



Oregon

Kate Brown, Governor

Public Utility Commission

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April 19, 2022



BY EMAIL

Portland General Electric Company

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RE: Advice No. 22-03

At the public meeting on April 19, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1379. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

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**PUBLIC UTILITY COMMISSION OF OREGON
REDACTED STAFF REPORT
PUBLIC MEETING DATE: April 19, 2022**

REGULAR CONSENT EFFECTIVE DATE June 1, 2022

DATE: April 11, 2022

TO: Oregon Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1379/Advice No. 22-03)
Revisions to Schedules 7 and 32 for renewable portfolio options for residential and small commercial customers.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE or the Company) Advice No. 22-03, which revises the Green Future renewable portfolio options for Schedule 7 and 32 customers and authorizes the transfer of remaining funds from 2020 and 2021 to the Renewable Development Fund.

DISCUSSION:

Issue

Whether the Commission should approve the modification of PGE's Green Future renewable portfolio options that would raise the price for renewable usage option customers, decrease the price for renewable fixed option customers, eliminate the fixed contribution to the RDF, and transfer remaining funds from 2020 and 2021 to the Renewable Development Fund (RDF).

Applicable Rule or Law

ORS 757.603 requires electric utilities to provide a portfolio of rate options to residential customers. The Commission regulates portfolio options so that the rates reflect the costs and risks of serving each option.

Under ORS 757.603(2), each electric company is required to offer residential customers a portfolio of rate options that, at minimum, includes a rate that reflects significant new renewable energy resources, a market-based rate, and, when demand is found to be sufficient to justify the rate, a rate option associated with a specific renewable energy source.

OAR 860-038-0220 sets forth the Commission's requirements for electric companies to provide a portfolio of products and pricing options (Portfolio Options) to residential and, in some instances, small nonresidential customers.

Analysis

Background

Through UM 1020, PGE has offered portfolio options to residential and small commercial customers for two decades. This program is self-funded. For the past two years, the price of Renewable Energy Credits (RECs) which PGE purchases on behalf of portfolio option customers have nearly tripled.¹ PGE's proposed changes are an adaptation to these higher prices.

For residential and small commercial customers, Green Future has two product options, renewable usage and renewable fixed. The renewable usage option bills proportionally to the customer's energy usage, charging a premium for renewable energy investments that go primarily to the purchase of RECs. The other product is the renewable fixed option, which bills customers a premium in 200 kWh blocks for renewable energy investments that go primarily to the RDF.

PGE's Proposal

PGE proposes to raise the renewable usage option from 0.8 to 0.94¢ per kWh. This is an increase of 0.14¢ per kWh needed to purchase RECs at a new contracted price [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL].²

Despite the increase in REC prices, PGE proposes to reduce the price of the renewable fixed option from \$2.50 to \$1.88 per 200 kWh block. This is a decrease of 62¢ per 200 kWh block. The net reduction in price is made possible by reducing spending on the marketing of this product by \$2 million and removing the \$1.50 from each block that was earmarked for the RDF.

¹ See Docket No. ADV 1309, OPUC Staff, Staff Report, p 2, December 20, 2021.

² See Docket No. ADV 1379, PGE, Confirmation Letter No. 29, p 2.

PGE has more than \$15 million in unused RDF funds from 2020 and 2021 to roll over to 2022. PGE proposes to also use these funds for the RDF in future years.

In addition to distributing these unused funds that have accumulated over the past two years, Green Future's contributions to the RDF going forward would come from rolling over any unspent funds after the cost of RECs, marketing, and administration, rather than having a fixed allocation, and going forward, the RDF's funding will come from both the usage and fixed options. PGE forecasts this will ensure the RDF can fund a minimum of \$1 million in renewable energy projects per year.

Staff finds PGE's proposal reasonable. Like Pacific Power's request to cut the size of a renewable block in half in ADV 1309, PGE's proposal is an adaptation to higher REC prices. PGE was able to find room for reduced marketing costs to keep the cost increase limited and even reduce the price of a 200 kWh block. Because of the accumulation of unspent funds over the past two years, the reduction in the renewable fixed option's contribution to the RDF will not prevent the RDF from awarding at least \$1 million in grants directly to renewable energy projects in future years.

Finally, PGE's changes will enable Green Future to remain self-funded. This will hold customers that do not participate in Green Future harmless to the rising REC prices.

Conclusion

The escalating price of RECs has required PGE to make some changes to the Company's portfolio options. If the Commission approves these changes, the renewable usage option will be increased by 0.14¢ per kWh. The price of a 200 kWh block for the renewable fixed option will be reduced by 62¢, while also reducing marketing expenditures and removing the fixed contribution to the RDF. PGE will roll unspent funds from 2020 and 2021 into the RDF, and plans to continue to do so. Staff finds these changes to be a reasonable adjustment to the higher REC prices while keeping the Green Future program self-funded.

PROPOSED COMMISSION MOTION:

The Commission should approve PGE's Advice No. 22-03, which revises the Green Future renewable portfolio options for Schedule 7 and 32 customers and authorizes the transfer of remaining funds from 2020 and 2021 to the Renewable Development Fund.

SCHEDULE 7 (Continued)

GREEN FUTURESM RENEWABLE PORTFOLIO OPTIONS (Continued)

Energy or Renewable Energy Certificates (RECs), as defined in Rule B of this tariff, supporting the Green FutureSM will be acquired by the Company such that by March 31 of the succeeding year, the Company will have received sufficient RECs or renewable energy to meet the purchases by Customers. For the renewable fixed and renewable usage options, the Company is not required to own renewables or to acquire Energy from renewable resources simultaneously with Customer usage.

For purposes of these options, renewable resources include wind, solar, biomass, low impact hydro (as certified by the Low Impact Hydro Institute) and geothermal energy sources used to produce electric power. All RECs will be Green-e® Energy certified by the Center for Resource Solutions (CRS).

(T)
(C)
(C)

RENEWABLE FIXED OPTION

The Company will use funds received under this option to cover program costs and purchase 200 kWh of RECs and/or renewable energy per block enrolled in the renewable fixed option. All RECs purchased under this option will come from new renewable resources.

(C)

The Company will also place any funds not spent after covering program and REC costs received from Customers enrolled in this option in a renewable resources development and demonstration fund ("Renewable Development Fund" or "RDF"). See Special Conditions for additional details on the RDF.

(C)
|
(C)
(M)

Monthly Rate

Renewable Fixed Option \$1.88 per month per block

(R)

SCHEDULE 7 (Continued)

GREEN FUTURESM RENEWABLE PORTFOLIO OPTIONS (Continued)

RENEWABLE USAGE OPTION

Amounts received from Customers under the renewable usage option will be used to cover program costs and acquire RECs and/or Energy, all of which will come from new renewable resources.

(C)
(C)

The Company will place any funds received from Customers enrolled in this option that are not spent after covering program and REC costs in a renewable resources development and demonstration fund ("Renewable Development Fund" or "RDF"). See Special Conditions for additional details on the RDF.

(C)
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(C)

Monthly Rate

Renewable Usage Option 0.940 ¢ per kWh in addition to Energy Charge

(I)

RENEWABLE SOLAR OPTION

The renewable solar option allows participating Customers, monthly, to support a PGE sponsored utility-scale solar power plant and its renewable attributes. The Company will purchase 1 kW of the output and RECs from new solar facilities connected to the Company's electric grid per unit enrolled in renewable solar option.

In exchange for the Customer's payment of \$5.00 per unit per month, the Customer receives the environmental attributes from a local utility-scale solar project and the utility-scale solar project produces 1 kW of Energy which flows into the grid. Typical purchases may range to the equivalent of a 1, 2, or 3 kW solar panel array. At the end of each year, the Company will provide individual results to the Customer, reporting how much the Customer's Energy usage was offset by solar power and the carbon footprint reduction benefit received. The RECs purchased by the Customer will be retired on behalf of the Customer.

Monthly Rate

Renewable Solar Option \$5.00 per unit in addition to Energy Charge

(M)

SCHEDULE 7 (Continued)

(T)

GREEN FUTURESM RENEWABLE PORTFOLIO OPTIONS (Continued)

RENEWABLE HABITAT OPTION ADDER (HABITAT SUPPORT)

The Company will distribute \$2.50 per month as received from each Customer enrolled in habitat support to a nonprofit agency chosen by the Company who will use the funds for habitat restoration.

Available

Only Customers who are enrolled in a Green FutureSM Renewable Portfolio option, described in this schedule, may choose habitat support.

Monthly Rate

| | | |
|-----------------|--------|-----------|
| Habitat Support | \$2.50 | per month |
|-----------------|--------|-----------|

SPECIAL CONDITIONS RELATED TO GREEN FUTURESM RENEWABLE PORTFOLIO OPTIONS

1. Service will become effective with the next regularly scheduled meter reading date provided the Customer has selected the option at least five days prior to their next scheduled meter read date. Absent the five-day notice, the change will become effective on the subsequent meter read date. Service may be terminated at the next regularly scheduled meter reading provided the Company has received two weeks' notice prior to the meter read date. Absent the two-week notice, the termination will occur with the subsequent meter reading date.
2. The Company, in its discretion, may accept participation from accounts that have a time payment agreement in effect, or have received two or more final disconnect notices. However, the Company will not accept participation from accounts that have been involuntarily disconnected in the last 12 months.
3. The Company will use reasonable efforts to ensure energy assistance dollars from the Oregon Low Income Home Energy Assistance Program (LIHEAP) and Oregon Energy Assistance Program (OEAP) assistance programs are not used to cover Green Future program participation during the time which participants receive these energy assistance funds. As such, PGE will unenroll Customers from the Green FutureSM program if they receive energy assistance funds from LIHEAP and OEAP. If these energy assistance dollars are no longer applied to the bill, the Customer may re-enroll in the program subject to the above requirements.

(M)

SCHEDULE 7 (Concluded)

SPECIAL CONDITIONS RELATED TO GREEN FUTURESM RENEWABLE PORTFOLIO
OPTIONS (Continued)

4. The Company will use reasonable efforts to acquire renewable energy but does not guarantee the availability of renewable energy sources to serve Green FutureSM Renewable Portfolio Options. The Company makes no representations as to the impact on the development of renewable resources or habitat restoration projects of Customer's participation. (M)
5. Enrollment into renewable solar option: Customer agrees to participate for no fewer than 12 months.
6. Amounts in the RDF will be disbursed by the Company to non-residential renewable resource demonstration projects or projects that commit to supply Energy according to a contractually established timetable. The Company will report to the Commission annually by March 15th, pursuant to Order No. 16-156, on collections and disbursements for the preceding calendar year. The annual report will include a list of projects that received or were allocated RDF funding. (T)
7. Amounts placed in the RDF prior to July 6, 2016 will accrue interest at the Commission-authorized cost of capital until disbursed. Amounts placed in the fund on and after July 6, 2016 will accrue interest at the Commission-authorized rate for deferred accounts in amortization until disbursed. Amounts within the fund will be disbursed on a first-in-first-out basis. Once funds have been committed to projects, following the required OPUC review, they will be deemed disbursed. Funds deemed disbursed and still held by the Company, will accrue interest at the Commission-authorized rate for deferred accounts in amortization. (T)

ADJUSTMENTS

Service under this schedule is subject to adjustments approved by the Commission. Adjustments include those summarized in Schedule 100.

SCHEDULE 32 (Continued)

MONTHLY RATE (Continued)

Renewable Portfolio Options

(available upon enrollment in either
Energy Charge option)

| | | | |
|-----------------|--------|--|-----|
| Renewable Usage | 0.940 | ¢ per kWh in addition to Energy Charge | (I) |
| Renewable Fixed | \$1.88 | per month per block | (R) |
| | \$5.00 | per unit in addition to Energy Charge | |
| | \$2.50 | per month | |

* Only Customers who are enrolled in a Renewable Portfolio Option (Renewable Usage or Renewable Fixed or Renewable Solar Portfolio Options described herein) may choose the Renewable Habitat Portfolio Option Adder.

RENEWABLE PORTFOLIO OPTIONS

The Customer will be charged for the Renewable Portfolio Option in addition to all other charges under this schedule for the term of enrollment in the Renewable Portfolio Option.

Renewable Fixed Option

The Company will use funds received under this option to cover program costs and purchase 200 kWhs of Renewable Energy Certificates (RECs) and/or renewable energy per block enrolled in the Renewable Fixed Option. All RECs purchased under this option will come from new renewable resources. (C)
(T)

The Company will also place any funds not spent after covering program and REC costs received from Customers enrolled in this option in a renewable resources development and demonstration fund ("Renewable Development Fund" or "RDF". See Special Conditions for additional details on the RDF. (C)
(C)

(M)

SCHEDULE 32 (Continued)

RENEWABLE PORTFOLIO OPTIONS (Continued)

Renewable Usage Option

Amounts received from Customers under the Renewable Usage Option will be used to cover program costs and acquire RECs and/or renewable energy, all of which will come from new renewable resources. (C)
(C)

The Company will also place any funds received from Customers enrolled in this option not spent after covering program and REC costs in a renewable resources development and demonstration fund ("Renewable Development Fund" or "RDF"). See Special Conditions for additional details on the RDF. (C)
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(C)

Renewable Solar Option

The Renewable Solar Option allows participating Customers, on a monthly basis, to support a PGE sponsored utility-scale solar power plant and its renewable attributes. The company will purchase 1 kW of the output and RECs from new solar facilities connected to the Company's electric grid per unit enrolled in the Renewable Solar Option.

In exchange for the Customer's payment of \$5.00 per unit per month, the Customer receives the environmental attributes from a local utility-scale solar project and the utility-scale solar project produces 1kW of energy which flows into the grid. Typical purchases may range to the equivalent of a 1, 2, or 3-kW solar panel array. At the end of each year, PGE will provide individual results to the Customer, reporting how much the Customer's energy usage was offset by solar power and the carbon footprint reduction benefit received. The RECs purchased by the Customer will be retired on behalf of the Customer.

Renewable Habitat Adder

The Company will distribute \$2.50 per month as received from each Customer enrolled in the Habitat Option to a nonprofit agency chosen by the Company who will use the funds for habitat restoration.

Energy or RECs supporting the Renewable Portfolio Options will be acquired by the Company such that by March 31 of the succeeding year, the Company will have received sufficient RECs or renewable energy to meet the purchases by Customers. For Renewable Fixed Option and Renewable Usage Option, the Company is not required to own renewables or to acquire energy from renewable resources simultaneously with Customer usage.

For purposes of these options, renewable resources include wind, solar, biomass, low impact hydro (as certified by the Low Impact Hydro Institute) and geothermal energy sources used to produce electric power. All RECs will be Green-e® Energy certified by the Center for Resource Solutions (CRS). (C)
(C)
(C)

SCHEDULE 32 (Continued)

SPECIAL CONDITIONS (Continued)

2. The Company, in its discretion, may accept enrollments on accounts that have a time payment agreement in effect, or have received two or more final disconnect notices. However, the Company will not accept enrollments on accounts that have been involuntarily disconnected in the last 12 months.
3. The Company will use reasonable efforts to acquire renewable energy, but does not guarantee the availability of renewable energy sources to serve Renewable Portfolio Options. The Company makes no representations as to the impact on the development of renewable resources or habitat restoration projects of Customer participation.
4. Enrollment into the Renewable Solar Option, the customer agrees to participate for no less than 12 months. (T)
5. Amounts in the RDF will be disbursed by the Company to non-residential renewable resource demonstration projects or projects that commit to supply Energy according to a contractually established timetable. The Company will report to the Commission annually by March 15th, pursuant to Order No. 16-156, on collections and disbursements for the preceding calendar year. The annual report will include a list of projects that received or were allocated RDF funding. (M)(T)
6. Amounts placed in the RDF prior to July 6, 2016 will accrue interest at the Commission-authorized cost of capital until disbursed. Amounts placed in the fund on and after July 6, 2016 will accrue interest at the Commission-authorized rate for deferred accounts in amortization until disbursed. Amounts within the fund will be disbursed on a first-in-first-out basis. Once funds have been committed to projects, following the required OPUC review, they will be deemed disbursed. Funds deemed disbursed and still held by the Company, will accrue interest at the Commission-authorized rate for deferred accounts in amortization. (T)

Pertaining to TOU Option

1. Service may be terminated at the next regularly scheduled meter reading provided the Company has received notice two weeks prior to the meter read date. Absent the two-week notice, the termination will occur with the next subsequent meter reading date.
2. Participation requires a one-year commitment by the Customer. Generally, if a Customer requests removal from the TOU Option, the Customer will be required to wait 12 months before re-enrolling. However, a Customer may request to reinstate service within 90 days of termination, in which case the Portfolio Enrollment Charge will be waived.

(M)

SCHEDULE 32 (Concluded)

Pertaining to TOU Option (Continued)

3. The Customer must take service at 120/240 volts or greater. Single phase 2-wire grounded service is not eligible because of special metering requirements.
4. The Customer must provide the Company access to the meter on a monthly basis.
5. At the end of the Customer's first 12 months of service under the TOU Option, the Company will calculate what the Customer would have paid under Standard Service and compare billings. If the Customer's Energy Charge billings (including all applicable supplemental adjustments) under the TOU Option exceeded the Standard Service Energy Charge (including all applicable supplemental adjustments) by more than 10%, the Company will issue the Customer a refund for the amount in excess of 10% either as a bill credit or refund check. No refund will be issued for Customers not meeting the 12-month requirement.
6. The Company will recover lost revenue from the TOU Option through Schedule 105.
7. Billing will begin for any Customer on the next regularly scheduled meter reading date following the initialization meter reading made on a regularly scheduled meter reading date.
8. The Company may choose to offer promotional incentives, including but not limited to rebates or coupons.

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(M)

TERM

Service will be for not less than one year or as otherwise provided under this schedule.