

ORDER NO. 24-141

ENTERED May 20 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1482(13)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Expenses Associated with a Photovoltaic
Volumetric Incentive Rate Pilot Program,
aka the PGE Solar Payment Option Pilot.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 16, 2024, 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:



Nolan Moser

Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 16, 2024**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: April 4, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1482(13))
Application for Reauthorization to Defer Expenses Associated with a
Photovoltaic Volumetric Incentive Rate Pilot.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) request for reauthorization to defer costs associated with the Photovoltaic Volumetric Incentive Rate Pilot (PV VIR) for the 12-month period beginning May 27, 2023, subject to the following Staff recommended conditions:

1. PGE will continue to maintain a balancing account for actual costs based upon the allowable costs identified in OAR 860-084-0280 through 0360; and,
2. PGE be required to demonstrate how such costs are incremental to any costs currently included in rates.

DISCUSSION:

Issue

Whether the Commission should approve Portland General Electric's Application for reauthorization to defer expenses associated with a Photovoltaic Volumetric Incentive Rate Pilot for the 12-month period beginning May 27, 2023, through May 26, 2024.

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Applicable Law

Pursuant to ORS 757.365(10), all prudently incurred costs associated with compliance with ORS 757.365 (pilot program for small solar energy systems) are recoverable in the utility's rates. Under ORS 469A.120(1) and (3), all prudently incurred costs associated with the renewable portfolio standards are recovered through an automatic adjustment clause.

ORS 757.259 and OAR 860-027-0300 are the laws that concern deferrals and the automatic adjustment mechanism. The Company made this filing pursuant to ORS 757.365(10), ORS 469A.120(1) and (3), ORS 757.259, and OAR 860-027-0300.

ORS 757.365(10) allows for the recovery of all prudently incurred PV VIR costs in rates. As necessary to enable cost recovery under the AAC, PGE hereby requests authorization to continue an AAC deferral pursuant to Public Utility Commission of Oregon (the "Commission" or "OPUC") Order Nos. 19-283, 20-195, 21-196, and 22-452.

In addition, this deferral allows PGE to recover costs associated with the Pilot, through an AAC under PGE Schedule 137, Customer Owned Solar Payment Option Cost Recovery Mechanism.

Analysis

Background

On May 26, 2023, PGE submitted an application for Reauthorization to Defer Expenses Associated with a Photovoltaic Volumetric Incentive Rate Pilot. Under Docket No. AR 538, the Commission promulgated its Division 84 rules for the PV VIR Pilot. Docket No. UM 1482 set forth additional implementation requirements through OPUC Orders, the most recent being Order Nos. 19-283, 20-195, 21-196, and 22-452. The Pilot, required by state law, provides payments to retail electric customers for electricity generated by permanently installed solar photovoltaic energy systems through PGE Schedules 215, 216, and 217.

Reason for Deferral

PGE states that granting this reauthorization request will minimize the frequency of rate changes and match appropriately the costs borne by, and benefits received by customers. PGE believes this deferral should be continued and is warranted because ORS 757.365 requires PGE to offer the Pilot and thus incur the costs to implement and operate the Pilot. PGE requests an effective date of May 27, 2023, through May 26, 2024, as the deferral reauthorization period.

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Proposed Accounting

PGE proposes to record the deferred amount as a regulatory asset in FERC Account 182.3, Other Regulatory Assets with a credit to FERC Account 407.4, Regulatory Credits. In the absence of a deferred accounting order from the Commission, PGE would continue to record costs associated with the Pilot to FERC Account 903, Customer Records and Collection Expenses, and FERC Account 908, Customer Assistance Expenses.

Estimate of Amounts

The amounts to be deferred consist of incremental costs of the Pilot for:

1. VIR payments to participants including any retail electricity service bill offset amounts; and
2. Program costs incurred to implement and administer the requirements for the Pilot. The incremental utility expenses consist of volumetric incentive payments and/or retail bill offsets to participants, administrative costs associated with the PV VIR Pilot operations, data collection, development costs for billing and website, customer surveys, and regulatory reporting requirements. Credits to the associated balancing account include deposit forfeitures, interconnection application fees, customer charges, assignment fees, and the avoided energy value. Amounts in the balancing account accrue interest at the Commission-authorized rate of return for deferred accounts.

For both cost categories, the amounts deferred depend upon actual participation levels and PV system sizes of participants in the Pilot. PGE estimates incremental costs may range from \$7.0 million to \$8.0 million for the deferral period, May 27, 2023, through May 26, 2024, consisting largely of VIR payments to participants.

Information Related to Future Amortization

- Earnings review – PGE Schedule 137 recovers costs associated with the Solar Payment Option Pilot not otherwise included in rates. Because this schedule is an AAC as provided under ORS 469A.120 and defined in the Renewable Portfolio Standards, ORS 757.210, an earnings review is not appropriate for this deferral. See also PGE Schedules 215, 216, and 217.
- Prudence Review – A review to determine that costs were prudently incurred must be done prior to amortization.
- Sharing – This deferral is not subject to a sharing mechanism.

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- Rate Spread/Design – In Docket No. UE 237, the Parties agreed that Schedule 137 costs be allocated to each schedule based on an equal percent of generation revenue applied on a cents per kilowatt-hour basis.
- Three Percent Test – The amortization of the deferred costs will not be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility’s gross revenues for the preceding year.

Staff supports this deferral request given its purpose. However, like other deferrals, Staff’s position is that the deferral only includes those costs incremental to what otherwise is included in rates. Staff has taken a similar position in wildfire-related deferrals. This ensures that customers do not pay twice for the same cost activity or Company activity and personnel.

Conclusion

As PGE’s application to defer is appropriately made under the statutes, and the application meets the requirements of OAR 860-027-0300, Staff recommends approval 12-month period beginning May 27, 2023, subject to the following Staff recommended conditions:

1. PGE will continue to maintain a balancing account for actual costs based upon the allowable costs identified in OAR 860-084-0280 through 0360; and
2. PGE be required to demonstrate how such costs are incremental to any costs currently included in rates.

PGE has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric’s request for reauthorization to defer costs associated with the Photovoltaic Volumetric Incentive Rate Pilot for the 12-month period beginning May 27, 2022, through May 26, 2023, subject to Staff’s recommended conditions.