

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com
Suite 450
1750 SW Harbor Way
Portland, OR 97201

November 13, 2018

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC CO.
Investigation into Proposed Green Tariff
Docket No. UM 1953

Dear Filing Center:

Please find enclosed the Reply of the Alliance of Western Energy Consumers to Portland General Electric Company's Response to Bench Request in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1953

In the Matter of)	
)	
PORTLAND GENERAL ELECTRIC)	REPLY OF THE ALLIANCE OF
COMPANY,)	WESTERN ENERGY CONSUMERS TO
)	PGE'S RESPONSE TO BENCH
Investigation of Proposed Green Tariff Filing.)	REQUEST
_____)	

AWEC appreciates this opportunity to reply to the Bench Request issued on October 29, 2018. On November 6, 2018, PGE responded to said Bench Request and AWEC hereby provides its reply to PGE's response.

The analysis PGE conducted highlights the pitfall of adopting Staff's proposal for a provision that would arbitrarily place a limit such that subscribers' rates could never be less than rates calculated without the subscription credit. In addition to the concerns with Staff's proposal AWEC identified in testimony, PGE's response to the Bench Request shows that Staff's proposal may arbitrarily impose additional costs onto the subscribing customer simply due to the way that credit or PPA price is structured. If, in PGE's example, the subscription credit was structured using a floating rate, the customer would be required to pay significant subscription surcharges upfront, but would be foreclosed from receiving any offsetting credits in the later years when the benefits were more in line with the levelized PPA price. Similar effects would be observed if the subscription credit were fixed, with a non-levelized PPA price.

In addition, PGE's analysis considers the IRP forecast *a fait accompli*, and did not analyze the long-term beneficial impacts of the subscription resource to non-participating

customers. PGE's analysis largely attempted to analyze the costs and benefits to the Green Tariff customer but does not consider how non-participating customers' rates will change as a result of acquiring the subscription resource.

One thing is clear: when the program is implemented, PGE will not plan under the assumption that the subscription resource does not exist. Doing so would be imprudent. The fact is that building the subscription resource will produce many benefits, avoid the need for new resources, and allow for the retirement of older, more-expensive resources. PGE's analysis did not attempt to isolate those benefits, or at least it appears to assume that the IRP value is the benefit.

The IRP forecast deals primarily with incremental revenue requirements and is not the best tool for isolating rate impacts. When considering rate impacts, one must look to long-run marginal costs to determine how rates will change over the long term in connection with the subscribing customer's generation because that is how cost are assigned.

Absent such an analysis, one is left guessing what resource actions the utility would have ultimately taken "but for" the subscription decision. Certainly, if marginal costs are a sufficient basis for establishing rates in a general rate proceeding, then by definition marginal costs must be sufficient for considering the rate impacts associated with a Green Tariff customer's subscription decision.

AWEC appreciates this opportunity to reply to PGE's response to the Bench Request.

Dated this 13th day of November, 2018.

Respectfully submitted,

/s/ Bradley G. Mullins

Bradley G. Mullins
1750 SW Harbor Way, Suite 450
Portland, Oregon 97201
(503) 954-2852 (phone)
(503) 241-8160 (facsimile)
brmullins@mwanalytics.com
Consultant for the
Alliance of Western Energy Consumers

/s/ Tyler C. Pepple

Tyler C. Pepple
Davison Van Cleve, P.C.
1750 SW Harbor Way, Suite 450
Portland, Oregon 97201
(503) 241-7242 (phone)
(503) 241-8160 (facsimile)
tcp@dvclaw.com
Of Attorneys for the
Alliance of Western Energy Consumers