



Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

December 10, 2019

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

RE: Advice No. 19-36, Schedule 122, Renewable Resource Automatic Adjustment Clause

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes (ORSs) 757.205, 757.210 and 469A.120, and Oregon Administrative Rules (OARs) 860-022-0025 and 860-022-0030, for filing proposed tariff sheets associated with Tariff P.U.C. No. 18, with a requested effective date of **August 1, 2020**:

Fifteenth Revision of Sheet No. 122-1
Fifteenth Revision of Sheet No. 122-2
Fourth Revision of Sheet No. 122-3
Third Revision of Sheet No. 122-4

Enclosed for filing is the following Testimony and Exhibits of:

- Darren Murtaugh and Stefan Cristea (PGE / 100-101)
- Andrew Speer (PGE / 200-201)

The filing includes language edits to Schedule 122 that are described in detail in PGE/200 with redline changes in PGE/201. The purpose of the edits address filing and timing differences associated with Schedule 122 and Schedule 125, and the edits in Schedule 122 fix timing issues regarding the on-line date of a resource and the alignment for when Schedule 125 is filed.

This filing is made pursuant to the requirements of Schedule 122 to update the Renewable Resources Automatic Adjustment Clause. The purpose of updating the rate schedule is to recover costs of qualifying Company-owned and / or contracted new renewable energy resource and energy storage projects associated with renewable energy resources not otherwise included in rates. The proposed Schedule 122 prices are designed to recover the revenue requirements for the owned Beaverton Public Safety Center (BPSC) and Anderson Readiness Center (ARC) energy storage microgrid projects. Both two projects make up the microgrid energy storage projects approved for development in Commission Order No. 18-290 and contribute toward the energy storage mandate in HB 2193.

Although the proposed revised tariff sheets have an effective date of August 1, 2020, which is the later date of the energy storage microgrids' in service dates,¹ PGE proposes to align the tariff effective date to occur contemporaneously with the actual online date of the ARC energy storage microgrid project. Doing so will ensure Schedule 122 prices are based upon and consistent with the actual delivery of the benefits related to the energy storage microgrids.

To satisfy the requirements of OAR 860-022-0025(2) and OAR 860-022-0030(1), PGE responds as follows:

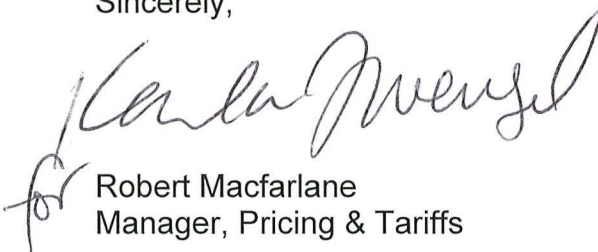
PGE estimates that approximately 900,000 Cost of Service (COS) customers will be impacted by this overall \$205,000 or 0.01% increase in COS revenues from the proposed Schedule 122 prices. A typical Schedule 7 customer consuming 800 kWh monthly will see a bill increase of \$0.02 or 0.02%.

A work paper detailing the updated revenue requirements, price development and percentage impacts on customers is attached.

Please direct any questions regarding this filing to Stefan Cristea at (503) 464-8033 or Andrew Speer at (503) 464-7486.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,



Robert Macfarlane
Manager, Pricing & Tariffs

Enclosures

¹ The expected in-service date of the BPSC energy storage microgrid is April 1, 2020 and the expected in-service date of the ARC energy storage is August 1, 2020.

**SCHEDULE 122
RENEWABLE RESOURCES AUTOMATIC ADJUSTMENT CLAUSE**

PURPOSE

This Schedule recovers the revenue requirements of qualifying Company-owned or contracted new renewable energy resource and energy storage projects associated with renewable energy resources (including associated transmission) not otherwise included in rates. Additional new renewable and energy storage projects associated with renewable energy resources may be incorporated into this schedule as they are placed in service. This adjustment schedule is implemented as an automatic adjustment clause as provided for under ORS 757.210 and Section 13 of the Oregon Renewable Energy Act (OREA).

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Electricity Service except Schedules 76, 485, 489, 490, 491, 492, 495 and 576. This schedule is not applicable to direct access customers after December 31, 2010.

ADJUSTMENT RATE

The Adjustment Rate, applicable for service on and after the effective date of this schedule are:

	<u>Schedule</u>	<u>Adjustment Rate</u>
7		0.003 ¢ per kWh
15		0.002 ¢ per kWh
32		0.003 ¢ per kWh
38		0.002 ¢ per kWh
47		0.003 ¢ per kWh
49		0.003 ¢ per kWh
75		
	Secondary	0.002 ¢ per kWh
	Primary	0.002 ¢ per kWh
	Subtransmission	0.002 ¢ per kWh
83		0.003 ¢ per kWh
85		
	Secondary	0.003 ¢ per kWh
	Primary	0.002 ¢ per kWh

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SCHEDULE 122 (Continued)

ADJUSTMENT RATE (Continued)

	<u>Schedule</u>	<u>Adjustment Rate</u>
89		
	Secondary	0.002 ¢ per kWh
	Primary	0.002 ¢ per kWh
	Subtransmission	0.002 ¢ per kWh
90		0.002 ¢ per kWh
91		0.002 ¢ per kWh
92		0.002 ¢ per kWh
95		0.002 ¢ per kWh

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ANNUAL REVENUE REQUIREMENTS

The Annual Revenue Requirements of a qualifying project will include the fixed costs of the renewable or energy storage resource and associated transmission (including return on and return of the capital costs), operation and maintenance costs, income taxes, property taxes, and other fees and costs that are applicable to the renewable or energy storage resource or associated transmission. Until the dispatch benefits are included in the Annual Power Cost Update Schedule 125, the net revenue requirements of each project (fixed costs less market value of the energy produced by the renewable or energy storage resource plus any power costs such as fuel, integration and wheeling costs) will be included in the Schedule 122 rates. Each year following the resource's on-line date by April 1, the Company will file an update to the revenue requirements of resources included in this schedule to recognize projected changes for the following calendar year. If the timing of an AUT doesn't align with the resource, the net variable power cost impacts associated with the resource will be included in the revenue requirement. The NVPC impacts associated with the resource will be included in the AUT at the next opportunity.

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BALANCING ACCOUNT

For each calendar year that the Company anticipates that a new renewable or energy storage resource will commence operation, the Company may file a deferral request the earlier of the resource online date or April 1. The deferral amount will be for the fixed revenue requirements of the resource less net dispatch benefits. For purposes of determining dispatch benefits, the forward curves used to set rates for the year under the Annual Power Cost Update will be used. The deferral will be amortized over the next calendar year in Schedule 122 unless otherwise approved by the Oregon Public Utility Commission (OPUC). The balancing account will accrue interest at the Commission-authorized rate for deferred accounts, and the amortization of the deferred amount will not be subject to the provisions of ORS 757.259(5).

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SCHEDULE 122 (Continued)

TIME AND MANNER OF FILING

For each calendar year that the Company is required to update the Annual Revenue Requirements or proposes to include a new resource under this schedule, the Company will file the following:

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1. Revised rates under this schedule and a transmittal letter that summarizes the proposed revenue requirements and charges for both the new resource(s) and the updated revenue requirements and charges for applicable resources previously approved for recovery under this schedule. In addition, the filing will include revised income taxes and associated ratios to calculate "taxes authorized to be collected in rates" under ORS 757.268.
2. Within the Company's Annual Power Cost Update (Schedule 125) filing, the Company will include for the following year the expected generation of resources included in this schedule and the power costs of these resources.
3. Work papers that support the calculation of revenue requirements for all applicable resources and demonstrate how the proposed prices are calculated.

At least 30 days ahead of the effective date of the price change in this schedule, the Company will file the updated rates that are in compliance with the Commission's findings in the Company's initial filing.

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SPECIAL CONDITIONS

1. Costs recovered through this schedule will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kWh basis to each applicable rate schedule.
2. Each renewable resource project (and associated transmission) included in this adjustment schedule must be separately identified and be a new resource defined as "renewable" in the OREA.
3. The costs for projects included under this schedule will be updated annually as provided above, and will continue to be recovered under Schedule 122 until such time as the costs are included in base rates or the project is no longer in service.
4. The in-service date for the new renewable or energy storage resource project or each separately identifiable project segment will be verified by an attestation from the Company stating that the specific renewable or energy storage resource project, or project segment, has met requirements for being commercially operational and is in service.

SCHEDULE 122 (Concluded)

SPECIAL CONDITIONS (Continued)

5. If the actual costs of an eligible resource cannot be verified by the final round of testimony in the proceeding reviewing the filing, the Company will include in its compliance filing an update to reflect then-current actual resource costs, or forecasted costs where appropriate. If the updated costs are lower than the projected costs in the record of the proceeding, the update will contain sufficient information to support a reduction in the proposed adjustment charges before the January 1 effective date. If updated costs are higher than the projected costs in the record or if actual costs cannot be verified until after the compliance filing, the Company may file for deferred accounting under the OREA to allow an opportunity for recovery of the cost differences between the projected costs in the record and the prudently incurred actual costs. For purposes of Schedule 126 (Annual Power Cost Variance Mechanism), actual NVPC will be adjusted to remove the impact of any power produced by a new renewable or energy storage resource qualifying for treatment under this schedule but not otherwise included in rates. The following adjustments will be made: (C)
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- a) Actual NVPC will be increased by the value of any renewable or energy storage resource energy. The value of such energy will be determined by employing the forward curves used to set rates for the year under the Annual Power Cost Update. Actual NVPC will be reduced by applicable fuel costs and supply integration costs for the resource.
 - b) Actual NVPC will also be increased or decreased as appropriate for any other credits or charges specifically identifiable with the new renewable or energy storage resource.
6. For Schedule 122 filings made on and after April 2009, the Commission may condition approval of a proposed change in Schedule 122 charges on PGE making a filing under ORS 757.210 within six months after the Commission order approving the proposed change. Through this filing, the Company will roll into the generation component of its rates all of the costs, or a portion thereof identified by the Commission, that are being collected through the then existing Schedule 122 charges. The Commission's order for conditional approval must be based upon: (1) a finding that the costs, or a portion thereof, specified by the Commission have been collected through Schedule 122 for a reasonable period of years, as determined by the Commission; or (2) for good cause, as determined by the Commission.