



Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

September 13, 2019

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, Ste. 100
P.O. Box 1088
Salem, OR 97308-1088

RE: UM 1953 PGE's Green Energy Affinity Rider, Schedule 55, Rate and Credit Calculations and Customer Agreements, Submitted in Compliance with Order No. 19-075. Expedited Review Requested.

Portland General Electric (PGE) submits these work papers pursuant to Schedule 55 adopted by Public Utility Commission of Oregon (OPUC or Commission) Order No. 19-075 (Docket No. UM 1953), which specifically directs PGE to submit rate and credit calculations to OPUC Staff for review. Attachment A provides the work paper demonstrating the rate and credit calculations that were performed in accordance with the filed tariff Schedule 55 using the IRP methodologies specified in the UM 1953 Phase I proceeding and Commission Order No. 19-075.

In its Phase I testimony¹, PGE committed to bring completed customer agreements before Staff in a compliance filing. Attachment B provides those customer-executed agreements.

Attachments A and B contain confidential information and are subject to Protective Order No. 18-260. Attachments A and B will be submitted via U.S. Mail.

To further clarify the basis of the customer agreements, the following is a description of PGE's customer enrollment and resource contracting processes for this first offering of the Green Energy Affinity Rider (GEAR or Green Tariff)². PGE and its customers are proud to launch this Green Tariff which will build a new renewable energy facility in Oregon to meet customer sustainability targets.

¹ PGE Exhibit 200, page 22

² The customer-facing product name is Green Future Impact, and it is a product under PGE's Green Future portfolio.

Announcement of Green Tariff Program

In April 2018, PGE announced that it was seeking approval for its Green Tariff in a [news release](#)³. After Commission Order No. 19-075 approved the Green Tariff in March 2019, PGE posted on its [website](#)⁴ a description of the Customer Supply Option (CSO) including Power Purchase Agreement (PPA) minimum requirements, along with an email contact for more information. This was done in accordance with the Commission's directive to ensure that eligible customers have nondiscriminatory access to this option. PGE also individually contacted customers who had been engaging with PGE about green tariff products; several of these customers participated in the regulatory process by writing testimony in support of PGE's Green Tariff in UM 1690 PGE Exhibit 100.

PGE sent a form "letter of interest" to all customers who expressed interest in the program, along with instructions on how to submit and relevant deadlines.

Initiating Customer Enrollment via Non-binding Agreements

At 1:00 p.m. on May 31, 2019, PGE opened customer enrollment for the GEAR. Within minutes, PGE had received enough interest – via non-binding letters of interest emailed to PGE – for the PGE Supply Option to purchase the equivalent of an approximately 160 MW facility. However, only up to 100 MW of customer interest can participate within the approved program cap for the PGE Supply Option. Based on this enrollment, PGE Exhibit 500 stated, "Customers filled the subscription window for the 100 MW available [in the PGE Supply Option] in under two minutes."⁵

Large Customer Consideration of Customer Supply Option

Given the interest expressed by customers and the limitations of the supply option caps, PGE reminded large customers over 10 MWa that they were still eligible for the CSO and that the CSO was a way for them to participate in the Green Tariff with a PPA of their preference.

In addition, when PGE learned in June 2019 that the selected resource for the PGE Supply Option had the ability to expand beyond the 100 MW capacity needed, PGE made large customers aware of this. This was important because PGE recognized that it could:

- Meet all 160 MW of customer demand for incremental renewable resources;
- Do so with beneficial pricing, terms, and conditions compared to other local resource options under development, based on economies of scale; and
- Maintain consistency with the Commission's order.

In other words, PGE's 160 MW resource: 1) is significantly more cost effective than a 35 MW resource that a single large customer may have otherwise sought,⁶ and 2) it represents the viable PPA resource for both supply options. Consequently, PGE believed it was in the customers' interest to know this expanded PPA was available and that we should not preclude those

³ <https://www.portlandgeneral.com/our-company/news-room/news-releases/2018/04-16-2018-pge-seeks-approval-for-new-renewable-power-program>

⁴ <https://www.portlandgeneral.com/business/power-choices-pricing/renewable-power/green-future-impact>

⁵ The enrollments received within two minutes were sufficient to fill a 100 MW resource. Within four minutes, the interest received was equivalent to an approximately 160 MW resource.

⁶ A 35 MW resource is approximately the size needed to meet the demand of a single 10 MWa customer.

customers from considering this PPA for the CSO. Because this represented an expansion of the resource with the same pricing and characteristics, PGE was able to offer customers the same subscriber fee under CSO as would be offered under the PGE Supply Option.

Ultimately, a few interested large customers did enroll in the CSO with the extended PPA and confirmed their election. The overall result of this process was that subscribers claimed approximately 60 MW of the 100 MW available in the PGE Supply Option and 100 MW of the 200 MW available in the CSO. The reasons for this outcome are as follows:

- Large customer demand, representing approximately 60 MW, had not enrolled in time to be included under the PGE Supply Option 100 MW cap. Because of the resource expansion described above, these customers were able to enroll in the CSO option and PGE was able to satisfy total Green Tariff demand of approximately 160 MW.
- Large customer demand that had enrolled in time to be included under the PGE Supply Option cap, voluntarily agreed to transfer to the CSO to allow other smaller customers to participate in the PGE Supply Option in their place. This transfer was done with the understanding that the PGE Supply Option and CSO reflected the same pricing and terms because of the expansion option. The benefit of this choice was that it allowed vacancy in the PGE Supply Option that was partially claimed by smaller customers in the queue.

These results produce no difference to subscribers, or non-subscribing customers, or PGE, than if interested customers had independently⁷ “brought” equivalent PPAs to PGE, specifically for the CSO. Because of PGE’s successful efforts to find a scalable, cost-effective resource, all interested customers were able to enroll in the Green Tariff, including those who otherwise would not have been able to participate.

Negotiation of Customer Supply Option PPAs

PGE intended and designed the CSO to be administered with two separate agreements, one between PGE and the subscribing customer and the PPA between PGE and the developer. The PPA ultimately needs to be a bilateral contract between PGE and the developer. This is because, under PGE’s Green Tariff subscription model, all cost-of-service customers receive the energy and capacity from the Green Tariff resource.⁸ Since PGE is responsible for the receipt of energy and capacity, it is also the party responsible for executing the contract, which specifically requires final approval of all terms and conditions to protect cost-of-service customers and shareholders. Subscribers,⁹ who also remain cost-of-service customers and pay a fixed fee for the subscription, are not affected by the resource terms and conditions any more than other cost-of-service customers. Finally, all subscribers would be subject to the same terms and conditions regardless of which option they were enrolled.

⁷ Tariff Schedule 55 defines the CSO as a PPA sourced “in collaboration with PGE.” PGE did not anticipate customers would completely independently “bring their own PPA”.

⁸ Furthermore, the PPA should not include the subscribing customer because the subscribing customer is a cost-of-service customer, and as a cost-of-service customer, they should not enter into a contract to receive electric service from a supplier outside the utility.

⁹ All economic impacts of a subscriber not fulfilling its obligations under their agreement are contracted for in the customer agreement, eliminating default risk for cost-of-service customers.

As PGE Exhibit 400 stated during Phase 1 of this proceeding, interested CSO customers have the option to identify a resource and work with PGE to secure that resource for their participation in the program. To that end, PGE would ensure that executing those proposals prevents inappropriate risk from shifting from the PPA to cost-of-service customers.¹⁰

Finalizing Customer Enrollments via Binding Agreements

In June through August 2019, subscribers executed binding customer agreements,¹¹ with demand representing approximately 60 MW in the PGE Supply Option and approximately 100 MW in the Customer Supply Option.

PGE's August 2019 press release stated, "After enrollment opened, customers committed to purchase the equivalent output of a 160 megawatt renewable energy facility in just over three minutes." This statement condenses the full enrollment process, which began with customers submitting non-binding "letters of interest" within minutes of the enrollment window opening in May 2019 and concluded when customer agreements were executed over the next several months.

Summary of PGE's Compliance

In Order No. 19-075, the Commission stated (at page 8), "all eligible customers must have equal access to this [CSO] program opportunity, within the size limits of the program PGE has proposed." PGE adhered to the 10 MWa size eligibility requirement, and even though customers did not choose to independently "bring a PPA," PGE successfully identified a scalable, cost-effective resource that allowed all interested customers to participate in the Green Tariff, including the CSO option.

In Order No. 19-075, the Commission also stated (at page 8), "We approve PGE's proposal both to set the Customer Supply Option participation limit at 10 aMW, and PGE's proposal [to] review and amend all contract terms." This approval acknowledges PGE's direct participation in negotiation and final approval of CSO PPAs.

Accordingly, PGE submits that its administration of CSO enrollment is compliant with the Commission Order.

Conclusion

PGE received strong interest in its first offering of the Green Tariff, with initially more interest in the PGE Supply Option than could be accommodated under the approved cap. Certain customers who expressed interest in the PGE Supply Option were ultimately able to enroll in the CSO, which allowed them to participate in the program regardless of which option they fell under. As a result of their eligibility for the CSO and election for that option, all customers who had expressed interest in participating in the first offering of the Green Tariff were able to do so under the exact same terms, conditions, and pricing.

¹⁰ PGE/400, page 4

¹¹ At the time of this filing, PGE execution of one customer's enrollment is still pending based on submission of a deposit.

PGE complied with the Commission Order in its administration of the program, including calculation of the subscriber fee and credits, enrollment of customers, and contracting.

Subscribing customers are thrilled to participate in this program and drive additionality of renewables in the Pacific Northwest. Their enthusiasm for being part of the program are captured in customer quotes in PGE's [press release](#)¹² last month after customer enrollments had just been finalized.

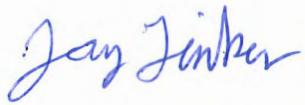
Next Steps

PGE is currently in advanced negotiations with the resource that will support both options under the Green Tariff with an executed contract expected imminently. The contract will ensure adequate time to capture all available tax credits and deliver the resource to subscribers by year end 2021.

In order for the resource to be secured and commitments to Green Tariff participants upheld, PGE respectfully requests that the OPUC Staff expedite its review of this filing and submit acknowledgement of PGE's compliance as soon as possible and no later than the October 22, 2019 public meeting.

Please direct any questions regarding this filing to Alison Lucas at 503-964-4123. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com.

Sincerely,



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¹² <https://www.portlandgeneral.com/our-company/news-room/news-releases/2019/08-21-2019-sustainability-leaders-claim-pges-green-future-impact-in-record-time>