

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 7, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE June 8, 2016

DATE: May 31, 2016

TO: Public Utility Commission

FROM: Michael Breish MB

THROUGH: Jason Eisdorfer and Michael Dougherty JF M

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 274/Advice No. 16-06) Requests Modifications to Schedule 54 – Large Nonresidential Renewable Energy Certificates Rider.

STAFF RECOMMENDATION:

Staff recommends the Commission allow Portland General Electric's (Company or PGE) Advice No. 16-06 to go into effect June 8, 2016.

DISCUSSION:

Issue

Whether the reduced Renewable Energy Credit (REC) price and programmatic changes proposed by PGE satisfy the Commission's criteria for filing tariff changes.

Applicable Law

Under ORS 757.205, energy utilities must file tariffs for services provided to retail customers. The Commission's rules concerning tariff filings are found in OAR Chapter 860, Division 022.

Analysis

On April 14, 2016, PGE filed Advice No. 16-06 to modify the Company's Schedule 54, Large Nonresidential Renewable Energy Certificates Rider, which provides large nonresidential customers the supplemental opportunity to purchase unbundled RECs, thereby enabling an equivalent amount of qualifying electricity generated from renewable energy resources to be transmitted within the Western Electricity Coordinating Council.¹ This service is completely voluntary and is facilitated by direct

¹ Qualifying renewable energy resources are defined in ORS 757.600.

access rules. The RECs offered to interested large nonresidential customers are a competitive product, and all associated program expenses are encapsulated in the price charged to participating customers. Ratepayers are held harmless and all expenses, gains, and risks incurred by the utility in offering this service are kept separate from all other customers' rates.

The changes found within Advice No. 16-06 fall within two categories: price changes and housekeeping. Based on recent procurements of unbundled RECs, PGE determined a price reduction was necessary in order to better reflect market conditions. PGE proposes reducing the REC price from 1.7¢ to 0.3¢. PGE aims to reflect as closely as possible the cost to provide this service in the price – the Company explains to Staff it does not seek to earn a profit on this particular service. As supply of unbundled RECs in the market has increased and prices subsequently decreased, PGE can offer a lower priced product to customers and therefore needs to reflect that price in the Schedule 54.

PGE proposes three housekeeping modifications:

1. Update the term "Tradable Renewable Certificate" to "Renewable Energy Certificate," which aligns with current industry practices;
2. Revise language regarding the service's effective date. PGE proposes that the service will appear as a line item in the customer's next bill provided the contract was executed within five days of the customer's next scheduled meter read date; and,
3. Eliminate language that requires customers to sign a contract annually. Rather, to streamline the process, once a contract is signed, customers wishing to modify the contract or participation will be required to contact PGE. Previously, participating customers had to resign a contract every year.

Staff held a conference call with PGE on May 26, 2016, to discuss the methodology the Company used to determine the new 0.3¢ price of RECs. PGE described the unbundled REC market dynamics and how that and the cost to administer the program ultimately impact the price of the product offered to customers. PGE also described the separate status of this program and how ratepayers are protected from any expenses incurred.

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Conclusion

Staff is satisfied with PGE's proposed modifications to Schedule 54. Staff concludes that the filing satisfies the Commission's criteria for tariff changes. Thus, Staff recommends the Commission approve the Company's proposed changes to Schedule 54.

PROPOSED COMMISSION MOTION:

PGE's Advice No. 16-06 be allowed to go into effect on June 9, 2016.

Ca7 - PGE Adv. 16-06