



Oregon

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Public Utility Commission

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August 22, 2023



BY EMAIL

Portland General Electric Company

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RE: Advice No. 23-12

At the public meeting on August 22, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1528. The Staff Report 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: August 22, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** September 1, 2023

DATE: August 14, 2023

TO: Public Utility Commission

FROM: Kaitlin Lynch

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1528/Advice No. 23-12)
Updates Three and Five-Year Transition Adjustment Schedule 129, prior to the September 2023 Election Window (Enrollment Period V).

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) update to Schedule 129 to offer qualifying large nonresidential customers a three or five-year cost of service opt-out beginning January 1, 2024, through an enrollment period during September 2023 (Enrollment Period V).

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve PGE's annual direct access tariff update for service rendered on and after September 1, 2023.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020.

OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue, and the reasons or grounds relied upon in support of the proposed change.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

ORS 757.600 to 757.689 authorize and regulate the provision of the "direct access" (Direct Access) option in Oregon. The Commission's rules implementing these statutes are set forth in OAR Chapter 860, Division 038. OAR 860-038-0160 concerns Direct Access transition charges and credits. OAR 860-038-0275 sets forth election timing windows for when the electric consumer may elect to purchase electricity under the Direct Access option.

Analysis

Background

PGE's multi-year opt-out filing implements the requirements of OAR 860-038-0275(5) to "offer customers a multi-year direct access program with an associated fixed transition adjustment." The details of these options are as follows:

Five-Year Cost of Service Opt-Out:

Provides a fixed transition adjustment rate for each year of the opt-out term. Following the five-year term, the customer may remain with an Electricity Service Supplier (ESS) without being subject to any additional Schedule 129 transition adjustments. Alternatively, the customer may choose to return to the Company's cost of service tariff, provided the customer issued a minimum of three year's notice to PGE of their intent to return to cost of service.

Three-Year Cost of Service Opt-Out:

Provides a fixed transition adjustment rate for each year of the opt-out term. At the end of the three-year term, customers must select service under any other applicable rate schedule.

Customers selecting a cost of service opt-out under Schedules 485, 489, 490, 491, 492, or 495 for service in 2023 will be subject to the applicable Schedule 129 transition adjustment rates for Enrollment Period V. PGE calculates these rates as the difference between the cost of energy provided by its owned and contracted resources and the market value of that energy.

Order No. 13-459, filed in the PGE general rate case UE 262, addressed long-term direct access issues commencing with service beginning January 2015. Consistent with the terms of this stipulation, PGE continues the transition adjustments methodology for Enrollment Period V, including the following details:

Five-Year Cost of Service Opt-out:

1. Transition adjustment components related to Net Variable Power Costs (NVPC), applicable adjustments, and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates.
2. Initial transition adjustments reflect current Commission-approved fixed generation costs, and will not be levelized over the five year opt-out period.
3. During the five-year opt-out period, fixed generation costs will be updated consistent with Commission orders related to general rate cases or Renewable Resource Automatic Adjustment Clause proceedings. Fixed cost updates are planned during the 2024-2028 period.

Three-Year Cost of Service Opt-out:

1. Transition adjustment components related to NVPC, applicable adjustments, and estimated market power prices are calculated in advance, levelized over the five year opt-out period, and not subject to updates.
2. Transition adjustments include the projected revenue requirements of new and existing resources, if any, that are expected to begin providing service during the three-year period (prorated to the expected date(s) of service), levelized over the three year opt-out period, and not subject to updates.

PGE's June 28, 2023, Filing for Enrollment Period V

The Schedule 129 prices for Enrollment Period V are indicative only and will be revised in late August 2023 to be posted on the Company's public website and filed with the Commission by August 31, 2023, to reflect updated power costs, loads, and forward market prices using the methodology presented in this filing.

Staff received electronic versions of the Company's work papers showing the

calculation of rates for three- and five-year opt-out customers. Staff reviewed the work papers to ensure consistency among the model inputs, outputs, and the actual tariff entries.

Effect on Ratepayers

Transition charges in Enrollment Period V will result in an average credit to the customer that is 1.758¢ per kWh and 1.681¢ per kWh larger than in Enrollment Period U for the three- and five-year programs, respectively. The changes in the transition credits are primarily due to increases in the market price forecast relative to PGE's cost of generation.

This tariff will impact only those direct access customers who choose to leave cost-of-service during the option window. However, the number of such customers who will make this election is unknown and, under these circumstances, the revenue change is similarly unknown.

Conclusion

Staff has reviewed the methodology used to calculate direct access rates and verified that they align with the stipulations from Docket No. UE 262 and Docket No. UE 394. Staff has determined that the rates are fair and reasonable and will not cause harm to cost of service customers.

PROPOSED COMMISSION MOTION:

Approve the Company's update to Schedule 129 to offer qualifying large non-residential customers a three or five-year cost of service opt-out beginning January 1, 2024, through an enrollment period during September 2023 (Enrollment Period V), effective with service rendered on and after September 1, 2023.

**SCHEDULE 129
LONG-TERM TRANSITION COST ADJUSTMENT**

AVAILABLE

In all territory served by the Company.

APPLICABLE

Applicable to Large Nonresidential Customers that have selected service under Schedules 485, 489, 490, 491, 492, and 495.

TRANSITION COST ADJUSTMENT

Minimum Five Year Opt-Out

For Enrollment Periods A - P: 0.000 ¢ per kWh

(C)

The Schedule 129 Transition Cost Adjustment will be updated to reflect OPUC-approved changes in fixed generation costs during the five-year period.

For Enrollment Period Q (2018), the current Transition Cost Adjustments are:

(D)
(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2019	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2020	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2021	2.972	2.958	2.625	2.576	2.493	2.540	2.511
2022	2.412	2.424	2.162	2.144	2.086	2.095	2.078
2023	2.412	2.424	2.162	2.144	2.086	2.095	2.078
After 2023	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(M)

SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Minimum Five Year Opt-Out

(M)

For Enrollment Period R (2019), the current Transition Cost Adjustments are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2020	2.376	2.359	2.042	2.004	1.918	1.960	1.968
2021	2.376	2.359	2.042	2.004	1.918	1.960	1.968
2022	1.816	1.825	1.579	1.572	1.511	1.515	1.535
2023	1.816	1.825	1.579	1.572	1.511	1.515	1.535
2024	1.816	1.825	1.579	1.572	1.511	1.515	1.535
After 2024	0.000	0.000	0.000	0.000	0.000	0.000	0.000

For Enrollment Period S (2020), the current Transition Cost Adjustments are:

(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2021	3.167	3.137	2.801	2.749	2.770	2.704	2.666
2022	2.475	2.474	2.216	2.197	2.247	2.144	2.119
2023	2.475	2.474	2.216	2.197	2.247	2.144	2.119
2024	2.475	2.474	2.216	2.197	2.247	2.144	2.119
2025	2.475	2.474	2.216	2.197	2.247	2.144	2.119
After 2025	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(M)

SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Minimum Five Year Opt-Out

For Enrollment Period T (2021), the current Transition Cost Adjustments are:

(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2022	0.851	0.845	0.590	0.602	0.606	0.564	0.669
2023	0.851	0.845	0.590	0.602	0.606	0.564	0.669
2024	0.851	0.845	0.590	0.602	0.606	0.564	0.669
2025	0.851	0.845	0.590	0.602	0.606	0.564	0.669
2026	0.851	0.845	0.590	0.602	0.606	0.564	0.669
After 2026	0.000	0.000	0.000	0.000	0.000	0.000	0.000

For Enrollment Period U (2022), the current Transition Cost Adjustments are:

(M)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2023	(1.985)	(1.799)	(0.766)	(0.758)	(0.798)	(0.825)	(0.769)
2024	(1.985)	(1.799)	(0.766)	(0.758)	(0.798)	(0.825)	(0.769)
2025	(1.985)	(1.799)	(0.766)	(0.758)	(0.798)	(0.825)	(0.769)
2026	(1.985)	(1.799)	(0.766)	(0.758)	(0.798)	(0.825)	(0.769)
2027	(1.985)	(1.799)	(0.766)	(0.758)	(0.798)	(0.825)	(0.769)
After 2027	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(M)

SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Minimum Five Year Opt-Out (Continued)

(M)

For Enrollment Period U (2022), the Generation Demand Charge are:

Period	Sch. 485 Sec. Vol. \$ per kW of On- Peak Demand	Sch. 485 Pri. Vol. \$ per kW of On- Peak Demand	Sch. 489 Sec. Vol. \$ per kW of On- Peak Demand	Sch. 489 Pri. Vol. \$ per kW of On- Peak Demand	Sch. 489 Sub. Vol. \$ per kW of On- Peak Demand	Sch. 490 Pri. Vol. \$ per kW of On- Peak Demand	Schs. 491/492/495 \$ per kW of On- Peak Demand
2023	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2024	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2025	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2026	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2027	5.17	5.15	0.000	0.000	0.000	0.000	0.000
After 2027	0.000	0.000	0.000	0.000	0.000	0.000	0.000

For Enrollment Period V (2023), the current Transition Cost Adjustments are:

(N)

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2024	(3.690)	(3.536)	(2.507)	(2.481)	(2.602)	(2.483)	(2.165)
2025	(3.690)	(3.536)	(2.507)	(2.481)	(2.602)	(2.483)	(2.165)
2026	(3.690)	(3.536)	(2.507)	(2.481)	(2.602)	(2.483)	(2.165)
2027	(3.690)	(3.536)	(2.507)	(2.481)	(2.602)	(2.483)	(2.165)
2028	(3.690)	(3.536)	(2.507)	(2.481)	(2.602)	(2.483)	(2.165)
After 2028	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(N)

SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Minimum Five Year Opt-Out (Continued)

For Enrollment Period V (2023), the Generation Demand Charge are:

Period	Sch. 485 Sec. Vol. \$ per kW of On-Peak Demand	Sch. 485 Pri. Vol. \$ per kW of On-Peak Demand	Sch. 489 Sec. Vol. \$ per kW of On-Peak Demand	Sch. 489 Pri. Vol. \$ per kW of On-Peak Demand	Sch. 489 Sub. Vol. \$ per kW of On-Peak Demand	Sch. 490 Pri. Vol. \$ per kW of On-Peak Demand	Schs. 491/492/495 \$ per kW of On-Peak Demand
2024	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2025	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2026	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2027	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2028	5.17	5.15	0.000	0.000	0.000	0.000	0.000
After 2028	0.000	0.000	0.000	0.000	0.000	0.000	0.000

(N)

(N)

Three Year Opt-Out

This option was not available during Enrollment Periods A and B

For Enrollment Periods C - Q, No Longer Available

For Enrollment Period R (2019), the Transition Cost Adjustment will be:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2020	2.655	2.589	2.273	2.231	2.266	1.992	2.157
2021	2.655	2.589	2.273	2.231	2.266	1.992	2.157
2022	2.655	2.589	2.273	2.231	2.266	1.992	2.157

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SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Three Year Opt-Out (Continued)

For Enrollment Period S (2020), the Transition Cost Adjustment will be:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2021	3.170	3.085	2.770	2.718	2.624	2.476	2.612
2022	3.170	3.085	2.770	2.718	2.624	2.476	2.612
2023	3.170	3.085	2.770	2.718	2.624	2.476	2.612

For Enrollment Period T (2021), the Transition Cost Adjustment will be:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2022	1.376	1.312	1.002	0.983	1.046	0.770	1.125
2023	1.376	1.312	1.002	0.983	1.046	0.770	1.125
2024	1.376	1.312	1.002	0.983	1.046	0.770	1.125

For Enrollment Period U (2022), the current Transition Cost Adjustments are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2023	(3.779)	(3.703)	(2.249)	(2.226)	(2.292)	(2.567)	(1.954)
2024	(2.172)	(2.142)	(0.655)	(0.649)	(0.586)	(1.021)	(0.645)
2025	(1.266)	(1.294)	0.246	0.242	0.425	(0.170)	(0.140)

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SCHEDULE 129 (Continued)

TRANSITION COST ADJUSTMENT (Continued)
Three Year Opt-Out (Continued)

For Enrollment Period U (2022), the Generation Demand Charge are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2023	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2024	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2025	5.17	5.15	0.000	0.000	0.000	0.000	0.000

For Enrollment Period V (2023), the current Transition Cost Adjustments are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2024	(4.969)	(4.953)	(2.662)	(2.634)	(2.686)	(2.894)	(2.138)
2025	(4.835)	(4.850)	(2.462)	(2.436)	(2.430)	(2.729)	(2.172)
2026	(4.618)	(4.640)	(2.243)	(2.220)	(2.180)	(2.537)	(2.231)

For Enrollment Period V (2023), the Generation Demand Charge are:

Period	Sch. 485 Sec. Vol. ¢ per kWh	Sch. 485 Pri. Vol. ¢ per kWh	Sch. 489 Sec. Vol. ¢ per kWh	Sch. 489 Pri. Vol. ¢ per kWh	Sch. 489 Sub. Vol. ¢ per kWh	Sch. 490 Pri. Vol. ¢ per kWh	Schs. 491/492/495 ¢ per kWh
2024	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2025	5.17	5.15	0.000	0.000	0.000	0.000	0.000
2026	5.17	5.15	0.000	0.000	0.000	0.000	0.000

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(N)
(N)
(N)
(M)

SCHEDULE 129 (Continued)

SPECIAL CONDITIONS

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1. Annually, the total amount paid in Schedule 129 Long-Term Transition Cost Adjustments associated with Enrollment Periods A through K will be collected through applicable Large Nonresidential rate schedules (Schedules 75, 85, 89, 90, 485, 489, 490, 575, 585, 589 and 590), through either the System Usage or Distribution Charges. Commencing with Enrollment Period L, the Schedule 129 amounts paid or received will be collected from all rate schedules, through either System Usage Charges or Distribution Charges. Such adjustment to the System Usage or Distribution Charges will be made at the time the Company files final rates for Schedule 125, and will be effective on January 1st of the following calendar year.
2. Annually, changes in fixed generation revenues resulting from either return to or departure from Cost of Service pricing by Schedules 485, 489, 490, 491, 492, and 495 customers relative to the Company's most recent general rate case will be incorporated into the System Usage Charges or Distribution Charges of all rate schedules. Such adjustment to the System Usage or Distribution Charges will be made at the time the Company files final rates for Schedule 125, and will be effective on January 1st of the following calendar year. The adjustment to the System Usage or Distribution Charges resulting from changes in fixed generation revenues shall not result in an overall rate increase or decrease of more than 2 percent except as noted below. For those Enrollment Periods in which the first-year Schedule 129 Transition Adjustments are expected to be positive charges to participants, the projected first-year revenues from Schedule 129 will be netted against the changes in fixed generation costs for purposes of calculating the proposed overall rate increase or decrease. Should the rate increase or decrease exceed 2 percent, the amounts exceeding 2 percent will be deferred for future recovery through a balancing account. This balancing account will be considered an "Automatic Adjustment Clause" as defined in ORS 757.210. For purposes of calculating the percent change in rates, Schedule 125 prices with and without the increased/decreased participating load will be determined.
3. In determining changes in fixed generation revenues from movement to or from Schedules 485, 489, 490, 491, 492, and 495, the following factors will be used:

Schedule		¢ per kWh
85	Secondary	2.715
	Primary	2.687
89	Secondary	2.583
	Primary	2.555
	Subtransmission	4.528
90		2.547
91		2.423
92		2.423
95		2.423

(M)

SCHEDULE 129 (Concluded)

TERM

The term of applicability under this schedule will correspond to a Customer's term of service under Schedules 485, 489, 490, 491, 492 or 495.

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