

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 2143

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Resource Adequacy

**PORTLAND GENERAL ELECTRIC
COMMENTS ON STAFF'S
RESOURCE ADEQUACY PROPOSAL**

INTRODUCTION

Portland General Electric Company (PGE) submits these comments in UM 2143 *State Investigation into Resource Adequacy* in response to the Public Utility Commission of Oregon (Commission or OPUC) Staff's *Comment Period Announcement* circulated October 21, 2022.¹ That announcement followed a workshop on October 19, 2022, to discuss Staff's updated straw proposal to inform future rules on a state-level RA framework to complement the Western Power Pool's Western Resource Adequacy Program (WPP WRAP).² These comments are structured according to the rulemaking scope of issues table shared by Staff³ and include comments on the "level of detail that ESSs [electricity service suppliers] should be required to show in a future resource adequacy filing" and "[h]ow to properly define metrics of a future resource adequacy filing to align it with state resource adequacy goals and regional resource adequacy programs."⁴

As part of UM 2024 *AWEC's Investigation into Long-Term Direct Access* PGE submitted a resource adequacy proposal on November 9, 2020, proposing mandatory participation in a state-level program and resource adequacy forward showings up to three years in advance to ensure sufficient time to procure resources.⁵ These components remain foundational to UM 2143 and any future rulemaking. Staff have also reiterated that the original objectives in this docket remain the same, including identifying "the area where a state-level program can fill gaps, ensure reliability, and work cohesively with regional efforts."⁶

¹ UM 2143, Staff's Comment Period Announcement, October 21, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah94031.pdf>

² UM 2143, Staff's Updated Process proposal for continuation of UM 2143 – Errata, October 5, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah16627.pdf>

³ *Id.* at 4-7.

⁴ UM 2143, Staff's Comment Period Announcement, October 21, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah94031.pdf>

⁵ UM 2143, Staff Report – Request open an investigation into resource adequacy in Oregon, pp 18-21, January 12, 2021, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um2143hau114219.pdf>

⁶ UM 2143, Staff's Updated Process proposal for continuation of UM 2143 – Errata, p 3, October 5, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah16627.pdf>

RULEMAKING SCOPE OF ISSUES

Issue	Staff Proposal	Staff Notes	PGE Comments
1. Reliability Standard			
<p>What is the appropriate RA (resource adequacy) metric for the state’s RA standards?</p>	<p>Planning reserve set to 1 in 10 LOLE (loss of load expectation) equivalent/approximation per LRE (load responsible entity).</p> <p>If the LRE is a participant in a binding regional RA program, the LRE is required to demonstrate compliance with the regional program’s designated planning reserve</p>	<p>A 1 in 10 LOLE equivalent has become the industry standard approach to measuring resource adequacy. Staff believes this to be an appropriate metric as well.</p> <p>Staff has the following questions:</p> <ul style="list-style-type: none"> i) What are implications if the standard is not consistent with a utility IRP? ii) What are implications if the standard is not consistent with a FERC-approved regional program? iii) What are the implications of requiring the same standard for ESSs and IOUs? 	<p>PGE uses a 1 day in 10 years LOLE. The WPP WRAP uses a 1 event in 10 years LOLE. The latter is stricter. The WRAP uses this to establish a PRM (planning reserve margin). PGE does not use a PRM.</p> <ul style="list-style-type: none"> i) If not consistent with IRP to begin with, could be reported in separate chapter. Regional PRM different due to focus on regional capacity critical hours. ii) Any potential inconsistency between the WRAP and state requirements are not anticipated to be problematic because these would have different lenses (system versus regional). iii) Same planning standard for ESSs and IOUs would

			<p>serve to prevent unwarranted cost-shifting to cost-of-service customers.</p> <p>Regarding the availability of a relevant regional PRM, WPP WRAP proposed two years ahead then five years advisory once up and running.</p>
Will the standard be binding?	Yes, the standard will be binding for compliance filings with the state’s RA program.	Staff notes that any WRAP participants are already part of a binding RA program. Making Staff’s standards binding for all entities ensures that the state’s RA standards are met in the event that a regional RA program’s standards do not provide adequate assurance of RA	<p>Note the WRAP has binding transition period, from Summer 2025 (Oct 2024 forward showing) through Summer 28 (Oct 2027 forward showing).</p> <p>PGE supports binding state requirements for both IOUs and ESSs.</p> <p>Consequences for non-compliance: discussed charges and ESS decertification (see RA compliance docket discussion later).</p>
Will the standard be set by rule or by reference to Commission order? How will the standard be	The standard will be set in rules.	Staff has selected this proposal because rules are applied generally. In the event that the standard needs	PGE supports setting the standard in rules.

assessed and updated as needed?		to be updated, Staff is supportive of opening a limited rulemaking.	
2. Compliance Options			
<p>Applicability of the RA plan</p> <ul style="list-style-type: none"> • Should the Commission have different planning/reporting requirements for entities participating in a binding regional program? • Should the Commission have different requirements for ESSs that are affiliates of larger companies? 	<p>IOUs will incorporate RA filings into their IRPs to maximize efficiency</p> <p>ESSs will file a 3-year resource plan modeled off the IRP, preferably as part of the forward-looking clean energy reporting required for ESSs in HB 2021. Will include:</p> <ul style="list-style-type: none"> • 3-year load forecast • 3-year assessment of current transmission rights and future ability to meet transmission needs • Summary of current resource characteristics and future acquisitions to meet RA concerns 	<p>Staff proposes no differences in reporting requirements for entities that are not in a regional program, and instead proposes more binding standards. Staff’s goal with ESSs is to make the process as similar as possible to IOUs’ IRP process, albeit far narrower in scope.</p> <p>Outstanding Questions:</p> <ul style="list-style-type: none"> i) How to incorporate long lead time resources like transmission? ii) Does this leave any gaps between IRPs and regional programs? iii) Should the Commission have different requirements for multi-state utilities? iv) Should the Commission adopt detailed requirements for demonstration of sufficient transmission rights? v) Should the Commission adopt additional rules to standardize the 	<ul style="list-style-type: none"> i) Staff LRB did not model transmission. State should harmonize transmission requirements with WRAP (75% Firm or Conditional Firm). RA planning should signal transmission planning. ii) There will be gaps as the LOLE is over a different footprint and the PRMs consider regional capacity critical hours. This difference is ok. iii) The Commission should design a program that accommodates multi-state utilities without leading to material differences in compliance. iv) Such a requirement could identify RA issues associated with transmission. v) Yes – participation in the WRAP should be incentivized. Non-

		<p>data, forecasting approach, resource characteristics, or other methodological elements of the RA filings for LREs not participating in a binding regional RA program?</p> <p>vi) Is additional standardization required for RA filings for participants in a binding RA program?</p>	<p>participants still need rules to ensure RA planning.</p> <p>vi) Given the state framework will require FS of RA planning more than seven months out, some standardization likely necessary.</p>
<p>What should the filing frequency be?</p>	<p>With the IRP for IOUs - RA update filed with IRP updates as well</p> <p>Every other year for ESSs</p>	<p>Staff believes that this lightens the administrative burden for IOUs and puts the ESSs on the same schedule.</p>	<p>PGE supports Staff's position.</p>
<p>What will the compliance process look like?</p>	<p>For IOUs, acknowledged as part of the IRP. Acknowledgement would include a recommendation of whether opening an RA compliance docket is needed</p> <p>ESSs will follow an acknowledgment process similar to the IOUs' IRPs.</p>	<p>Staff is open to discussing an alternative, less burdensome compliance process for ESSs that are in a regional program.</p>	<p>Reducing burden for ESSs in WRAP would incent regional participation. Yet burden should not be reduced in a way that undermines RA planning and transparency.</p>
<p>What are the outcomes of an RA compliance docket?</p>	<p>The Commission will direct the LRE on how to cure the deficiencies - Parties that do not cure deficiencies may be subject to a fine</p>	<p>The fine will be set just high enough to incentivize utilities to engage in the activities prescribed by the Commission to cure the RA</p>	<p>Clarify: the Commission will direct "to cure" or "how to cure"?</p>

		deficiencies identified by the Commission.	How will the fine be set to incentivize ESS engagement? Decertification as an option?
3. Compliance Standards			
What should the standards be for WPP Non-Participants?	<p>Planning reserve set to a 1 in 10 LOLE equivalent/approximation per LRE, established by rule.</p> <ul style="list-style-type: none"> · RA plan must include three-year action plan that meets RA standard up to the following levels: <ul style="list-style-type: none"> o 100% 1 years out o 95% 2 years out o 80% 3 years out 	<p>Staff proposes a slightly more binding standard for non-WPP participants with the understanding that nonparticipants have a higher RA risk without the benefits of regional coordination, and that a 100% standard for an entity not affiliated with a regional RA program is necessary to ensure RA for the upcoming year. These thresholds were proposed in Staff's initial long-term solution. No party has taken issue with these thresholds so far, but Staff is open to holding further discussion on the issue. Staff however has changed the 3-year action plan to match the rest of the proposed rules. Staff is open to hearing reasons whether certain items should have a longer timeline.</p>	<p>PGE has previously supported this more binding standard for non-participants. The aim to incentivize regional participation.</p>

		As discussed earlier, these three-year RA standards will be set by rule.	
What should the standards be for WPP Participants?	<p>Required to demonstrate compliance with the regional program.</p> <p>Planning Reserve Margin set to regional program's designated level. · RA plan must include three-year action plan that meets RA standard up to the following levels:</p> <ul style="list-style-type: none"> o 95% 1 years out o 90% 2 years out o 75% 3 years out 	These thresholds were also proposed in Staff's initial long-term solution. No party has taken issue with these thresholds so far, but Staff is open to holding further discussion on the thresholds. Staff however has changed the 3-year action plan to match the rest of the proposed rules. Staff is open to hearing reasons whether certain items should have a longer timeline.	PGE has previously supported these thresholds.
Do ESSs have an alternative compliance option?	<p>Options for ESSs to procure capacity from third-party as alternative means of compliance (Capacity Backstop)</p> <ul style="list-style-type: none"> o Any load subject to backstop by IOU is deemed as load responsible for IOU in state RA/IRP planning o Wholesale rates are determined at FERC 		<p>There needs to be clarity on the distinction between an ESS planning to be resource adequate, and a utility being required to procure backstop POLR capacity for non-curtailable customers.</p> <p>Preferential curtailment protects cost-of-service customers from utility POLR</p>

	<p>o To avoid Capacity Backstop charge, non-participant ESS must show compliance for every year of three year action plan and ensure that its long-term opt out customers can be preferentially curtailed by the IOU.</p>		<p>risk, not from ESS RA planning failure.</p>
<p>What resource capacity contributions should be used in the entities' filings?</p>	<p>1-3 year outlook should match, to extent practicable, WPP advisory forecast for resource capacity contribution, transmission, PRM, etc.</p> <p>o It is the utility's burden to present how their outlook sufficiently improves over or is negligibly different than the WPP advisory forecast if the WPP advisory is not used. A LRE that uses its own resource contributions in place of WPP's resource contributions should submit a methodology section with its filing.</p>	<p>Staff wants to have a well-vetted source for capacity contributions that matches the regional program, but wants to leave open the opportunity for the entities to use their own data if it is more relevant.</p>	<p>IOUs could still present their standard IRP data and WRAP driven RA planning separately (given they are different).</p>

CONCLUSION

PGE looks forward to Staff scheduling a technical conference on resource adequacy in early December 2022.

Respectfully submitted this 21st day of November 2022.

/s/ Jason Salmi Klötz

Manager, Regulatory Strategy and Engagement

Enclosures:

cc: Michael O'Brien