

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 2143**

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Investigation into Resource Adequacy in
Oregon.

**PORTLAND GENERAL ELECTRIC
COMMENTS ON STAFF STRAW
PROPOSAL WORKSHOP
OF OCTOBER 27, 2021**

I. INTRODUCTION

Portland General Electric Company (PGE or the Company) submits these comments in response to: i) the ‘Process Proposal and Resource Adequacy (RA) Solution Straw Proposal’¹; and, ii) discussions at the October 27, 2021 Staff led workshop (workshop). PGE appreciates and generally supports Staff’s phased process proposal that anticipates the implementation of a state RA framework around January 2023. The Company also welcomes Staff’s RA straw proposal as a starting point for exploring both interim and long-term solutions for addressing RA in Oregon, while building upon and leveraging the work underway in the Northwest Power Pool’s (NWPP) regional Western Resource Adequacy Program (WRAP).

PGE is planning to meet its target of reducing greenhouse gas (GHG) emissions from power served to customers by at least 80% by 2030, 90% by 2035 and zero emissions by 2040.² As part of those plans the Company is seeking to nearly triple clean energy resources by 2030 while maintaining an affordable, reliable energy future for all our customers. A state mandated RA standard and the NWPP regional WRAP are both key components of a decarbonized and reliable future. The summer 2021 heat dome has shown us the importance of planning to ensure there is sufficient capacity on the system across a range of (increasingly extreme and unpredictable)

¹ UM 2143, Staff’s Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

² PGE, ‘PGE plans to nearly triple clean resources by 2030’, Press Release October 15, 2021, available at <https://portlandgeneral.com/news/2021-10-15-pge-plans-to-nearly-triple-clean-resources-by-2030>

conditions.³ Load Responsible Entities (LREs) (i.e., investor-owned utilities, or “IOUs”, and electricity service suppliers, or “ESSs”) need to coordinate at both the regional and state levels to ensure we are planning sufficiently in advance to have enough time to procure or build capacity to address RA gaps. RA planning coordination will also provide needed transparency into which LREs are relying on infrastructure investments undertaken by IOUs, and as it follows their cost-of-service customers, and basing their business models on short-term market purchases that are not connected to physical resources.

These comments discuss Staff’s process proposal, followed by Staff’s RA solution straw proposal. As we move forward, PGE is particularly interested in ensuring confidentiality of commercially sensitive data. The Company also wants to ensure harmonious interactions between the proposed state RA framework, the NWPP WRAP, and integrated resource planning. Finally, PGE seeks to clarify the role of backstop capacity provisions and the impacts of non-compliance with any state mandated RA program. PGE looks forward to a Staff recommendation at the OPUC Public Meeting on December 14, which will advance better planning for RA in the state to ensure reliability while advancing aggressive state decarbonization targets.

II. STAFF’S PROCESS PROPOSAL

Staff’s preferred process proposal envisions a two phased approach:

- Phase 1: an informational load-resource-balance (LRB) filing from all IOUs and ESSs as an interim solution; and
- Phase 2: a streamlined rulemaking process for a long-term state RA framework.

PGE is supportive of Staff’s preferred proposal for the reasons noted below.

A. Phase 1 - Interim Solution

Staff’s Phase 1 interim solution would require all OPUC-jurisdictional LREs to submit an information filing to show their LRB over the next five years to shed light on RA planning in Oregon. PGE supports this inquiry and the dissemination of aggregated LRE data to illustrate the current state of RA in Oregon, but stresses that individual LRE data is commercially sensitive and needs to be protected. Staff proposes to use this LRB data to gauge the urgency of RA in the state; notwithstanding the need to still develop a long-term state RA framework in harmony with the NWPP WRAP. PGE anticipates that through the collection of data from the LREs, the

³ For example, Utility Dive, “Imagine the unimaginable: How the Pacific Northwest is trying to build a reliable grid in a changing climate”, November 8, 202, available at: <https://www.utilitydive.com/news/pacific-northwest-reliable-grid-changing-climate/608959/>

Commission will also provide better definition around what is considered “urgent” circumstances in the event an interim RA solution is required.

B. Phase 2 – Streamlined Rulemaking

PGE is supportive of Staff’s process proposal for a streamlined rulemaking following the foundation in Phase 1 for a long-term state RA framework that leverages the design (and work being undertaken) in the NWPP WRAP.

III. STAFF’S RA SOLUTION STRAW PROPOSAL

Staff propose both interim and long-term solutions for addressing RA at the state level. As discussed above, the interim RA proposal would require all UM 2143 LREs to file a LRB forecast for five years, while the long-term RA proposal envisions adopting an RA standard that is aligned with the NWPP WRAP. Our comments discuss these proposals in turn. The Company also believes that all OPUC jurisdictional IOUs and ESSs should be required to participate in both an interim and long-term state RA process regardless of their engagement in this docket. To that end, PGE suggests that, if there are ESSs not participating in UM 2143, Staff provide specific notice to them of this docket and the scoped issues.

A. Staff’s Interim RA Straw Proposal

Staff’s interim RA straw proposal has all UM 2143 LREs file a LRB forecast for 2022-2027, along with an indication of whether they are participating in Phase 3A (non-binding) of the NWPP WRAP. Staff will then analyze the LRB forecasts to identify the state non-coincident and coincident peaks and any capacity shortfall. Staff propose that:

- For the LRB forecast, IOUs use their integrated resource plan (IRP) methodology while ESSs use the NWPP WRAP methodology;
- Resource capacity contributions are determined per the NWPP methodology (and Staff seek feedback on how IOUs’ IRP capacity calculation should be considered); and
- A 1 day in 10 year reliability metric is used as the loss-of-load-expectation (LOLE) standard.

PGE’s comments discuss each of these elements of Staff’s interim RA straw proposal below.

1. LRB Methodology

PGE recommends that stakeholders consider whether all LREs should submit data using the NWPP WRAP methodology at this interim stage. This would likely enable Staff to identify the coincident peaks more easily as the data would be comparable. To the extent that IOU IRP methodology and NWPP WRAP methodology differ, this could be reconciled at a later time.

2. Capacity Contributions

PGE supports Staff's proposal to use the NWPP methodology to determine resource capacity contributions in the interim RA straw proposal. If that proves unworkable, the IOUs' IRP capacity calculations provide potential alternative methodologies to consider. As with the LRB data itself, any differences between IOU IRP and NWPP WRAP methodologies could be reconciled later.

3. LOLE Metric

In both the interim and long-term straw RA straw proposals, Staff use a reliability metric of 1 day in 10 years LOLE.⁴ As noted in the workshop, while PGE uses this metric, the NWPP WRAP is currently using a 1 event in 10 years LOLE.⁵ It is important to understand the differences and the implications. The 1 day in 10 years LOLE equates to a loss of LOLE of 2.4 hours per year and could involve multiple outage events per year. The 1 event in 10 years equates to a LOLE of 0.1 events per year. The latter standard is stricter and can therefore lead to a higher planning reserve margin (PRM) to limit firm load shedding to a single event.⁶ PGE supports the use of a 1 event in 10 year LOLE to align with the NWPP WRAP.

B. Staff's Long-term RA Straw Proposal

Staff's long-term RA straw proposal for a state framework seeks to "provide transparency into mid-term RA to complement the short-term regional effort and long-term IRP efforts".⁷ PGE generally supports this proposal. As well as being a voluntary program, the NWPP WRAP forward showing will be seven months ahead of the winter/summer peak seasons. The key component to Staff's long-term proposal is some level of RA compliance showing up to five years out, providing a bridge between the NWPP WRAP and the reliability and IRP planning timeframes that are within the OPUC's jurisdiction. This would enable RA planning to identify potential capacity shortfalls in a timeframe that allows for the building of physical infrastructure, if necessary. PGE's comments, below, address Staff's long-term RA standard and proposed compliance filings.

1. RA Standard

Staff proposes that the OPUC "adopt a 1 in 10 LOLE RA standard by rule [and] [a]ll LREs are required to plan for this standard."⁸ As discussed in Section III.A.3, stakeholders need to determine whether this will be a one-day in 10 LOLE (as currently used by PGE) or a one event

⁴ UM 2143, Staff's Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, pp 4-5, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

⁵ NWPP, Resource Adequacy Program – Detailed Design, July 2021, p56, available at: https://www.nwpp.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf

⁶ For example, see NARUA, The Economics of Resource Adequacy Planning, April 2011, p7, available at: <https://pubs.naruc.org/pub/FA865D94-FA0B-F4BA-67B3-436C4216F135>

⁷ UM 2143, Staff's Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 5, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

⁸ UM 2143, Staff's Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 5, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

in 10 LOLE (as used in the NWPP WRAP). Compliance with this RA standard would be through a resource plan with a five-year outlook, using the PRM assigned by the NWPP WRAP if the LRE is a participant, or using an equivalent planning metric or approximate to the RA standard. PGE generally supports this approach as it both encourages participation in the NWPP WRAP and could allow Staff to implement a long-term state RA framework more easily.

2. Compliance Filings

Staff's proposal would require participants in the NWPP WRAP to make state RA framework compliance filings biennially, while LREs not participating in the regional program would be required to file annually. Again, PGE welcomes this incentive to participate in the regional WRAP. ESS compliance would be through five-year IRP-like resource plans, possibly as part of House Bill 2021's clean energy reporting requirement. For an IOU, compliance would be incorporated into the IRP/IRP-update cycle. As discussed at the workshop, PGE generally supports this approach, and recommends that, at least initially, an IOU's compliance be through a separate chapter in the IRP until the OPUC has decided if and how to reconcile RA metrics in the NWPP WRAP with those in IRPs.

Long-term RA planning

Staff further incentivizes participation in a regional RA program by requiring higher forward showings for non-participants.⁹ If participating in the NWPP WRAP, an LRE must meet the RA standard at 95% 1 year out, 90% 2 years out, 75% 3 years out, 65% 4 years out, and 50% 5 years out. If not participating in the NWPP WRAP, an LRE must meet the RA planning standard 100% 1 year out, 95% 2 years out, 80% 3 years out, 70% 4 years out, and 60% 5 years out. While the exact percentages may change during the course of UM 2143, PGE welcomes this approach to providing insight into mid-term RA to complement the shorter-term regional efforts and long-term IRP plans.

The NWPP WRAP's detailed design would currently require participants to “[d]eliver showing resources on firm/conditional firm transmission” and demonstrate at the forward showing deadline (seven months ahead on the binding season) “having procured or contracted for transmission rights to deliver at least 75% of the FS [forward showing] capacity requirement from source to load.”¹⁰ Additional work on NWPP transmission service requirements will be undertaken during Phase 3A.¹¹ PGE recommends that any long-term state-level RA framework harmonize with the NWPP WRAP's transmission service requirements to the extent that they evolve throughout Phase 3A.

⁹ UM 2143, Staff's Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 5, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

¹⁰ NWPP, Resource Adequacy Program – Detailed Design, July 2021, p52, available at: https://www.nwpp.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf

¹¹ NWPP, Resource Adequacy Program – Detailed Design, July 2021, p71, available at: https://www.nwpp.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf

Compliance options

Participants at the workshop also discussed options for compliance with the proposed RA standard. Having advocated for the OPUC to mandate participation in the NWPP WRAP, PGE supports incentivizing participation through the RA standard compliance mechanism; however, participation in the binding regional program should not, by itself, constitute compliance with a state RA framework. A state-level approach to RA necessarily provides insight into RA planning years ahead (rather than just months ahead) of the peak season. This would be lost if NWPP WRAP participation alone counted as compliance with a long-term state RA framework.

Staff also proposes that compliance could be demonstrated through procurement of:

- “Capacity related sharing agreement between LREs in interim
 - Utility/ESS led
 - Valuation similar to NWPP OP [Operating Program] (Max mid-C price)
- FERC approved tariff charge for Capacity backstop (if available),
- The Commission can direct LREs to acquire their incremental capacity shortfall by acquiring a backstop service from other LREs through a FERC approved tariff.”¹²

PGE appreciates Staff parsing the difference between bilateral capacity agreements between LREs as we procure qualifying capacity to cure RA planning needs and the need for the Commission to direct an LRE to acquire their incremental capacity shortfall. PGE’s proposal does not prevent an ESS from either procuring the necessary capacity or sourcing it from another ESS (or an IOU) on a bilateral basis. Further, PGE supports the continuation of the IOU serving in a backstop role for needed capacity in the event an LRE is deficient. In this circumstance, the backstop provider for RA should be appropriately compensated to reflect the risk and market demand associated with the capacity provided.

Staff also proposes that a backstop service be acquired through a “FERC approved tariff”.¹³ As stakeholders continue to explore a long-term state RA framework, we should consider the extent to which a FERC tariff is capable of allowing the costs of such a capacity backstop role to be passed through as opposed to being set a fixed rate (and thereby exacerbating any potential costs shifts). PGE is not currently aware of any FERC tariffs that could serve this purpose, so stakeholders would also need to explore the feasibility and regulatory procedures that would be needed to facilitate such a tariff.

Consequences for non-compliance

Another topic discussed at the workshop was the consequences for noncompliance with the RA planning requirements. Staff’s straw proposal suggested options could include “penalties” and

¹² UM 2143, Staff’s Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 6, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

¹³ UM 2143, Staff’s Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 6, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>

“decertification of ESSs” as part of the “Alternative Interim Solution,” but it is critical that these consequences for non-compliance also apply as part of Staff’s proposed approach and long-term solution¹⁴ Any standard created for RA is only as good as its compliance mechanisms. For example, in California for many years, electric service providers were granted waivers for non-compliance which failed to incentivize meeting the state RA standard and perpetuated the shortfall of RA by electric service providers. It was not until the California Public Utilities Commission began issuing financial penalties that electricity service providers made an effort for stronger compliance with the RA standard. PGE has advocated for mechanisms to ensure compliance and ensure any RA standard is enforceable and looks forward to exploring the extent and make-up of these mechanisms.

IV. CONCLUSION

PGE is seeking to nearly triple our clean energy resources by 2030 while maintaining an affordable, reliable energy future for all our customers. This state investigation into RA (UM 2143) and the NWPP regional WRAP are both key components of ensuring a reliable decarbonized future. PGE is grateful for this opportunity to support Staff’s preferred process and state RA framework proposals (Option 1). An interim LRB investigation for LREs (Phase 1) would provide transparency into the RA planning practices of entities under the OPUC’s jurisdiction, while also providing a solid foundation for a subsequent investigation into a long-term state RA framework (Phase 2) to be in place by the beginning of 2023. PGE appreciates Staff’s responses to stakeholders’ suggestions and recommendations throughout UM 2143, and notes Staff’s efforts to leverage and complement the work undertaken in the NWPP WRAP. The Company looks forward to supporting Staff’s proposals at a future public meeting.

Respectfully submitted this 18th day of November, 2021.

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¹⁴ UM 2143, Staff’s Process Proposal and RA Solution Straw Proposal, filed October 15, 2021, p 6, available at: <https://edocs.puc.state.or.us/efdocs/HAH/um2143hah145744.pdf>