

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com
Suite 450
1750 SW Harbor Way
Portland, OR 97201

May 15, 2020

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY,
Renewable Resource Automatic Adjustment Clause (Schedule 122)
Docket No. UE 370; and
In the Matter of PORTLAND GENERAL ELECTRIC COMPANY,
Renewable Resource Automatic Adjustment Clause (Schedule 122)
(BPSC Energy Storage Microgrid and ARC Energy Storage)
Docket No. UE 372 (Consolidated)

Dear Filing Center:

Please find enclosed the redacted version of the Rebuttal Testimony and Exhibits of Bradley G. Mullins (AWEC/200 – 202) on behalf of the Alliance of Western Energy Consumers (“AWEC”) in the above-referenced dockets.

Please note that AWEC’s testimony and exhibits contain protected information that is being handled in accordance with Order No. 19-416. The confidential portions of AWEC’s filing have been encrypted with 7-zip software and are being transmitted electronically to the Commission and qualified persons, consistent with the Commission’s Order No. 20-088.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the **confidential portions of the Rebuttal Testimony and Exhibits of Bradley G. Mullins** upon the parties shown below via electronic mail, consistent with Commission Order No. 20-088.

Dated at Portland, Oregon, this 15th day of May, 2020.

Sincerely,

/s/ Jesse O. Gorsuch

Jesse O. Gorsuch

CITIZENS' UTILITY BOARD OF OREGON

MICHAEL GOETZ
WILLIAM GEHRKE
610 SW BROADWAY STE 400
PORTLAND OR 97205
mike@oregoncub.org
will@oregoncub.org

PUBLIC UTILITY COMMISSION OF OREGON

STEVE STORM
OPUC
201 HIGH ST. SE, SUITE 100
SALEM, OR 97301
steve.storm@state.or.us

PUC STAFF - DEPARTMENT OF JUSTICE

SOMMER MOSER
JOHANNA RIEMENSCHNEIDER
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301
sommer.moser@doj.state.or.us
johanna.riemenshneider@doj.state.or.us

PORTLAND GENERAL ELECTRIC

DOUGLAS TINGEY
PORTLAND GENERAL ELECTRIC
121 SW SALMON – 1WTC 1301
PORTLAND, OR 97204
doug.tingey@pgn.com
pge.opuc.filings@pgn.com

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
UE 370, UE 372**

In the Matters of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (Wheatridge))
(UE 370) and)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (BPSC Energy)
Storage Microgrid and ARC Energy Storage))
(UE 372).)

**REBUTTAL TESTIMONY OF
BRADLEY G. MULLINS
ON BEHALF OF
THE ALLIANCE OF WESTERN ENERGY CONSUMERS
(REDACTED VERSION)**

May 15, 2020

TABLE OF CONTENTS

I. Introduction and Summary 1

II. Prudence of Wheatridge 3

 a. Regulatory Asset Approach.....4

 b. Prudence of Wheatridge’s Selection8

III. REC Monetization..... 11

EXHIBIT LIST

Confidential AWEC/201 – PGE Responses to Data Requests

Confidential AWEC/202 – Net Revenue Requirement Forecast of Wheatridge in
PGE Cost Containment Screener

1 **I. INTRODUCTION AND SUMMARY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Bradley G. Mullins, and my business address is 1750 SW Harbor Way, Suite 450,
4 Portland, Oregon 97201.

5 **Q. ARE YOU THE SAME BRADLEY G. MULLINS WHO PROVIDED OPENING**
6 **TESTIMONY IN THIS DOCKET?**

7 A. Yes.

8 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

9 A. I respond to Portland General Electric Company's ("PGE") Reply Testimony, filed on April
10 24, 2020, and the Oregon Citizens' Utility Board's Opening Testimony filed on March 30,
11 2020.

12 **Q. HAVE THERE BEEN ANY UPDATES TO THIS DOCKET SINCE PGE FILED ITS**
13 **REPLY TESTIMONY?**

14 A. Yes. Parties have agreed to a settlement in principle of most issues raised in testimony. The
15 only issues that remain outstanding are: (1) the prudence of the Wheatridge Renewable Energy
16 Facility ("Wheatridge"), including whether customer protections should be in place to
17 appropriately share the risk of uncertain future outcomes between customers and shareholders;
18 and (2) PGE's proposal to monetize the renewable energy credits ("RECs") generated by
19 Wheatridge in the first five years.

20 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

21 A. PGE's Reply Testimony identifies an all-in net rate increase to customers, including all costs
22 and benefits of Wheatridge, of approximately \$15.5 million.^{1/} This is roughly equivalent to a

^{1/} PGE/300, Armstrong-Batzler at 2:20.

1 one percent rate increase. To put that in perspective, a representative AWEC member that
2 spends \$1 million on electricity each month will pay an incremental \$120,000 per year for a
3 resource that is designed to save these customers money. PGE's Reply Testimony justifies the
4 prudence of Wheatridge on its ability to provide these economic benefits to customers over the
5 long term, but the Company is content to request traditional rate recovery for this resource,
6 which would place all risk on customers that these benefits do not materialize. Wheatridge
7 was a nontraditional resource procurement, and nontraditional rate recovery is therefore just
8 and reasonable.

9 To appropriately share risks between customers and shareholders in this case, I
10 proposed in my Opening Testimony a regulatory asset approach that would hold a portion of
11 Wheatridge's costs in reserve for recovery in future years if the modeled economic benefits
12 arise as predicted. PGE's Reply Testimony did not address my proposal, which I further
13 explain and justify in this Rebuttal Testimony.

14 PGE's Reply Testimony did respond to my conclusion that it did not act prudently in
15 the request for proposals ("RFP") process that led to the selection of Wheatridge by refusing to
16 allow a modified bid for the top-ranked resource. As I show in this Rebuttal Testimony, PGE's
17 arguments are unconvincing, and I continue to recommend that the Commission impose a
18 disallowance.

19 Finally, I respond to PGE's Reply Testimony and CUB's Opening Testimony regarding
20 PGE's proposal to return the value of RECs generated from Wheatridge in its first five years to
21 customers.

II. PRUDENCE OF WHEATRIDGE

Q. PLEASE SUMMARIZE YOUR OPENING TESTIMONY ON THE PRUDENCE OF PGE'S DECISION TO SELECT WHEATRIDGE.

A. My testimony identified two distinct issues with respect to the prudence of Wheatridge. First, I noted irregularities with the RFP process that resulted in Wheatridge becoming the only qualified project. Second, I noted that the primary basis for PGE's decision to pursue Wheatridge was the facility's ability to provide economic benefits to customers over the long term. The impact of this RAC filing, however, is to increase rates for customers, and PGE has proposed traditional rate base recovery that imposes on customers all of the risks that its projection of economic benefits will not materialize. Therefore, I proposed an alternative ratemaking construct that would place a portion of Wheatridge's near-term costs in a regulatory asset that could be recovered in the future from the net economic benefits of the project, should they materialize as PGE predicts.

Q. HOW DID PGE RESPOND?

A. With respect to the RFP process and its selection of Wheatridge, PGE argues that it acted prudently in refusing to allow [REDACTED] to submit a substitute bid, claiming that this would have undermined the integrity of the RFP process.^{2/} With respect to my proposal to place a portion of the Wheatridge costs in a regulatory asset, PGE offers no testimony at all.

^{2/} Id. at 7:6-8.

1 **a. Regulatory Asset Approach**

2 **Q. HOW DID PGE JUSTIFY ITS DECISION TO PURSUE WHEATRIDGE IN ITS 2016**
3 **IRP?**

4 A. PGE initially proposed to pursue 175 aMW of new renewable resources as a means of cost-
5 effectively complying with the renewable portfolio standard (“RPS”). The Company stated
6 that “early action, which captures relatively more of the available [production tax credit
7 (“PTC”)] prior to phase-out, is preferable to deferring action.”^{3/} The Commission, however,
8 did not acknowledge this action plan item. It found that, “[w]ithout a clear demonstration of
9 how the projected long-term economic benefits were balanced with short-term impacts and
10 long-term risks, we are unable to conclude that acting now...to take advantage of the economic
11 opportunity is a least-cost and least-risk approach to meeting PGE’s RPS need.”^{4/} The
12 Commission continued: “A greater showing of how the proposed resource action aligns with
13 current capacity needs, how PGE can mitigate short-term rate impacts, and how long-term
14 optionality can be maintained, was lacking in PGE’s analysis.”^{5/}

15 In response, PGE proposed an alternative RPS action plan, in which it reduced its target
16 procurement size to 100 aMWs and implemented a “cost-containment screen,” which required
17 the levelized cost of a resource to be less than the resource’s levelized energy and capacity
18 value.^{6/} In other words, the justification for the resource was no longer just that it would be a
19 lower-cost means of meeting long-term RPS requirements, but that it would provide long-term
20 economic benefits to customers independent of the RPS.

^{3/} Docket No. LC 66, PGE 2016 IRP at 308 (Nov. 15, 2016).

^{4/} Docket No. LC 66, Order No. 17-386 at 15 (Oct. 9, 2017).

^{5/} Id. at 15-16.

^{6/} Docket No. LC 66, PGE 2016 IRP Addendum at 12 (Nov. 9, 2017).

1 The Commission acknowledged this revised renewable action plan with several
2 conditions. Regarding the cost-containment screen, the Commission stated that the “concept
3 for a cost containment screen assures us that procurement following from the RFP will be
4 limited to high value resources.”^{7/}

5 **Q. DOES WHEATRIDGE CONTRIBUTE TO PGE’S NEAR-TERM ENERGY AND**
6 **CAPACITY NEEDS?**

7 A. Yes, but only modestly, and it is unlikely that it does so in a least-cost, least-risk manner.

8 Wheatridge is expected to generate 117.6 aMW of energy,^{8/} and PGE assumes it will produce
9 ■■■ MW of capacity.^{9/} A short-term contract for the same amount of non-emitting energy might
10 provide more capacity benefits. Because PGE only sought out RPS-eligible resources in its
11 RFP, however, it is impossible to know whether other energy or capacity products could have
12 met PGE’s near-term energy and capacity needs in a lower cost and lower risk manner. Taking
13 into account all benefits from Wheatridge, the net revenue requirement increase is
14 approximately \$15 million in the first year. The first-year revenue requirement in the cost
15 containment screen, however, was \$■■■■■.^{10/} Given that Wheatridge was justified based
16 on economic benefits, it would be inconsistent if these economics were not considered for
17 ratemaking purposes. Given the time value of money, if the costs in the early years are too
18 high, the economic benefits in later years might not yield an overall net benefit.

19 **Q. DOES PGE’S TESTIMONY IN THIS CASE SUPPORT THIS CONCLUSION?**

20 A. Yes. PGE testifies that it likely would have been an “imprudent decision” not to select
21 Wheatridge because “the Wheatridge project not only passed the cost containment screens, but

^{7/} Docket No. LC 66, Order No. 18-044 at 6 (Feb. 2, 2018).

^{8/} PGE/100, Armstrong - Batzler at 5:17-19.

^{9/} See AWEC/201 at 2 (PGE Response to AWEC DR 19 Attach A Conf.).

^{10/} Confidential AWEC/202.

1 exhibited a strong benefit-to-cost ratio, with real levelized net customer benefits forecasted at
2 [REDACTED].”^{11/} PGE itself, therefore, bases the prudence of Wheatridge on its ability to
3 provide net benefits to customers over time.

4 **Q. DID WHEATRIDGE PASS THE COST-CONTAINMENT SCREEN IN THE RFP?**

5 A. Yes.

6 **Q. DOES THAT MEAN CUSTOMERS WILL REALIZE NET BENEFITS FROM**
7 **WHEATRIDGE?**

8 A. No. Because the cost-containment screen compares the levelized cost of Wheatridge to its
9 levelized benefits, the cost-containment screen only ensures that customers benefit if PGE’s
10 modeling assumptions about future market prices and other inputs are correct.

11 **Q. DOES PGE PROPOSE ANY MECHANISM TO ACCOUNT FOR THE**
12 **UNCERTAINTY OVER FUTURE BENEFITS?**

13 A. No. PGE has proposed traditional rate recovery for a nontraditional resource procurement.
14 This is the precise concern AWEC raised when the Commission was considering whether to
15 acknowledge the final RFP shortlist:

[I]f PGE does proceed with a procurement through this RFP, it is crucial that the
Company’s shareholders bear some of the risk of performance of these
resources. PGE’s confidence in its IRP forecast of the future is undoubtedly
driven in part by its knowledge that, if its resource procurement is found to be
prudent, customers will bear the risk that this forecast goes sideways. If that
happens, shareholders will shrug their shoulders and move on; customers will
pay the bill.^{12/}

^{11/} PGE/300, Armstrong-Batzler/10:10-13.

^{12/} Docket No. UM 1934, AWEC Comments on Staff Report, at 7 (Nov. 29, 2018).

1 **Q. HOW DOES AWEC'S REGULATORY ASSET APPROACH BETTER BALANCE**
2 **THE RISKS ASSOCIATED WITH WHEATRIDGE BETWEEN CUSTOMERS AND**
3 **SHAREHOLDERS?**

4 A. The guiding principle of my proposal is to tie rate recovery to the demonstrated prudence of
5 Wheatridge. Although I do recommend a disallowance associated with PGE's handling of the
6 RFP process, discussed below, my regulatory asset approach is designed to ensure PGE the
7 opportunity to fully recover any Wheatridge costs that are not disallowed, provided that the
8 resource does in fact provide net economic benefits over time. If the resource does not provide
9 these economic benefits, PGE would not be able to recover a portion of the costs held in the
10 regulatory asset. Customers would bear all incremental downside risk to the extent the lack of
11 forecasted benefits exceeds what has been held back in the regulatory asset.

12 **Q. WHAT PORTION OF WHEATRIDGE'S COSTS DO YOU RECOMMEND BE**
13 **PLACED IN THE REGULATORY ASSET?**

14 A. In Confidential Exhibit AWEC/202, I provide the annual net revenue requirement. I
15 recommend that, in this case and when preparing a forecast in a future rate case or future RAC
16 to update Wheatridge's revenue requirement, PGE's annual recovery assumptions be limited to
17 the net revenue requirement in Confidential Exhibit AWEC/202, which is consistent with the
18 net revenue requirement assumed in PGE's RFP cost containment screen. In this case, the net
19 revenue requirement of Wheatridge would be reduced to the forecast amount on row 1. If PGE
20 filed a rate case for rates effective in 2022, the revenue requirement would be assumed as the
21 forecast amount on row 2, and so on. The difference between the AWEC/202 amount and the
22 actual cost of Wheatridge eligible for rate recovery would be applied to a regulatory asset, and
23 collected in future years when and if the benefits exceed the cost. If PGE does fully recover

1 the costs held in the regulatory asset through future net benefits, the regulatory asset would
2 then be eliminated.

3 **Q. IF THE COMMISSION IMPOSES A PRUDENCE DISALLOWANCE BASED ON**
4 **PGE'S HANDLING OF THE RFP, AS YOU DISCUSS BELOW, HOW WOULD THIS**
5 **IMPACT YOUR REGULATORY ASSET PROPOSAL?**

6 A. The net revenue requirement shown in AWEC/202 would be reduced accordingly to ensure
7 that PGE does not indirectly recover these amounts through the regulatory asset. Thus, in my
8 Opening Testimony I proposed a prudence disallowance of \$5.44 million.^{13/} If the
9 Commission agreed with this disallowance, the amount shown in line 1 of AWEC/202 would
10 be reduced by \$5.44 million as well.

11 **b. Prudence of Wheatridge's Selection**

12 **Q. PLEASE SUMMARIZE YOUR OPENING TESTIMONY REGARDING THE**
13 **PRUDENCE OF PGE'S RESOURCE SELECTION PROCESS.**

14 A. The winning bid from PGE's RFP was [REDACTED]. Unfortunately,
15 following the RFP process, [REDACTED]
16 [REDACTED]. PGE, however, denied this request, which
17 left Wheatridge as the only viable resource remaining. I argued in my Opening Testimony that
18 it was imprudent for PGE [REDACTED], given that it had
19 the lowest cost resource, or to at least request permission from the Commission to allow this
20 alternative.

21 **Q. HOW DID PGE RESPOND?**

22 A. PGE argues in its Reply Testimony that it would have been improper to allow [REDACTED] to
23 submit an alternative bid because doing so would have undermined the integrity of the RFP

^{13/} AWEC/100, Mullins/3.

1 process.^{14/} PGE elaborates that “[a]llowing bidders the latitude to substantially alter [bid]
2 commitments after passing through the solicitation process rewards false bidding and prevents
3 the client from ever knowing whether they indeed selected the best bid.”^{15/}

4 **Q. IS THIS CONCERN VALID WITH RESPECT TO THE [REDACTED] BID?**

5 A. No. AWEC agrees with PGE that a bidder should not be allowed to modify its bid once its
6 resource has been selected from an RFP process, as this does indeed harm resource selection
7 and the ability to acquire the least-cost/least-risk resources for customers. But that is not what
8 occurred here. [REDACTED] requested the ability to modify its bid before any resource was
9 selected. There is no incentive for a bidder to do something like this deliberately. It costs time
10 and money to participate in an RFP. It would make no sense for a bidder to submit a false bid
11 and then, after it has been placed on the shortlist, modify it in a manner that results in other
12 resources being selected over it. Suggestions that [REDACTED] acted in an improper manner have
13 no basis in fact, and PGE’s allegations of impropriety to justify disqualifying [REDACTED] is
14 similarly discredited.

15 Furthermore, even if PGE’s concerns regarding the integrity of the RFP process were
16 valid, nothing in PGE’s Reply Testimony explains why it did not seek Commission permission
17 to allow a substitute bid. At that time, PGE could have raised the concerns it identifies in its
18 Reply Testimony, and the Commission could have made an informed decision about whether
19 to allow a new bid or not. PGE’s unilateral actions potentially deprived customers of a lower
20 cost resource.

^{14/} PGE/300, Armstrong-Batzler/7:6-11.

^{15/} Id. at 7:20-22.

1 **Q. HOW ELSE DOES PGE DEFEND ITS DECISION TO SELECT WHEATRIDGE**
2 **WITHOUT ALLOWING [REDACTED] TO UPDATE ITS BID?**

3 A. PGE states that it is unreasonable to assume that the updated bid would have been more
4 competitive than Wheatridge. In my Opening Testimony, I recommended a prudence
5 disallowance based on 50% of the difference between the original bid price for the
6 [REDACTED] and Wheatridge as a proxy for the updated cost of
7 the bid [REDACTED] was not allowed to update. My recommendation was based on an assumption
8 that the [REDACTED] of the new bid would have increased, but that other aspects of
9 the bid cost would have decreased because [REDACTED]
10 [REDACTED].^{16/} PGE is correct that these are assumptions and cannot be tested, but
11 so is PGE's assumption that Wheatridge would have been more competitive than the substitute
12 bid. PGE's decision not to review updated pricing has forced the need to make these
13 assumptions. Recall that the Independent Evaluator [REDACTED]
14 [REDACTED].^{17/} Thus, PGE's assumptions regarding the
15 competitiveness of Wheatridge to the alternative bid are not reasonable on their face. It was
16 PGE's unilateral action that prevented the relevant information about whether PGE selected the
17 best resource for customers from being considered. AWEC is arguing that PGE acted
18 imprudently because PGE did not seek out that information. Therefore, it is not valid for PGE
19 to argue that its decision was prudent because the relevant information is not available.

^{16/} AWEC/100 at 19:14-22.

^{17/} AWEC/104 at 6-7.

1 **Q. WHAT DO YOU RECOMMEND?**

2 A. I continue to recommend that the Commission impose a prudence disallowance equal to 50%
3 of the difference between the original [REDACTED] and
4 Wheatridge. This results in a \$5.44 million reduction to revenue requirement.

5 **III. REC MONETIZATION**

6 **Q. PLEASE SUMMARIZE YOUR OPENING TESTIMONY REGARDING PGE'S**
7 **PROPOSAL TO SELL RECS FROM WHEATRIDGE FOR THE FIRST FIVE YEARS.**

8 A. I recommended that, as an alternative to selling Wheatridge RECs, the Commission identify a
9 market value for these RECs and require PGE to include that value as an offset to rate base.^{18/}
10 I recommended valuing the RECs at the same value PGE identifies for the sale value of
11 Wheatridge RECs.^{19/} My recommendation is based on the fact that customers pay for RECs
12 from PGE-owned or contracted resources when they are generated, and PGE currently holds
13 these RECs for customers' benefit indefinitely and interest-free in its REC bank. My
14 recommendation would treat RECs similar to other benefits in which there is a timing
15 difference between when the benefit is created and when it is either recovered from or passed
16 back to customers.^{20/} If, however, the Commission does not adopt my primary
17 recommendation, I proposed two alternatives, depending on how PGE pursues resources in the
18 future. Specifically, PGE should bank the Wheatridge RECs to defer future procurements
19 made for RPS compliance, or if PGE continues to pursue a path in which it complies with the

^{18/} AWEC/100 at 26:9-16.

^{19/} Id. at 26:11-14.

^{20/} Id. at 26:20-27:3.

1 RPS entirely through physical resources, then it should sell the vast majority of the RECs in its
2 bank, as they provide no value to customers.^{21/}

3 **Q. HOW DID PGE RESPOND TO YOUR OPENING TESTIMONY?**

4 A. PGE responded by largely mischaracterizing my testimony and setting up strawmen to knock
5 down. PGE, for instance, incorrectly claimed that AWEC opposes “any structure to monetize
6 Wheatridge,”^{22/} even though I plainly identified monetizing not only Wheatridge RECs, but all
7 RECs in PGE’s bank as one alternative depending on how PGE pursues RPS resources in the
8 future. Additionally, in response to my primary recommendation to value Wheatridge RECs as
9 an offset to rate base, PGE states that “it seems to be incongruent for AWEC to, on the one
10 hand argue that we should not be able to monetize the Wheatridge RECs, while at the same
11 time arguing that our opportunity to earn a fair return should be reduced by the same product
12 we cannot monetize.”^{23/} Again, however, I did not argue that PGE should not be able to
13 monetize the RECs in its bank. PGE is free to sell any amount of RECs in its bank at any time.
14 My proposal only ensures a value is applied to the RECs PGE elects to retain in its bank.

15 **Q. DO YOU HAVE ANY OTHER CONCERNS WITH PGE’S TESTIMONY ON THE**
16 **VALUE OF RECS?**

17 A. Yes. PGE states that it estimates the value of RECs in its bank that could be used to defer
18 future RPS additions to be zero.^{24/} PGE’s position is based on forecasts that show RPS-
19 compliant resources to be the least-cost resources in the future.^{25/} PGE’s position raises several
20 questions and concerns. It is unclear, for example, why PGE is not acting to sell nearly all of

^{21/} Id. at 27:11-17.

^{22/} PGE/300, Armstrong-Batzler/25:8-9.

^{23/} Id. at 35:10-13.

^{24/} Id. at 26:9-11.

^{25/} Id. at 26:13-27:4.

1 the RECs in its bank right now at whatever price it can get if it thinks these RECs have no
2 value for RPS compliance. It is also unclear why PGE continues to purchase unbundled RECs
3 from third parties each year if it is buying a product that it thinks is worthless.

4 **Q. WHAT PRINCIPLE UNDERLIES AWEC'S POSITION ON THE RECS FROM**
5 **WHEATRIDGE?**

6 A. AWEC's primary interest, both for Wheatridge RECs and all other RECs, is that PGE
7 maximizes the value of these RECs for customers, however that is accomplished. This is the
8 prudent course of action. AWEC is not convinced by PGE's analysis showing that 100%
9 physical RPS compliance is a lower cost RPS compliance path than using banked RECs to
10 defer future resource additions, but if that is the accepted view, then the Commission should
11 identify the mechanism that best returns the value of RECs to customers, whether that be
12 through sale of RECs as PGE proposes, applying a value to the REC bank as an offset to rate
13 base, as I propose, or a combination of the two.

14 **Q. DOES AWEC SUPPORT CUB'S ALTERNATIVE VALUATION OF WHEATRIDGE**
15 **RECS?**

16 A. No. CUB proposes a lower value for the Wheatridge RECs PGE proposes to sell, which would
17 reduce the benefit returned to customers. If PGE is to sell Wheatridge RECs, then it should
18 maximize the value of these RECs for customers. Moreover, the power purchase agreement
19 ("PPA") PGE has with NextEra for a portion of Wheatridge [REDACTED]
20 [REDACTED].^{26/} The
21 amount PGE proposes as a sale price for these RECs, therefore, should be no less.

22 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

^{26/} Confidential AWEC/201 at 5-6 (PGE Resp. to CUB DR 002, Conf. Attachment 002-B §§ 1.1.145, 6.1).

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
UE 370, UE 372**

In the Matters of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (Wheatridge))
(UE 370) and)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (BPSC Energy)
Storage Microgrid and ARC Energy Storage))
(UE 372).)

**EXHIBIT AWEC/201
PGE RESPONSES TO DATA REQUESTS
(REDACTED VERSION)**

March 20, 2020

TO: Jesse O. Gorsuch
Alliance of Western Energy Consumers'

FROM: Jaki Ferchland
Manager, Revenue Requirement

PORTLAND GENERAL ELECTRIC
UE 370
PGE Response to AWEC Data Request No. 019
Dated March 6, 2020

Request:

Reference PGE's response to AWEC Data Request 12:

- a. Please provide workpapers used to calculate the total cost associated with the respective bids.
- b. Please provide workpapers used to calculate the Real Levelized Cost of Energy for the respective bids.

Response:

These workpapers have been previously provided in PGE's response to OPUC Data Request No. 054, confidential Attachment 054-A. For convenience, they are provided here as Attachment 019-A.

Attachment 019-A is macro-enabled and each partial bid for short-listed bids can be selected by entering in the "Partial Bid #" located on row 38 into cell A3 of the tab titled "Assump". Partial bid results for total cost can be found in cell N811 and for Real Levelized Cost of Energy in cell N813. Total bid costs are calculated through a macro-routine the results of which can be found in the cells L875:AH924.

Attachment 019-A is protected information and subject to Protective Order No. 19-416.

UE 370

Attachment 019-A

Provided in Electronic Format only

Protected Information Subject to Protective Order 19-416

Price Score Model

December 19, 2019

TO: William Gehrke
Oregon Citizens' Utility Board

FROM: Jaki Ferchland
Manager, Regulatory Affairs

PORTLAND GENERAL ELECTRIC
UE 370
PGE Response to CUB Data Request No. 002
Dated December 6, 2019

Request:

Refer to UE 370 / PGE / 100 / Armstrong – Batzler /2/ Lines 8-9, please provide a copy of the two Power Purchase Agreements.

Response:

Attachment 002-A provides the wind Power Purchase Agreement (PPA) between Portland General Electric (PGE) and Wheatridge Wind II, LLC. Attachment 002-B provides the Solar + Storage PPA between PGE and Wheatridge Solar Energy Center, LLC. Please note, as described in PGE Exhibit 100, page 15, the solar and storage PPA is not scheduled for commercial operation until December 31, 2021. As such, PGE is not including any costs or benefits related to the solar and battery portion of Wheatridge within UE 370.

Attachments 002-A and 002-B are protected information subject to Protective Order No. 19-416.

UE 370

Attachment 002-B

Provided in Electronic Format only

Protected Information Subject to Protective Order 19-416

Wheatridge Solar + Storage PPA

PAGES 5-6 OF EXHIBIT AWEC/201 INCLUDE PROTECTED INFORMATION SUBJECT TO THE GENERAL PROTECTIVE ORDER IN THIS PROCEEDING AND HAVE BEEN REDACTED IN THEIR ENTIRETY.

**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
UE 370, UE 372**

In the Matters of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (Wheatridge))
(UE 370) and)
)
Renewable Resources Automatic Adjustment)
Clause (Schedule 122) (BPSC Energy)
Storage Microgrid and ARC Energy Storage))
(UE 372).)

EXHIBIT AWEC/202

**NET REVENUE REQUIREMENT FORECAST OF WHEATRIDGE IN
PGE COST CONTAINMENT SCREENER**

(REDACTED VERSION)

EXHIBIT AWEC/202 CONTAINS PROTECTED INFORMATION SUBJECT TO THE
GENERAL PROTECTIVE ORDER IN THIS PROCEEDING AND HAS BEEN REDACTED
IN ITS ENTIRETY.