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April 15, 2020

Via: email  
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Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Ste. 100  
P.O. Box 1088  
Salem, OR 97301-1088

RE: UM 1953 – Portland General Electric Company Phase II Reply Testimony

Filing Center:

Portland General Electric Company (PGE) hereby submits reply testimony and accompanying exhibits to provide additional information regarding PGE's proposed green tariff program. Enclosed for filing in the above referenced matter is:

- PGE / 700 – Testimony of Karla Wenzel and Josh Halley
- PGE / 701 – UM 1953 PGE Exhibit 600
- PGE / 702 – Green Tariff Regulatory Timeline and Summary
- PGE / 703 – Summary of PGE's Proposed Updates to the Guidelines to Replace the Nine Conditions

If you have any questions, please call me at (503) 464-7805. Please direct all formal correspondence, questions, or requests to the following email: [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com).

Sincerely,

*/s/ Karla Wenzel*  
Karla Wenzel  
Manager, Regulatory Strategy and Policy

*Enclosure*

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## I. Introduction

1 **Q. Please state your names and current positions.**

2 A. My name is Karla Wenzel. I am the Manager of Regulatory Policy and Strategy at Portland  
3 General Electric Company (PGE or the Company).

4 My name is Josh Halley. I am a Senior Renewable Product Manager at PGE.

5 Our qualifications are provided at the end of this testimony.

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

7 A. The purpose of our testimony is to update PGE's proposal for Phase II of the Green Energy  
8 Affinity Rider (GEAR) program, a voluntary rider for nonresidential cost-of-service (COS)  
9 customers that is operated under PGE Rate Schedule 55 with a 300 MW program cap.  
10 Because prior PGE testimony had addressed Phase II and is largely still applicable, consistent  
11 with PGE Exhibit 600 (provided as PGE Exhibit 701), we are asking as part of this testimony  
12 for the Public Utility Commission of Oregon (OPUC or Commission) to:

- 13 • Adopt a new set of Guidelines, PGE is proposing a refined set of seven Guidelines,  
14 to be used for determining whether a green tariff is in the public interest, replacing  
15 the Nine Conditions adopted in Order No. 16-251;<sup>1</sup>
- 16 • Raise the participation cap on the GEAR to a total of 500 MW;<sup>2</sup>
- 17 • Acknowledge that the breadth of risk, beyond that discussed in our Phase I testimony,  
18 brought onto PGE by entering power purchase agreements (PPAs) and by a green  
19 tariff program, should be borne by subscribers via a risk adjustment fee;<sup>3</sup>

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<sup>1</sup> See PGE/500 Sims – Tinker/18-29 and PGE/701 Wenzel - Halley /6-28.

<sup>2</sup> See PGE/500 Sims – Tinker/11-12, 27 and PGE/701 Wenzel - Halley/10-15. PGE's current proposal differs from the original proposal in PGE/500 as explained in Section III, part A, below.

<sup>3</sup> See PGE/500 Sims – Tinker/13-17 and PGE/701 Wenzel - Halley/34-36.

- 1 • Waive the Competitive Bidding Rules (CBRs) for Phase II of this program;<sup>4</sup>
- 2 • Affirm that PGE’s approach to addressing the GEAR interactions within the
- 3 Integrated Resource Plan (IRP) is reasonable;<sup>5</sup> and
- 4 • Clarify PGE’s authorization associated with utility ownership of a resource for the
- 5 GEAR.<sup>6</sup>

6 In addition, this testimony supplements prior testimony with proposed modifications to  
7 PGE’s original Phase II proposal, such as requesting a new structure on the cap for Phase II  
8 and a process for increasing the cap moving forward.

9 **Q. Why is PGE offering a green tariff important?**

10 A. A green tariff is important in two ways: it supports Oregon’s decarbonization goals (e.g.,  
11 Governor Brown’s Executive Order No. 20-04) and provides our business customers the  
12 opportunity to meet their 100% renewable goals.

13 **Q. How is PGE offering a green tariff in support of Oregon’s decarbonization goals?**

14 A. Opening another tranche in the GEAR is in support of Oregon’s decarbonization goals and  
15 PGE’s strategy. By offering a green tariff, PGE can support Oregon’s policy to decarbonize  
16 the energy supply, as most recently articulated in Executive Order No. 20-04 which calls for  
17 substantial reductions in greenhouse gas (GHG) emissions:

18 It is in the interest of utility customers and the public generally for the utility  
19 sector to take actions that result in rapid reductions of GHG emissions, at  
20 reasonable costs, to levels consistent with the GHG emissions reduction  
21 goals set forth in paragraph 2 of this Executive Order, including  
22 transitioning to clean energy resources and expanding low carbon  
23 transportation choices for Oregonians.<sup>7</sup>

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<sup>4</sup> See PGE/500 Sims – Tinker/30-31 and PGE/701 Wenzel - Halley/43-44.

<sup>5</sup> See PGE/500 Sims – Tinker/35-37 and PGE/701 Wenzel - Halley/46-48.

<sup>6</sup> See PGE/701 Wenzel - Halley/29-33.

<sup>7</sup> Brown, Kate. “Executive Order No. 20-04.” Office of the Governor. State of Oregon. 10 Mar 2020, page 8. Retrieved from <https://drive.google.com/file/d/16isLO3GTqxVihqhhLcjGYH4Mrw3zNNXw/view>

1 In addition, there is urgency in Executive Order No. 20-04 to act now to reduce GHG  
2 emissions as they “present a significant threat to Oregon's public health, economy, safety, and  
3 environment” and “the transition from fossil fuels to cleaner energy resources can  
4 significantly reduce emissions and increase energy security and the resilience of Oregon  
5 communities in the face of climate change”.

6 The GEAR fits into Oregon’s goal to reduce GHG emissions to 45% below 1990 levels by  
7 2035.<sup>8</sup> In addition, PGE is fully invested in furthering Oregon’s decarbonization goals. We  
8 are uniquely situated for this work as the state’s largest investor-owned utility where part of  
9 our strategic direction is to decarbonize. Our decarbonization strategy includes investing in  
10 clean, renewable energy and green technologies, and offering innovative product options to  
11 customers who want to go further and faster to meet their decarbonization goals.

12 **Q. How is PGE offering a green tariff in support of business customers’ renewable goals?**

13 A. A green tariff offers nonresidential customers the means to achieve their expressed  
14 decarbonization goals. Specifically, the GEAR supports many of our business customers’  
15 values to take action to fight climate change by offering them a way to directly support and  
16 benefit from new renewable resources.<sup>9</sup> Additionally, the GEAR allows PGE to support the  
17 procurement of renewable resources for customers that may not have the level of expertise or

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<sup>8</sup> Brown, Kate. “Executive Order No. 20-04.” Office of the Governor. State of Oregon. 10 Mar 2020, page 1. Retrieved from <https://drive.google.com/file/d/16islO3GTqxVihqhhlcjGYH4Mrw3zNNXw/view>

<sup>9</sup> For example, Multnomah County recently stated in their comments to PGE’s 2019 IRP the following: “Multnomah County is a proud participant of Green Future Impact. We see that program as a pathway for communities to transition to renewable energy in a way that ensures a level of additionality, recognizes the system value of the resources customers are sponsoring, supports local community and workforce benefits, and leverages the purchasing power of large users to achieve renewable energy goals in a cost effective way. We are confident that through strong utility partnership and regulatory support, and with intentional dialogue with a wide range of community partners, we can collectively accelerate a just clean energy transition while minimizing cost and risk to all customers.” Source: Multnomah County. “Multnomah County’s Comments on Portland General Electric’s IRP and Staff’s Public Meeting Memo.” LC 73. Public Utility Commission of Oregon. 6 Mar 2020, page 7. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAC/lc73hac111559.pdf>

1 staffing resources necessary to do so themselves. These staffing resources may be further  
2 reduced by the current COVID-19 pandemic making PGE’s role in our customers’  
3 decarbonization goals that much more important. As stated in PGE Exhibit 500, four key  
4 goals of the GEAR are to:

- 5 • Promote the development of new renewable generation to accelerate the  
6 decarbonization of PGE’s electricity supply, recognizing that some customers want  
7 to move the green portion of their energy supply beyond today’s Renewable Portfolio  
8 Standard (RPS) requirements in Oregon’s longer-range renewable resource and  
9 carbon reduction policies;
- 10 • Respond to customers’ demand for a product that enables them to be the designated  
11 subscriber for a new renewable resource;
- 12 • Encourage partnerships between PGE, customers, and third-party developers to work  
13 together to meet the renewable resource goals of customers; and
- 14 • Insulate non-subscribers from the costs of the program, in compliance with House  
15 Bill (HB) 4126 and Condition 8 of the Commission’s nine conditions, and  
16 compensate shareholders for added portfolio risk.<sup>10</sup>

17 **Q. PGE mentions that customers are interested in accelerating the decarbonization of their**  
18 **load ahead of the RPS requirements. Why is that important?**

19 A. The interest of commercial and industrial customers to decarbonize their loads at a more rapid  
20 pace is reflective of a sense of urgency to address carbon emissions in the state. Many of

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<sup>10</sup> Condition 8 states the following: “All direct and indirect costs and risks are borne by the participating voluntary renewable energy customers, shareholders of the utility or third-party developers and suppliers with provisions allowing independent review and verification by [Staff] of all utility costs. Costs include but are not limited to ancillary services and stranded costs of the existing cost of service rate-based system.” Source: Public Utility Commission of Oregon. “Order No. 19-075.” OPUC Docket No. UM 1953. 5 Mar 2019, page 3. Retrieved from <https://apps.puc.state.or.us/orders/2019ords/19-075.pdf>

1 PGE’s business customers are seeking additional solutions to decarbonize and our municipal  
2 customers have advanced their own climate action plans.

3 There are four local governments in PGE's service area (i.e., Beaverton<sup>11</sup>, Milwaukie<sup>12</sup>,  
4 Multnomah County<sup>13</sup>, and Portland<sup>14</sup>) that have 100% clean electricity goals (or carbon  
5 neutral goals) between 2020 and 2035. For example, on January 21, 2020, the City of  
6 Milwaukie declared a climate emergency and accelerated their goals by five years. Their  
7 stated goals are “[...] by 2035, Milwaukie' s buildings will have no net carbon emissions and  
8 by 2045, Milwaukie will be a fully carbon-neutral city.”<sup>15</sup> These climate action plans also  
9 note the role of customer products and customer actions. For example, Portland's 2015 climate  
10 action plan calls on businesses to support meeting the City’s and Multnomah County’s goals.<sup>16</sup>

11 In addition, we are finding more of our business customers have adopted the commitment  
12 to state that they be “100% renewable” to show their support of the environment and  
13 differentiate their business. For example, this is evidenced by their membership in RE100, a  
14 group of businesses committed to purchasing “100% renewable” energy.<sup>17</sup> Customer demand  
15 for these options is also evidenced by our top-ten-nationally-ranked Green Future program<sup>18</sup>

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<sup>11</sup> “Climate Action Plan.” Sustainability. Beaverton Oregon. Retrieved from  
<https://www.beavertonoregon.gov/399/Sustainability>

<sup>12</sup> “Milwaukie is Taking Climate Action.” Climate Action. City of Milwaukie. Retrieved from  
<https://www.milwaukieoregon.gov/sustainability/climateaction>

<sup>13</sup> “2015 Climate Action Plan.” Sustainability. Multnomah County. Retrieved from  
<https://multco.us/sustainability/2015-climate-action-plan>

<sup>14</sup> “History and key documents of climate planning and action in Portland.” Climate Action. City of Portland.  
Retrieved from  
<https://beta.portland.gov/bps/climate-action/history-and-key-documents-climate-planning-and-action-portland>

<sup>15</sup> City of Milwaukie. “Council Resolution No. 7-2020.” City of Milwaukie. 21 Jan 2020, page 2. Retrieved from  
<https://www.milwaukieoregon.gov/sites/default/files/fileattachments/sustainability/page/111121/r7-2020.pdf>

<sup>16</sup> City of Portland and Multnomah County. “Climate Action Plan.” History and key documents of climate planning  
and action in Portland. City of Portland. Jun 2015, page 26. Retrieved from  
[https://beta.portland.gov/sites/default/files/2019-07/cap-2015\\_june30-2015\\_web\\_0.pdf](https://beta.portland.gov/sites/default/files/2019-07/cap-2015_june30-2015_web_0.pdf)

<sup>17</sup> “Companies.” RE100. Accessed on April 15, 2020. <http://there100.org/companies>

<sup>18</sup> NREL. “Top Ten Utility Green Pricing Programs (2018 data).” Voluntary Green Procurement. NREL. 2018.  
Retrieved from <https://www.nrel.gov/analysis/assets/pdfs/top-ten-utility-green-pricing-2018.pdf>

1 in which more than 25% of our customers participate. The rate at which Phase I of the  
2 GEAR’s PGE-supplied option (PSO) was subscribed also shows that there is an immediate  
3 customer demand for a green tariff that is ahead of the RPS requirement.<sup>19</sup> Phase II of the  
4 GEAR is important as it directly supports not only business customers’ own renewable goals,  
5 but also their communities’ and state goals. Therefore, we are proposing to update Condition  
6 4 to raise the cap from 300 MW to 500 MW. This is further described later in this testimony.

7 **Q. Please provide a brief regulatory background of the GEAR.**

8 A. Oregon HB 4126, from the 2014 Regular Session, directed the Commission to examine the  
9 likely effects of utility green tariffs, determine whether such tariffs would be reasonable and  
10 in the public interest, and provided authority to approve them. Accordingly, the Commission  
11 opened Docket No. UM 1690 to implement HB 4126.

12 Based on Commission Order Nos. 15-258, 15-405, and 16-251 in UM 1690, PGE filed  
13 the GEAR on April 13, 2018, which was then docketed as UM 1953. After rounds of  
14 testimony, response to a bench request, a hearing on November 20, and briefs, Commission  
15 Order No. 19-075 authorized PGE to develop and offer a green tariff under the terms of the  
16 order, effectively approving the Phase I of the GEAR.

17 **Q. Please provide a brief summary of Phase I of the GEAR.**

18 A. In Phase I, the Commission authorized PGE to offer the GEAR with a 300 MW cap. This cap  
19 consisted of a 100 MW cap for a PSO and a 200 MW cap for a customer-supplied option  
20 (CSO). The PSO was available to nonresidential customers with aggregate demand across all

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<sup>19</sup> As stated in PGE/500 Sims – Tinker/6 and PGE/600 Sims – Tinker/3, customers filled the subscription window for the 100 MW available in the PSO in under two minutes. This reflects the level of enrollment for the PSO, documented by non-binding letters of interest, when enrollment first opened in May 2019 and at which point there had been no enrollment in the CSO.



1 retail schedules exceeding 30 kW.<sup>20</sup> The CSO was reserved for nonresidential customers with  
2 demand in excess of 10 aMW, whereby customers could source a project and approach PGE  
3 about participating in the GEAR.<sup>21</sup> For the CSO, PGE retained final review and approval  
4 over PPA terms and conditions.<sup>22</sup>

5 **Q. Was Phase I implemented and what is its status?**

6 A. Yes. In accordance with Commission Order Nos. 19-075, 19-348, and 20-036, Phase I of the  
7 GEAR’s PSO is fully subscribed. In addition, as of this filing, PGE has received a non-  
8 binding Letter of Intent for the 140 MW under the Phase I, CSO cap. Consequently, assuming  
9 the CSO customer follows through on its Letter of Intent, the 300 MW of Phase I capacity is  
10 now fully subscribed. PGE Exhibit 702 provides additional detail regarding HB 4126, UM  
11 1953 Phase I, and UM 1953 Phase II up to this filing.

12 **Q. Please provide the status of Phase II.**

13 A. During the Phase I process, PGE submitted Exhibits 500 and 600. PGE Exhibit 500  
14 commenced Phase II to resolve remaining green tariff policy concerns and obtain Commission  
15 approval to raise the participation cap on the GEAR by 200 MW for PGE’s customers. PGE  
16 Exhibit 600 responded to the Opening Testimonies of OPUC Staff (Staff), Renewable  
17 Northwest (RNW), the Oregon Citizens’ Utility Board (CUB), the Northwest and  
18 Intermountain Power Producers Coalition (NIPPC), PacifiCorp, and Walmart. We refer to  
19 these entities collectively as Parties. As noted above, this testimony will update PGE’s  
20 proposal for Phase II of the GEAR.

21 **Q. How does the coronavirus (COVID-19) pandemic impact PGE’s proposal for Phase II?**

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<sup>20</sup> Public Utility Commission of Oregon. “Order No. 19-075.” OPUC Docket No. UM 1953. 5 Mar 2019, page 4.  
Retrieved from <https://apps.puc.state.or.us/orders/2019ords/19-075.pdf>

<sup>21</sup> Id, page 8.

<sup>22</sup> Ibid.

1 A. There are immediate impacts of the COVID-19 pandemic being felt by PGE’s customers,  
2 partners, the communities PGE serves, and PGE itself. Maintaining the health and safety of  
3 our employees, ensuring the electric system remains safe, reliable and affordable, and  
4 supporting our customers are of the utmost importance. Additionally, PGE continues to  
5 remain supportive of the State’s commitment to decarbonization. As a result, PGE is still  
6 pursuing Phase II so that when our business customers are ready to participate in this program,  
7 it is available to them. PGE notes the timing of the Oregon Governor’s Order for state action  
8 on climate change (i.e., Executive Order No. 20-04) on March 10, 2020, which was issued  
9 two days after the first executive order on COVID-19 (i.e., Executive Order No. 20-03). This  
10 illustrates the Governor’s continued commitment to decarbonization during these challenging  
11 times. In addition, based on our procedural schedule in this docket for a target order in mid-  
12 November, we would not be looking at a Phase II launch until Q1 2021. This may allow for  
13 recovery from COVID-19’s economic and daily-life impacts.

14 **Q. Does your testimony conform to the Phase II scope as specified by the Commission?**

15 A. Yes. Commission Order No. 19-075 (at page 9) stated that Phase II “shall allow for [P]arties  
16 and the Commission to examine the following issues, among others: credit calculation,  
17 reassessment of previously adopted conditions, the participation limitations of any bring-  
18 your-own PPA program, [green tariff] interactions with Oregon’s Direct Access Program, and  
19 other policy issues as identified by [P]arties in the course of the investigation.” Among the  
20 specified issues, PGE notes the following:

- 21 • The *credit calculation* has been addressed by Parties’ direct testimony as well as PGE  
22 Exhibits 500 and 600 (provided here as PGE Exhibit 701). Because PGE has no  
23 additional proposals for this topic, we do not address it further here.

- 1 • *A reassessment of previously adopted conditions* has been addressed in PGE Exhibit  
2 600 and we summarize PGE’s proposals in Section II, below.
- 3 • *The participation limitations of any bring-your-own PPA program* are specifically  
4 addressed in PGE’s proposal to increase the cap by 200 MW and discussed in  
5 Section III, part A, below.
- 6 • *The green tariff interactions with Oregon's Direct Access (DA) Program* have also  
7 been addressed by Parties’ direct testimony as well as PGE Exhibits 500 and 600.  
8 PGE continues to propose that Conditions 5 and 6 be removed, as summarized in  
9 Section II, below.

10 **Q. Given the green tariff distinctions from Oregon’s DA Program, discussed in PGE’s**  
11 **earlier testimony, do you have any supplemental distinctions to offer here?**

12 A. Yes. While previous testimony in this docket has addressed differences in DA and this COS  
13 rider, we did not mention the importance of customers contribution to resource adequacy (RA)  
14 as that developing issue has most recently come to light in OPUC Docket No. UE 358 and the  
15 resulting Commission Order No. 20-002.<sup>23</sup> The fact that the GEAR is a COS option for  
16 customers, enabling them to access even more clean energy, means they continue to contribute  
17 to costs as any other COS customer, including for RA and important Oregon public policy  
18 objectives. In contrast, the issue of new load direct access customers contribution to RA was  
19 called into question in Order No. 20-002 and will be further investigated in OPUC Docket  
20 No. UM 2024.

21 **Q. How is your testimony organized?**

22 A. We have organized our testimony as follows:

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<sup>23</sup> Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

- 1           • Updated Guidelines to Replace the Nine Conditions
- 2           • GEAR Program Design
  - 3               ○ Phase II Cap Increase
  - 4               ○ Risk Adjustment Fee
  - 5               ○ Utility Ownership of a GEAR Resource
- 6           • Resource Procurement and Long-Term Planning
  - 7               ○ Request for Waiver of the Competitive Bidding Rules for Phase II
  - 8               ○ Integrated Resource Plan Interactions
  - 9               ○ Post Phase II Process
- 10          • Conclusion
- 11          • Qualifications

## II. Updated Guidelines to Replace the Nine Conditions

1 **Q. Please elaborate on PGE’s request to the Commission to adopt a new set of Guidelines**  
2 **to be used for determining whether a green tariff is in the public interest, replacing the**  
3 **Nine Conditions adopted in Order 16-251.**

4 A. In addition to the Commission request in Order No. 19-075 to “review and reconsider the nine  
5 conditions”<sup>24</sup>, PGE is proposing to update the Guidelines by replacing the nine conditions for  
6 two reasons: 1) to increase the cap,<sup>25</sup> and 2) due to the policy concern relating to the  
7 relationship between the DA and the GEAR programs.<sup>26</sup> In the Commission’s review of the  
8 nine conditions, the Commission articulated,<sup>27</sup> and PGE agrees, that different terms and  
9 conditions should apply to these programs as they are for distinctly different customers. The  
10 GEAR is a COS rider while DA provides a long term opt out of PGE’s COS energy supply.  
11 As Commissioner Tawney recognized during the November 20, 2018 hearing, green tariff  
12 and DA programs “meet different customers’ risk profiles and strategies.” PGE’s position is  
13 reflected in our proposed updated guidelines to replace the nine conditions, discussed in PGE  
14 Exhibit 600 (provided as PGE Exhibit 701 and summarized in PGE Exhibit 703).

15 **Q. Please provide a summary of PGE’s proposed updated Guidelines to replace the nine**  
16 **conditions from PGE Exhibit 600.**

17 A. The complete list of proposed updated Guidelines is provided as PGE Exhibit 703, which  
18 summarizes PGE’s testimony from PGE Exhibits 500 and 600. PGE Exhibit 701 provides

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<sup>24</sup> Public Utility Commission of Oregon. “Order No. 19-075.” OPUC Docket No. UM 1953. 5 Mar 2019, page 8.  
Retrieved from <https://apps.puc.state.or.us/orders/2019ords/19-075.pdf>

<sup>25</sup> See Section III, part A of this testimony.

<sup>26</sup> See PGE/500 Sims – Tinker/20.

<sup>27</sup> Public Utility Commission of Oregon. “Order No. 19-075.” OPUC Docket No. UM 1953. 5 Mar 2019, page 8.  
Retrieved from <https://apps.puc.state.or.us/orders/2019ords/19-075.pdf>

- 1 PGE's responses to counterproposals to these conditions in Parties' Phase II Opening
- 2 Testimonies.

### III. GEAR Program Design

#### A. Phase II Cap Increase

1 **Q. PGE asked the Commission to raise the participation cap on GEAR to 500 MW. Why**  
2 **is PGE proposing to increase the cap?**

3 A. As of this filing, expressed and committed customer demand has filled the initial 300 MW  
4 cap. Therefore, and as stated in PGE Exhibit 500, we are motivated to make the next tranche  
5 available to customers to meet their renewable targets. In addition, to maintain affordability  
6 of service, we need to take advantage of Production Tax Credits and Investment Tax Credits  
7 before they are phased out.<sup>28</sup> Therefore, to continue to meet customer demand, PGE proposes  
8 to increase the cap from 300 MW to 500 MW.

9 **Q. Why is PGE proposing 200 MW, specifically?**

10 A. PGE is proposing a 200 MW cap increase, almost a 50% increase to the program to meet its  
11 current estimates of:

- 12 • Expressed customer interest from those seeking to locate in our service territory,
- 13 • Existing customers who learned of the product as a result of PGE's Phase I press  
14 communications, and
- 15 • Customers who were interested in Phase I but unable to react fast enough to take  
16 advantage of the opportunity.

17 **Q. Is the Phase II cap different than Phase I?**

18 A. Yes. There will be no distinction between the PSO and CSO and there will be a participation  
19 limit with no more than half of the cap allocated to one customer to allow for more customer  
20 participation.

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<sup>28</sup> See PGE/500 Sims – Tinker/1.

1 **Q. In PGE Exhibit 500, page 11, PGE had initially proposed caps on the CSO and PSO.**  
2 **Please explain why PGE is proposing no distinction between these options for the next**  
3 **200 MW.**

4 A. Commission Order No. 20-036 adopted a stipulation, which PGE and Parties proposed to  
5 avoid future confusion related to the CSO and PSO.<sup>29</sup> PGE found much of this confusion  
6 came from the CSO/PSO distinction and the ability for potential CSO customers to also  
7 participate under the PSO and consume a large portion of that allotment. In addition, this is  
8 based on the experience in Phase I where we saw a very slow demand in the CSO compared  
9 to the PSO.

10 **Q. Please describe PGE’s proposed construct.**

11 A. Our construct has the following characteristics:

- 12 • All customers are subject to the cap with no distinction between the CSO and PSO;
- 13 • Large customers (>10 aMW) may request PGE to initiate a procurement or they can  
14 work with developers to bring a resource to PGE;
- 15 • No large customer may consume more than 100 MW of the program; and
- 16 • For customers smaller than 10 aMW, PGE will determine when it has aggregated  
17 enough demand to initiate a procurement on behalf of all interested customers.

18 **Q. How would PGE manage the queue since there are no caps for CSO and PSO within the**  
19 **200 MW?**

20 A. PGE would use the same queue process it used successfully during Phase I by offering a  
21 public enrollment event to which all potential customers have equal access and during which  
22 they are required to submit a signed Letter of Intent to PGE. The full 200 MW of additional

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<sup>29</sup> Commission Order No. 19-348 established a “process for review and clarification of Order No. 19-075 consistent with ORS 756.568.



1 capacity will be managed on a first-come, first-served basis. A customer’s place in the queue  
2 would be determined by the date and time of receipt of the Letter of Intent.

**B. Risk Adjustment Fee**

3 **Q. PGE asked the Commission to acknowledge that the breadth of risk, beyond that**  
4 **discussed in our Phase I testimony, brought onto PGE by entering PPAs and by a green**  
5 **tariff program should be borne by subscribers via the risk adjustment fee. Please**  
6 **summarize PGE’s position on the risk adjustment fee.**

7 A. As stated in PGE Exhibit 500,<sup>30</sup> a key component of the current GEAR offering is that it is a  
8 fixed fee offering, with energy and capacity credits to offset the subscriber premium,  
9 including administration and risk adjustment fees. The risk adjustment fee is necessary to  
10 fully insulate non-participating COS customers from, and fairly compensate shareholders for,  
11 the risks associated with this voluntary program. This ensures a program that is based on the  
12 foundational concept of no cost-shifting. For the risk adjustment fee calculation, PGE  
13 recommends a range, as a portion of the levelized cost of energy, or PPA price, be applicable  
14 for the risk adjustment fee. PGE does not propose prescriptive analytical methodologies for  
15 each risk because each resource and contract will be different, making a comprehensive  
16 formulaic approach that applies broadly challenging.<sup>31</sup>

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<sup>30</sup> PGE/500 Sims – Tinker/7.

<sup>31</sup> For more information see PGE/500 Sims – Tinker/13-17 and PGE/701 Wenzel - Halley/34-36, where we respond to Parties.

**C. Utility Ownership of GEAR Resource**

1 **Q. In Order 19-075, Condition 7, the Commission explicitly allowed for utility ownership**  
2 **of the renewable resource that provides the green tariff option.<sup>32</sup> What clarification is**  
3 **PGE seeking regarding utility ownership of a GEAR resource?**

4 A. As stated in PGE Exhibit 600,<sup>33</sup> while PGE agrees with the Commission’s assessment that a  
5 utility could own a green tariff resource, PGE is looking for clarification so that if PGE were  
6 to seek Commission approval for ownership of a GEAR resource, the regulatory  
7 considerations that would apply would be known. Staff wrote in their Opening Testimony  
8 for Phase II that its support of PGE’s modification of Condition 7 “does not equate to a  
9 recommendation to allow the Company to pursue utility ownership without further  
10 Commission decision”<sup>34</sup> and also calls a Commission decision on a utility ownership option  
11 for a future offering “unnecessary and premature”<sup>35</sup>. PGE disagrees with Staff’s assessment  
12 that it is not the right time for discussion and parameter setting of a utility-owned option. This  
13 docket is the appropriate venue to provide clarification of the Commission’s assessment so  
14 that if PGE were to seek Commission approval for a green tariff based on an owned resource,  
15 the regulatory considerations would be established.<sup>36</sup>

16 **Q. Please summarize PGE’s position on utility ownership of a GEAR resource.**

17 A. As stated in PGE Exhibit 600, PGE is interested in pursuing ownership of a GEAR resource  
18 and that rate-base ownership should be an available option. It should not matter if the GEAR

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<sup>32</sup> Public Utility Commission of Oregon. “Order 19-075”. UM 1953. Public Utility Commission of Oregon. 5 Mar 2019, page 3. Retrieved from <https://apps.puc.state.or.us/orders/2019ords/19-075.pdf>

<sup>33</sup> See PGE/701 Wenzel - Halley/29.

<sup>34</sup> See Staff/300 Gibbens/20.

<sup>35</sup> See Staff/300 Gibbens/10.

<sup>36</sup> Ibid.

1 resource is in utility rate base provided that the no cost shifting requirement is met. As  
2 discussed in PGE Exhibit 600,<sup>37</sup> other utility green tariff programs around the country have  
3 utility-owned resources using different combinations of the concept to meet the requirement  
4 of ensuring no cost shifting. These structures would allow PGE to own and operate a resource  
5 without cost shifting to non-participants as the full cost of ownership, including operations  
6 and maintenance, would be included in the resource pricing portion of the subscriber fee.<sup>38</sup>

7 Established regulatory processes can be used to review the prudence and compliance of  
8 any PGE-owned GEAR resource, regardless of how the resource is owned by PGE. For  
9 example, as stated in PGE Exhibit 600, if the resource is in rate base, the Commission has  
10 oversight through General Rate Cases (GRCs). If the resource is owned by a PGE affiliate,  
11 then the additional requirements and procedures of Oregon Revised Statutes (ORS) 757.015,  
12 ORS 757.495, Oregon Administrative Rule (OAR) 860-027-0040, OAR 860-027-0041 would  
13 apply. In both cases, or where the resource is owned as non-utility plant, applicable expenses  
14 will flow through power costs, where the Commission has oversight through GRCs, Annual  
15 Update Tariffs (PGE’s Rate Schedule 125), and PGE’s Power Cost Adjustment Mechanism  
16 (Schedule 126).<sup>39</sup>

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<sup>37</sup> PGE/701 Wenzel - Halley/30-31.

<sup>38</sup> See PGE/701 Wenzel - Halley/32, for a diagram of how the subscription design works.

<sup>39</sup> See PGE/701 Wenzel - Halley/32.

## IV. Resource Procurement and Long-Term Planning

### A. Request for Waiver of the Competitive Bidding Rules for Phase II

1 **Q. PGE requests a waiver of the CBRs for Phase II from the Commission. Please**  
2 **summarize PGE’s position.**

3 A. Like PGE’s request in Phase I and approved in Order 19-213 and consistent with PGE Exhibit  
4 500,<sup>40</sup> PGE requests a waiver of the CBRs required for the acquisition of a major GEAR  
5 resource for Phase II if an increase in the cap is approved by the Commission. PGE can meet  
6 the key elements of the rules without undergoing the entire process, which would impose a  
7 longer procurement timeframe and at greater cost to customers when the ability to move more  
8 swiftly is necessary to meet customer interest. PGE could demonstrate, for example, that its  
9 ownership option is the best option for subscribers following the process outlined in PGE’s  
10 response to OPUC Data Request No. 040, provided as PGE Exhibit 605. PGE can also  
11 leverage other procurement actions, such as future renewable Request for Proposals (RFPs),  
12 to evaluate available resources without having to separately and independently conduct the  
13 full Independent Evaluator and RFP processes again for the GEAR. PGE would pass the  
14 associated costs onto subscribers. PGE has noted<sup>41,42</sup> the advantages of a streamlined  
15 competitive bidding process for this type of voluntary product while maintaining the least-  
16 cost, least-risk standard. Therefore, PGE is requesting a waiver of the CBRs (OAR Chapter  
17 860, Division 89) for Phase II of the GEAR.

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<sup>40</sup> PGE/500 Sims – Tinker/30-31.

<sup>41</sup> Ibid.

<sup>42</sup> Portland General Electric Company. “PGE Notice of Exception and Waiver.” UM 1953. Public Utility Commission of Oregon. 29 Mar 2019. Retrieved from <https://edocs.puc.state.or.us/efdocs/HNA/um1953hna142011.pdf>

**B. Integrated Resource Plan Interactions**

1 **Q. PGE asked the Commission to affirm that PGE’s approach to addressing the GEAR**  
2 **interactions within the IRP is reasonable. How is the GEAR’s design consistent with the**  
3 **Company’s long-term resource plans?**

4 A. The GEAR is designed to hold expected IRP portfolio costs constant with respect to customer  
5 participation. This is largely achieved by aligning the energy and capacity credits with the  
6 energy and capacity values in the IRP. Therefore, the cost impact of a GEAR resource is  
7 equivalent to the cost of the market energy and generic capacity fill avoided by the resource,  
8 all else equal. This approach results in a neutral impact to expected IRP portfolio costs when  
9 the alternative is to secure energy from the wholesale market and capacity from the capacity  
10 fill resource. When there is no need for energy from the market,<sup>43</sup> or capacity to meet  
11 customer load, achieving neutral portfolio expected cost impacts in the IRP requires that the  
12 energy and capacity credits be set to zero, consistent with the GEAR. To minimize the  
13 potential for misalignment, PGE plans to update the GEAR energy and capacity credits at the  
14 time of resource procurement, under this program, consistent with the most recently  
15 acknowledged IRP methodologies.

16 **Q. How does the Company’s long-term planning consider the GEAR?**

17 A. The GEAR results in incremental resources that provide energy and capacity to serve PGE’s  
18 COS energy supply customers. As such, PGE’s IRP includes the energy and capacity impacts  
19 of the GEAR resources within the Needs Assessment. Renewable Energy Credits that are  
20 generated by a GEAR resource are not used to meet PGE’s RPS compliance obligations and  
21 are therefore excluded from IRP analysis.

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<sup>43</sup> This would be the case in a year in which the forecasted Reference Case market energy position was negative, indicating that PGE expects to be a net seller into wholesale markets in that year.

1 **Q. How does the 2019 IRP consider the GEAR?**

2 A. When the 2019 IRP was prepared, PGE did not have binding commitments for GEAR  
3 participation; therefore, no GEAR resources were included in the base Needs Assessment.  
4 However, PGE included in the 2019 IRP an informational sensitivity analysis that tested the  
5 potential impacts of participation in the GEAR up to the 300 MW program cap on resource  
6 needs.<sup>44</sup> In November 2019, after the Company received binding commitments from  
7 customers for participation in the GEAR, PGE filed an updated Needs Assessment that  
8 included a GEAR resource corresponding to customer subscriptions.<sup>45</sup> In addition, PGE  
9 updated the GEAR sensitivity analysis to test the effects of incremental participation up to the  
10 full program cap.<sup>46</sup>

11 **Q. What were the findings of the GEAR in the 2019 IRP?**

12 A. In the 2019 IRP, which was conditionally acknowledged on March 16, 2020,<sup>47</sup> PGE found  
13 that the GEAR participation up to the program cap of 300 MW would not fill PGE’s capacity  
14 needs. Further, the 2019 IRP found that it was unlikely to put the Company in a persistently  
15 long energy position when considered with additions consistent with the Renewable Action,  
16 up to 150 aMW of renewable energy.<sup>48,49</sup>

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<sup>44</sup> Portland General Electric Company. “PGE’s 2019 Integrated Resource Plan.” Integrated Resource Plan. Portland General Electric. 19 Jul 2019, pages 121-123. Retrieved from

<https://www.portlandgeneral.com/our-company/energy-strategy/resource-planning/integrated-resource-planning>

<sup>45</sup> Portland General Electric Company. “PGE 2019 IRP Addendum: Updated Needs Assessment.” LC 73. Public Utility Commission of Oregon. 11 Dec 2019, page 4. Retrieved from

<https://edocs.puc.state.or.us/efdocs/HAH/lc73hah143456.pdf>

<sup>46</sup> Id, pages 8-9.

<sup>47</sup> OPUC Special Public Meeting on March 16, 2020.

<sup>48</sup> Portland General Electric Company. “PGE’s 2019 Integrated Resource Plan.” Integrated Resource Plan. Portland General Electric. 19 Jul 2019, page 123. Retrieved from

<https://www.portlandgeneral.com/our-company/energy-strategy/resource-planning/integrated-resource-planning>

<sup>49</sup> See updated energy position results for Sensitivity C in Table 4. Source: Portland General Electric Company. “PGE 2019 IRP Addendum: Updated Needs Assessment.” LC 73. Public Utility Commission of Oregon. 11 Dec 2019, page 9. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAH/lc73hah143456.pdf>

1 **Q. As the impacts of the COVID-19 pandemic are coming after much of the analysis that**  
2 **was done for the 2019 IRP, how is PGE currently considering the impacts to long-term**  
3 **planning of the GEAR?**

4 A. PGE is mindful that, as of this filing, there have been significant impacts to the economy  
5 associated with the COVID-19 pandemic and that there remains uncertainty as to the depth  
6 and duration of those impacts and the resulting effects on the demand for electricity. PGE  
7 plans to file an updated Needs Assessment within OPUC Docket No. LC 73 (PGE’s 2019  
8 IRP) when additional information becomes available. PGE also plans to include in that filing  
9 a sensitivity analysis addressing potential expanded GEAR participation consistent with the  
10 program cap discussed in this filing.

11 **Q. How does PGE plan to incorporate the GEAR resources into future IRPs?**

12 A. PGE plans to continue to incorporate resources associated with the GEAR into future IRPs,  
13 IRP Updates, and Needs Assessment updates within IRP dockets. PGE also plans to continue  
14 to test sensitivities related to GEAR subscriptions, including but not limited to the potential  
15 for full participation under the operable program cap, to inform consideration of future  
16 resource plans. The design of those sensitivities will be informed by the IRP public process  
17 and those areas of interest to stakeholders, Staff, the Commission, and PGE.

### C. Post Phase II Process

18 **Q. PGE states that it would propose a post Phase II process. Does this mean that PGE has**  
19 **plans to increase the cap after Phase II?**

20 A. Currently, no. However, looking beyond Phase II, should the cap be filled and more  
21 customers are interested in participating, PGE proposes to engage the Commission and other

1 stakeholders in a more streamlined and timely manner to meet customer demand for certain  
2 situations (i.e., reduce the regulatory process).

3 **Q. Under what circumstances would PGE consider increasing the cap?**

4 A. In Phases I and II, PGE proposed caps based on anticipated and actual customer demand and  
5 interest. Going forward, PGE anticipates similar situations, but we are also more aware of  
6 opportunities for new large loads or existing customer expansions that exceed planned or  
7 foreseeable amounts. Should these customers want to participate in the GEAR, PGE proposes  
8 a more expedited regulatory process.

9 **Q. Why is time constraint an issue?**

10 A. For new customers or new load, customers make decisions on where to site or expand their  
11 facilities based on the price, availability, and timeliness of competitive electric product  
12 offerings. For some customers, having bundled renewable electricity options has become a  
13 key component to that decision-making process. As a result, without the ability to expand the  
14 program expeditiously, PGE may be unable to meet increasing market demand for  
15 decarbonized energy and the local economy could forego valuable growth that aligns with  
16 Executive Order 20-04.

17 **Q. Is PGE proposing to change the GEAR program?**

18 A. No. As stated in PGE Exhibit 500, PGE is not seeking the ability to make future changes to  
19 the program without Commission approval. We are looking to respond to customers who are  
20 interested in the product and engage the Commission when the time arises. Therefore, PGE  
21 is proposing a process for GEAR cap expansions only.

22 **Q. What process is PGE proposing?**



1 A. Future changes to the GEAR cap would be submitted as tariff changes to the Commission for  
2 review and approval, consistent with ORS 757.205 and 757.210. However, PGE recognizes  
3 the strain a contested regulatory process can have on all stakeholders. Therefore, PGE is  
4 proposing a process for only cap expansions that can be streamlined and expedited.

5 Specifically, PGE would file a tariff update for the cap increase including an explanation  
6 of the circumstances for which we are filing and propose a 60-day review period by the  
7 Commission to meet customer demand and provide clarity for decision making. Any future  
8 change to the GEAR, except for a cap increase, would not be subject to the same 60-day  
9 review period but be subject to the standard (up to) ten-month regulatory process for tariff  
10 changes.

11 **Q. Is PGE open to including other information in its expedited filing should Parties have**  
12 **further suggestions?**

13 A. Yes.

## V. Conclusion

1 **Q. Please summarize PGE’s request of the Commission.**

2 A. Considering Executive Order No. 20-04, consistent with PGE’s strategic direction, and in  
3 continuing support of our customers, PGE requests the Commission to:

- 4 • Adopt a new set of Guidelines to be used for determining whether a green tariff is in  
5 the public interest, replacing the Nine Conditions adopted in Order No. 16-251;
- 6 • Raise the participation cap on the GEAR to a total of 500 MW;
- 7 • Acknowledge that the breadth of risk, beyond that discussed in our Phase I testimony,  
8 brought to PGE by entering PPAs and by a green tariff program, should be borne by  
9 subscribers via the risk adjustment fee;
- 10 • Waive the CBRs for Phase II of this program;
- 11 • Affirm that PGE’s approach to addressing the GEAR interactions within the IRP is  
12 reasonable;
- 13 • Clarify PGE’s authorizations associated with utility ownership of a resource for the  
14 GEAR; and
- 15 • Consider a process for increasing the cap moving forward.

## VI. Qualifications

1 **Q. Ms. Wenzel, please describe your educational background and experience.**

2 A. I received a Bachelor of Arts degree in Political Science from Willamette University and a  
3 Juris Doctor degree from Lewis and Clark College's Northwestern College of Law. I have  
4 worked in the Rates and Regulatory Affairs department at PGE since 2009 in various  
5 capacities including as Tariff and Pricing Manager and Strategy and Policy Manager. In  
6 addition, I have held other positions for five years at PGE in the customer service, distribution  
7 and legal departments.

8 **Q. Mr. Halley, please describe your educational background and experience.**

9 A. I received a Bachelor of Arts in International Relations from the Pennsylvania State  
10 University. I have worked in PGE's Program Management team since 2013 managing PGE's  
11 voluntary renewable energy products for residential and business customers. Prior to that, I  
12 spent 10 years working on voluntary renewable energy products in Oregon as well as in  
13 deregulated states across the nation for Green Mountain Energy.

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

15 A. Yes.

**List of Exhibits**

<b><u>PGE Exhibit</u></b>	<b><u>Description</u></b>
701	UM 1953 PGE Exhibit 600
702	Green Tariff Timeline and Summary
703	Summary of PGE’s Proposed Updates to the Nine Conditions

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## **I. Introduction and Summary**

1 **Q. Please state your names and current positions.**

2 A. My name is Brett Sims. I am the Director of Commercial, Strategy Integration and Planning  
3 for Portland General Electric Company (PGE or Company).

4 My name is Jay Tinker. I am the Director of Regulatory Policy and Affairs at PGE.

5 Our qualifications are provided in PGE Exhibit 200.

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

7 A. The purpose of this testimony is to respond to the Opening Testimonies of the Public Utility  
8 Commission of Oregon (OPUC or Commission) Staff (OPUC Staff or Staff), Renewable  
9 Northwest (RNW), the Oregon Citizens' Utility Board (CUB), the Northwest and Intermountain  
10 Power Producers Coalition (NIPPC), PacifiCorp, and Walmart. We refer to these parties  
11 collectively as Parties.

12 The purpose of this testimony is also to clarify and supplement certain aspects of PGE's  
13 Phase II opening testimony in which we ask the Commission to:

- 14 • Adopt a new set of Guidelines to be used for determining whether a green tariff is in the  
15 public interest, replacing the Nine Conditions adopted in Order No. 16-251. PGE proposes  
16 a refined set of seven Guidelines;
- 17 • Raise the participation cap on PGE's Green Tariff, the Green Energy Affinity Rider  
18 (GEAR or Schedule 55) to a total of 500 MW;
- 19 • Acknowledge that the breadth of risk, beyond that discussed in our Phase I testimony,  
20 brought to PGE by entering a PPA and by a green tariff program should be borne by  
21 subscribers via the risk adjustment fee;

**UM 1953 / PGE / 600**  
**Sims – Tinker / 2**

- 1       • Address the applicability of the Competitive Bidding Rules to this program and the  
2           interactions with Integrated Resource Planning processes; and
- 3       • Affirm that PGE’s approach to addressing Green Tariff interactions within the Integrated  
4           Resource Plan (IRP) is reasonable.

5   **Q. Does PGE have any additional requests of the Commission?**

6   A. Yes. PGE further asks the Commission to:

- 7       • Clarify PGE’s authorizations associated with utility ownership of a resource for the GEAR;  
8           and
- 9       • Affirm that all changes made to PGE’s Green Tariff during this Phase II proceeding,  
10           including the expanded risk adjustment fee, will apply to all new subscription agreements<sup>1</sup>  
11           under the approved 300 MW GEAR cap.

12 **Q. How is your testimony organized?**

13 A. We have grouped topics into the following sections:

- 14   1. Enrollment Update: Staff has requested a status update of enrollment levels in the first  
15           offering of the Green Tariff under the approved 300 MW program cap, for context of  
16           PGE’s regulatory Phase II requests.
- 17   2. Updated Guidelines to Replace the Nine Conditions
- 18   3. GEAR Program Design
- 19   4. GEAR Resource Procurement and Long-Term Planning

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<sup>1</sup> Changes would apply to new subscriptions occurring after the Commission Order date.



## **II. Enrollment Update**

1 **Q. By offering this additional information, is PGE seeking to re-open Phase I of the docket**  
2 **that concluded with Commission Order 19-075 and allowed the offering of the first**  
3 **300 MW of PGE’s Green Tariff?**

4 A. No. In providing this information, PGE is responding to Staff’s request for an update and  
5 Parties’ interests in enrollment.<sup>2</sup>

6 **Q. What is the current level of enrollment in PGE’s Green Tariff?**

7 A. As of October 17, 2019, the Green Tariff has subscriber enrollment representing  
8 approximately 60 MW in the PGE Supply Option and approximately 100 MW in the Customer  
9 Supply Option (CSO).

10 **Q. Please reconcile this level of enrollment with the statement made in PGE Exhibit 500,**  
11 **page 6, “Customers filled the subscription window for the 100 MW available in [the**  
12 **PGE Supply Option] in under two minutes.”**

13 A. That statement reflected the level of enrollment for the PGE Supply Option, documented  
14 by non-binding letters of interest, when enrollment first opened in May 2019, and at which point  
15 there had been no enrollment in the CSO. The current level of enrollment reflects increased  
16 demand as actual customer agreements were executed over the next several months; under the final  
17 agreements, total enrollment increased when some customer demand elected for the CSO.

18 **Q. What new renewable resource or resources will support this enrollment?**

19 A. An approximately 160 MW resource will serve both the PGE Supply Option and the CSO  
20 enrollment, and it represents the most viable least cost, least risk PPA resource for customers under  
21 both supply options. This resource brings a notable economic benefit to all customers; at

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<sup>2</sup> This enrollment information is also provided in PGE’s Compliance Filing dated September 13, 2019.

1 approximately 160 MW, it is significantly more cost effective than a 35 MW resource that a single  
2 large customer may have otherwise sought<sup>3</sup>.

3 Because the PPA is not yet executed, the resource cannot be named at this time. We can,  
4 however, disclose that it is a qualifying renewable project in Oregon that will be operational by  
5 the end of 2021.

6 **Q. What have subscribers' reactions been to their enrollment in the Green Tariff?**

7 A. Subscribing customers, in both options, are thrilled to participate in this program and drive  
8 additionality of renewables in the Pacific Northwest. Their enthusiasm for being part of the  
9 program is captured in customer quotes in PGE's press release on August 21, 2019 included as  
10 PGE Exhibit 601.

### **III. Updated Guidelines to Replace the Nine Conditions**

11 **Q. Why is PGE proposing to modify the Nine Conditions imposed by Commission Order**  
12 **No. 16-251 and outlined again for PGE in Order No. 19-075?**

13 A. In PGE's Phase I Cross-Answering Testimony, we stated that the examination of broader  
14 programmatic concerns including "... whether [the nine conditions] continue to represent best  
15 practice for the purposes of offering voluntary renewable products"<sup>4</sup> should be addressed in Phase  
16 II. The Commission agreed. In Order No. 19-075, the Commission requested to "review and  
17 reconsider the nine conditions"<sup>5</sup> in this Phase II proceeding. The Commission wrote, "We see a  
18 need to assess changes in Oregon's competitive electricity supply market and in the renewable  
19 energy development marketplace since 2016 as part of a reconsideration of the nine conditions."<sup>6</sup>

---

<sup>3</sup> A 35 MW resource is approximately the size needed to meet the demand of a single 10 MWa customer.

<sup>4</sup> PGE/400 Sims – Tinker/6: 1:3

<sup>5</sup> Order No. 19-075 Page 8

<sup>6</sup> Id.

1 We discussed PGE’s proposed Guidelines to replace the Nine Conditions in PGE Exhibit 500 and  
2 Parties have responded to PGE’s proposed Guidelines. We now provide an update as follows:

3 **A. Condition 1 (RPS Definitions for Bundled RECs Apply)**

4 **Q. PGE proposed leaving Condition 1 unchanged in new Guideline 1. Is PGE proposing**  
5 **to change its recommendation based on Parties’ responses to its proposal?**

6 A. No. Condition 1 states:

7 Renewable Portfolio Standard (RPS) definitions of resource type, location, and bundled Renewable  
8 Energy Certificates (RECs) must apply to VRET<sup>7</sup> products.

9 Staff, RNW, PacifiCorp, and NIPPC support PGE’s proposal to leave this guideline  
10 unchanged. CUB requested a modification to allow incorporation of resources with battery  
11 storage. RNW also separately, albeit outside of the conditions/guidelines, requested inclusion of  
12 resources with battery storage in PGE’s Green Tariff.

13 PGE’s recommendation for Guideline 1 has not changed. At this time, PGE does not think  
14 it is appropriate to alter this guideline away from the fundamental objective of having green tariffs  
15 be programs that allow customers to purchase bundled RECs and thereby drive the development  
16 of additional renewable power generation.

17 **B. Condition 2 (Retirement of RECs on Behalf of Participants)**

18 **Q. PGE proposed a slight modification to Condition 2 in the new Guideline 2. What were**  
19 **Parties’ responses to that proposal?**

20 A. Condition 2 states:

21 Voluntary renewable energy options only include bundled REC products. Any RECs associated  
22 with serving participants must be retired by or on behalf of participants, unless the participants  
23 consent to RECs being retired by the utility or developer.

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<sup>7</sup> Voluntary renewable energy tariff or green tariff

**UM 1953 / PGE / 600**  
**Sims – Tinker / 6**

1 PGE’s proposed Guideline 2 states:

2 Voluntary renewable energy options include only bundled REC products. Any RECs associated  
3 with serving participants must be retired by or on behalf of participants.

4 Staff, RNW, CUB, and PacifiCorp support PGE’s proposal requiring RECs to be retired by  
5 or on behalf of the participant. NIPPC did not individually address PGE’s proposed Guideline 2  
6 but advocates for no modification of any of the original Nine Conditions.

7 CUB also advocates for a modification “to state that any load served by renewable project  
8 eligible for a green tariff should be reduced from the utility’s RPS requirements.”<sup>8</sup> CUB’s position  
9 is that customers’ voluntary participation in a green tariff should reduce the utility’s renewable  
10 procurement obligations for the RPS.

11 **Q. Is PGE proposing to further modify its proposal?**

12 A. No. PGE maintains its original recommendation for Guideline 2, which strikes the REC  
13 “gifting” option. In further support of this modification, RNW, in its Opening Brief for Phase I,  
14 discussed the original “gifting” option’s inconsistency with House Bill (HB) 4126, which forbids  
15 utilities from using RECs for RPS compliance.<sup>9</sup>

16 CUB’s recommendation to use green tariffs to reduce utility compliance needs would also  
17 diminish the impact that customers desire: Customers enrolling in green tariff products are  
18 intentionally seeking a significant tangible impact on renewable development above and beyond  
19 the levels already mandated by law to achieve RPS compliance.

20 **Q. Without modification of Condition 2, is there a risk that, as CUB proposes, “PGE will**  
21 **be adding renewables to serve load which is already served by renewables”<sup>10</sup>?**

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<sup>8</sup> CUB/200, Jenks/12-13

<sup>9</sup> RNW Opening Brief Page 9

<sup>10</sup> CUB/200 Jenks/12: 23-24

**UM 1953 / PGE / 600**  
**Sims – Tinker / 7**

1 A. No. PGE does not agree that there is a risk of “double serving” load from renewable  
2 resources. PGE’s position is based on the following three reasons:

- 3 • PGE anticipates customer demand in the program will diminish over time as PGE’s system  
4 becomes increasingly decarbonized. In the future, PGE expects that customers will meet  
5 their organizations’ sustainability targets within their base cost-of-service (COS)  
6 schedules. As we saw, in the first offering of the Green Tariff, most customers enrolled at  
7 a level to complement, not “double serve,” the level of renewables within PGE’s base  
8 service resource mix.
- 9 • The proposed 500 MW program cap is sufficiently small relative to PGE’s load that the  
10 current RPS goal for 2040 and beyond to serve 50 percent of load with renewable resources  
11 could not drive adoption of renewables to serve load already being served by the Green  
12 Tariff.
- 13 • If the Oregon legislature accelerates the adoption of renewables in PGE’s system such that  
14 PGE would be required to acquire additional renewable generation to serve the load already  
15 served by the Green Tariff, PGE would discontinue offering new tranches of the program,  
16 even if it has not reached the program cap, instead focusing on procurement for the entire  
17 system.

18 At this time, PGE does not believe the concern regarding “double serving” is warranted. If  
19 structural changes do occur, such as changes in Oregon law or policy, the Green Tariff program  
20 could be altered accordingly. Until such time, guardrails exist to prevent the outcome CUB has  
21 identified as a concern.

1                                   **C.     Condition 3 (Defining Incremental Resources)**

2   **Q.   PGE proposed modifying Condition 3 in its Guideline 3, to bring the guideline up-to-**  
3   **date, maintaining the intention for green tariffs to support new renewable**  
4   **development. What were Parties’ responses to that proposal and has PGE’s**  
5   **recommendation changed?**

6   A.   Condition 3 states:

7           The year that a voluntary renewable energy program eligible resource became operational should  
8           be no earlier than 2015.

9   PGE’s proposed Guideline 3 states:

10          The year that a voluntary renewable energy program eligible resource became operational should  
11          be no earlier than *one year prior to program enrollment* [change italicized].

12          Staff, CUB, RNW, and PacifiCorp all support PGE’s proposal. NIPPC’s opening testimony  
13   does not individually address PGE’s proposed Guideline 3 but advocates for no modification of  
14   any of the original Nine Conditions.

15          PGE continues to recommend updating this guideline to drive new renewable development,  
16   which is the fundamental intention behind green tariff products nationwide. For its GEAR, PGE  
17   defines incremental resources more precisely, and we discuss this later in our testimony.

18                                   **D.     Condition 4 (PGE Program Cap)**

19   **Q.   PGE proposed modifying Condition 4 in its Guideline 4, to set the PGE program cap to**  
20   **500 MW. What were Parties’ responses to that proposal?**

21   A.   Condition 4 states:

22           The voluntary renewable energy program size is limited to 300 MWa for PGE.

23   PGE’s proposed Guideline 4 states:

24           The voluntary renewable energy program size is limited to 500 MW for PGE.

**UM 1953 / PGE / 600**  
**Sims – Tinker / 9**

1 PGE’s modification of this Condition, reducing the cap from 300 MWa (units of energy) to  
2 500 MW (units of capacity), reduces PGE’s generic green tariff cap to reflect the cap of its specific  
3 tariff (Schedule 55 or GEAR), for the purpose of streamlining requirements.<sup>11</sup>

4 Today PGE has Commission approval to procure and offer up to 300 MW of nameplate  
5 resources through the GEAR, and as PGE explained in its opening testimony, PGE is seeking an  
6 expansion of the GEAR to a total program cap of 500 MW.

7 RNW supports and NIPPC does not oppose<sup>12</sup> PGE’s request for raising the 300 MW cap on  
8 the GEAR to 500 MW. Staff and CUB both raise objections to raising the 300 MW cap on the  
9 GEAR at this time; both parties advocate waiting for “operational experience” of the first 300 MW  
10 before raising the cap.

11 **Q. Please explain the difference between a cap expressed as energy (average megawatts)**  
12 **and one expressed in capacity terms (megawatts).**

13 A. A cap expressed as energy (MWa) reflects the average expected generation of the green  
14 tariff resource(s), whereas a cap expressed in terms of capacity (MW) reflects the resource(s)  
15 nameplate capacity or maximum power output. PGE does not have a preference of expressing the  
16 cap in one unit or the other but simply notes the distinction, as it seems to cause confusion. A  
17 300 MW resource is not equivalent to a 300 MWa resource. For example, a 300 MW Columbia  
18 River Gorge wind resource would be approximately 100 MWa, whereas a 300 MWa equivalent  
19 Gorge resource would be approximately 900 MW.

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<sup>11</sup> The full 300 MWa allowed under Condition 4 would not be available to PGE without Commission approval of a similar cap for a specific tariff. If or when PGE seeks to raise the tariff cap going forward, the guideline cap would be simultaneously raised.

<sup>12</sup> NIPPC does not oppose the PGE’s Green Tariff cap because it is less than the PGE’s Direct Access cap, and NIPPC advocates that UM 1690 Condition 6, the “mirror” condition, remain in place (NIPPC/200, p17-18).

1 **Q. PGE has not yet reached the existing caps of either of the 100 MW PGE Supply Option**  
2 **or 200 MW CSO. Why are you seeking to raise the program cap now?**

3 A. Raising the program cap now would allow PGE to be more responsive to customer demand.  
4 PGE has proposed a 100 MW increase to each of the PGE Supply and Customer Supply Options.  
5 PGE is in a unique commercial situation with the Green Tariff, needing to either:

- 6 • Identify customer demand for a program that has not yet been approved, that may evolve  
7 during the regulatory process, and for which pricing is uncertain as a result of being  
8 dependent upon the resources that will be available in many months when the regulatory  
9 process is complete and implementation can begin; or
- 10 • Complete the regulatory approval process first and offer the program to customers once  
11 there is more timing and price certainty.

12 PGE's preference is the latter, which offers customers better service and experience.

13 Additionally, regulatory certainty improves negotiating leverage for resource procurement,  
14 which would benefit customers and encourage customer participation to drive the decarbonization  
15 goals.

16 **Q. When does PGE expect customer demand to hit the existing 300 MW cap?**

17 A. Based on the enthusiastic response from customers in the first offering, and that PGE has  
18 already heard from several customers interested in a second offering, PGE expects similar strong  
19 demand in future Green Tariff offerings. Market response, however, will ultimately depend on  
20 price and specific resource characteristics, which in the current tax credit incentive environment,  
21 depend heavily upon speed of deployment. Consequently, it is difficult to precisely estimate the  
22 level of customer demand in advance of greater certainty related to regulatory approvals, timing,  
23 and resource pricing.



1 **Q. What specifically would PGE do if the Commission allowed an increase in the cap as**  
2 **requested?**

3 A. PGE would solicit pricing from renewable resource developers for resources to better  
4 determine pricing. After doing so, PGE would proceed with another PGE Supply Option  
5 enrollment window to determine customer interest, similar to that implemented for the first  
6 offering. This second step would depend heavily on the first step as indicative pricing, timing, and  
7 resource information is needed in order to provide the required information to interested  
8 customers. Once PGE has assessed the potential demand, negotiations with the least cost, least  
9 risk resource would begin, and PGE would eventually issue subscription agreements to customers.  
10 We note that, meanwhile, enrollment for CSO is ongoing and may continue until the cap is reached.

11 **Q. In response to Staff and CUB’s recommendation, what would be the impact to**  
12 **customers if the Commission waited for more operational experience of the first**  
13 **tranche of the Green Tariff before raising the program cap?**

14 A. Since the first tranche will not be operational until the end of 2021, the Commission would  
15 not be able to evaluate the program and approve an increase to the program cap until 2023  
16 (allowing minimal time for the operational experience and regulatory process). This would mean  
17 that PGE would not be able to perform customer outreach, enrollment, and procurement until 2023  
18 and 2024; and the resource would not be constructed until 2024 or 2025.

19 Because PGE understands customers’ urgency for meeting their sustainability goals, PGE  
20 believes this timeline would be unacceptable to customers. Not only would customers lose  
21 potential for the current economic benefits of the Production Tax Credits and Investment Tax  
22 Credits, they would not have the offering they have requested (Green Tariff) to help them achieve  
23 their organization’s sustainability targets.

1 **Q. Do you agree with Staff’s characterization of the 500 MW as “36% of PGE’s non-**  
2 **residential load in the Company’s 2020 forecast”<sup>13</sup>?**

3 A. No. Staff made its calculation based on an unreasonable assumption that the 500 MW  
4 Green Tariff resources would be operating at a 100% net capacity factor. No resource, renewable  
5 or otherwise, generates at full capacity all hours every year. Even in the best-case scenario,  
6 regional renewable resources will have capacity factors below 30% or 45%, whether solar or wind,  
7 respectively, because the sun does not always shine and the wind does not always blow.

8 Staff should have characterized the magnitude of the Green Tariff program using a realistic  
9 capacity factor, which, as Staff subsequently explains, is closer to 30% and which results in the  
10 500 MW serving less than 7% of 2020 total load on an annual energy basis.<sup>14</sup>

11 **Q. What information and insights will operational experience provide?**

12 A. No revelatory information will be derived from operational experience and particularly,  
13 not from near-term operational experience. PGE has described in testimony how the program  
14 works, how the credits will be calculated, how the program interacts with long-term planning, and  
15 importantly, how cost-of-service customers are protected from cost shifting. PGE has also  
16 provided Staff the data used for the subscriber fee calculations in its Compliance Filing dated  
17 September 13, 2019.

18 Staff writes that they need “empirical evidence” to reach “an ultimate conclusion on the  
19 impact to power costs and resource planning.”<sup>15</sup> In reply, PGE notes that an “ultimate conclusion”  
20 cannot be made until the end of the resource’s contract life; one or even two years of program  
21 operation will provide an incomplete picture. A short-term view of operational experience may

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<sup>13</sup> Staff/300 Gibbens/5-6

<sup>14</sup> Using the same reference 2020 load forecast as Staff, from UE 359 – PGE/100, Niman et al./29 Table 3.

<sup>15</sup> Staff/300 Gibbens/5: 4-7

**UM 1953 / PGE / 600**  
**Sims – Tinker / 13**

1 highlight only the normal course of business interannual variability expected with renewable  
2 resource generation and power markets.

3 As a 500 MW program serving less than 7% of PGE’s load, the potential impacts to power  
4 costs and long-term resource planning are very limited, and the Commission should not further  
5 delay Green Tariff growth—suspending customer access to their requested option to drive  
6 additionality of renewable generation—based on an unsupported assumption that operational  
7 experience will provide insights not currently available.

8 **Q. Is there a path forward that allows the Commission to expand PGE’s program now**  
9 **while respecting Staff’s and CUB’s concerns regarding program expansion?**

10 A. Yes. A path that allows PGE near-term expansion of the program to meet customer needs  
11 would be for the Commission to allow PGE flexibility to offer PGE Supply or Customer Supply  
12 Option within the approximately 140 MW available under the current 300 MW cap, allocating to  
13 either option according to customer demand. With this flexibility, PGE could consider all  
14 customer demand in aggregate and subscribe the remaining 140 MW for PGE Supply Option, or  
15 the same amount of capacity could be allocated to customers interested in the Customer Supply  
16 Option. PGE believes this would create sufficient flexibility to meet anticipated near-term  
17 customer demand.

18 In addition, PGE would be amenable to reporting back to the Commission and Parties on  
19 customer interest in its Green Tariff, and other identified learning from implementing the program.  
20 Such reporting could include number of customers enrolled under each option, the available  
21 capacity under the program cap, the performance of the generation resources, and other updates.  
22 Should the Commission authorize this alternative, PGE would request that a future advice filing  
23 be used to increase the cap, if needed, rather than expanding this docket to an additional phase. An

1 advice filing would allow sufficient time for review, with the option of a more targeted  
2 investigation that could be expedited.

3 **Q. Why is PGE limiting the proposed cap increase to 500 MW, as opposed to something**  
4 **similar to the Direct Access cap of 300 MWa (which is equivalent to over 650 MW of**  
5 **wind or over 1000 MW of solar)? In other words, why have a cap at all?**

6 A. PGE recognizes the GEAR is a not a program that will have unlimited demand since it is  
7 a premium product charged above cost-of-service base rates and because, as PGE's system  
8 becomes increasingly decarbonized, customers will meet their sustainability targets with their base  
9 cost-of-service resource mix.

10 **E. Conditions 5 and 6 (Explicitly Linking Green Tariffs to Direct Access)**

11 **Q. PGE proposes removing Conditions 5 and 6 in its proposed updated Guidelines. What**  
12 **were Parties' responses to that proposal?**

13 A. Condition 5 states:

14 Voluntary renewable energy product design should be sufficiently differentiated from existing direct  
15 access programs.

16 Condition 6 states:

17 Voluntary renewable energy product offering terms and conditions (including the timing and  
18 frequency of offerings), as well as transition costs, must mirror those for direct access. PGE may  
19 propose terms and conditions that differ from current direct access provisions but must propose  
20 changes to their direct access programs to match those changes.

21 Parties have mixed reactions to PGE's proposal; several parties recommend preservation of  
22 Condition 5 and most parties support modification or removal of Condition 6.

**UM 1953 / PGE / 600**  
**Sims – Tinker / 15**

1 PacifiCorp supports PGE’s removal of Condition 5. CUB recommends that Condition 5 be  
2 retained. Staff and NIPPC oppose PGE’s removal of Condition 5, both stating that although PGE’s  
3 current program is sufficiently differentiated, other future utility green tariff programs may not be.

4 CUB and PacifiCorp support removal of Condition 6. Staff proposes a modification rather  
5 than removal of Condition 6. NIPPC advocates for retaining Condition 6.

6 RNW writes that removal of both Conditions 5 and 6 “may be acceptable provided that any  
7 utility offering a green tariff, PGE in this case, offer regular updates to the Commission regarding  
8 the relative success of the green tariff option and the Direct Access option” because “some  
9 Commission oversight is necessary to ensure that both green tariffs and Direct Access remain  
10 competitive programs.”<sup>16</sup> RNW also considers the possibility of modifying Condition 6.

11 **Q. PGE’s GEAR satisfies Condition 5. Will all possible future utility green tariff offerings**  
12 **inherently satisfy this “sufficiently differentiated” condition?**

13 A. No. There is no statute or barrier preventing Electricity Service Suppliers (ESSs) from  
14 developing products to mimic utility green tariffs (i.e., physical, bundled REC products) and  
15 thereby limiting the ways in which utility green tariffs can be designed to be sufficiently  
16 differentiated.

17 Having ESSs develop their own versions of these products could mean positive development  
18 for a competitive marketplace; rivalry is a key characteristic of a competitive marketplace.  
19 However, the current Condition 5 is written to allow ESSs to control that market and suppress that  
20 competition.

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<sup>16</sup> RNW/300, O’Brien/9

**UM 1953 / PGE / 600**  
**Sims – Tinker / 16**

1 **Q. What happens when an ESS markets a product to mimic a utility green tariff?**

2 A. Once ESSs have developed products to mimic utility green tariffs, utilities will have  
3 increasingly limited options to develop products that satisfy Condition 5. As NIPPC asserts in its  
4 testimony, “An ESS can offer the same services as any ‘narrow’ program [like the GEAR].”<sup>17</sup>  
5 NIPPC also writes, “If PGE can design a VRET program that holds interest for some customers  
6 surely other entities active in the Direct Access program could do the same.”<sup>18</sup> Once an ESS does  
7 develop such a program, Condition 5 will jeopardize green tariff programs.

8 **Q. Why would this be a problem?**

9 A. There are no ramifications for an ESS if it develops a program that is not sufficiently  
10 differentiated from an existing green tariff. There are, however, ramifications for the utilities when  
11 the utilities subsequently seek to develop green tariff offerings. For example, if an ESS develops  
12 a program that offers customers a subscription-based, fixed-fee bundled REC product like the  
13 PGE’s Green Tariff, the existing Condition 5 may imply that the PGE’s Green Tariff program  
14 could not be expanded, due to no longer being sufficiently differentiated from an existing Direct  
15 Access program. Such an outcome would not align with customer needs, the original intent of the  
16 GEAR, or state policy objectives.

17 **Q. Does Condition 5 support the objective of developing a competitive retail market?**

18 A. No. Condition 5 creates an environment where ESSs can effectively block utility  
19 participation in segments of the retail market. This is not consistent with the definition of a  
20 competitive marketplace.

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<sup>17</sup> NIPPC/200 Kahn/13: 2-3

<sup>18</sup> NIPPC/200 Kahn/10-11

**UM 1953 / PGE / 600**  
**Sims – Tinker / 17**

1 **Q. Does Condition 6 give utilities clear direction for how to design green tariff programs?**

2 A. No. Green Tariff and Direct Access programs are operated by different types of entities,  
3 with different rules, regulations, and objectives<sup>19</sup>, and all terms and conditions will never be  
4 identical. For example, because PGE’s Green Tariff is based on a customer remaining on cost of  
5 service, it does not include transition charges. As written, Condition 6 indicates that PGE’s Direct  
6 Access program should be modified to eliminate transition charges, which were specifically  
7 designed to reduce cost shifting from Direct Access to cost of service customers. This type of  
8 explicit and unbending mirroring was not the intent of Condition 6. Instead, PGE believes the  
9 intent was to ensure the utility does not design a program calculated to undermine Direct Access  
10 participation.

11 An issue with implementation of Condition 6 is that it relies on the subjectivity of the  
12 evaluator to determine which terms and conditions must be “mirrored.” In its testimony, NIPPC  
13 cherry-picks the terms and conditions to be “mirrored” to favor NIPPC members.

14 **Q. Does Condition 6 support the objective of developing a competitive retail market?**

15 A. No. By requiring actions be taken to homogenize the market offerings of such vastly  
16 different products, Condition 6 reduces competition and limits customer choices.

17 **Q. NIPPC has identified three areas that should be mirrored between green tariffs and**  
18 **Direct Access. Please respond.**

19 A. NIPPC has highlighted three specific issues that must be identical across the GEAR and  
20 Direct Access programs: calculation of capacity and energy credits, eligibility threshold, and

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<sup>19</sup> Green tariffs have the narrowly focused objective of driving additionality of renewables whereas Direct Access offers broader customer choice that encompasses power from older and non-renewable generation resources.

**UM 1953 / PGE / 600**  
**Sims – Tinker / 18**

1 program cap. If PGE were required to mirror its Green Tariff across NIPPC’s three specific issues,  
2 the following implications would result:

- 3 • Calculation of capacity and energy credits – To mirror capacity and energy credits, charge  
4 Direct Access customers Resource Intermittency Charge (RIC) and Resource Adequacy  
5 Charge (RAD)<sup>20</sup> to account for the reliability services for which PGE’s Green Tariff cost-  
6 of-service customers are paying. NIPPC, however, in its testimony proposes an irrational  
7 payment to Direct Access customers for the energy and capacity they “provide” by leaving  
8 PGE’s system. NIPPC’s proposal uses a false premise and completely ignores the cost  
9 shifting that Direct Access creates.
- 10 • Eligibility threshold – To mirror eligibility thresholds, increase PGE’s Green Tariff  
11 customer eligibility requirements to customers with an aggregated load greater than  
12 1 MWa for parity with Direct Access eligibility. Changing this eligibility threshold would  
13 satisfy NIPPC’s request, but the negative consequence of this would be that it leaves  
14 customers between 1 kW and 250 kW (with aggregate load of at least 1 MWa) with no  
15 option for directly driving decarbonization through additional renewable generation.
- 16 • Program cap – To mirror the program caps, reduce the size of the Direct Access programs  
17 to mirror the 500 MW GEAR program cap. This translates to a value between 125 MWa  
18 and 175 MWa, which is below the current existing Direct Access cap of 300 MWa. NIPPC  
19 apparently wants the “mirroring” of program size be triggered selectively; NIPPC  
20 advocates for increasing the size of the Direct Access program to match any increase in the  
21 Green Tariff, yet currently, even without including short-term customer opt-outs or the

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<sup>20</sup> UE 358 PGE/100



**UM 1953 / PGE / 600**  
**Sims – Tinker / 19**

1           forthcoming New Load Direct Access program (with its 119 MWa cap), the Long Term  
2           Direct Access program cap is three times larger than the Green Tariff program cap.

3           The implications of mirroring across these three issues, as described above, serve to emphasize the  
4           subjectivity of Condition 6 and the obstacle this condition presents in advancing and expanding  
5           customer options.

6           **Q.   NIPPC asserts that PGE should not “be permitted to provide any VRET type program**  
7           **with terms and conditions that its competitors are unable to provide.”<sup>21</sup> Do you agree?**

8           A.    No.   This quotation from NIPPC’s testimony claims PGE is using GEAR terms and  
9           conditions to block ESS participation in this segment of the market.   This claim is untrue; having  
10          different terms and conditions does not prevent ESSs from providing customers renewable power  
11          options, and indeed, over the past years, many customers have elected out of PGE’s cost-of-service  
12          for service by an ESS.

13          Furthermore, different terms and conditions *should* apply to green tariff programs and the  
14          Direct Access program because not only are these programs distinctly different customer  
15          options—and customer optionality is a feature of a competitive marketplace—but also the  
16          programs were created in different times for different reasons.   Direct Access was created in 2002  
17          to restructure the electric industry and offer commercial and industrial customers choice in their  
18          electric service provider.   There are more sophisticated customers who elect Direct Access with  
19          the confidence that they can manage the market risk, and thus benefits outweigh the risks.   Other  
20          customers are more risk averse, and prefer to continue service with PGE, depending on the utility  
21          to manage market risk for them.   Customers in this latter category should not be forced to exit their  
22          chosen cost-of-service framework to achieve their organization’s climate goals.

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<sup>21</sup> NIPPC/200, Kahn/11: 1-3

**UM 1953 / PGE / 600**  
**Sims – Tinker / 20**

1           Conversely, the distinct reason green tariffs are underway across the country is to respond to  
2 the climate crisis and give utility customers the ability to accelerate decarbonization of the electric  
3 system.<sup>22</sup> Many customers want to make tangible progress toward climate goals, and green tariffs  
4 provide them the option to access new renewable generation resources while continuing PGE’s  
5 service, taking advantage of the other benefits the utility service provides.

6           Direct Access is a long-term customer option—the Direct Access program has no sunset  
7 date—whereas green tariff programs are anticipated to be a shorter-term expedient for utility  
8 customers until the penetration of renewables in the utility’s base resource mix expands in  
9 compliance with Oregon’s increasing RPS.

10           Finally, as PGE noted throughout Phase 1 of this docket, PGE’s Green Tariff is *in addition*  
11 to cost-of-service, not a replacement for it. The replacement concept was one of the concerns  
12 Condition 6 was designed to address and it is not applicable here.

13 **Q. Please respond to NIPPC’s testimony stating that PGE’s program has “terms under**  
14 **which it can ‘lock out’ competition from providing generation service to commercial**  
15 **and industrial customers.”<sup>23</sup>**

16 A. PGE assumes that NIPPC is referring to the term commitment associated with the GEAR  
17 when accusing PGE of being able to “lock out” competition. As detailed at length in the record  
18 for Phase 1, the term commitment is a requirement to avoid cost shifting to other customers and to  
19 manage the risk of new renewable resource PPA terms. The Commission acknowledged this by  
20 allowing PGE to offer shorter subscription terms and to include a risk premium to ensure that no  
21 cost-shifting occurs. Despite NIPPC’s characterization, customers have choices to: a) participate

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<sup>22</sup> World Resources Institute, Emerging Green Tariffs in US Regulated Electricity Markets, October 2018,  
[https://wriorg.s3.amazonaws.com/s3fs-public/emerging-green-tariffs-in-us-regulated-electricity-markets\\_1.pdf](https://wriorg.s3.amazonaws.com/s3fs-public/emerging-green-tariffs-in-us-regulated-electricity-markets_1.pdf)

<sup>23</sup> NIPPC/200, Kahn/12: 10-12

1 in the GEAR, and b) elect their desired contract length. Any commercial or industrial customer  
2 who wishes to pursue Direct Access will either elect to forgo participation in the Green Tariff,  
3 select a reduced term length, or accept financial responsibility for terminating its voluntary  
4 commitment.

5 **Q. How does PGE respond to Staff’s proposed modification of Condition 6?**

6 A. In its testimony, Staff proposed the following modification:

7 Voluntary renewable energy product offering terms and conditions must fairly account for  
8 differences from Direct Access programs. The Utility may propose terms and conditions that differ  
9 from current Direct Access provisions, but must provide evidentiary support for those differences  
10 and must consider changes to their direct access programs to match VRET terms and conditions, as  
11 appropriate.<sup>24</sup>

12 PGE appreciates Staff’s emphasis on fairness rather than mirroring because “fairness”  
13 implies flexibility for consideration of the broader context. But again, as with the original  
14 condition, the discretionary nature of selecting which terms and conditions must be evaluated  
15 under the guideline leaves uncertainty. Deciding what would qualify as sufficient evidentiary  
16 support is also subjective. PGE is concerned that this revised guideline has the appearance of  
17 giving the utility opportunity for innovation, but the practical reality is it will create lengthy  
18 regulatory hurdles that will stifle opportunity for “innovation that could help transform our  
19 electricity sector, drive down greenhouse gas emissions, and meet customer demands.”<sup>25</sup>

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<sup>24</sup> Staff/300 Gibbens/20: 3-8

<sup>25</sup> RNW/300 O'Brien/12

1 **Q. If the Commission shares Staff's inclination to modify rather than remove Condition**  
2 **6, does PGE have a counterproposal?**

3 A. Yes. Although PGE adheres to its position that different terms and conditions apply to  
4 green tariff and Direct Access programs, PGE believes a compromise with Parties would be for  
5 the Guideline to apply to utility green tariffs that are not cost-of-service programs, rather than  
6 applying the Guideline to programs like the GEAR that are cost-of-service riders. With this in  
7 mind, PGE's revision of Staff's proposal is:

8 If a utility seeks to offer a voluntary renewable energy product outside of or in lieu of cost-of-  
9 service, the following guideline applies:

10 Such VRET terms and conditions must fairly account for differences from Direct Access  
11 programs. The Utility may propose terms and conditions that differ from current Direct Access  
12 provisions, but must provide evidentiary support for those differences and must consider  
13 changes to their direct access programs to match such VRET terms and conditions, as  
14 appropriate.

15 **F. Condition 7 (Utility Ownership of Green Tariff Resource)**

16 **Q. What were Parties' responses to PGE's proposal to modify Condition 7 in its updated**  
17 **Guidelines?**

18 A. Condition 7 states:

19 The regulated utility may own a voluntary renewable energy resource, but may not include any voluntary  
20 renewable energy resource in its general rate base. It may recover a return on and return of its investment in  
21 the voluntary renewable energy resource from the subscriber; however, the utility must share some of the  
22 return on with the other utility customers for ratepayer-funded assets used to assist the voluntary renewable  
23 offering.

24 PGE's proposed modifying this condition to:

25 The regulated utility may own a voluntary renewable energy resource, and when it does, it must continue to  
26 ensure there is no cost shifting to non-participants.

**UM 1953 / PGE / 600**  
**Sims – Tinker / 23**

1 Staff and PacifiCorp support PGE’s modification. CUB agrees with PGE that the latter  
2 portion declaring the “utility must share some of its return on ...” portion is not needed in the  
3 context when a green tariff is a cost-of-service rider, and therefore the subscriber is already  
4 contributing to ratepayer-funded assets.

5 Staff finds that PGE’s modified version condenses the guideline to the core goal, that is, “a  
6 more general ‘no cost shifting’ rule which better applies to all potential utility owned proposals.”<sup>26</sup>

7 Irrespective of PGE’s modification of the condition, some Parties expressed reservations  
8 about utility ownership of a green tariff resource. RNW conditionally supports utility ownership,  
9 advocating that the Competitive Bidding Rules must apply when utility ownership is considered.  
10 CUB states that utility ownership is “reasonable ... if it is not included in rate base and non-  
11 participating customers are not charged for the depreciation of the capital investment or the return  
12 on investment,” and CUB expressed some concern about risk shifting to non-participants.<sup>27</sup>  
13 NIPPC opposes consideration of utility ownership entirely.

14 **Q. How could a resource be in rate base and still ensure no cost-shifting to non-participants?**

15 A. Green tariffs can be, and need to be, designed to uphold the no cost shifting mandate  
16 regardless of whether a resource is contracted through a PPA, utility-owned outside of rate base,  
17 or utility-owned in rate base.

18 Using PGE’s Green Tariff subscription model as an example, we can explain how the  
19 directional flow of dollars changes depending on resource ownership but the net effect for non-  
20 participants is the same. With a third-party resource contracted through a PPA, subscribers are  
21 reimbursed by COS customers for the incremental energy and capacity value the resource brings

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<sup>26</sup> Staff/300 Gibbens/20:17-18

<sup>27</sup> CUB/200, Jenks/15-16

1 to the system (via credits in the subscriber fee). Meanwhile, with a utility-owned resource in rate  
2 base, subscribers would instead reimburse COS customers for all costs less the incremental energy  
3 and capacity value the resource brings to the system.

4 **Q. Why is PGE proposing to modify this condition, considering it has no current plans to**  
5 **seek ownership?**

6 A. PGE is interested in pursuing ownership of resource for a future offering of its Green Tariff,  
7 as discussed in Section IV Subsection A, Utility Ownership of GEAR Resource, and PGE believes  
8 rate base ownership should be an available option.

9 **Q. Is PGE proposing to further modify its proposal for this Guideline?**

10 A. No. PGE maintains its original recommendation for this Guideline. The Guideline should  
11 uphold the allowance for utility ownership of a green tariff resource, providing the utility ensures  
12 no cost shifting, without eliminating the ability of a green tariff resource to be in rate base.

13 **G. Condition 8 (Ensuring No Cost Shifting)**

14 **Q. PGE proposed modifying Condition 8 in its proposed updated Guidelines. What were**  
15 **Parties' responses to that proposal?**

16 A. Condition 8 states:

17 All direct and indirect costs and risks are borne by the participating voluntary renewable energy customers,  
18 shareholders of the utility or third-party developers and suppliers with provisions allowing independent  
19 review and verification by Commission Staff of all utility costs. Costs include but are not limited to ancillary  
20 services and stranded costs of the existing cost of service rate-based system.

21 PGE's proposed Guideline 6, modifying this condition, states:

22 All direct and indirect costs and risks are borne by the participating voluntary renewable energy customers,  
23 shareholders of the utility or third-party developers and suppliers with provisions allowing independent  
24 review and verification by Commission Staff of all utility costs.

**UM 1953 / PGE / 600**  
**Sims – Tinker / 25**

1 CUB, Renewable Northwest, and PacifiCorp support PGE’s modification. Staff and NIPPC  
2 object.

3 PGE’s opening testimony noted that it proposed the modification because customers pay for  
4 ancillary costs and existing assets by continuing on cost of service. Staff’s testimony points out  
5 that “future program offerings or other VRET proposals from other utilities may be structured  
6 differently, and may not require continued service on a COS schedule.”<sup>28</sup>

7 **Q. Why does PGE recommend streamlining this guideline?**

8 A. PGE continues to recommend its streamlined modification of the condition because the  
9 current second sentence is redundant of the first. The phrase “all direct and indirect costs and  
10 risks” on its own encompasses the full requirement established by House Bill (HB) 4126, which  
11 states “All costs and benefits associated with a voluntary renewable energy tariff shall be borne by  
12 the nonresidential customer receiving service under the voluntary renewable energy tariff.”<sup>29</sup>

13 **Q. Could stranded costs result from a green tariff program?**

14 A. No. Stranded costs of the existing system would not result from an appropriately designed  
15 and limited green tariff program. For example, with PGE’s Green Tariff we note several  
16 protections against “over-procurement”: The program has a cap; customers are disincentivized  
17 from subscribing as resources become less valuable to PGE’s system (via the energy and capacity  
18 credits within the subscriber fee); the energy and capacity needs that Green Tariff resources fill  
19 are currently analyzed in IRP modeling, either as contracted resources or as sensitivity cases up to  
20 the full program cap; and PGE’s Green Tariff participants remain COS customers, contributing  
21 fairly to all system costs.

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<sup>28</sup> Staff/300 Gibbens/20-21

<sup>29</sup> Oregon House Bill 4126, February 11, 2014, Page 2;

<https://olis.leg.state.or.us/liz/2014R1/Downloads/MeasureDocument/HB4126> .

**H. Condition 9 (Commission Review)**

**Q. PGE proposed maintaining Condition 9 with no revisions in its proposed updated Guidelines. What were Parties' responses to that proposal and has PGE's recommendation changed?**

A. Condition 9 states:

All voluntary renewable offerings must be made publicly available and subject to review by the Commission to ensure they are fair, just, and reasonable.

No Parties opposed PGE's proposal to maintain Condition 9, and PGE continues to recommend the condition's unedited inclusion in the revised Guidelines.

**I. Summary of PGE's Proposed Guidelines**

**Q. Please summarize PGE's proposed Guidelines to replace the Nine Conditions.<sup>30</sup>**

A. The complete list of proposed Guidelines is:

1. Renewable Portfolio Standard (RPS) definitions of resource type, location, and bundled Renewable Energy Certificates (RECs) must apply to VRET products.

2. Voluntary renewable energy options only include bundled REC products. Any RECs associated with serving participants must be retired by or on behalf of participants.

3. The year that a voluntary renewable energy program eligible resource became operational should be no earlier than one year prior to program enrollment.

4. The voluntary renewable energy program size is limited to 500 MW for PGE.

5. The regulated utility may own a voluntary renewable energy resource, and when it does, it must continue to ensure there is no cost shifting to non-participants.

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<sup>30</sup> This list does not include PGE's counterproposal to Staff's modification of original Condition 6 because PGE's primary recommendation is to remove that condition.



1           6.       All direct and indirect costs and risks are borne by the participating voluntary  
2           renewable energy customers, shareholders of the utility or third-party developers and  
3           suppliers with provisions allowing independent review and verification by Commission  
4           Staff of all utility costs.

5           7.       All voluntary renewable offerings must be made publicly available and subject to  
6           review by the Commission to ensure they are fair, just, and reasonable.

#### **IV.   GEAR Program Design**

##### **A.     Utility Ownership of GEAR Resource**

7  
8   **Q.   Why is PGE asking the Commission for clarity with respect to its allowing a utility-**  
9   **owned resource in a future tranche of its Green Tariff program?**

10 A.     Even without modification, Condition 7 allows utility ownership, and PGE may make plans  
11 for a utility-owned resource option in the future.  Nevertheless, Staff writes that its support of  
12 PGE’s modification of Condition 7 “does not equate to a recommendation to allow the Company  
13 to pursue utility ownership without further Commission decision”<sup>31</sup> and also calls a Commission  
14 decision on a utility ownership option for a future offering “unnecessary and premature.”<sup>32</sup> PGE  
15 disagrees with Staff’s assessment that it is not the right time for discussion and parameter setting  
16 of a utility-owned option.  PGE agrees with the Commission’s assessment that a utility could own  
17 the resource utilized for a green tariff.<sup>33</sup>  This docket provides the appropriate venue to provide  
18 some clarification of the Commission’s assessment so that if PGE were to seek Commission

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<sup>31</sup> Staff/300, Gibbens/20: 14-15

<sup>32</sup> Staff/300, Gibbens/10: 9

<sup>33</sup> “[Conditions 6 and 7] allow for utility ownership...”, Order No. 16-251 Page 3

1 approval for a green tariff based on an owned resource, the regulatory considerations would not  
2 be in question.

3 **Q With a PGE-owned resource, how would PGE ensure that all costs and benefits of the**  
4 **Green Tariff are borne by subscribers, as required by HB 4126<sup>34</sup>?**

5 A. Regardless of whether the Green Tariff program is using a third-party PPA or a utility-  
6 owned resource to supply renewable power, the fundamental characteristics of the program design  
7 and subscription fee need not change to continue to uphold the principle of no cost shifting. The  
8 three key components of the subscriber fee, a PPA or resource fee, an administration fee, and a  
9 risk adjustment fee, will continue to be charged as a rider to cost-of-service rates, and these  
10 components function the same in a third-party PPA or utility-owned resource to isolate green tariff  
11 costs from non-participants.

12 All costs will be allocated to subscribers, and the benefits that the Green Tariff resource  
13 provides to all cost of service customers will be allocated to subscribers through energy and  
14 capacity credits that reduce their resource fee.

15 **Q. Please provide examples of ownership structures that can be designed to uphold the**  
16 **requirement of ensuring no cost shifting.**

17 A. Without being exhaustive, some examples of how a utility could own a green tariff resource  
18 include the following:

- 19 • The utility owns the resource, and it is included in general rate base with subscribers  
20 reimbursing all customers for the premium above the energy and capacity the resource  
21 provides.

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<sup>34</sup> Oregon House Bill 4126, February 11, 2014, Page 2;  
<https://olis.leg.state.or.us/liz/2014R1/Downloads/MeasureDocument/HB4126> .

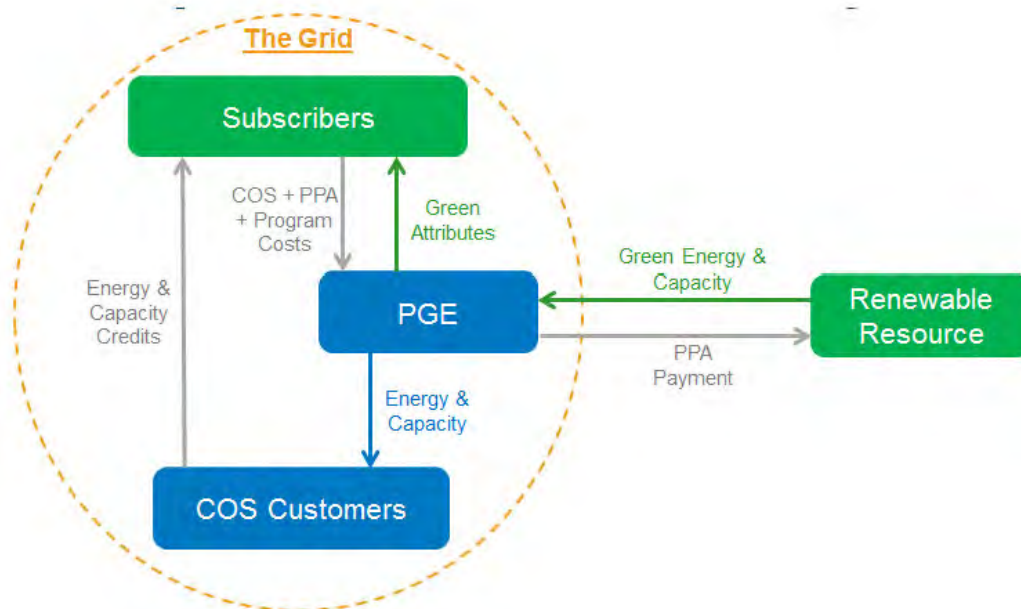
- 1       • The utility owns the resource and maintains it outside of rate base as non-utility business.  
2       The resource has a revenue requirement applicable only to subscribers, with subscribers  
3       paying for all costs, and the associated return on investment, less the credits over the  
4       economic life of the resource.
- 5       • A non-utility affiliate option, where the affiliate owns the resource and contracts with the  
6       utility, for the energy, capacity, and renewable attributes.

7       Other utility green tariff programs around the country have had utility-owned green tariff resources  
8       using different combinations of the concepts discussed above.

9       **Q. Do these structures allow PGE to own and operate a resource without cost shifting to**  
10       **non-participants?**

11      A. Yes. The full cost of ownership including operations and maintenance will be included in  
12      the resource pricing portion of the subscriber fee. The pricing will behave the same as if the  
13      resource was owned by a third-party. What changes, depending on the ownership structure, is  
14      where the exchange of program and resource costs with energy, capacity and credits occurs. The  
15      figure below, originally presented in PGE Exhibit 200, shows how the subscription design works,  
16      and this design will apply in all cases.

17



1 **Q. Would the Commission have opportunity through established regulatory processes for**  
2 **a prudency review when PGE seeks utility ownership?**

3 A. Yes. Established regulatory processes would require the Commission to conduct a  
4 prudence review of any PGE-owned GEAR resource, regardless of how the resource is owned by  
5 PGE. For example, if the resource is in rate base, the Commission has oversight through General  
6 Rate Cases (GRCs). If the resource is owned by a PGE affiliate, then the additional requirements  
7 and procedures of ORS 757.015, ORS 757.495, OAR 860-027-0040, OAR 860-027-0041 would  
8 apply. In both of these cases, or where the resource is owned as non-utility plant, applicable  
9 expenses will flow through power costs, where the Commission has oversight through GRCs,  
10 Annual Update Tariffs, and PGE’s Power Cost Adjustment Mechanism.

11 **Q. How would these ownership structures account for operations and maintenance**  
12 **expense, for example?**

13 A. With a utility-owned rate base resource, subscribers would reimburse cost-of-service  
14 customers for all costs associated with owning the resource including operations and maintenance

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1 (in addition to the return on investment). Ownership outside of rate base would mean that costs  
2 like operations and maintenance would be priced into the resource PPA charged to subscribers.

3 **Q. Which ownership structure would PGE seek to implement?**

4 A. PGE has not decided on a model for ownership that it would seek to implement at a future  
5 date. The industry is constantly changing, and the ownership model that makes the most sense for  
6 PGE and its customers, both non-subscribers and subscriber, will depend on the context at the time  
7 it seeks to pursue utility ownership.

8 **Q. Why is PGE asking for an exception of OAR Chapter 860, Division 89 Competitive**  
9 **Bidding Rules (CBR), even if proposing a utility-owned resource?**

10 A. PGE has noted<sup>35,36</sup> the advantages of a streamlined competitive bidding process for this  
11 type of voluntary product while maintaining the least-cost, least-risk standard. The CBR could  
12 introduce a significant cost and time burden that functions as a barrier to participation and restrict  
13 PGE's agility in offering new customer- and decarbonization-focused programs. The ultimate test  
14 of pricing for a voluntary product is customer participation. Non-participants are shielded from  
15 price sensitivity by the program design having subscribers pay the premium above the energy and  
16 capacity the resource provides. Additionally, the Competitive Bidding Rules only apply to  
17 resources larger than 80 MW of nameplate capacity.<sup>37</sup> We continue to discuss this topic in Section  
18 V of our testimony, Resource Procurement and Long-Term Planning.

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<sup>35</sup> PGE/500 Sims – Tinker/30-31

<sup>36</sup> PGE Request for Waiver of OAR 860-089-0010 dated March 29, 2019

<sup>37</sup> OAR 860-089-0100(c)

**B. Risk Adjustment Fee**

**Q. What were Parties’ responses to PGE’s identification of an expanded list of risks that the risk adjustment fee should compensate for?**

A. Staff and RNW each state in their opening testimony a need for more details about PGE’s identified expanded risks. Staff writes, “Although Staff has no issue with compensating shareholders or potentially COS customers for appropriate risks, the PPA risk and lack of clarity on how risk adjustment is calculated, in light of the additional risks identified by PGE, are of concern to Staff.”<sup>38</sup>

**Q. Please clarify PGE’s intentions with the expanded risk adjustment fee.**

A. Green tariffs introduce additional risks that must be addressed in order to develop a sustainable program. PGE aims to fully insulate cost-of-service customers from, and also fairly compensate shareholders for, the risks associated with this voluntary program. This ensures a program that is based on the foundational concept of no cost-shifting.

In its Phase II Opening Testimony, PGE has described some risks for which the risk adjustment fee should compensate. These risks include, but are not limited to, risks associated with under-subscription, customer load variability, variable resource, and resource PPA.

**Q. Please describe the proposed risk adjustment fee calculation.**

A. PGE recommends a range, as a portion of the PPA price, be applicable for the risk adjustment fee. PGE does not propose prescriptive analytical methodologies for each risk because each resource and contract will be different, making a comprehensive formulaic approach that applies broadly challenging.

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<sup>38</sup> Staff/300 Gibbens/13: 7-11

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1 In Phase I testimony, PGE estimated a range of 1 to 5 percent of the PPA price for the risk  
2 adjustment based on the under-subscription risk. PGE is willing to consider a cap on the expanded  
3 risk adjustment in order to give stakeholders a sense of possible magnitude; therefore, PGE  
4 proposes the adjustment be no more than 10% for comprehensive program- and PPA-based risks.

5 Because the Green Tariff is a voluntary program, any concern that this risk adjustment gets  
6 too large would be constrained by subscriber willingness to pay. Conversely, the flexibility within  
7 the risk adjustment fee range would prevent the risk adjustment fee from being too small to  
8 adequately compensate shareholders for project- and tranche-specific risks.

9 **Q. As Staff asks, could the customer load variability and variable resource risk “lead to**  
10 **the use of other COS resources to correct these issues?”<sup>39</sup>**

11 A. No. The risks that load variability and variable resource risk introduce because of the  
12 commitments made to Green Tariff subscribers are born by PGE shareholders and other COS  
13 resources will not be used to mitigate this risk. These risks are constrained to the value of any  
14 theoretical REC shortfall or oversupply which PGE sees as manifesting in the following possible  
15 situations:

- 16 • Subscriber load increases: Customers subscribe to an annual maximum amount. If load  
17 increases above this amount, PGE has no obligation to secure additional RECs for the  
18 subscriber.
- 19 • Subscriber load decreases: In the event that a subscriber’s load is reduced by 20% or more,  
20 PGE may reduce the subscription amount for the subsequent years and re-market the  
21 additional product to secure incremental subscriptions. Regardless of the outcome of that

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<sup>39</sup> Staff/300 Gibbens/14: 17-19

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1 effort, cost-of-service customers continue to receive the energy and capacity from the  
2 resource.

- 3 • Resource under-generation: The subscriber agreement between PGE and the customer  
4 commits PGE to delivering bundled RECs for a predetermined amount of subscriber load.  
5 PGE has included performance guarantees in the PPA to significantly reduce the risk that  
6 material under-generation occurs. Any under-generation risk not addressed by these  
7 performance guarantees requiring the purchase of RECs to fulfill the subscriber agreement  
8 would be a PGE shareholder risk.
- 9 • Resource over-generation: Any RECs the resource generates above subscriber  
10 commitments may be sold or banked to help mitigate the risk of future under-generation.

11 Beyond REC risk, all customers are paying for the energy the resource provides. This energy  
12 is treated the same as all contracted variable resources in the AUT. Resource production variability  
13 is subject to the PCAM, which is the regulatory mechanism chosen to address this risk.

14 While each of the above situations may manifest differently, cost-of-service customers are  
15 insulated from cost-shifting. Additionally, subscribers remain cost-of-service customers and  
16 continue to pay all approved costs associated with operating the electric system.

17 **Q. Staff notes that it is inconsistent that no PPA risk adjustment is applied to account for**  
18 **risk in cost-of-service PPAs. Does PGE agree?**

19 A. Yes. PGE recommends exploring a risk adjustment for cost-of-service PPAs in another  
20 docket.

21 **Q. Is the PPA risk “effectively a return on investment for shareholders,” as Staff states?**

22 A. Yes. It attempts to compensate shareholders for the additional risk created by PPAs.



**C. CSO Size Eligibility**

1 **Q. What have Parties' responses been to PGE's 10 MWa size requirement for the**  
2 **Customer Supply Option?**

3 A. RNW supports PGE's 10 MWa requirement and proposes that it may evolve with  
4 experience resulting in a lower size threshold. Walmart disagrees with PGE's requirement,  
5 advocating instead for a 5 MWa threshold. NIPPC also disagrees with the 10 MWa size  
6 requirement. Staff advocates for case-by-case determination.

7 **Q. What would the impact of a lower size requirement be to subscriber cost?**

8 A. A lower size requirement likely increases administrative costs, which could result in a  
9 higher subscriber fee, and will make it more difficult to source resources (which will necessarily  
10 be smaller sized). Although a lower size requirement may attract more customers, it will result in  
11 PGE ultimately reviewing and negotiating many more contracts' terms and conditions to ensure  
12 suitability for PGE's system and customer protections.

13 Also, as discussed in PGE's response to OPUC Data Request No. 022, which is provided as  
14 Exhibit 602, the lower size threshold would likely raise resource costs. With smaller projects for  
15 smaller customer loads, neither PGE nor the developer would be able to take advantage of the  
16 economies of scale that occur with a larger project.

17 PGE can more economically and efficiently serve smaller customers by aggregating their  
18 demand under the PGE Supply Option.

19 **Q. What is PGE's response to Parties' suggestions for reducing the size requirement to**  
20 **5 MWa or allowing case-by-case consideration?**

21 A. PGE does not support Walmart's suggestion of moving from 10 MWa to 5 MWa, but PGE  
22 finds Staff's suggestion to allow customers to petition the Commission for individual waivers to

1 be reasonable. This case-by-case consideration may be a compromise offering flexibility for  
2 customers who may have smaller presence in PGE’s service area but still have experience, ability,  
3 opportunity and specific interest in finding their own PPA.

4 **D. Credits, Net Bill Savings**

5 **Q. Please describe Parties’ feedback on PGE’s energy and capacity credit calculation**  
6 **methodology, including fixed credits and not allowing for a net bill savings.**

7 A. Parties’ feedback has been tentatively supportive of the Commission-approved  
8 methodology with some continuing interest in a floating credit option with possibility for net bill  
9 savings.

10 Staff supports the approved methodology’s use of fixed rather than floating credits as well  
11 as this methodology’s limitation on the credits such that they disallow net bill savings.  
12 Nevertheless, Staff expresses reservations about the forward-looking nature of the credit  
13 calculation methodology.

14 RNW supports PGE’s and the Commission’s case-by-case consideration of floating credits  
15 for CSO subscribers. Ultimately, RNW prefers a floating credit approach that would allow  
16 subscribers the opportunity for net bill savings, stating this may encourage more participation in  
17 the program and therefore more renewable development.

18 CUB is concerned about the forward-looking nature of the Commission-approved  
19 methodology for energy credits and proposes an alternate, annually-updated energy credit  
20 calculation methodology using PGE’s MONET power cost model. CUB supports PGE’s capacity  
21 credit methodology with a modification to use a technology-neutral, least-cost capacity value  
22 instead of defaulting to the single cycle combustion turbine capacity value. With its floating credit

1 proposal, CUB considers allowing subscribers the possibility of net bill savings yet also notes that  
2 situation is unlikely to occur frequently.

3 Walmart advocates for floating credits anchored in marginal cost of service, which had been  
4 AWEC’s preferred methodology in Phase I of this docket.

5 **Q. Please respond to CUB’s position that cost-of-service customers should prefer a floating**  
6 **credit methodology over a fixed credit methodology.**

7 A. Cost-of-service customers should be neutral to a fixed or floating credit methodology.  
8 Under the fixed credit methodology, cost-of-service customers have price certainty yet take  
9 forward price risk by anchoring the credits with the IRP methodology at the beginning of the  
10 program. In other words, if actual energy prices are higher than the IRP methodology-produced  
11 credits, cost-of-service customers will receive the benefit. If actual energy prices are lower, cost-  
12 of-service customers will be exposed to the market price impacts.

13 As CUB’s testimony acknowledges, this is the normal risk cost-of-service customers take in  
14 all resource acquisitions and is not introducing any new risk. Under a floating credit methodology,  
15 cost-of-service customers reduce their reliance on forecasts but also gain price uncertainty.  
16 However, cost-of-service customers will still be exposed to the risk of these annual price forecasts,  
17 assuming CUB’s methodology, diverging from actual market prices. This risk exists in both the  
18 floating and fixed credit approach and is a result of the Commission-approved forward-looking  
19 power cost forecasting process.

20 Although CUB acknowledges the forward price risk is normal-course-of-business, CUB  
21 argues that cost-of-service customers should not be subject to this risk for the Green Tariff because  
22 its resource procurement occurs outside the IRP and has “not been found to be the least cost/least

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1 risk way to meet customers’ resource needs”<sup>40</sup> and are ”not being built to respond to a need for  
2 new resources to serve load identified in the IRP.”<sup>41</sup> PGE disagrees with CUB’s assessment on  
3 two points: 1) the Green Tariff credits are based on identified needs, both energy and capacity, and  
4 through the credit calculation the resource does respond to an IRP need and 2) Green Tariff  
5 resources will be acquired through a competitive bidding process to select the least-cost, least-risk  
6 project recognizing their contribution to both energy and capacity.

7 **Q. Please respond to Walmart’s concern that the Commission’s case-by-case consideration**  
8 **of floating credits and net bill savings for CSO customers creates uncertainty that is “a**  
9 **significant barrier to action by customers.”<sup>42</sup>**

10 A. Floating credits, by their changing nature, are uncertain, and customers desiring price  
11 certainty should prefer the fixed credits of the approved methodology. Walmart’s concern that a  
12 “customer would attempt to evaluate the benefits and costs of a renewable project without any  
13 insight into what the credit might be”<sup>43</sup> is not alleviated by removing the Commission’s case-by-  
14 case consideration of the floating credit methodology. Furthermore, as PGE discusses in  
15 OPUC Data Request No. 053, provided as Exhibit 603, PGE would support a subscriber interested  
16 in filing a waiver with the Commission, so customers should not experience “a significant layer of  
17 regulatory risk and litigation cost to a potential project.”<sup>44</sup>

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<sup>40</sup> CUB/200 Jenks/6: 12

<sup>41</sup> CUB/200 Jenks/6: 10

<sup>42</sup> Walmart/300 Chriss/3-4

<sup>43</sup> Walmart/300 Chriss/3: 21-23

<sup>44</sup> Walmart/300 Chriss/3: 23-25

1 **Q. What have Parties’ reactions been to PGE’s approach to using the IRP methodology to**  
2 **calculate energy and capacity credits to subscribers?**

3 A. RNW notes that it is not satisfied with how the Green Tariff capacity credit calculation  
4 methodology is limited to considering contribution to years of insufficiency. In addition, RNW  
5 would like the Commission to revisit that topic within the Green Tariff after the capacity credit  
6 methodologies are addressed in the General Capacity Investigation in UM 2011.

7 CUB proposes alternate crediting methodologies that also float over time, removing reliance  
8 on forward price projections. We discuss CUB’s proposals above. In thinking about the expansion  
9 of the Green Tariff, Staff writes that the credit methodology “is flawed in some sense.”<sup>45</sup>

10 **Q. Please respond to Staff’s statement that the credit methodology “is flawed in some**  
11 **sense.”**

12 A. Staff writes

13 There are two potential concerns [with the crediting methodology]. The first is that the crediting  
14 methodology is flawed in some sense. The IRP ultimately estimates what resource costs will be,  
15 where as an RFP better indicates market prices for those resources. The second is that an IRP occurs  
16 every two years, whereas the VRET resources are 20 year commitments. As the prices for a  
17 particular technology change, the IRP will adapt to them, but a VRET based resource will remain  
18 fixed.

19 Staff’s first point is unclear as the energy credit calculations uses neither IRP estimates of  
20 resource costs nor Request for Proposal (RFP) market prices. While the capacity credit calculation  
21 does rely on the estimated cost of a proxy capacity resource, these estimates are provided by a  
22 third-party consultant and are widely accepted in various regulatory proceedings.

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<sup>45</sup> Staff/300 Gibbens/25: 22

1 Staff is correct in its second point that the Green Tariff, like all other procurement actions,  
2 requires making commitments based on the best information that is known and knowable at the  
3 time. The future is always uncertain, and that fact cannot preclude long-term planning or, in the  
4 case of the Green Tariff, prevent action being taken to meet customers' stated need for the product  
5 and to address the climate crisis. Prudence means using reasonable judgment in light of the facts  
6 known at the time. PGE also notes the IRP update cycle is typically closer to one year and that  
7 green tariff resource commitments may be less than 20-year commitments (e.g., the first offering  
8 of the Green Tariff has 15-year customer agreements and a 15-year PPA).

9 **Q. Does PGE recommend any changes to its current fixed energy and capacity credit**  
10 **methodology that prevents net bill savings?**

11 A. No. PGE continues to advocate its approach to the energy and capacity credits.  
12 The Commission-approved methodology offers pricing safeguards to non-participants, who by the  
13 fixed credits are not exposed to market risk, and the credits function as a feedback mechanism  
14 from the IRP methodology about the need for the resource. Despite some Parties' concern about  
15 the lack of floating credit mechanism providing opportunity for subscribers to gain net bill savings,  
16 PGE has not heard this concern from subscribers themselves. In fact, PGE has observed  
17 considerable customer demand in this fixed price premium product.

## **V. Resource Procurement and Long-Term Planning**

18 **A. Bilateral PPA for CSO**

19 **Q. Should a PPA contracted for the CSO be bilateral between PGE and the independent**  
20 **power producer?**

21 A. Yes. We understand there are concerns about this bilateral contracting being brought to  
22 the Commission at the public meeting on October 22, 2019, and PGE expects this topic to be

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1 addressed in that forum. PGE’s position is that a green tariff is most effective when a utility acts  
2 as the intermediary delivering supply to the end-use customer. As we explained in the first phase  
3 of this docket, a contract that does not involve the utility essentially functions to provide the  
4 customer with complete discretion to negotiate terms to their benefit without considering the costs  
5 to remaining customers.

6 Additionally, while we are not attorneys and the Company will present its legal analysis in  
7 briefing, there is concern that contracts directly involving the end-user and the supplier may not  
8 be allowed under Oregon law for cost-of-service customers. PGE also discusses that concern in  
9 its response to OPUC Data Request No. 051, provided as Exhibit 604.

10 Ultimately, PGE is the party receiving the energy and capacity from the resource and making  
11 payments to the resource owner. The contract approach should be bilateral between PGE and the  
12 owner as that aligns with contract obligations and responsibilities while providing adequate  
13 protections equally for cost-of-service customers.

14 **B. Applicability of Competitive Bidding Rules**

15 **Q. What have Parties’ responses been to PGE’s request for a waiver of the Competitive**  
16 **Bidding Rules (CBR) for procurement of GEAR resources?**

17 A. Staff supports a waiver up to the approved cap of the GEAR rather than a blanket waiver  
18 that would apply to any future expansion of the GEAR. RNW acknowledges a “streamlined  
19 competitive bidding process may be appropriate”<sup>46</sup> unless the utility is seeking ownership of a  
20 resource, and in that case RNW advocates the CBR be applied. NIPPC opposes PGE’s request for  
21 a waiver.

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<sup>46</sup> RNW/300 O’Brien/14

1 **Q. Please respond to Staff’s proposal of a limited waiver of the CBR, for procurement**  
2 **within the approved cap of the program?**

3 A. Staff’s proposal is reasonable, allowing the Commission the ability to make incremental  
4 evaluations of the CBR applicability as the GEAR expands.

5 **Q. Does the CBR apply to procurement of resources less than 80 MW, regardless of**  
6 **whether the solicitation is limited to third-party PPAs or is inclusive of a PGE-owned**  
7 **resource?**

8 A. No. OAR 860-089-0100 states that the CBR apply for resources or contracts for more than  
9 an aggregate of 80 MW and five years in length or as “directed by the Commission.”<sup>47</sup>  
10 Notwithstanding the CBR, resources on this scale would be unduly impacted by the increase in  
11 costs resulting from designing a new RFP, retaining an independent evaluator, and following the  
12 standard evaluation process.

13 **Q. Without the CBR, how would PGE demonstrate its ownership option is the best option**  
14 **for subscribers?**

15 A. PGE expects to follow the process outlined in PGE’s response to OPUC Data Request No.  
16 040, provided as Exhibit 605. PGE can also leverage other procurement actions, such as that of  
17 any future renewable RFPs, to evaluate available resources without having to independently  
18 conduct the full Independent Evaluator process again for this voluntary program. In doing so, PGE  
19 will ensure a fair and transparent process whereby the Company makes resource criteria available  
20 ahead of time, solicits and accepts bids from all interested Parties, uses Commission approved  
21 evaluations methodologies, and provides the opportunity for Staff and the Commission to provide  
22 review and oversight of the entire process.

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<sup>47</sup> OAR 860-089-0100(d)



1 **C. “Built for GEAR” Requirement**

2 **Q. In PGE’s GEAR, PGE has required that eligible resources be “built for the GEAR.”**  
3 **What have been Parties’ responses?**

4 A. Parties have expressed concern about PGE’s “built for the GEAR” requirement, and PGE  
5 understands much of it is due to the ambiguity of the term, and how PGE would interpret it.

6 **Q. What does “built for the GEAR” mean?**

7 A. PGE defines a resource “built for the GEAR” as a resource that achieves commercial  
8 operation after the execution of a contract for the project’s energy.

9 **Q. Why is PGE’s requirement for the GEAR more stringent than what the conditions or**  
10 **Guidelines require?**

11 A. Requiring resources to be built or expanded specifically for customers is the purest  
12 implementation of additionality, and the level of additionality that PGE’s customers want.

13 Nevertheless, PGE recommends the updated Guidelines be defined more broadly in order to  
14 allow some flexibility for future green tariff product development over time.

15 **D. Transmission**

16 **Q. What have Parties’ reactions been to PGE’s discussion of its transmission requirements**  
17 **for future offerings of its GEAR?**

18 A. Staff and RNW state that they support PGE’s consideration of relaxed transmission  
19 requirements. Staff further finds as “reasonable and fair”<sup>48</sup> the Company’s approach to addressing  
20 the transmission issue in a holistic way in the IRP forum and its plan to keep Green Tariff resource  
21 transmission requirements consistent with those of any future RFP. NIPPC’s testimony reaffirms  
22 NIPPC’s opposition to the previous requirement for firm transmission.

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<sup>48</sup> Scott/300 Gibbens/24: 14-15

1 **Q. Since PGE’s opening testimony, PGE submitted its 2019 IRP Addendum on August 30,**  
2 **2019 proposing an interim transmission solution. Is PGE proposing to apply that**  
3 **interim solution to Green Tariff procurement?**

4 A. Yes. PGE’s 2019 IRP Addendum specifically stated that the interim transmission solution  
5 would be “[a]pplicable only to newly procured variable renewable resource pursuant to an IRP  
6 Action Plan or in support of voluntary renewable programs.”<sup>49</sup> The 2019 IRP Addendum is  
7 provided in Exhibit 606 for reference.

8 **E. IRP Interactions**

9 **Q. What have Parties’ reactions been to PGE’s approach to including Green Tariff**  
10 **interactions within its IRP?**

11 A. PGE’s opening testimony discussed the sensitivity analyses conducted in the then-draft  
12 2019 IRP with yet-to-be-contracted resources including the Green Tariff. In future IRPs,  
13 contracted Green Tariff resources will be included in the reference case, and any capacity available  
14 in the program will be continued to be modeled within sensitivity cases.

15 Staff supports PGE’s approach with the sensitivity analyses and states, “being cognizant of  
16 the potential increases to the resource portfolio outside of the IRP should result in an IRP process  
17 which achieves the best outcome for COS customers.”<sup>50</sup> RNW also agrees that PGE’s sensitivity  
18 analysis approach is “appropriate.”

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<sup>49</sup> See 2019 IRP Addendum, Page 4

<sup>50</sup> Staff/300 Gibbens/25: 5-8

1 **Q. What is PGE’s response to Staff’s suggestion to do a “with and without GEAR”**  
2 **scenario in the IRP?**

3 A. PGE agrees with Staff’s suggestion with respect to the need assessment. This “with and  
4 without GEAR” modeling is what PGE has done in comparing the reference case and sensitivity  
5 case model runs in the 2019 IRP, to understand how potential, not-yet-contracted resources will  
6 impact the system need. However, PGE clarifies that “with and without GEAR” modeling in the  
7 IRP, including in portfolio analysis, is not a test that could be used, as Staff proposes, “to ensure  
8 that COS customers are not the subject of unwarranted cost shifting or other impacts.”<sup>51</sup> In other  
9 words, IRP portfolio analysis does not directly correlate to a change in COS customer costs.

10 **Q. Should stakeholders be concerned about the Green Tariff having an unlimited potential**  
11 **to impact long-term resource planning?**

12 A. No. The Green Tariff program is capped; PGE recognizes it cannot and would not grow  
13 indefinitely. PGE seeks a limited increase to the cap now and will return to the Commission  
14 whenever it seeks future increases to the cap, providing opportunity for the Commission to  
15 evaluate at each interval the level of impact to long-term resource planning. The Green Tariff need  
16 not be a static program, and PGE anticipates subsequent offerings will evolve as IRP modeling  
17 evolves over time and in response to different legislative actions, for example, with new potential  
18 legislative carbon reduction initiatives like cap and trade. PGE views the Green Tariff as a path  
19 for customers to accelerate their adoption of carbon free power, and as PGE’s system becomes  
20 increasingly decarbonized, this path may no longer be needed. PGE does not view the Green Tariff  
21 as a replacement for the IRP for long-term planning and procurement.

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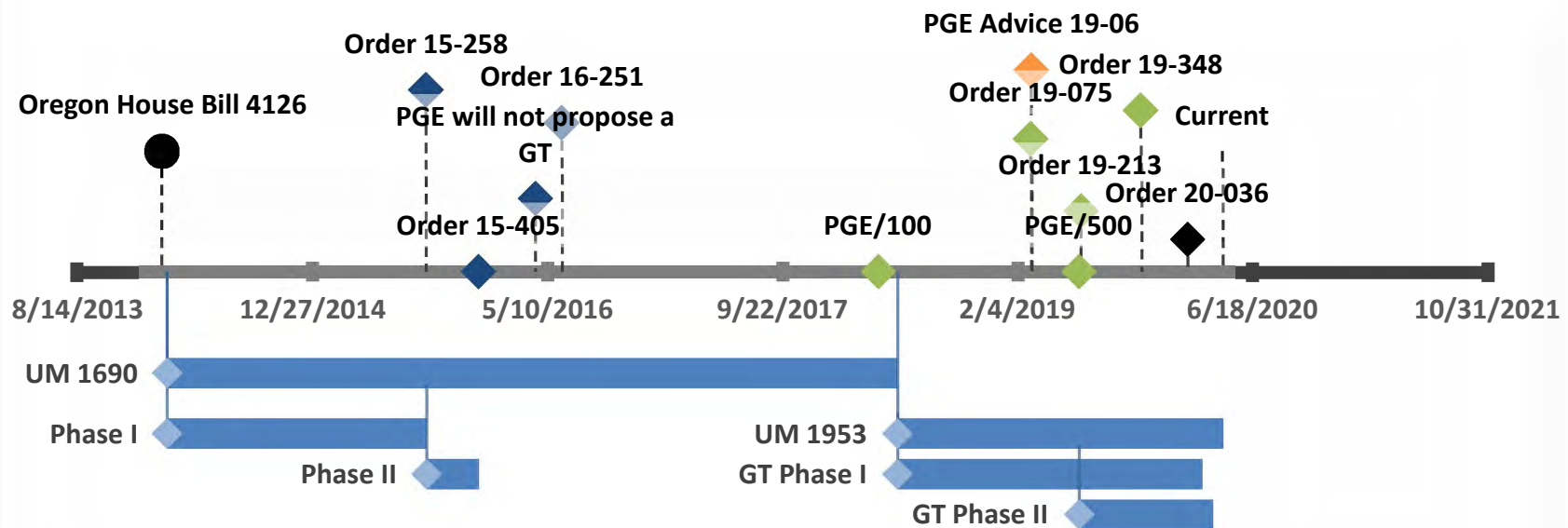
<sup>51</sup> Staff/300 Gibbens/26: 11-14

- 1 **Q. Does this conclude your testimony?**
- 2 A. Yes.

**List of Exhibits**

<b><u>PGE Exhibit</u></b>	<b><u>Description</u></b>
601	PGE's Press Release Dated August 21, 2019
602	PGE's Response to OPUC Data Request No. 022
603	PGE's Response to OPUC Data Request No. 053
604	PGE's Response to OPUC Data Request No. 051
605	PGE's Response to OPUC Data Request No. 040
606	PGE's 2019 Integrated Resource Plan Addendum

# PGE Exhibit 702 – Green Tariff Timeline and Summary



1. **Oregon House Bill (HB) 4126** – Oregon HB 4126, from the 2014 Regular Session, directed the Public Utility Commission of Oregon (OPUC or the Commission) to examine the likely effects of utility green tariff programs, determine whether such tariffs would be reasonable and in the public interest, and provided authority to approve them.
2. **OPUC Docket No. UM 1690** – Pursuant to HB 4126, the Commission opened UM 1690 to implement the house bill and do the following: 1) Understand the potential impacts of allowing electric companies to offer voluntary green tariffs meeting the five statutory factors identified in HB 4126 to nonresidential customers; and 2) Address "the threshold question of whether,

and under what conditions, it is reasonable and in the public interest to allow electric companies to provide [green tariffs] to nonresidential customers."

- a. **Phase I** – HB 4126 directs the OPUC to conduct a study to consider the impact of allowing electric companies to offer green tariffs to their nonresidential customers. HB 4126 further sets forth public policy factors the Commission is to consider in subsequent phases of implementing HB 4126. Commission Staff (Staff) conducted the green tariff Study through several workshops that set study guidelines, with stakeholder comments and reply comments on an issues list, and by developing green tariff models to help consider the impact of green tariffs.
    - i. [Order No. 15-258](#) – This Order accepted the green tariff Study and closed Phase 1 of UM 1690. It also opened Phase 2 for parties to file responses on the threshold question in the statute: whether, and under what conditions, it is reasonable and in the public interest to allow electric companies to provide voluntary renewable energy tariffs to nonresidential customers.
  - b. **Phase II** – With Order No. 15-258, the Commission closed Phase 1 and opened Phase 2, directing Staff to file a report by October 15, 2015, that addressed the threshold question in the statute: "whether, and under what conditions, it is reasonable and in the public interest to allow electric companies to provide green tariffs to nonresidential customers."
    - i. [Order No. 15-405](#) – This Order defers Phase II. To help inform the OPUC's decision on whether it is in the public interest to allow utilities to offer voluntary green tariffs to nonresidential customers, they encouraged PacifiCorp and PGE to file draft green tariffs or a detailed design of proposed green tariffs by April 14, 2016. To ensure reasonable outcomes that are in the public interest, the Commission stated that the draft green tariffs should be designed using nine guidelines.
  - c. On April 14, 2016, PGE indicated it would not propose a voluntary renewable product at that time but requested that the Commission not foreclose a later filing.
  - d. [Order No. 16-251](#) – The Commission closes UM 1690.
  - e. **UM 1690 PGE Exhibit 100** – PGE submits its application to re-open UM 1690 and accompanying testimony describing PGE's proposed green tariff pilot. This opens docket UM 1953.
3. **OPUC Docket No. UM 1953** – PGE filed an application to reopen docket UM 1690 (PGE/100) to address the company's proposed green tariff program which opens a new docket, UM 1953.
- a. **Phase I** – In this first phase, PGE sought approval of a green tariff, consistent with the nine conditions from Order 19-075, with a cap of 300 MW, 100 MW PGE-supplied option (PSO) and 200 MW customer-supplied option (CSO).

- i. [Order No. 19-075](#) – Order No. 19-075 authorized PGE to develop and offer a green tariff under the terms of the order, effectively approving the first phase (Phase I) of the Green Energy Affinity Rider (GEAR).
  - ii. [PGE Advice No. 19-06](#) – Consistent with the terms of Order 19-075, PGE submitted a compliance filing to initiate PGE Rate Schedule 55 (the GEAR), which governs the first phase of PGE’s approved voluntary renewable energy tariff offering. This schedule became effective March 25, 2019.
- b. **Phase II** – In this second phase, PGE seeks to resolve remaining green tariff policy concerns and gain Commission approval to raise the participation cap by another 200 MW for PGE’s customers.
- i. UM 1953 [PGE Exhibit 500](#) – PGE filed to initiate Phase II and propose a program design and proposed changes to the nine conditions which include the following:
    1. Adopt a new set of Guidelines to be used for determining whether a green tariff is in the public interest, replacing the Nine Conditions adopted in Order No. 16-251. PGE proposes a refined set of seven Guidelines;
    2. Raise the participation cap on PGE’s GEAR to a total of 500 MW;
    3. Acknowledge that the breadth of risk, beyond that discussed in our Phase I testimony, brought to PGE by entering a PPA and by a green tariff program should be borne by subscribers via the risk adjustment fee;
    4. Address the applicability of the Competitive Bidding Rules to this program and the interactions with Integrated Resource Planning processes; and
    5. Affirm that PGE’s approach to addressing Green Tariff interactions within the Integrated Resource Plan is reasonable.
  - ii. [Order No. 19-213](#) – This Order granted PGE's request to waive all Competitive Bidding Rules for Phase I of the GEAR. Specifically, waiving OAR 860-089-0010(2)(a)'s requirement to serve a request for waiver to all parties to the electric company's most recent general rate case, request for proposal filing, and IRP docket. In addition, the Commission directed PGE to amend the requirement that resources applicable for the GEAR program be "new" for the CSO of Phase I and allow parties to continue to contemplate the issues in Phase II of the docket.
  - iii. UM 1953 [PGE Exhibit 600](#) – PGE submitted reply testimony to respond to Parties testimony and provided additional information regarding PGE’s proposed Phase II for the GEAR, including the following additional requests:
    1. Clarify PGE’s authorizations associated with utility ownership of a resource for the GEAR; and



2. Affirm that all changes made to PGE's Green Tariff during this Phase II proceeding, including the expanded risk adjustment fee, will apply to all new subscription agreements under the approved 300 MW GEAR cap.
- iv. [Order No. 19-348](#) – PGE submitted a compliance filing on September 13, 2019, including rate credit calculations and executed customer agreements.<sup>1</sup> At the October 22, 2019 Regular Public Meeting, Staff raised concerns about whether PGE's implementation of the CSO was consistent with Order 19-075. As memorialized in Order 19-348, the Commission opened a process to review and potentially amend or clarify Order 19-075 regarding PGE's green tariff program. It was determined that this process would address, on a prospective basis, the appropriate, measurable or testable distinctions between the PSO and the CSO, the allocation of remaining program capacity between the CSO and PSO, and any program procedures that would benefit from clarification, including queue procedures. The Commission voted to suspend Phase II of this proceeding pending this Phase I clarification process. Additionally, they prohibited PGE from offering or enrolling any additional customers under the PSO until otherwise directed.
- v. [Order No. 20-036](#) – In this Order, the Commission found that the terms agreed to by the stipulating parties were reasonable and provided needed clarification to PGE's green tariff program, as approved in Order 19-075. Specifically, they found that the stipulating parties' agreement (1) ensured currently subscribed customers could participate in the program and reserved the remaining capacity for CSO customers, (2) provided for the opportunity to revisit the individual caps as appropriate, and (3) clarified PGE's involvement in the resource procurement process under the CSO. In particular, the Commission recognized that the stipulating parties' agreement retained the total Phase I program cap of 300 MW and ensured no increased risk to cost of service customers. Additionally, the Commission found that the agreement provided appropriate clarifications regarding queue procedures. Accordingly, they amended Order No. 19-075 to adopt the stipulating parties' agreement. The remainder of the order is unchanged.
- vi. **Current** – Pursuant to Order 20-036, PGE files UM 1953 PGE Exhibit 700 to continue Phase II.

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<sup>1</sup> Footnote 1 of Staff's public comment filed October 18, 2019 in UM 1953, states: "... Staff notes that it has reviewed rate calculations and determined that PGE's methodology for calculating capacity and energy credits, complies with Order No 19. 075."

# Exhibit 703 – Summary of PGE’s Proposed Updated Guidelines to Replace the Nine Conditions<sup>1</sup>

Guideline Number	Current Language	PGE’s Recommended Modification <sup>2</sup>	PGE’s Position
1	Renewable Portfolio Standard (RPS) definitions of resource type, location, and bundled Renewable Energy Certificates (RECs) must apply to VRET (voluntary renewable energy tariff or green tariff) products.	No change.	Portland General Electric Company’s (PGE’s) recommendation for Guideline 1 has not changed. Currently, PGE does not think it is appropriate to alter this guideline away from the fundamental objective of having green tariffs be programs that allow customers to purchase bundled RECs and thereby drive the development of additional renewable power generation. <sup>3</sup>
2	Voluntary renewable energy options only include bundled REC products. Any RECs associated with serving participants must be retired by or on behalf of participants, unless the participants consent to RECs being retired by the utility or developer.	Voluntary renewable energy options only include bundled REC products. Any RECs associated with serving participants must be retired by or on behalf of participants.	This is a slight modification to the Public Utility Commission of Oregon’s (OPUC or the Commission’s) second condition that eliminates the ability of a participant to consent to RECs being retired by the utility or developer. <sup>4</sup>  PGE maintains this recommendation as it strikes the REC “gifting” option. In further support of this modification, Renewable Northwest, in its Opening Brief for Phase I, discussed the original “gifting” option’s inconsistency with House Bill (HB) 4126, which forbids utilities from using RECs for RPS compliance. <sup>5</sup>
3	The year that a voluntary renewable energy program eligible resource became operational should be no earlier than 2015.	The year that a voluntary renewable energy program eligible resource became operational should be no	This is a slight modification to the Commission’s third condition which declared a resource new if it was built no earlier than 2015. PGE’s proposed

<sup>1</sup> This list does not include PGE’s counterproposal to Staff’s modification of original Condition 6 because PGE’s primary recommendation is to remove that condition.

<sup>2</sup> PGE/500 Sims – Tinker/25-26

<sup>3</sup> PGE/701 Wenzel – Halley/7

<sup>4</sup> PGE/500 Sims – Tinker/25

<sup>5</sup> PGE/701 Wenzel – Halley/8

		earlier than one year prior to program enrollment.	modification is intended to ensure that resources are indeed “new.” <sup>6</sup>  PGE continues to recommend updating this guideline to drive new renewable development, which is the fundamental intention behind green tariff products nationwide. For its Green Affinity Energy Rider (GEAR), PGE defines incremental resources more precisely, and we discuss this later in our testimony. <sup>7</sup>
4	The voluntary renewable energy program size is limited to 300 aMW for PGE.	The voluntary renewable energy program size is limited to 500 MW for PGE.	This is a modification to align the guideline cap with the proposed program cap and change the units from energy (aMW) to capacity (MW). <sup>8</sup>
5	Voluntary renewable energy product design should be sufficiently differentiated from existing direct access programs.	Propose to remove.	PGE finds Condition 5 to be irrelevant. Condition 5 requires a determination of whether the programs are “sufficiently differentiated.” As discussed in PGE Exhibit 500, and acknowledged by the Commission, green tariffs meet different customers’ risk profiles and strategies; the GEAR is inherently different from DA by being a cost-of-service (COS) rider. Once it has been ensured that a green tariff is not cost-shifting and therefore not adversely affecting the development of the competitive market, as called out in HB 4126, Section 3(3)(b) <sup>9</sup> , this comparison offers no further value in determining whether the public interest is served by a green tariff. In fact, the competitive market may be inspired to offer products to compete with this PGE-premium product and it could have a positive impact on the development of competitive product offerings for customers.
6	Voluntary renewable energy product offering terms and conditions (including the timing and frequency of offerings), as well as transition	Propose to remove.	PGE finds Condition 6 to be both irrelevant and counter to the public interest. Condition 6 requires terms and conditions in green tariff “mirror” those

<sup>6</sup> PGE/500 Sims – Tinker/25

<sup>7</sup> PGE/701 Wenzel – Halley/10

<sup>8</sup> For more information, see PGE/701 Wenzel – Halley/10-16.

<sup>9</sup> 77<sup>th</sup> Oregon Legislative Assembly. “Oregon House Bill 4126.” 2014 Regular Session. Oregon State Legislature. 11 Feb 2014, page 2. Retrieved from <https://olis.leg.state.or.us/liz/2014R1/Downloads/MeasureDocument/HB4126>

	costs, must mirror those for direct access. PGE may propose terms and conditions that differ from current direct access provisions but must propose changes to their direct access programs to match those changes.		in DA or that DA be changed to mirror a green tariff terms and conditions. The Commission stated directly in Order No. 19-075, “we do not require exactly the same terms and conditions as the [DA] program,” and therefore, the condition no longer should apply. Furthermore, if the condition were to continue to apply, it could be counter to the public interest. To direct that any benefits that a green tariff product brings a subscriber either be removed or also be attributed to DA, does not provide a more competitive marketplace. It creates a more homogenous marketplace with less attractive options for customers, and this result is counter to the public interest. <sup>10</sup>
7	The regulated utility may own a voluntary renewable energy resource but may not include any voluntary renewable energy resource in its general rate base. It may recover a return on and return of its investment in the voluntary renewable energy resource from the subscriber; however, the utility must share some of the return on with the other utility customers for ratepayer-funded assets used to assist the voluntary renewable offering.	The regulated utility may own a voluntary renewable energy resource, and when it does, it must continue to ensure there is no cost shifting to non-participants.	This is a modification to the Commission’s seventh condition, continuing the statutory bright-line prohibition on cost-shifting while allowing the utility design flexibility in structuring such a program. The program is designed so that subscribers pay all the costs of the program. Therefore, there should not be any unidentified ratepayer-funded assets used for the program. This modification therefore eliminates the requirement that the utility must share some of its return with utility COS customers for ratepayer-funded assets used to assist the green tariff offering. <sup>11</sup>
8	All direct and indirect costs and risks are borne by the participating voluntary renewable energy customers, shareholders of the utility or third-party developers and suppliers with provisions allowing independent review and verification by Commission Staff of all utility costs. Costs include but are not limited to ancillary services and stranded costs of the existing cost of service rate-based system.	All direct and indirect costs and risks are borne by the participating voluntary renewable energy customers, shareholders of the utility or third-party developers and suppliers with provisions allowing independent review and verification by Commission Staff of all utility costs.	This is a modification to the Commission’s eighth condition that recognizes that ancillary costs and existing assets are funded through the subscribing customer’s continued service on COS. <sup>12</sup>  PGE continues to recommend its streamlined modification of the condition because the current second sentence is redundant of the first. The phrase “all direct and indirect costs and risks” on its own encompasses the full requirement established

<sup>10</sup> For more information, see PGE/701 Wenzel – Halley/19-24.

<sup>11</sup> PGE/500 Sims – Tinker/25-26

<sup>12</sup> PGE/500 Sims – Tinker/26

			by HB 4126, which states “All costs and benefits associated with a voluntary renewable energy tariff shall be borne by the nonresidential customer receiving service under the voluntary renewable energy tariff.” <sup>13</sup>
9	All voluntary renewable offerings must be made publicly available and subject to review by the Commission to ensure they are fair, just, and reasonable.	No change.	This is unchanged from the Commission’s ninth condition. <sup>14</sup>

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<sup>13</sup> 77<sup>th</sup> Oregon Legislative Assembly. “Oregon House Bill 4126.” 2014 Regular Session. Oregon State Legislature. 11 Feb 2014, page 2. Retrieved from <https://olis.leg.state.or.us/liz/2014R1/Downloads/MeasureDocument/HB4126>

<sup>14</sup> PGE/500 Sims – Tinker/26