity for Q&A from potential bidders, and provide a refresher on the approved RFP structure before seeking bids to continue moving toward addressing the need estimated in the IRP. The bid windows would be an option that PGE could exercise if one bid pool and final shortlist is insufficient to meet the full need for energy and capacity identified in the IRP Action Plan.

PGE anticipates that this concept – if acceptable – would begin with the next RFP and include a robust regulatory review of the updated structure pursuant to OAR 860-089-0200 and 0250. The bids to be sought through one or multiple windows – if approved – would be to meet any remaining need from the 2023 CEP/IRP.

This approach aligns with – and retains – the major elements of the Competitive Bidding Rules: both the elements that direct how a Draft RFP must be prepared and submitted for review, as well as the bid evaluation and final shortlist elements. In addition, this optionality to execute the market-facing functions of the RFP in tranches would allow for more opportunities to identify and acquire the best value projects, and the timing would be likely to better align with processes such as the PGE Interconnection Cluster Study, if approved, and the Bonneville Power Administration TSR Study and Expansion Process.

II. PLANNING FORECAST

The 2023 CEP/IRP identified two forecast tranches of need that would be met by issuance of one or more All-Source RFPs: a capacity need as soon as 2026, and an annual energy need

throughout the Action Plan.⁴ On July 7, 2023, PGE submitted an Addendum to the 2023 CEP/IRP to update several input forecasts of demand and generation supply, and reevaluated the portfolio forecast.⁵ The resulting need increased and has pointed toward continued – and perhaps accelerated – acquisition of resources throughout the Action Plan timeframe and to the end of the decade.

Table 1 – PGE capacity and energy need from 2023 CEP/IRP; as updated July 7, 2023

Action	As filed: March 31, 2023	As updated July 7, 2023
Capacity	506 MW summer & 430 MW winter ⁶	944 MW summer & 827 MW winter
Energy	181 MWa (905 MWa / 5 total years) per year through 2028 (543 MWa in Action Plan window) ⁷	261 MWa (1307 MWa / 5 total years) per year through 2028 (783 MWa in Action Plan window) ⁸

The 2023 IRP Action Plan window identifies need through project COD of 12/31/2027, and each year as currently forecast recommends that PGE acquire at least 261 MWa of new resources (approximately 750 MW nameplate) every year through 2028. PGE currently expects to prepare and file CEP/IRPs approximately two years after acknowledgment of the previous resource plan through the end of the decade.⁹ PGE further expects to file an update to the most recently acknowledged CEP/IRP on or before the anniversary date of the acknowledgment order.¹⁰

An indicative schedule of CEP/IRP filings is as follows:

- 2023: CEP/IRP filed March 31, 2023
- 2025: CEP/IRP update (assuming January 2024 acknowledgment of the 2023 CEP/IRP)
- 2026: CEP/IRP filed
- 2028: CEP/IRP update (assuming early 2027 acknowledgment of 2026 CEP/IRP)

⁴ 2023 CEP/IRP Addendum filed July 7, 2023, page 28

⁵ 2023 CEP/IRP Addendum filed July 7, 2023, filing cover letter

⁶ 2023 CEP/IRP, page 124

⁷ 2023 CEP/IRP Addendum filed July 7, 2023, page 28

⁸ 2023 CEP/IRP Addendum filed July 7, 2023, page 28

⁹ OAR 860-027-0400(3)

¹⁰ OAR 860-027-0400(11)

- 2029: CEP/IRP filed

III. PROCUREMENT FORECAST

A utility's IRP includes an Action Plan that covers actions over the next two to four years. This articulates the system needs to ensure reliability and continual progress toward decarbonization targets, and the Action Plan specifies that one or more RFPs will be used to meet any remaining need, adjusted for contract renewals and bilateral acquisitions.¹¹ Based on the timeline of recently completed RFPs, in UM 2166 and UM 1934, PGE assumes the following timeline for RFPs for the purposes of this analysis:

- Approximately 6-8 months for review and approval of the structural elements of developing and designing the RFP structure (OAR 860-089-0200 and 0250),
- 2-4 months to receive and score bids and to seek acknowledgment of the final shortlist (OAR 860-089-0350, 400, and 500),
- Approximately 3-6 months of commercial negotiations with top-performing counterparties,
- Approximately 18 months for construction of new non-emitting resources, as noted above.

Based on these recent experiences, for resources to come online before 2030, PGE's final acquisition cycle pre-2030 would likely need to be in calendar year 2027. This would allow for final shortlist acknowledgment to occur in the fourth quarter of 2027 or the first quarter of 2028, for commercial negotiations to complete in mid-2028, and for projects to be constructed to meet a 12/31/2029 COD.

¹¹ 2023 CEP/IRP Addendum filed July 7, 2023, page 28

Aligning resource procurement with the IRP filing schedule listed in Section II, the table below outlines how the Action Plans would emerge from each CEP/IRP filing, and procurement activities will seek to meet any open capacity/energy positions across the Action Plan once filed.

Table 2 – Action plan windows through 2030

CEP/IRP vintage	Action Plan
2023 filing	2025-2028
2025 update	Same, updates need from 2023 plan
2026 filing	2028-2031
2028 update	Same, updates need from 2026 plan
2029 filing	2031-2033

Assuming that each Action Plan above will identify an annual need, PGE likely has two potential paths for timely resource acquisition through an RFP. First, PGE could acquire resources on the same timelines as recent procurements, likely in two large tranches and with the likely need for waivers of at least some competitive bidding rule elements consistent with PGE’s request in UM 2274. Second, PGE could work within the existing competitive bidding rules, but with an open-ended procurement that is responsive to previous acquisitions and changes in IRP-identified needs in real time. In PGE’s view, the second path is far likelier to deliver tangible benefits at a reasonable cost to customers while also retaining the most robust regulatory review.

The first path contemplates acquisition of resources under the competitive bidding rules consistent with the timing and frequency of what has been seen in the recent past. Based on the timing of each procurement as noted above, PGE anticipates that this would point to RFPs beginning in late 2024 or early 2025 and late 2026 or early 2027, which would seek to procure some or all of the Action Plan need from the 2023/2026/2029 CEP/IRPs depending on remaining need and relative success of preceding RFPs and bilateral acquisitions. PGE anticipates that the timing of this approach would likely necessitate a process that would likely look similar to the

process in UM 2274 where PGE sought and received targeted waivers of the competitive bidding rules: parallel review of the planning and acquisition processes, limited waivers of rules when needed to accelerate review, and with the acquisition volume pointing back to the acknowledged need once known since the items in OAR 860-089-0200 and 0250 would be considered in parallel to the CEP/IRP.

PGE's concern with this approach is that the timelines would likely limit PGE to just two more RFPs between now and 2030: one in 2024/2025 and one in 2026/2027. If procurement is limited to just two additional RFPs, it is likely that each RFP would need to fill a need of greater than 1,500 MW based on the annual energy need identified in the IRP addendum and a likely 2028 capacity need.¹² These acquisitions would far exceed the volume of projects procured by PGE in any prior RFP and may strain the ability of the market to deliver to PGE in sufficient volumes at a balance of cost and benefit that is in the best interests of customers. Additionally, as per current process, each RFP would include the need for both structural review and the market-facing functions of bid receipt, scoring, evaluation, and Final Shortlist construction. If procurement falls behind schedule due to lack of robust response with a bid pool there is little ability to recover.

Under a second approach – described in Section I – PGE would seek to acquire resources within the Competitive Bidding Rules framework in a way that provided additional flexibility to avoid two very large RFP bid windows. PGE would prepare and file Draft RFPs for review, and the company would then seek, receive, and evaluate bids multiple times if needed to meet the need identified in the CEP/IRP. In this approach, PGE could initiate an RFP in 2024 – following the conclusion of the 2023 All-Source RFP – with a Draft RFP and proposed structure for scoring and modeling methodology. The 2024 RFP structure – once approved – could then be in place until

¹² 2023 CEP/IRP Addendum filed July 7, 2023, pages 15-16

the next IRP is filed or until ordered by the Commission to submit an updated Draft RFP. PGE could then seek bids as needed provided the volumes are consistent with the need identified in the 2023 CEP/IRP Action Plan and the process conforms with the approved structure. The bid scoring and evaluation would be completed consistent with OAR 860-089-0350, 400, 450, and 500. PGE anticipates filing at least two Draft RFPs for review of the proposed structures.

This nimbler approach to acquisition would also help PGE to address one of the primary points of feedback that we have heard in the 2023 Draft RFP process: the CODs identified in the IRP are too near-term and make delivery of viable projects a difficult task for bidders. An approach to acquisition that contemplates approval of the RFP structure once for each IRP, with multiple bid windows and final shortlists (if needed) would allow PGE additional flexibility to issue a call for bids well in advance of CODs, and would avoid the need for a separate RFP structure review process in advance of each upcoming capacity need provided that need was forecast in the IRP. This would enable PGE to procure resources that provide a benefit to customers and would reduce the risk that may arise through limiting the number of feasible RFP processes as PGE works to meet the HB 2021 decarbonization targets reliably.

IV. CONCLUSION

For the reasons stated above, PGE respectfully recommends further consideration of an accelerated acquisition process moving forward.

DATED this 17th day of July, 2023.

Respectfully submitted,

/s/ Erin Apperson

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