

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 7, 2021**

REGULAR CONSENT EFFECTIVE DATE September 1, 2021

DATE: September 1, 2021

TO: Public Utility Commission

FROM: Bret Farrell

THROUGH: Bryan Conway, Caroline Moore, and Scott Gibbens **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1303/Advice No. 21-21)
Schedule 54 Large Nonresidential Renewable Energy Certificates Rider
Temporary Suspension of RECs.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) update to Schedule 54 to suspend PGE's Green Product Mix product offering for Renewable Energy Certificates (RECs) sales beyond those already committed under existing contracts for a period of ninety (90) days.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve PGE's update to Schedule 54 to suspend PGE's Green Product Mix product offering for RECs for a period of ninety (90) days.

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. See ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020. OAR 860-022-0025(2)

specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

ORS 757.600 to 757.689 authorize and regulate the provision of the “direct access” (Direct Access) option in Oregon. The Commission’s rules implementing these statutes are set forth in OAR Chapter 860, Division 038. OAR 860-038-0160 concerns Direct Access transition charges and credits. OAR 860-038-0275 sets forth election timing windows for when the electric consumer may elect to purchase electricity under the Direct Access option.

Analysis

Background

Schedule 54 offers Nonresidential Customers the option to purchase RECs from PGE at a stated price. Currently, a customer may purchase RECs through the PGE Green Resource Mix offering at 0.3¢ per kWh. A minimum REC purchase of 1,000 kWh times 0.3¢ (\$3.00) per month, or annual equivalent, is required. While the REC market has been stable for several years, the market is experiencing significant price and supply volatility, exceeding PGE’s stated price of \$3.00 per REC.

The preference has been for local Western Electricity Coordinating Council (WECC)-based supply of RECs, however PGE has tended towards resourcing this REC supply with national RECs as those were more affordable than RECs in the WECC. Now prices in the national and WECC market are similar.

PGE is requesting a ninety (90) day suspension of its obligation to execute new contracts in order to respond to changing market conditions, offer greater pricing flexibility, and also meet customer demand for a Clean Fuels Program compliant REC.

New customers seeking to make REC purchases during the ninety (90) day suspension could make REC purchase through Schedule 54 Option II. Specified Resource. This option would likely be at market prices. Customers may also purchase Green-E Certified RECs from providers throughout the United States.

PGE indicated to Staff that ten (10) customers have expressed interest in REC purchases through the fixed price portion of Schedule 54. These customers represent a potential REC purchase of 32,000 to 110,000 RECs.

PGE has stated that they will honor all existing contracts. In addition, PGE is currently reaching out to customers to provide information about its request to temporarily suspend new contracts, educate them about the reasoning (to address price volatility in the REC market), inform them about their alternatives which include the specified resources option and other sources for Green-e certified RECs, and let them know that PGE is tracking their interest via its Customer Relationship Management Database to let them know when the fixed priced option becomes available again.

At this time, PGE is not aware of any parties who may object to the suspension of this provision in its Schedule 54.

Effect on Ratepayers

This filing does not increase, decrease, or otherwise change existing retail rates. This filing is temporarily suspending for ninety (90) days the PGE Green Resource Mix offering for new contracts as the REC market is experiencing price and supply volatility.

Conclusion

Staff finds that PGE's update to Schedule 54 to suspend PGE's Green Product Mix product offering for REC sales beyond those already committed under existing contracts for a period of ninety (90) days is reasonable. Staff believes temporarily suspending the PGE Green Resource Mix offering for new contracts will reasonably allow PGE to respond to changing market conditions in the REC market, and propose updates to Schedule 54 to address its concerns.

PROPOSED COMMISSION MOTION:

Approve the Company's update to Schedule 54 to suspend PGE's Green Product Mix product offering for Renewable Energy Certificates sales beyond those already committed under existing contracts for a period of ninety (90) days.