

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Oregon Public Utility Commission

FROM: Eric Shierman

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UE 429/Advice No. 23-022)
Update to Schedule 211, Portfolio Renewables Usage Supply Service,
and Schedule 213, Portfolio Habitat Supply Service.

STAFF RECOMMENDATION:

Grant the waiver of OAR 860-038-0220(7) and approve Pacific Power's Advice No. 23-022.

DISCUSSION:

Issue

Whether the Commission should grant Pacific Power's (PacifiCorp or the Company) requested waiver of OAR 860-038-0220(7) and approve Advice No. 23-022 increasing rates paid by customers participating in portfolio option Schedules 211 and 213.

Applicable Rule or Law

ORS 757.603 requires electric utilities to provide a portfolio of rate options to residential customers. The Commission regulates portfolio options so that the rates reflect the costs and risks of serving each option.

Under ORS 757.603(2), each electric company is required to offer residential customers a portfolio of rate options that, at minimum, includes a rate that reflects significant new renewable energy resources, a market-based rate, and, when demand is found to be

sufficient to justify the rate, a rate option associated with a specific renewable energy source.

OAR 860-022-0025 details the requirements for utility filings that update or amend a schedule.

OAR 860-038-0220 sets forth the Commission's requirements for electric companies to provide a portfolio of products and pricing options (Portfolio Options) to residential and, in some instances, small nonresidential customers.

OAR 860-038-0220(7) requires an electric company to file tariffs for its portfolio options four months before the implementation of the portfolio product.

OAR 860-038-0001(4) allows the Commission to waive any of the Division 38 rules for good cause shown.

Analysis

Background

Pacific Power has offered portfolio options, branded as Blue Sky, to residential and small commercial customers since April 2000. This program is self-funded. Blue Sky allows customers to purchase and support a higher renewable energy portfolio beyond what the Company operates in its generation system and the restoration of wildlife habitat. Participating customers pay the incremental cost of acquiring the additional renewable energy, habitat restoration, and the costs associated with offering the program.

Since 2012, Usage and Habitat customers have paid \$0.0105 per kWh extra on their bills to support 100 percent renewable energy.

Schedule 211 and Schedule 213

The Company seeks approval to increase the pricing of the usage based renewable energy options in Schedule 211 (Renewable Usage Supply Service) and Schedule 213 (Habitat Supply Service). Pacific Power proposes to increase the price from \$0.0105 per kWh to \$0.0130 per kWh.

The cost increase is driven mostly by Renewable Energy Certificates (RECs). The Western Energy Coordinating Council has seen REC prices rise dramatically over the last three years. Absent increase in rates for Schedules 211 and 213, the Company anticipates that for 2024, the usage based renewable energy option programs will expend more money than they collect.

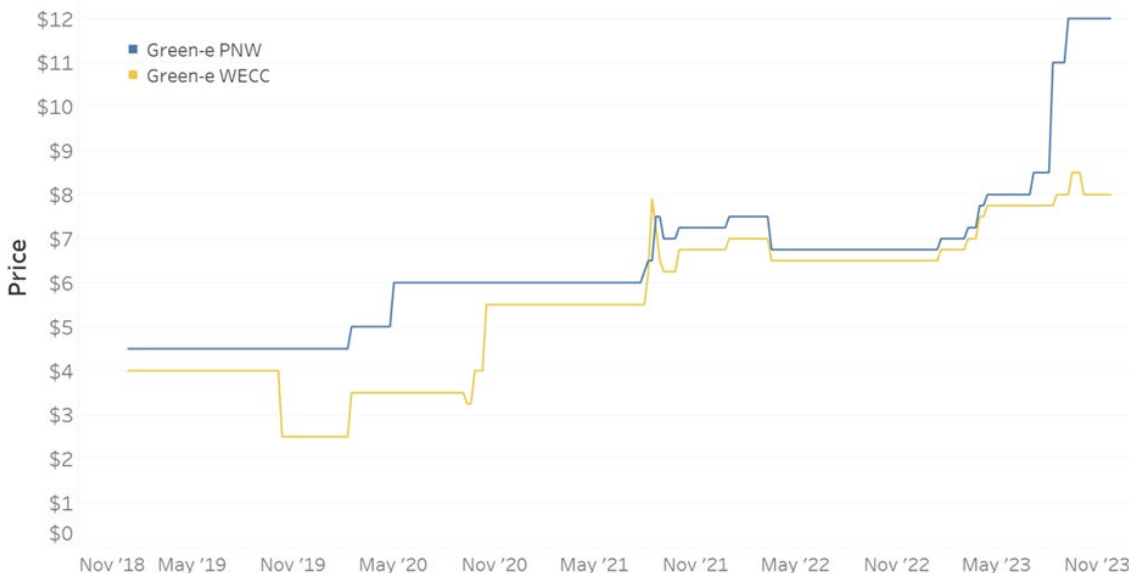
Waiver of OAR 860-038-0220(7)

The Company seeks a waiver of OAR 860-038-0220(7) because the requirement that portfolio options tariffs be filed four months before going into effect would contradict another requirement that these tariffs take effect January 1 of each year. Pacific Power completed the RFP process for the services that provide these optional rates to customers when the Company awarded the RFP to 3Degrees in late November of this year. The contracting will not be completed until the end of this year, leaving either less than the required four months to file the tariff or necessitate waiting for a January 1, 2025, effective date. Staff finds this a reasonable show of good cause for the waiver because an earlier implementation of the new rate would better keep the Blue Sky program financially sustainable. The Commission has granted this waiver previously in Order No. 12-487.¹

Reason for Staff Recommendation

Pacific Power has kept Staff informed of the upward trend in REC prices. The Commission has approved portfolio option rate increases for both PacifiCorp and PGE due to REC price increases in recent years.² REC prices have spiked significantly further this year.

Figure 1: Five-Year REC Price History



¹ See Docket No. UE 260, OPUC, Order No. 12-487, December 18, 2012, p 1.

² See Docket No. ADV 1309, OPUC, Letter, December 28, 2021, p 1;
See Docket No. ADV 1379, OPUC, Letter, April 19, 2022, p 1.

Increased revenue from these higher rates would remain in the Blue Sky program and not fund PacifiCorp's general revenue requirement.

Conclusion

Staff recommends the Commission approve Pacific Power's proposal to increase Blue Sky tariff rates and the required rule waiver to allow less than four months for these new rates to go into effect. Staff finds this to be a reasonable adjustment to higher program costs.

PROPOSED COMMISSION MOTION:

Grant the waiver of OAR 860-038-0220(7) and approve Pacific Power's Advice No. 23-022.