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August 23, 2021

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 ALLIANCE OF WESTERN ENERGY CONSUMERS Petition for a General Investigation into Long-Term Direct Access Programs.
Docket No. UM 2024

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' Straw Proposal for Long-Term Direct Access 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

ALLIANCE OF WESTERN ENERGY CONSUMERS
Straw Proposal for Long-Term Direct Access
August 23, 2021

AWEC's straw proposal below applies only to Portland General Electric's and PacifiCorp's Long-Term Direct Access programs, not to either utility's New Load Direct Access programs. AWEC is not making a proposal to modify the New Load Direct Access Program, but reserves the right to support or oppose any other parties' proposed changes to this program.

Direct access is treated as a resource option

- Eligible customers have two options to elect direct access:
  - Option 1: Transition anytime based on an avoided cost schedule developed in conjunction with the utilities' IRPs
    - The avoided cost would be modeled in the IRP and would be based on the utilities' energy, capacity and renewable/non-emitting needs.
    - The avoided cost is developed by running two versions of a fixed and variable power cost forecast – one based on the base case load forecast used in the IRP and one based on an adjusted load forecast with load reduced by a representative direct access customer as a proxy for DA transitions.
      - Avoided costs are updated in each IRP and IRP Update
    - Customers pay or receive transition adjustments for 20 years. All amounts are deferred for later inclusion in COS customer rates.
    - The avoided cost is fixed for each DA customer at the time it elects to transition.
  - Option 2: Transition as part of a "bid" into an RFP for new resources, or when the utility requests a waiver of the competitive bidding guidelines.
    - When a utility issues an RFP, it also issues a notice to all customers eligible for long-term direct access. That notice would invite any interested customer to join a waitlist pending the outcome of the RFP.
    - After a final shortlist from the RFP is developed, but before it is brought to the Commission for acknowledgment, a new avoided cost is determined for direct access based on the utility's updated resource needs at that time (excluding the contributions of any resources on the shortlist).
    - The avoided cost is developed by running a fixed and variable power cost forecast including the bids on the shortlist and comparing it with a forecast where direct access load on the waitlist either meets the full resource need

(if sufficient load exists on the waitlist) or is scaled up to meet the next incremental lowest valued shortlist resource.

- The calculated avoided cost is only available up to the resource need; thus, if DA exceeds the resource need, any excess would be subject to transition adjustments based on a different avoided cost.

- Eligible customers on the waitlist may elect direct access at the avoided cost. At this time, these customers will irrevocably commit themselves to DA, unless the Commission does not acknowledge the shortlist. The utility performs additional portfolio modeling to determine whether to remove any supply-side resources as a result of DA customers' election.

- The shortlist is updated to reflect the direct access load that "opts in", and this final shortlist is taken to the OPUC for acknowledgment.

- Following the RFP, further direct access transitions are suspended until the utility develops its next avoided cost in its IRP or another RFP.

Program Cap

- A soft "cap" is placed on non-RFP direct access based on forecasted load growth up to the first resource acquisition identified in the IRP.

  - The avoided cost discussed above is based in part on expected load growth for each utility. If sufficient load transitions to direct access that eliminates that forecasted load growth, the avoided cost is repriced and future customers electing direct access are subject to transition charges based on this repriced avoided cost.

  - For RFP direct access, a cap exists at the level of the resource need.

Resource Adequacy

- Electricity Service Suppliers are subject to Commission-approved resource adequacy requirements

  - These issues will be determined in UM 2143, but AWEC generally supports requirements that align with the NWPP effort unless or until superseded by other regional/market requirements.

Provider of Last Resort

- Existing emergency default service tariffs apply; however, utilities may preferentially serve existing COS customers before serving DA customers that return on an emergency basis if utility is unable to obtain emergency energy.

Public Policy Costs

- DA customers pay for "public policy" costs to the same extent as COS customers on the equivalent rate schedule
    - Public policy costs are those that do not confer a demonstrable electric system benefit on some customers over others (e.g., similar to taxes) and are components of a program required by law or regulation.
        - Examples of public policy costs: above-market costs associated with community solar rate (exist to ensure viability of community solar program, not to benefit any particular class of customers); public purpose charge (funds various public interest programs).
        - Examples of costs that are not "public policy": demand response (provides capacity benefit to COS customers); any program that is not required by law or regulation, does not confer a T&D benefit (and thus is not recovered through T&D charges), and in which DA customers are ineligible to participate.
            - DA customers may still be required to pay for some portion of these costs, but it would be commensurate with the benefit received, rather than equal to COS customers
    - Coal plant decommissioning costs are included in future DA customer transition charges in the amount forecasted at that time.
        - Existing DA customers do not bear additional decommissioning costs because they paid what was determined to be reasonable at that time and receive no credit for costs that were lower than expected when their transition charges were calculated.
        - Any change to decommissioning costs in the future (higher or lower) are not flowed through to DA customers after they commit and being paying transition adjustments.