

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: April 5, 2022**

REGULAR  CONSENT  EFFECTIVE DATE April 20, 2022

**DATE:** March 28, 2022

**TO:** Public Utility Commission

**FROM:** Joe Abraham

**THROUGH:** Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1342/Advice No. 21-38)  
Revisions to Schedule 136 Oregon Community Solar Program Cost  
Recovery Mechanism.

**STAFF RECOMMENDATION:**

Suspend Advice No. 21-38 to allow Staff to investigate a joint utility method for calculating the incremental cost of subscribed energy in the Community Solar Program.

**DISCUSSION:**

Issue

Whether the Commission should suspend Portland General Electric (PGE) Advice No. 21-38 for further investigation.

Applicable Rule or Law

ORS 757.205(1) provides that "[e]very public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it."

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.

ORS 757.215 authorizes the Commission to suspend tariffs filed by utilities for further investigation. The filed tariffs are not effective during suspension.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

OAR 860-022-0030 requires that tariff filings that name increased rates include additional requirements to OAR 860-022-0025 and necessitate statements for each separate schedule.

ORS 757.386 permits the utilities to recover costs associated with a Community Solar Program Power Purchase Agreement.

In Order No. 20-173, the Commission directed PGE to file new proposed tariff sheets along with support for its methodology for identifying bill credit related costs.

In Order No. 21-451, Staff noted the Commission had not yet approved a method for calculating the incremental cost of subscribed energy. The Commission also adopted Staff's recommendation to convene PGE, PacifiCorp (PAC), and Idaho Power Company (IPC) for their development of a joint-utility methodology to calculate the costs of subscribed energy within the Program.

## Analysis

### *Background*

The Commission approved Schedule 136 as a CSP cost recovery tariff on June 6, 2019.<sup>1</sup> Schedule 136 recovers costs incurred during and for the development and/or modification of the Oregon CSP including the Program Administrator (PA) and Low Income Facilitator (LIF) costs, as well as the portion of the payments to participants (aka bill credits) that are incremental to the Company's avoided cost of energy.<sup>2</sup> PGE is entitled to recover payments to participants pursuant to ORS 757.386(7)(b):

Costs incurred by an electric company under the terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this section are recoverable in the rates of the electric company. Moneys collected pursuant to imposing those rates, under the terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this section, may be

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<sup>1</sup> Docket No. ADV 958/Advice No. 19-12, *Allowed (Approved) Utility Filing*, June 2019.

<sup>2</sup> Order No. 20-173, Docket No. UE 380, ADV 1113/Advice No. 20-09, *Compliance Filings Ordered; Advice No. 20-09 Permanently Suspended*, May 2020.

transferred to a project manager for the purpose of operating a community solar project.<sup>3</sup>

Energy generated by a CSP project and then purchased by the utility is either subscribed or unsubscribed. A bill credit rate is applied to subscribed energy, and any remaining unsubscribed energy generated by projects is purchased by the utility at the as-available rate. In Order No. 20-242, the Commission adopted the methodology for calculating the as-available rate applicable to unsubscribed energy. The last piece needed to enable cost recovery for CSP is to establish the methodology for calculating the incremental cost associated with subscribed energy (bill credits).

To recover subscribed energy costs from ratepayers, utilities must calculate the incremental cost of subscribed energy. In general, the incremental cost of subscribed energy is the difference in cost of subscribed energy bill credits and what the utility would otherwise generate or purchase from another source.

**Table 1 - Community Solar Program Cost Categories**

<b>Cost Category</b>	<b>Description</b>	<b>Recoverable From</b>
Start-up Costs	Costs associated with developing the facilitation of CSP, including: <ul style="list-style-type: none"> <li>• PA</li> <li>• LIF</li> <li>• Utility’s incremental cost of implementing CSP (customer account data transfer, on-bill crediting and payment, etc.)</li> </ul>	Ratepayers*
Ongoing Costs	<ul style="list-style-type: none"> <li>• PA</li> <li>• LIF</li> <li>• Utility’s administrative costs</li> </ul>	CSP Participants
Energy Costs – Bill Credits and Unsubscribed Energy Payments	<ul style="list-style-type: none"> <li>• Bill credit to participants at a fixed rate for 20 years</li> <li>• Purchase of unsubscribed energy from projects at “as available” avoided cost rates</li> </ul>	Ratepayers*

\*PGE has been approved to spread costs allocated to ratepayers to cost of service and direct access to customers.<sup>4</sup>

<sup>3</sup> OAR 860-088-0140(1)(a) "Upon request, an electric company must enter into a 20-year power purchase agreement with a pre-certified project to purchase the project's unsold and unsubscribed generation on an 'as available' basis subject to the requirements of the Public Utility Regulatory Policy Act (PURPA) and ORS 758.505, et. seq;" see Docket No. ADV 1095/Advice No. 20-04, Initial Utility Filing (Feb. 18, 2020).

<sup>4</sup> Docket No. ADV 1170/Advice No. 20-22, *Allowed (Approved) Utility Filing*, October 2020.

### *Procedural History*

In Advice No. 20-09, PGE sought to update Schedule 136 to include CSP bill credits applied to CSP participant's utility bills.<sup>5</sup> At that time, a number of pre-certified CSP projects in PGE's service territory were ready to advance to project certification. PGE sought to update Schedule 136 in advance of those projects coming online.

In Order No. 20-173, the Commission permanently suspended Advice No. 20-09 and directed PGE to file new proposed tariff sheets along with support for its methodology for identifying costs related to bill credits.<sup>6</sup>

In Advice No. 21-38 and in supplemental filings, PGE sought to again update Schedule 136 to include CSP bill credit payments and provide Staff with a methodology to calculate those costs.<sup>7</sup>

### *Recommendation to Suspend and Investigate*

In Order No. 21-451, the Commission acknowledged that it had not yet approved a method for calculating the incremental cost of subscribed energy.<sup>8</sup> Additionally, in Order No. 21-451, the Commission supported Staff facilitating the development of a common method to be implemented by all three electric utilities and making a recommendation to the Commission in a later proceeding.

Staff believes that it is in the public interest to suspend the current Advice No. 21-38 filing for 90 days to allow time for development of this joint methodology, and to determine the appropriate mechanism for cost recovery. Staff believes adopting a single-utility method would impact the rights and obligations of the other utilities without their participation. Additionally, developing and implementing a common method for all three utilities will ensure fair treatment of customers across all three utilities.

Staff has begun engaging PGE, PAC, and IPC on the development of a common method, and anticipates bringing a recommendation to the Commission at an upcoming public meeting.

### *Stakeholder Input*

Staff sought input from PGE on a recommendation to suspend Advice No. 21-38. The company agreed to Staff's recommendation and for presentation through the consent

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<sup>5</sup> Docket No. ADV 1112/Advice No. 20-09, <https://edocs.puc.state.or.us/efdocs/UAA/adv1112uaa165524.pdf>.

<sup>6</sup> Order No. 20-173, <https://apps.puc.state.or.us/orders/2020ords/20-173.pdf>.

<sup>7</sup> Docket No. ADV 1342/Advice No. 21-38, <https://edocs.puc.state.or.us/efdocs/UAA/uaa142648.pdf>.

<sup>8</sup> Order No. 21-451, <https://apps.puc.state.or.us/orders/2021ords/21-451.pdf>.

agenda. Staff is not aware of stakeholder concern regarding suspension of the filing at this time, and will implement a public comment period to allow for stakeholder feedback on the joint-utility method.

#### *Schedule and Next Steps*

In April, Staff will meet first with the joint utilities to hear each utility's method for calculating the incremental cost of subscribed energy. Following the April meeting, the utilities will work together and present staff with a single joint-utility method. After adequate review and any further consultation with the utilities, Staff will post a recommendation to UM 1930 for public comment to solicit stakeholder feedback. After reviewing stakeholder comments, Staff will develop a final recommendation for the development of a joint methodology and the appropriate mechanism for cost recovery. Staff will present its recommendation at a public meeting within 90 days.

#### Conclusion

The first certified CSP projects came online in 2021. With as many as twenty-two CSP projects with commercial operation dates in 2022, Staff recognizes the importance for utilities to recover costs associated with applying bill credits to Program participant's bills. Staff appreciates PGE, PAC, and IPC engaging with Staff to develop a common calculation method for the costs of subscribed energy within the Program. Staff recommends the Commission suspend Advice No. 21-38 and open an investigation to develop a joint-utility method and determine the appropriate mechanism for cost recovery. Staff will present its recommendation to the Commission within 90 days.

#### **PROPOSED COMMISSION MOTION:**

Suspend Advice No. 21-38 to allow Staff to investigate a joint utility method for calculating the incremental cost of subscribed energy in the Community Solar Program.