

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
CONFIDENTIAL STAFF REPORT
PUBLIC MEETING DATE: August 8, 2023**

REGULAR **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: July 28, 2023

TO: Public Utility Commission

FROM: Abe Abdallah

THROUGH: JP Batmale and Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2286)
2022 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Commission take the following actions based on the Portland General Electric 2022 Renewable Portfolio Standard (RPS) Compliance Report:

1. Find that Portland General Electric (PGE or Company) complied with the RPS for the 2022 compliance period,
2. Direct Portland General Electric to retire the renewable energy certificates (RECs) identified in its 2022 RPS Compliance Report, and
3. Direct Portland General Electric to provide a Western Renewable Energy Generation Information System (WREGIS) retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.

DISCUSSION:

Issue

Whether Portland General Electric's RPS Compliance Report for the year 2022 demonstrates compliance with the applicable RPS requirements.

Applicable Rule or Law

The RPS is codified at ORS 469A.005 through 469A.210. ORS 469A.170(1) and OAR 860-083-0350(1)(a) require that each electric company subject to Oregon's RPS provide an annual report demonstrating its compliance (or failure to comply) with the RPS standard.

Among the reporting details required by ORS 469A.170(2)(a-h) and OAR 860-083-0350(2)(a-s), the Compliance Report must contain a complete accounting of RECs used for compliance in the compliance year, separating the RECs into bundled or unbundled, showing clearly which generating unit produced the RECs, the total cost of compliance, and a detailed explanation of any material deviations from the electric company's applicable acknowledged RPS implementation plan filed under OAR 860-083-0400.

ORS 469A.170(2) and OAR 860-083-0350(2) subsections (b-g) provide the Commission with the information necessary to determine whether an electric company may be considered in compliance with the RPS. These subsections require the electric company to provide a complete Compliance Report that shows the electric company has acquired and retired an appropriate number of valid RECs, bundled or unbundled, banked or unbanked, for the compliance year.

ORS 469A.100(1) provides that “[e]lectric utilities are not required to comply with a renewable portfolio standard during a compliance year to the extent that the incremental cost of compliance, the cost of unbundled renewable energy certificates and the cost of alternative compliance payments under ORS 469A.180 exceeds four percent of the utility's annual revenue requirement for the compliance year.”

Analysis

Background

The Company's 2022 RPS Compliance Report (hereinafter referred to as “Compliance Report” or “Report”) demonstrates PGE's compliance with the RPS for the period of January 1, 2022 through December 31, 2022.

The Company filed its Compliance Report on June 1, 2023. Upon Staff sending clarifying questions, PGE responded with more clarifications on the RPS compliance report. No comments were filed by any party in the docket.

Portland General Electric's RPS Compliance Report

The table below summarizes PGE's 2022 RPS obligations and compliance activities.

Renewable Portfolio Standard Compliance Summary	
RECs Obligation	Value
Oregon retail sales (MWh)	18,821,441 ¹
RPS % Obligation	20%
RPS Obligation of qualifying electricity (RECs)	3,764,288
RECs used for RPS Compliance in 2022	Value
Bundled - newly acquired (RECs)	1,006,968 ²
<i>Bundled - newly acquired (% RPS)</i>	<i>26.8%</i>
Bundled - from bank (RECs)	2,004,462
<i>Bundled - from bank (% RPS)</i>	<i>53.2%</i>
Bundled RECS subtotal	3,011,430
Bundled RECS subtotal (% RPS)	80%
Unbundled - newly acquired (RECs)	0
<i>Unbundled - newly acquired (%)</i>	<i>0.0%</i>
Unbundled - from bank (RECs)	752,858
<i>Unbundled - from bank (%)</i>	<i>20.0%</i>
Unbundled RECs subtotal	752,858
Unbundled RECs subtotal (% RPS) [subject to 20% cap]	20%
Total RECs	3,764,288

PGE's 2021 RPS obligation is 3,764,288 megawatt hours (MWh). The combined number of bundled RECs and unbundled RECs used by PGE for RPS Compliance in 2022 adds up to 3,764,288 total RECs. As also shown in the table above, PGE's number of unbundled RECs does not exceed the 20 percent limit allowed by ORS 469A.145(1).

Portland General Electric's total cost of compliance is \$60,568,153, which represents 2.9 percent of PGE's revenue requirement and is below the four percent cap established by statute.³ Comparing with the last three years, Staff notes that PGE's

¹ PGE's 2022 FERC Form 1, <https://investors.portlandgeneral.com/financial-information/ferc-filings>, Page 304, Row 41, Column (b). (Accessed on June 14, 2023). The figure for Oregon retail sales is net of Energy Service Supplier (ESS) retail sales to Direct Access customers in Oregon consisting of 547,844 MWh to commercial customers and 1,777,633 MWh to industrial customers.

² Newly acquired bundled RECs includes a total of 2 x 2,220 MWh from two two-for-one solar resources, as permitted by ORS 757.375 and OAR 860-84-0070(2).

³ PGE 2021 Renewable Portfolio Standard Compliance Report, Docket No. UM 2286, page 7 (June 1, 2023).

RPS compliance cost for 2022 reverses the escalating trend of annual compliance cost for the three prior years starting in 2019, as shown in the following table.

RPS Total Cost of Compliance				
Total compliance cost as a percentage of revenue requirement	2019	2020	2021	2022
	2.4%	3.0%	3.4%	2.9%

Material Deviations

As required by OAR 860-083-0350(2)(l), the Company provided a detailed explanation of material deviations from the REC requirements forecasted in its 2022 Renewable Portfolio Implementation Plan (RPIP) for 2022 (filed in Docket No. UM 2216) and the RECs proposed to be retired for 2022 RPS compliance in the 2022 RPS Compliance Report. Although the 2022 RPIP is meant to cover the range of years from 2023 to 2027, it also includes a forecast for the year 2022. As such, the Company explained that it used the 2022 RPIP (2023 – 2027) instead of the 2020 RPIP (2021-2025) (filed in Docket No. UM 2048) because the company found it more appropriate to use the forecast for 2022 that was developed a year ago when compared to the forecast that was developed three years ago.

Staff finds the Company's explanation to use the most up-to-date forecast for 2022 reasonable because the Company's compliance strategy has not changed, and the result is the use of more accurate, and approved values to which this compliance period can be compared. The Company has not changed its compliance strategy for retirement of RECs, which is based on prioritizing the retirement by type (five-year RECs retired before infinite-life RECs) and vintage (older RECs before newer RECs). This situation is very similar to the argument presented by PacifiCorp last year for its 2021 RPS Compliance, which the Commission accepted on the basis of PacifiCorp being consistent with the same compliance strategy between its two RPIPs.⁴

In its compliance report, the Company compared the number of estimated RECs needed for compliance by resource (or a category of resources) with the number of actual RECs used for compliance in 2022 under two types of scenarios: the "Reference Case" and the "20% Unbundled Scenario." Staff appreciates the level of detail and supporting material the Company provided describing the deviations.

Staff focused on comparing the RECs used for compliance in 2022 with the forecasted RECs in the "20% Unbundled Scenario,"⁵ as this was the scenario closest to the actual

⁴ See Order No. 22-478 in UM 2239 (Dec. 14, 2022).

⁵ The number of RECs forecasted for 2022 under both the "Reference Case" and the "20% Unbundled Scenario" is provided under UM 2286, Confidential Attachment F.

case in 2022. As a result of Staff's analysis on RPIP alignment, Staff makes the following comments:

- Use of Unbundled RECs: The number of unbundled RECs was similar in 2022 compared to 2021. Similar to the situation last year, the use of unbundled RECs continues to diverge from the RPIP Reference case, where there were zero unbundled RECs planned for 2022. However, the noticeable difference in 2022 from the three previous years is that there were zero newly acquired unbundled RECs in 2022.
- Qualifying Facility (QF) RECs: The number of RECs produced by QFs (QF RECs) have increased slightly from 2021 to 2022, going from 203,803 to 242,828. The 2022 RPIP estimated production of 537,354 QF RECs in 2022. As indicated by the Company, and similar to 2021 RPS compliance, QF RECs are still low compared to the RPIP, as shown in the following table.

Year	Planned QF RECs	Actual QF RECs	Difference
2021	955,927 ⁶	203,803	752,124
2022	537,354 ⁷	242,828	294,526

Staff anticipates working with the Company over the next year to understand more about the path for the company's RPS compliance strategy in light of the implementation of HB 2021 and associated 2023 Clean Energy Plan.

Conclusion

Staff concludes that Portland General Electric has met the RPS compliance target mandated by ORS 469A.052(1)(c) and the RPS compliance reporting requirements mandated by OAR 860-083-0350.

⁶ See PGE's 2021 RPS Compliance Report (UM 2241), table provided in response to OAR 860-083-0350(2)(l), column under the "20% Unbundled Scenario" for the 2020 RPIP Projection (UM 2048), row for "Qualified Facilities".

⁷ See PGE's 2022 RPS Compliance Report (UM 2286), table provided in response to OAR 860-083-0350(2)(l), column under the "20% Unbundled Scenario" for the 2022 RPIP Projection (UM 2216), row for "Qualified Facilities".

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PROPOSED COMMISSION MOTION:

1. Find Portland General Electric to be compliant with Oregon's Renewable Portfolio Standard during the 2022 period;
2. Direct Portland General Electric to retire the RECs identified in its 2022 Compliance Report; and
3. Direct Portland General Electric to provide a Western Renewable Energy Generation Information System retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.

UM 2286 – PGE's 2022 RPS Compliance Report