

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 391

In the Matter of	)	
	)	
PORTLAND GENERAL ELECTRIC	)	REDACTED OPPOSITION AND
COMPANY,	)	COMMENTS OF THE OREGON
	)	CITIZENS' UTILITY BOARD AND
2022 Annual Power Cost Update Tariff	)	THE ALLIANCE OF WESTERN
(Schedule 125).	)	ENERGY CONSUMERS ON THE
	)	NOVEMBER 1 <sup>ST</sup> UPDATE OF
	)	SCHEDULE 125
	)	

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I. INTRODUCTION

The Oregon Citizens' Utility Board ("CUB") and the Alliance of Western Energy Consumers ("AWEC"), together as Joint Parties ("Joint Parties"), files this opposition and comments to Portland General Electric's November 1<sup>st</sup>, 2021 Schedule 125 update filing.

In the November 1<sup>st</sup> update, PGE's projection of 2022 Net Variable Power Cost increased by \$25.1 million relative to the Company's October 1<sup>st</sup>, 2021, power cost update filing. This increased forecasted 2022 power costs to \$543.8 million. The Joint Parties have reviewed the Company's November 1<sup>st</sup> and November 15<sup>th</sup> updates and have two comments on the 2022 NVPC update.

1. The Joint Parties recommend that the revenue associated with **(Start Confidential)**

[REDACTED]

[REDACTED] **(End Confidential)** . In the November 1<sup>st</sup>, Update, PGE **(Start**

**Confidential)** [REDACTED]

[REDACTED] (End Confidential). Under the terms of the Power Purchase Agreement (“PPA”), PGE is (Start Confidential) [REDACTED] [REDACTED] (End Confidential). The Joint Parties believe this represents a known and measurable change that should be reflected in 2022 Schedule 125 rates. Joint Parties estimates that the dollar impact associated with this adjustment is (Start Confidential) [REDACTED] (End Confidential)

2. In the November 1<sup>st</sup> Update, the Company included (Start Confidential) [REDACTED] [REDACTED] (Start Confidential). Joint Parties do not oppose this contract at this time, but request that the Company provide more analysis on (Start Confidential) [REDACTED] [REDACTED] (End Confidential) in next year’s filing.

## II. ARGUMENT

In order to meet expected capacity and energy needs, Portland General Electric has contracted with NextEra to build the Wheatridge Renewable Energy Farm. The Wheatridge Renewable Energy Farm consists of 300 MW of wind, 50 MW of solar and a 30-MW battery storage system. On December 7<sup>th</sup>, 2020, the wind portion of the Wheatridge facility came online. In order to procure the solar facility and battery storage system located at Wheatridge, Portland General Electric signed a purchased power agreement with NextEra Energy Resources, LLC.

When Portland General Electric signed the PPA with NextEra for the solar + battery system, the expected commercial operation date was set to be December 31<sup>st</sup>, 2021. In the November 1<sup>st</sup>

Update, Portland General Electric (Start Confidential) [REDACTED]

[REDACTED] (End

Confidential)

(Start Confidential) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>1</sup> Refer to Appendix A.

[REDACTED]

**(End Confidential)**

Separate from the Wheatridge Renewable Energy farm issue, Joint Parties provide comments on the **(Start Confidential)** [REDACTED]

[REDACTED] **(End Confidential)** From the 2021 AUT to the 2022 AUT, PGE’s net variable power cost has increased from \$457.9 million to \$544 million, which is an \$86.1-million-dollar increase. **(Start Confidential)** [REDACTED]

[REDACTED]

[REDACTED] **(End Confidential)** To facilitate the review of these contract in future, Joint Parties asks that the Company provide testimony in future AUT’s around its analysis on how to value these types of contracts, its process for selecting a contract, and how it determines the optional time to buy this type of product.

### III. CONCLUSION

Joint Parties appreciate the opportunity to comment on this November update. Joint Parties would like for the Commission to address these issues at an upcoming Public Commission meeting in December 2021 to ensure a resolution is determined before 2022 power costs are in effect. Joint Parties recommend that the Commission require PGE to **(Start**

**Confidential)** [REDACTED]

[REDACTED] **(End Confidential)** Joint Parties also recommend that the Company provide more documentation around its analysis of the **(Start Confidential)** [REDACTED] **(End Confidential)** and similar contracts in future AUTs.

Dated this 19<sup>th</sup> day of November 2021.

Respectfully submitted,

/s/ William Gehrke

William Gehrke

Economist

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Of Attorneys for the

Alliance of Western Energy Consumers

## Appendix A

This portion of CUB's Appendix A is Confidential and has been served upon the Commission and each party designated to receive confidential information pursuant to Order 21-099.

## Appendix A

November 15, 2021

To: William Gehrke  
Citizens Utility Board

From: Jaki Ferchland  
Manager, Revenue Requirement

Portland General Electric Company  
UE 391  
PGE Response to CUB Data Request 021  
Dated November 8, 2021

### **Request:**

Refer to the Wheatridge II PPA Solar + Storage,

- a. Is the Scheduled Commercial Operation Date of this PPA, December 31st, 2021?
- b. Does PGE expect to receive delay damages from the seller of this PPA?
  - i. If yes to the previous question, how does PGE plan on crediting these delay damages to PGE's customers in 2022?
  - ii. If no, please explain why PGE does not expect to obtain delay damages from the Seller.

### **Response:**

- a. Yes.
- b. While the PPA includes the potential for delay damages, it is not yet known whether delay damages will be received and/or the quantity of delay damages. If delay damages are received, PGE will utilize the damages to mitigate any increased risks or costs associated with obtaining replacement power on behalf of customers. Any delay damages that PGE may receive, along with the corresponding power costs experienced from a delay, will be included within PGE's 2022 Power Cost Adjustment Mechanism.

## UE 391– CERTIFICATE OF SERVICE

I hereby certify that, on this 19<sup>th</sup> day of November, 2021, I served the **Confidential Opposition and Comments of the Oregon Citizens' Utility Board and the Alliance of Western Energy Consumer on the November 1<sup>st</sup> Update of Schedule 125** in docket UE 391 upon the Commission and each party designated to receive confidential information pursuant to Order 21-099 through a secure, encrypted attachment to an e-mail.

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### CUB

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### PGE

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