Portland General Electric
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February 6, 2023

***Via Electronic Filing***

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

**Re: PGE's Response to Comments filed by CUB and Staff's Memo on PGE's UM 1953 Compliance Filing for Green Energy Affinity Rider (GEAR), Schedule 55 Phase 1, CSO Option, update to rate and credit calculation due to renegotiated PPA**

Portland General Electric Company (PGE or Company) submits these comments in response to Oregon Citizens' Utility Board (CUB) comments filed on February 1, 2023, and Staff's Memo on PGE's UM 1953 Compliance Filing for GEAR (also known as Green Future Impact (GFI)), Schedule 55 Phase 1, Customer Supply Option (CSO), update to rate and credit calculation due to a renegotiated Power Purchase Agreement (PPA).

PGE appreciates CUB's and Staff's thorough review of its Compliance Filing. In comments CUB recommends the Commission adopt an alternative energy and capacity value for the renegotiated Daybreak Solar PPA due to the delay in the Commercial Operation Date (COD) for the project. CUB is concerned that non-participating cost of service customers are being exposed to direct and indirect costs that should be borne by the participating voluntary renewable energy tariff (VRET) customer. Staff recommends that the Commission approve PGE's updated rate and credit calculations with a revised effective load carrying capability (ELCC) value of 8.5 percent in the credit calculation. PGE accepts Staff's recommendation for the revised ELCC value.

In CUB's review of PGE's Compliance Filing, they performed their own MONET power cost model run to determine the impact to PGE's 2023 Annual Update Tariff (AUT) as a result of the delay. PGE sees two key fundamental issues with CUB's approach:

1. As this is a voluntary program, for which the underlying resources would not have been acquired otherwise, the scenario of modeling the AUT without the resource generally represents what customers would pay if it were not for the VRET.
2. The method for which the AUT models market cost in Monet is based on the Mid-Columbia (Mid-C) Day-Ahead forward curve, which represents a bilateral over-the-counter market for energy. In comparison, the forward curve used to model the energy value for GFI is an Aurora forward curve, which is a production cost model using transmission-constrained zonal optimization to produce economic dispatch.

PGE agrees with Staff, who note that while CUB's analysis focuses on a single-year run and uses a power cost model that deviates from the established method of calculating energy and capacity credits, PGE instead calculated the rate and credit using the same method as prior filings and consistent with Schedule 55 and Order No. 19-075.

In addition, PGE does not agree with the methodology for the model run performed by CUB with and without the resource. **[BEGIN CONFIDENTIAL]** [redacted]

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If CUB had run Monet with and without Daybreak based on the updated COD, it would show a **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL]** to power costs. While PGE does not agree this should be passed onto the subscribing customer for the reasons highlighted above, it should be noted that even if this cost were to be included in the credit calculation, that the resource still proves to be a levelized net **[BEGIN CONFIDENTIAL]** [redacted] **[END CONFIDENTIAL].** PGE did meet with CUB to clarify these details and point out the inconsistencies in their analysis.

CUB also comments on the price that the subscribing customer is paying has resulted in little to no actual premium for the renewable energy credits (REC's) it is receiving from the resource, compared to what residential and small commercial customers pay for REC's under PGE's Green Future Choice (GFC) Renewable Power Program. PGE notes that the structure of its GEAR program, is separate and distinct from PGE's other Green Future product offerings and it is inappropriate to compare the price of a retail REC, which includes additional costs for marketing and administrative fees, to purchasing the share of a new renewable energy facility. The ability to opt-in to GFC, and most importantly the ability to opt-out of GFC (at no cost), GFC can occur on a monthly basis, whereas participating in GFI requires a long-term commitment by the subscribing customer (in this case 20-years) for which there are penalties for leaving the program.

PGE appreciates the opportunity to respond to comments submitted by CUB and Staff's Memo. The GFI program continues to provide a critical opportunity for businesses, cities and counties meet their ambitious sustainability and carbon reduction goals. Informal questions may be directed to Kori Mehdikhan at (503) 464-8962.

Sincerely,

\s\ *Robert Macfarlane*

Robert Macfarlane
Manager, Pricing & Tariffs

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**[END CONFIDENTIAL]**