

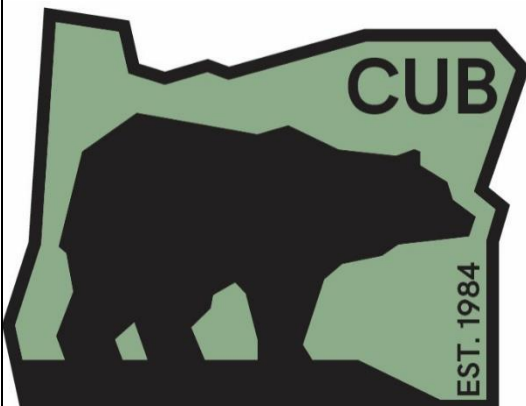
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 377

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
2021 Annual Power Cost Update Tariff.)

SUPPLEMENTAL TESTIMONY
ON THE
DOUGLAS CONTRACT
OF THE
OREGON CITIZENS' UTILITY BOARD

July 9, 2020



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OF OREGON
UE 377

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PORTLAND GENERAL ELECTRIC)	SUPPLEMENTAL TESTIMONY ON
COMPANY,)	THE DOUGLAS CONTRACT OF
)	THE OREGON CITIZENS' UTILITY
2021 Annual Power Cost Update Tariff.)	BOARD
_____)	

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is William Gehrke. I am an Economist employed by Oregon Citizens'
3 Utility Board (CUB). My business address is 610 SW Broadway, Ste. 400
4 Portland, Oregon 97205.

5 **Q. Please describe your educational background and work experience.**

6 A. My witness qualification statement is found in exhibit CUB/101.

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of this testimony is to respond to Portland General Electric's (PGE or
9 the Company) supplemental testimony regarding the contract it has entered into for
10 a power purchase agreement (PPA) with Public Utility District No. 1 of Douglas
11 County, Washington (Douglas). PGE filed its supplemental testimony on June 8,
12 2020. The Douglas PPA, using the most recent data, is expected to increase PGE's
13 net variable power costs (NVPC) by \$4.6 million.

14 **Q. Does CUB have a position on the Douglas PPA?**

1 **A.** Yes. CUB supports the contract, as it appears to be a prudent approach to meet
2 PGE's near-term projected capacity needs as identified in its most recent Integrated
3 Resource Plan (IRP). The Douglas PPA appears to be a prudent way to secure
4 capacity for PGE's ratepayers and meets a system need.¹

5 **Q. Did the Company conduct a bilateral capacity auction in 2020 to meet its**
6 **projected capacity needs over the next calendar five years?**

7 **A.** Yes. However, the Douglas PPA contract did not come as a result of capacity
8 auction. PGE and Douglas negotiated this contract on a bilateral basis. After
9 review, CUB finds that the capacity price secured by the Douglas PPA is
10 competitively priced compared to the results of the 2020 auction.

11 **Q. What capacity, energy, and ancillary services benefits does PGE receive**
12 **from the PPA?**

13 **A.** PGE will manage the Douglas and Okanogan hydro facilities' energy supply to
14 meet the Douglas and Okanogan's expected load. The surplus from Douglas and
15 Okanogan's hydro facilities after meeting their load will be available to PGE.

16 **Q. Does PGE expect to incur incremental costs to serve as Douglas and**
17 **Okanogan's energy supplier?**

18 **A.** The Company does not expect to incur any incremental costs in order to provide
19 load management and wholesale market services. Additionally, the Company does
20 not expect to have any incremental capital investment associated with the Douglas
21 PUD contract.

22

¹ UE 377 – CUB Exhibit 201.

1 **Q. What is your recommendation?**

2 **A.** CUB recommends that the Oregon Public Utility Commission find PGE's

3 decision to enter into the Douglas contract to be prudent.

4 **Q. Does this conclude your testimony?**

5 **A.** Yes.

UE 377

CUB Exhibit 201

PGE's Responses to CUB Data Requests in UE 377

June 25, 2020

TO: William Gehrke
Oregon Citizens' Utility Board

FROM: Jaki Ferchland
Manager, Revenue Requirement

**PORTLAND GENERAL ELECTRIC
UE 377
PGE Response to CUB Data Request No. 011
Dated June 18, 2020**

Request:

Refer to UE 377 – PGE/300/ Seulean – Kim –Batzler/ Page 6/ Lines 12-16. How does PGE plan on using the environmental attributes associated with Douglas and Okanogan's share of the Wells and Rocky Reach Projects? Does the Company plan on using the project for Oregon RPS compliance? Does PGE plan on monetizing the Wells/Rocky Reach RECs in Washington or Oregon? Please provide a narrative explanation along with any associated supporting documents and/or workpapers.

Response:

The reference to 'environmental attributes' within the contract is meant to refer to all attributes, should there be any currently or in the future, but more specifically the ability to claim the carbon free attributes of the specified generation. PGE's primary objective in the Douglas transaction was to secure non-emitting capacity to help address PGE's projected capacity needs over the next five years. Due to the nature of the capacity purchased being derived from hydro facilities, it is not possible to separate the environmental attributes from the energy produced by that capacity.

PGE does not plan on using the output received from Wells or Rocky Reach for Oregon RPS compliance. The Wells Project is not registered in WREGIS nor is it a registered Oregon eligible RPS facility. Therefore, Wells does not generate RECs that could be used for Oregon RPS compliance. A portion of the Rocky Reach facility does provide Oregon RPS eligible RECs for the portion of output that is associated with efficiency upgrades implemented by Chelan County PUD. Under the contract, PGE would receive the efficiency upgrade REC's associated with Douglas County PUD's 5.54% share of the eligible portion of Rocky Reach. For 2019, Douglas County PUD received approximately 60,000 RECs, of which approximately 15,000 were registered in the Western Renewable Energy Generation Information System (WREGIS) as Oregon eligible.

Regarding Washington, PGE does not have an RPS obligation within the state of Washington and only the Rocky Reach efficiency upgrades are registered in Washington. PGE is aware of rulemakings and other administrative processes related to the implementation of the Clean Energy Transformation Action (CETA), but is not in a position to speculate as to how RECs (or the carbon free attributes) will be applied under CETA or modified, if at all, to apply to Washington hydro resources.

PGE does not have a specific plan as to whether it will monetize or use these RECs for Oregon compliance. PGE has not entered into any transactions for the sale of the Rocky Reach output or the associated efficiency upgrade RECs. To the extent that Rocky Reach is received and delivered to PGE load, it is likely the associated RECs would remain as bundled RECs in PGE's WREGIS account. As stated above, PGE's primary objective in the Douglas transaction was to secure non-emitting capacity to address PGE's projected capacity needs over the next five years.

June 25, 2020

TO: William Gehrke
Oregon Citizens' Utility Board

FROM: Jaki Ferchland
Manager, Revenue Requirement

PORTLAND GENERAL ELECTRIC
UE 377
PGE Response to CUB Data Request No. 012
Dated June 18, 2020

Request:

Refer to UE 377 – PGE/300/Seulan – Kim – Batzler /Page 9/Lines 17-19. Please provide the results of the PGE's 2019-2020 bilateral auction for structured products. If the Company is unable to provide pricing information, what other projects were bid into the 2019-2020 auction?

Response:

Information regarding PGE's 2020 bilateral capacity auction can be found in confidential Attachment 012-A.

Attachment 012-A is protected information and Subject to Protective Order 20-100.

UE 377

Attachment 012-A

Provided in Electronic Format

Protected Information Subject to Protective Order 20-100

Progress on 2020 Bilateral Capacity Activities Presentation

June 25, 2020

TO: William Gehrke
Oregon Citizens' Utility Board

FROM: Jaki Ferchland
Manager, Revenue Requirement

PORTLAND GENERAL ELECTRIC
UE 377
PGE Response to CUB Data Request No. 014
Dated June 18, 2020

Request:

Refer to UE 377 – PGE/300/Seulan – Kim – Batzler /Page 9/Lines 19-21. The Company states that the Douglas PPA is competitively priced. Please provide the evidence used to establish that statement.

Response:

As demonstrated by the information provided in PGE's response to CUB Data Request Nos. 012 and 013, the pricing for the non-emitting capacity secured under the Douglas PPA is in line with the 2017 contracts, one of which is emitting, and cheaper than the 2020 emitting offer PGE begun negotiating but wound up declining.

June 25, 2020

TO: William Gehrke
Oregon Citizens' Utility Board

FROM: Jaki Ferchland
Manager, Revenue Requirement

PORTLAND GENERAL ELECTRIC
UE 377
PGE Response to CUB Data Request No. 015
Dated June 18, 2020

Request:

Does PGE anticipate that it will have to install any additional capital investments in order to serve as Douglas and Okanagan's "supplier of choice"?

Response:

No. PGE does not estimate any incremental capital investments.