



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

August 23, 2022



Portland General Electric Company
pge.opuc.filings@pgn.com

RE: Advice No. 22-14

At the public meeting on August 23, 2022, the Commission adopted Staff's recommendation in this matter docketed as ADV 1416. 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
(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 23, 2022**

REGULAR **CONSENT** **EFFECTIVE DATE** August 24, 2022

DATE: August 15, 2022

TO: Public Utility Commission

FROM: Eric Shierman

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1416/Advice No. 22-14)
Schedule 54 large nonresidential customer renewable portfolio option update.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) Advice No. 22-14, which updates Schedule 54 to add geothermal as a resource, allow resource mixing, and make housekeeping changes to the tariff language for clarification.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should approve PGE's Advice No. 22-14.

Applicable Law

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.

ORS 757.210 (1)(a) states a utility must show that a proposed rate or schedule of rates is fair, just, and reasonable. The Commission may authorize a rate or schedule of rates only if it is deemed to be fair, just, and reasonable.

ORS 757.220 requires 30 days' notice to changes to utility rates and schedules, except upon a finding of good cause shown.

OAR 860-022-0015 states that energy utilities must provide the Commission with at least 30 days' notice prior to the effective date for any change in rates, tolls, charges, rules, or regulations.

OAR 860-022-0025 illustrates energy utility requirements for filing tariffs or changes to rate schedules.

Analysis

Background

PGE's Schedule 54 program is a competitive operation subject to the Commission's Code of Conduct rules and provides large nonresidential customers the option to purchase unbundled renewable energy credits (REC) from PGE. Historically, PGE's Schedule 54 included a standard fixed \$/MWh product (Offering 1). PGE filed for the suspension of its standard fixed price product when volatility in the REC market caused prices to exceed the tariff's stated price of \$3.00 per MWh, which PGE asserted was leading to an unsustainable operation of the program. The Commission approved a temporary suspension of Offering 1 of this tariff on September 7, 2021.¹ The temporary suspension was intended to provide PGE time to identify changes required to serve Schedule 54 customers in 2022 with a product more reflective of the current unbundled REC market.

On October 15, 2021, the Company filed Advice No. 21-25, which proposed to end the temporary suspension and update Schedule 54 to remove the reference to a specific \$/MWh fixed price per REC for Offering 1, include a DEQ Clean Fuels Program compliant REC option, and allow PGE to limit the number of RECs sold. The Commission approved this proposal on November 30, 2021.²

Long-Term Solution

PGE has reviewed the temporary changes to Schedule 54, Offering 1 and found that the steps taken to mitigate market risk are sufficient. This filing seeks to preserve those changes and add additional improvements by introducing more technology options and making housekeeping edits to Schedule 54 to clarify customer expectations of product availability.

¹ See Docket No. ADV 1303, PGE, Advice No. 21-21, Schedule 54 Large Nonresidential Renewable Energy Certificates Rider Temporary Suspension of RECs.

² See Docket No. ADV 1322, OPUC, RE: Advice No. 21-25, November 30, 2021, p 1.

PGE seeks to include geothermal resources and to allow the addition of product mixes in Offering 2. Offering 2 is currently under-utilized, and PGE anticipates this broader product offering will allow the program to serve customers better. Staff finds geothermal to be an appropriate technology for this product and the mixing of resources may help customize Offering 2 to PGE's customers' liking.

PGE proposes three housekeeping changes. 1) PGE seeks to update the rate section of Schedule 54 to clarify how Offerings 2 and 3 are priced by clarifying that they are benchmarked to Offering 1. 2) PGE seeks to update the special conditions to better align the contracting timeline with how PGE's customers interact with the Company. Schedule 54 customers' participation would commence 60 days after entering into an agreement with PGE, and these customers may sign the agreement digitally. 3) PGE seeks to edit Special Condition 9, which limits the number of RECs a customer may purchase. This edit adds language reserving the right to adjust this limit based on market conditions. Staff finds these proposals reasonable. PGE is improving the language of the tariff to clarify the expectations of customers as to what RECs PGE can procure.

Expectations for Customer Assistance

While Staff finds these changes reasonable, one clause in the product mix language requires further clarification. PGE proposes Sheet 54-2 to read: "Upon customer request, PGE will make best efforts to assist the Customer in identifying a product mix or discrete generators matching the fuel types listed above."³ Staff foresees a potential problem where PGE's "best efforts" take a longer time than the customer anticipates. Through an information request, the Company has clarified that: "PGE will contact the customer within 15 business days of determining that the initial request cannot be fulfilled."⁴ Staff finds this 15-day period provides a reasonable balance of allowing PGE enough time to search for the product and limiting the wait time for the Schedule 54 customer.

Conclusion

The Commission should approve PGE's proposed tariff changes to Schedule 54. These changes expand the product offering and clarify customer expectations. This filing meets the requirements for changing a tariff under Oregon Administrative rules, specifically OAR 860-022-0025 and OAR 860-022-0015.

³ See Docket No. ADV 1416, PGE, Advice No. 22-14, July 1, 2022, p 7.

⁴ See Docket No. ADV 1416, PGE, Response to OPUC IR 001, August 10, 2022, p 1. The Company's full response to Staff's request is appended to this Staff Report as Attachment 1.

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PROPOSED COMMISSION MOTION:

Approve PGE's Advice No. 22-14, which updates Schedule 54 to add geothermal as a resource, allow resource mixing, and add housekeeping changes to the tariff language for clarification.

CA3 – ADV 1416

August 12, 2022

To: Sarah Hall
Public Utility Commission of Oregon

From: Jaki Ferchland
Manager, Rates and Regulatory Affairs

Portland General Electric Company
ADV 1416
PGE Response to OPUC Data Request 001
Dated July 29, 2022

Request:

Referencing the new proposed language on Sheet 54-2 where the Company will add “make best efforts to” assist the customer in finding a renewable product:

- a) Please describe how PGE will let customers know when the product a customer seeks cannot be procured.
- b) Please describe how quickly the Company will notify customers when this is the case.

Response:

- a) PGE will contact the customer via email, phone, or a virtual or in-person meeting and discuss alternatives if the product a customer seeks cannot be procured.
- b) PGE will contact the customer within 15 business days of determining that the initial request cannot be fulfilled. Often a customer will be aware before this point as procuring a product is an ongoing conversation.

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;
8. Geothermal.

(T)
(T)
(N)

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

(C)
(C)

(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.

I. DEQ Clean Fuels Compliant Resource

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.

SCHEDULE 54 (Continued)

RATE

1. With regard to Offering 1, PGE Green Resource Mix:
 - a. The rate for this product is specified in the Green-e ® Energy required disclosure documents, a copy of which is provided to the Customer.
 - b. The rate for Offering 1 shall be comprised of three components: the market price for the REC, selling, general, and administrative (SG&A) costs, and a risk premium fee.
 - c. The market price for RECs may change but will be based on expected market conditions and program demand. The SG&A costs will be calculated to ensure that program participants bear the entirety of these costs, and these costs will be uniformly charged to customers. The risk premium accounts for PGE shareholder risk from entering a fixed price contract to supply RECs and will not exceed PGE's currently approved rate of return. The risk premium will be the same for all customers participating in this offering.
 - d. A minimum REC purchase of 1,000 kWh per month, or annual equivalent, is required.
2. If a Customer chooses to participate in the Specified Resource or DEQ Clean Fuels Compliant Resource program, the same rate components as described in Offering 1 shall apply, but the price may differ and is subject to execution of a written contract. (C)
(C)

SPECIAL CONDITIONS

1. The Customer may enroll to purchase any option outlined in this tariff after entering an agreement with the Company. Participation will commence within 60 days of the Company providing Customer with confirmation of a properly executed agreement that includes Customer's signature, which can be digital. (C)
|
(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.

SCHEDULE 54 (Concluded)

SPECIAL CONDITIONS (Continued)

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.
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. PGE reserves the right to change the limit based on the current program price and market price of RECs. The availability of Specified Resource and Clean Fuels Compliant RECs is also dependent on market supply and pricing and may be limited. In the event that RECs are limited in supply, there will be a waitlist for any new participants that will be served on a first come first served basis.

(C)
(C)