



# Oregon

Kate Brown, Governor

**Public Utility Commission**

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December 15, 2020



BY EMAIL  
PORTLAND GENERAL ELECTRIC COMPANY  
Pge.opuc.filings@pgn.com

RE: Advice No. 20-39

At the public meeting on December 15, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1201. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser  
Chief Administrative Law Judge  
Public Utility Commission of Oregon  
(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 15, 2020**

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2021

**DATE:** December 5, 2020

**TO:** Public Utility Commission

**FROM:** Michelle Scala

**THROUGH:** Bryan Conway and John Crider **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1201/Advice No. 20-39)  
Updates Schedule 122, Renewable Resource Automatic Adjustment Clause.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's (PGE or Company) proposed updates to Schedule 122, Renewable Resource Automatic Adjustment Clause, as described in Advice No. 20-39, effective for service rendered on and after January 1, 2021.

**DISCUSSION:**

Issue

Whether the Oregon Public Utility Commission (Commission) should approve PGE's Advice No. 20-39, which updates its Schedule 122, Renewable Resource Automatic Adjustment Clause, effective with service rendered on and after January 1, 2021.

Applicable Law

ORS 469A.120 specifies cost recovery allowances and procedures for electric companies including the establishment of an automatic adjustment clause to allow for timely recovery of costs prudently incurred to construct or otherwise acquire facilities that generate electricity from renewable energy sources.

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Pursuant to

ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210(1)(b) further specifies “automatic adjustment clause” to mean a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred subject to review by the commission at least once every two years.

ORS 757.220 requires that any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the change.

OAR 860-022-0025 and OAR 860-022-0030 set forth the requirements for tariff filings naming increased rates. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules include, in its filing, a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

OAR 860-022-0030(1) further requires that for tariff or schedule filings proposing increased rates, the utility must for each separate schedule, identify the total number of customers affected, the total annual revenue derived under the existing schedule, and the amount of estimated revenue which will be derived from applying the proposed schedule, the average monthly use and resulting bills under both the existing rates and the proposed rates that will fairly represent the application of the proposed tariff or schedules, and the reasons or grounds relied upon in support of the proposed increase.

## Analysis

### *Background*

Schedule 122 is PGE’s Renewable Resources Automatic Adjustment Clause (RAC), allowing the Company to recover the revenue requirements of qualifying Company-owned or contracted new renewable resource and energy storage projects, not otherwise included in rates. The Company filed Advice No. 20-39 on November 12, 2020, to remove net variable power cost (NVPC) impacts from Schedule 122 rates, effective January 1, 2021.

The annual revenue requirements contained in the Schedule 122 tariff sheet reads, in part, “Until the dispatch benefits are included in the Annual Power Cost Update Schedule 125, the net revenue requirements of each project will be deferred and incorporated the following January 1 into the Schedule 122 rates”.<sup>1</sup> Wheatridge is expected to be commercially operational in the near-term, with Schedule 122 rates associated with Docket No. UE 370 currently expected to be effective as of

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<sup>1</sup> Advice No. 18-26, Fourteenth Revision of Sheet No. 122-2.

December 10, 2020, at which time Schedule 122 rates will reflect NVPC impacts until revised rates associated with the filing at hand are effective on January 1, 2021. Otherwise consistent with the aforementioned tariff language, Advice No. 20-39 removes NVPC from Schedule 122 prices, and updates the cost recovery mechanism for 2021 with NVPC attributable to Wheatridge included in Schedule 125.

### *Staff Review*

As a wind resource, Wheatridge provides an NVPC benefit<sup>2</sup> to customers and once removed from the RAC revenue requirement, all else being equal, Schedule 122 prices will increase. The impact of removing Wheatridge NVPC from the Schedule 122 revenue requirement increases Schedule 122 target COS revenues to \$22.2 million across approximately 909,000 Cost of Service (COS) customers. PGE indicated that under the proposed prices, a typical Schedule 7 customer consuming 800 kWh/month will see a bill increase of \$1.13 or 1.08 percent.<sup>3</sup>

Staff notes that the \$22.2 million revenue requirement put forth by the Company in Advice No. 20-39 for 2021 rates is consistent with the \$12.6 million revenue requirement in Advice No. 19-34 and associated with PGE's initial rate recovery of Wheatridge in Schedule 122 rates for 2020. The \$9.6 million difference reflects the removal of NVPC benefits from Schedule 122 in 2021 prices and does not represent a year-over-year increase in PGE rates overall. As previously stated, NVPC benefits associated with Wheatridge will be accounted for in Schedule 125 in 2021.

Staff reviewed the filing, tariff schedule, and workpapers to ensure the proposed filing is accurately calculated and consistent with past Commission Orders. The Company provided Staff detailed calculations on the updated revenue requirements, price development, and percentage impacts on customers. Staff corresponded directly with the Company to discuss Advice No. 20-39 and did not require any information requests as the Company's filing included all requisite documents to perform the analysis and review.

In communications with Staff, PGE indicated that pricing inputs were revised and calculated for Schedule 122 using 2021 forecasts. Staff notes that the pricing methodology used to calculate the proposed updates for 2021 remain consistent with that shown in the most recent Advice No. 19-34 workpapers for the 2020 Schedule 122 prices.

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<sup>2</sup> NVPC benefits for Wheatridge include Production Tax Credits (PTC). See UE 370 Exhibit PGE/300 (confidential) for details.

<sup>3</sup> For a complete list of affected Schedules and proposed prices, see PGE, initial filing Advice No. 20-39.

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Conclusion

Staff finds that the updated rates in Schedule 122 are appropriately calculated, and recommends that the Commission approve the proposed tariff.

**PROPOSED COMMISSION MOTION:**

Approve PGE's proposed updates to Schedule 122, Renewable Resource Automatic Adjustment Clause, as described in Advice No. 20-39, effective for service rendered on and after January 1, 2021.

**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, 576 and 689. 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	0.137	¢ per kWh
15	0.104	¢ per kWh
32	0.124	¢ per kWh
38	0.115	¢ per kWh
47	0.151	¢ per kWh
49	0.150	¢ per kWh
75		
Secondary	0.112	¢ per kWh
Primary	0.110	¢ per kWh
Subtransmission	0.110	¢ per kWh
83	0.124	¢ per kWh
85		
Secondary	0.121	¢ per kWh
Primary	0.118	¢ per kWh

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**SCHEDULE 122 (Continued)**

ADJUSTMENT RATE (Continued)

	<u>Schedule</u>	<u>Adjustment Rate</u>
89	Secondary	0.112 ¢ per kWh
	Primary	0.110 ¢ per kWh
	Subtransmission	0.110 ¢ per kWh
90		0.105 ¢ per kWh
91		0.104 ¢ per kWh
92		0.109 ¢ per kWh
95		0.104 ¢ 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 resource or energy storage project associated with renewable energy resources 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 resource or energy storage project associated with renewable energy resources 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 resource or energy storage project associated with renewable energy resources plus any power costs such as fuel, integration and wheeling costs) will be deferred and included in the Schedule 122 rates. By no later than April 1 of each year following the resource’s on-line date, 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. Should the final determination of a Schedule 122 filing for a new resource not allow for inclusion of its net variable power costs (NVPC) in the AUT, these will be included in the Schedule 122 revenue requirement used to set initial prices. In this circumstance, the resource’s NVPC impacts will subsequently be removed from Schedule 122 prices and included in the AUT at the next available opportunity.

**DEFERRAL MECHANISM**

For each calendar year that the Company anticipates that a new renewable resource or energy storage project associated with renewable energy resources 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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