

ORDER NO. 13 007

ENTERED JAN 15 2013

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1637

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY's ,

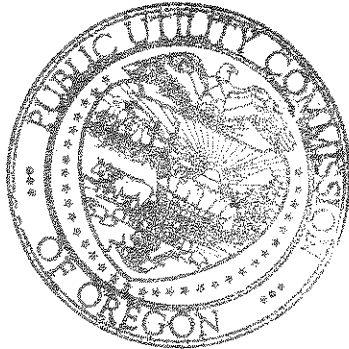
Application to revise Schedule 201,
Qualifying Facility Power Purchase
Information for QFs 10 MW or less.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on January 15, 2013, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 15, 2013

REGULAR X CONSENT EFFECTIVE DATE January 19, 2013

DATE: January 8, 2013

TO: Public Utility Commission

FROM: Adam Bless *AB*

THROUGH: *E* Jason Eisdorfer and *ME* Maury Galbraith

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. UM 1637) Application to Update Standard Avoided Cost Prices for Qualifying Facilities.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's (PGE) updated avoided cost prices for Qualifying Facilities (10,000 kW or less) to become effective on January 19, 2013.

ORDER NO.

DISCUSSION:

On December 20, 2012, PGE filed its Application to Update Schedule 201 Qualifying Facility Information (Application). PGE filed the Application in accordance with Commission Order No. 10-488, which states that "Utilities shall file their avoided costs every two years and, also, 30 days after an Integrated Resource Plan (IRP) order is issued." PGE's most recent prior Schedule 201 update was filed on December 20, 2010.

The method used to calculate avoided cost is the same method used in the Company's 2009 and 2010 avoided cost updates. That method was reviewed and found to conform to Commission Order No. 05-584 as clarified by Order Nos. 06-538 and 10-488.

PGE's proposed avoided cost update reflects a resource sufficient position through 2015 and a resource deficient period starting in 2016. In the resource sufficient period, the avoided cost is the forward market price. PGE used a Mid-C price forecast, consistent with its past practice. Staff reviewed this forecast and found it consistent with PGE's November 2012 IRP update and with third party forecasts available to Staff.

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For resource deficient years, PGE used the combined cycle combustion turbine identified in the 2009 IRP and 2012 IRP update. The unit cost, heat rate, capacity factor, discount rate and financial factors used in the avoided cost calculation are unchanged from PGE's 2010 avoided cost update. PGE's current avoided price schedule reflects an online date of 2015, based on PGE's 2009 IRP. The proposed avoided cost schedule is based on an online date of 2016, based on PGE's 2012 IRP update. Staff considers the 2016 online date appropriate for purposes of estimating the avoided cost.

The proposed avoided costs are reduced from current price schedules by about 30 percent in resource sufficient years and by about 15 percent in resource deficient years. The reduction is caused by three factors: (1) the one year delay in the resource deficient period, (2) a decline in gas prices and (3) a decline in forward looking market prices since 2010.¹

Staff concludes that the prices in PGE's revised Schedule 201 are a reasonable estimate of avoided costs and are consistent with Order Nos. 05-584, 06-538 and 10-488. The prices reflect avoided costs and do not unfairly burden ratepayers or subsidize owners of Qualifying Facilities.

The avoided costs in this filing apply only to the standard avoided cost prices and do not reflect the renewable avoided cost prices created in Order No. 11-505. Those prices are under separate review as part of docket UM 1396.

PROPOSED COMMISSION MOTION:

PGE's December 20, 2012 Application to Update Schedule 201, Qualifying Facility Information, be approved to become effective on January 19, 2013.

r1 PGE Application to Update Avoided Cost Prices for Qualifying Facilities.docx

¹ For example, off peak market price projections for May and June of the resource sufficient years are approximately 65% lower than the projections from 2010.