



Portland General Electric
121 SW Salmon Street • Portland, OR 97204
portlandgeneral.com

October 15, 2021

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Advice No. 21-25, Schedule 54, Large Nonresidential Renewable Energy Certificates (RECs) Rider Updates

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes 757.205 and 757.210, and Oregon Administrative Rule (OAR) 860-022-0025, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **December 1, 2021**:

Seventh Revision of Sheet No. 54-1
Sixth Revision of Sheet No. 54-2
Second Revision of Sheet No. 54-3
Original Sheet No. 54-4

Schedule 54 is a competitive operation tariff, subject to the Division 38 Code of Conduct¹ rules. Customers have the option to procure renewable energy certificates (RECs) in the marketplace from multiple REC suppliers, including PGE. This filing is a temporary update to the tariff to mitigate the recent and ongoing impacts of significant REC market volatility and ensure continuity of REC supply for PGE's customers. As part of a more holistic review of this offering, PGE will explore further adjustments to the program and tariff with Staff in 2022. It is necessary to update this tariff now so that PGE can mitigate the adverse impacts of the market volatility and meet existing contracts for calendar year 2022.

PGE filed for an expedited temporary suspension of Offering 1, Green Resource Mix, ("Offering 1") due to an unstable REC market with prices exceeding PGE's stated tariff price of \$3.00 per REC. The Commission approved the suspension at its September 7, 2021, public meeting. PGE makes this filing to end the temporary suspension, add pricing and volume flexibility to address market volatility, add an option for a DEQ Clean Fuels Program compliant REC product, modify the limitation on specified resources, and implement some housekeeping updates. Additional discussion follows.

¹ <https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=223343>

Summary of Proposed Changes

PGE now seeks to end the suspension and revise the tariff to accommodate changing market conditions by removing a stated price per REC for Offering 1 and allowing PGE the discretion to limit total RECs sold, based on availability.

PGE has also updated Offering 2, Specified Resources, (“Offering 2”) to limit the prohibition against PGE offering any investor-owned utility generated RECs under this Schedule 54 to RECs from PGE-owned-utility generation. The limitation was originally intended to create a bright line between the source of the Specified Resources RECs and PGE’s generation to serve cost of service customers. In operating the program, PGE has found this prohibition too broad in its scope, as there are other investor-owned utilities that sell excess RECs in the market. The limitation on buying RECs from other investor-owned-utility generation does not serve any Commission requirement. The tariff language proposed still prohibits PGE from purchasing RECs from its own generation but allows RECs from other investor-owned utilities’ resources to be purchased for the Specified Resources offering. Competitors in the market have no such prohibition to their offering and this prohibition eliminates a potential supply of RECs from being offered to PGE customers.

Additionally, PGE is updating the tariff to provide Offering 3, DEQ Clean Fuels Compliant Resource, (“Offering 3”), to provide customers with the option to purchase RECs that qualify to generate incremental clean fuels credits under the DEQ Clean Fuels program rules. The current PGE competitive offering for Clean Fuels Program qualified RECs exists under either of the current offerings in PGE’s Schedule 54 tariff, provided it is approved by DEQ. Customers may also procure from other market providers. In creating a stand-alone REC offering with the Clean Fuels label, PGE is making it easier for DEQ to approve and for customers to identify the compliant REC and generate incremental credits.

Finally, a few housekeeping updates are proposed to clean up and clarify existing language in the tariff.

Program Operations

In advance of making this filing, PGE conferred with Staff and they offered suggestions of additional clarifying language in the tariff that would speak to non-discriminatory pricing treatment of customers, application of a limit on the RECs that would be offered, and a concern that the Clean Fuels compliant REC is offered through a competitive operation. Staff noted that the Commission’s authority is to ensure that pricing and terms are fair, just, and reasonable. Although PGE has not revised the tariff language to address Staff’s concerns at this time, PGE offers this detailed explanation regarding its intent in operating the program to provide assurance and address Staff’s concerns.

Proposed Changes Limited to 2022

PGE notes that this request is for a limited time for PGE to continue its REC offering until PGE has filed for and received authorization for a revised tariff. As mentioned in its meeting with Staff, PGE plans to review and refresh this offering in 2022.

Nondiscrimination

In operationalizing these proposed changes for Offering 1, PGE will provide the RECs it has already procured. Customers who have already made contractual commitments for 2022 will be served first and the price will be uniform for those RECs. At such time that Customers are interested in purchasing RECs greater than the RECs that PGE has secured for Offering 1 and for which the cost is known, PGE would work with Customers to find an alternative supply option under Offering 2 to meet their needs. This allows PGE to establish a single price over a specific duration for Offering 1 and to ensure that PGE is not required to repeatedly adjust the price for all customers should PGE be required to purchase additional RECs that cost more than those already procured. As noted, priority for Offering 1 will be given to current participants, and there may be limited availability for current participants that have REC needs greater than what they have historically acquired. PGE will place current customers wishing to increase their REC purchase and new participants on a waitlist, subject to availability.

Price

PGE will determine REC pricing by using market REC prices, adding the administration cost for the program offering, and adding a reasonable margin not to exceed PGE's authorized rate of return. Price will be disclosed to participants through contract notice and providing the participant the Green-e required disclosure. PGE is cognizant that customers are price sensitive and that there are options beyond PGE's offering in the market, and thus REC pricing must be competitive and reasonable. PGE does not expect to procure additional RECs for Offering 1 between the date of the suspension being lifted in this filing, and the date that the revised tariff is approved by the Commission, in 2022.

Clean Fuels Program compliant REC

PGE is adding Offering 3 as a stand-alone offering to facilitate approval from DEQ. DEQ must approve a REC product before it is eligible for a customer to claim for Oregon Clean Fuels Program incremental credits. Following Commission approval, PGE would seek DEQ approval. Upon DEQ approval, this would provide one source of compliant RECs in the market for customers. While DEQ has demonstrated willingness to work with PGE to approve a qualifying product offered under PGE's existing tariff, PGE views this adjustment as a path to more easily facilitate and confirm alignment of DEQ's requirements and its product. Should PGE provide this under Offering 1 in its current form, PGE would have to increase the price for all Customers under Offering 1, as Clean Fuels compliant RECs have a market price that is significantly higher than the RECs currently procured for Offering 1. PGE prefers to create a separate offering so that Customers interested in this product can see from the REC description that they meet the

DEQ requirements for incremental Clean Fuels Program credits. As this is a competitive product, Customers are not obligated to purchase from PGE and are free to choose where they procure RECs.

PGE notes in operating this competitive tariff that it is currently subject to the Division 38 Code of Conduct, as evidenced in the tariff conditions.

A redline of Schedule 54 is attached as a courtesy.

To satisfy the requirements of OAR 860-022-0025, PGE responds as follows:

The changes proposed to this optional, competitive offering do not increase, decrease, otherwise change existing rates, or have anything other than a de minimis impact on revenues. Following approval of this interim tariff change, PGE's competitive operation will use the RECs it has procured to satisfy 2022 demand, make the price known to customers through the Green-e® Energy required disclosure of "Price, Terms, and Conditions", and provide contractual notice of price to participants.

Please direct questions to Casey Manley at casey.manley@pqn.com Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pqn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing and Tariffs

Enclosures

PGE Advice No. 21-25
Schedule 54
Large Nonresidential Renewable Energy Certificates (RECs)
Rider Updates

Courtesy Redline

**SCHEDULE 54
LARGE NONRESIDENTIAL
RENEWABLE ENERGY CERTIFICATES RIDER**

PURPOSE

This rider is an optional supplemental service that supports the development of New Renewable Energy Resources as defined in ORS 757.600. Under this Schedule, a Large Nonresidential Customer may purchase Renewable Energy Certificates (RECs), subject to a minimum purchase and availability of RECs for purchase.

AVAILABLE

In all territory served by the Company.

TEMPORARY SUSPENSION

(D)

~~The offering of new REC sales in the PGE Green Resource Mix is temporarily suspended for ninety (90) days from the effective date of this Tariff Sheet as the REC market is experiencing price and supply volatility. Existing contracts will not be impacted.~~

APPLICABLE

To all Customers taking service under any of the following PGE schedules: 38, 49, 83, 85, 89, 90, 91, 95, 485, 489, 490, 491, 495, 583, 585, 589, 590, 591, 595, and 689. Customers who are on one of these base schedules who also have schedule 15 area lighting may include those schedule 15 lights in this program. ~~Additionally, this Schedule is available to all competitive REC providers.~~

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(C)

PRODUCT OFFERINGS

I. PGE Green Resource Mix

This product allows a Customer to purchase RECs, subject to minimum purchase. The product is Green-e® Energy certified, and as a result all RECs purchased on behalf of Green Resource Mix Customers will conform to the Green-e® Renewable Energy Standard for Canada and the United States and are either registered with Western Renewable Energy Generation Information System (WREGIS) or provided via third party audited Green-e attestation.

(T)

(C)

II. Specified Resource

This product allows a customer to purchase RECs from a specified facility, subject to a minimum a-purchase. Specified Resource provides the ~~participating e~~Customer with RECs obtained from specified resources and derived from the following fuels:

(T)

(C)

SCHEDULE 54 (Continued)

PRODUCT OFFERINGS

Specified Resource (Continued)

1. Wind;
2. Solar;
3. Certified low-impact hydroelectric;
4. Pipeline or irrigation hydroelectric systems;
5. Wave or tidal action;
6. Low emissions biomass (from digester methane from landfills, sewage or waste treatment plants, forest or field residues).
7. Hydrogen derived from photovoltaic electrolysis or non-hydrocarbon derivation process

Upon customer request, PGE will assist the ~~C~~customer in identifying discrete generators matching the fuel types listed above. Any offering under Specified Resource must be 100% new renewable, which is defined as follows:

(T)

(1) a) Placed in operation (generating electricity) on or after January 28, 2000;

b) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or

c) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000 such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility.

(2) Any project that has been subject to an uprate meant solely to increase generation at a facility – without the construction of a new or repowered, separately metered generating unit – is not eligible for the specified resource offering.

Generation facilities solely owned ~~by by an investor-owned utility~~ PGE (or included in the rate base of ~~an investor-owned utility~~ PGE) and constructed for the purpose of serving cost-of-service utility customers are not eligible for selection in the specified resource program.

(C)

(C)

III. DEQ Clean Fuels Compliant Resource

(N)

This product allows Customers to purchase qualifying RECs that meet the requirements to generate incremental clean fuels credits as part of the Oregon Clean Fuels Program administered by the Oregon Department of Environmental Quality (DEQ) under ORS 468A. Under this option, PGE only offers RECs that meet the Clean Fuels Program requirements.

(N)

SCHEDULE 54 (~~Continued~~)

(T)

RATE

~~A Customer may purchase RECs through the PGE Green Resource Mix offering at:~~

(C)

~~0.3¢ per kWh. The rate for this product is specified in the Green-e ® Energy required disclosure documents, a copy of which is provided to the Customer.~~

A minimum REC purchase of 1,000 kWh ~~times 0.3¢ (\$3.00)~~ per month, or annual equivalent, is required. ~~For larger purchases, volume discounts may be available, subject to negotiation, pursuant to the execution of a written contract.~~

If a ~~C~~customer chooses to participate in the Specified Resource or DEQ Clean Fuels Compliant Resource program, price may differ and is subject to execution of a written contract.

(C)

SPECIAL CONDITIONS

1. The Customer may enroll to purchase ~~Green Resource Mix~~ any option outlined in this tariff RECs by signing a contract. Upon execution of a signed agreement, service will become effective with the next regularly scheduled meter reading date provided the Contract was entered into at least five days before their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date.

(C)

2. The Company will not accept enrollments from accounts with poor credit history. For the purposes of this offering, poor credit history is defined as: a) having received two or more final disconnect notices in the past 12 months; or b) having been involuntarily disconnected in the past 12 months.

3. The Company makes no representations as to the impact on the development of renewable resources from Customer participation.

4. The Company is not required to own renewables or to acquire energy from renewable resources simultaneously with Customer usage.

5. PGE will purchase RECs sufficient to meet all Customer commitments, and retire them annually. ~~A REC purchase by the Company sufficient to meet the total of all Customer purchases of RECs will occur, at least, on an annual basis.~~

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(C)

6. The Company will charge or credit a All incremental costs and revenues associated with the provision of services under this schedule ~~will be appropriately charged or credited~~ to nonutility accounts.

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(C)

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SCHEDULE 54 (Concluded)

SPECIAL CONDITIONS (Continued)

7. PGE offers ~~This product is offered~~ through a competitive operation and is provided in accordance with the Code of Conduct as set forth in OAR 860-038-0500 through 860-038-0640. (C)(M)

8. If the Company chooses to use bill inserts to market this schedule to Customers, it will allow other REC providers access to place inserts in the Company's bills under the same prices, terms and conditions that apply to allowing the Company's Large Nonresidential REC program to use the bill inserts. (C)
(C)(M)

9. PGE will limit the number of RECs that PGE offers for purchase under the PGE Green Resource Mix option, as well as the number of Green Resource Mix RECs bought by any individual customer based on RECs PGE has purchased. The availability of Specified Resource and Clean Fuels Compliant RECs is also dependent on market supply and pricing and may be limited. (N)
(N)

**SCHEDULE 54
LARGE NONRESIDENTIAL
RENEWABLE ENERGY CERTIFICATES RIDER**

PURPOSE

This rider is an optional supplemental service that supports the development of New Renewable Energy Resources as defined in ORS 757.600. Under this Schedule, a Large Nonresidential Customer may purchase Renewable Energy Certificates (RECs), subject to a minimum purchase and availability of RECs for purchase.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all Customers taking service under any of the following PGE schedules: 38, 49, 83, 85, 89, 90, 91, 95, 485, 489, 490, 491, 495, 583, 585, 589, 590, 591, 595, and 689. Customers who are on one of these base schedules who also have schedule 15 area lighting may include those schedule 15 lights in this program.

(D)

(C)

(C)

PRODUCT OFFERINGS

I. PGE Green Resource Mix

This product allows a Customer to purchase RECs, subject to minimum purchase. The product is Green-e® Energy certified, and as a result all RECs purchased on behalf of Green Resource Mix Customers will conform to the Green-e® Renewable Energy Standard for Canada and the United States and are either registered with Western Renewable Energy Generation Information System (WREGIS) or provided via third party audited Green-e attestation.

(T)

(C)

II. Specified Resource

This product allows a customer to purchase RECs from a specified facility, subject to a minimum purchase. Specified Resource provides the Customer with RECs obtained from specified resources and derived from the following fuels:

(T)

(C)

SCHEDULE 54 (Continued)

PRODUCT OFFERINGS

Specified Resource (Continued)

1. Wind;
2. Solar;
3. Certified low-impact hydroelectric;
4. Pipeline or irrigation hydroelectric systems;
5. Wave or tidal action;
6. Low emissions biomass (from digester methane from landfills, sewage or waste treatment plants, forest or field residues).
7. Hydrogen derived from photovoltaic electrolysis or non-hydrocarbon derivation process

Upon customer request, PGE will assist the Customer in identifying discrete generators matching the fuel types listed above. Any offering under Specified Resource must be 100% new renewable, which is defined as follows:

(T)

(1) a) Placed in operation (generating electricity) on or after January 28, 2000;

b) repowered on or after January 28, 2000 such that 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or

c) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 28, 2000 such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility.

(2) Any project that has been subject to an uprate meant solely to increase generation at a facility – without the construction of a new or repowered, separately metered generating unit – is not eligible for the specified resource offering.

Generation facilities solely owned by PGE (or included in the rate base of PGE) and constructed for the purpose of serving cost-of-service utility customers are not eligible for selection in the specified resource program.

(C)
(C)

III. DEQ Clean Fuels Compliant Resource

(N)

This product allows Customers to purchase qualifying RECs that meet the requirements to generate incremental clean fuels credits as part of the Oregon Clean Fuels Program administered by the Oregon Department of Environmental Quality (DEQ) under ORS 468A. Under this option, PGE only offers RECs that meet the Clean Fuels Program requirements.

(N)

SCHEDULE 54 (Continued)

(T)

RATE

The rate for this product is specified in the Green-e ® Energy required disclosure documents, a copy of which is provided to the Customer.

(C)

A minimum REC purchase of 1,000 kWh per month, or annual equivalent, is required.

If a Customer chooses to participate in the Specified Resource or DEQ Clean Fuels Compliant Resource program, price may differ and is subject to execution of a written contract.

(C)

SPECIAL CONDITIONS

1. The Customer may enroll to purchase any option outlined in this tariff by signing a contract. Upon execution of a signed agreement, service will become effective with the next regularly scheduled meter reading date provided the Contract was entered into at least five days before their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date.
2. The Company will not accept enrollments from accounts with poor credit history. For the purposes of this offering, poor credit history is defined as: a) having received two or more final disconnect notices in the past 12 months; or b) having been involuntarily disconnected in the past 12 months.
3. The Company makes no representations as to the impact on the development of renewable resources from Customer participation.
4. The Company is not required to own renewables or to acquire energy from renewable resources simultaneously with Customer usage.
5. PGE will purchase RECs sufficient to meet all Customer commitments, and retire them annually.
6. The Company will charge or credit all incremental costs and revenues associated with the provision of services under this schedule to nonutility accounts.

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(C)

(C)
(C)

(M)

SCHEDULE 54 (Concluded)

SPECIAL CONDITIONS (Continued)

7. PGE offers this product through a competitive operation and is provided in accordance with the Code of Conduct as set forth in OAR 860-038-0500 through 860-038-0640.
8. If the Company chooses to use bill inserts to market this schedule to Customers, it will allow other REC providers access to place inserts in the Company's bills under the same prices, terms and conditions that apply to allowing the Company's Large Nonresidential REC program to use the bill inserts.
9. PGE will limit the number of RECs that PGE offers for purchase under the PGE Green Resource Mix option, as well as the number of Green Resource Mix RECs bought by any individual customer based on RECs PGE has purchased. The availability of Specified Resource and Clean Fuels Compliant RECs is also dependent on market supply and pricing and may be limited.

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(N)

(N)