

ORDER NO. 24-406

ENTERED Nov 4, 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 436

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2025 Annual Power Cost Update Tariff.

ORDER

DISPOSITION: STIPULATIONS ADOPTED

I. SUMMARY

In this order, we adopt two stipulations addressing Portland General Electric Company's 2025 Annual Power Cost Update Tariff (AUT) entered into by PGE, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board (CUB) and the Alliance of Western Energy Consumers (AWEC) (collectively, the stipulating parties), resolving all issues in this case. While this order resolves the net variable power costs (NVPC) issues raised in this proceeding, the actual increase in rates will be based on an updated 2025 power cost forecast to be filed by the company on November 15, 2024, consistent with the stipulated adjustments adopted here.

II. PROCEDURAL HISTORY AND BACKGROUND

Under PGE's AUT, Schedule 125, the company's rates are adjusted annually based on projected NVPC for the following year. We address any NVPC-related issues in an order issued in October of each year to set transition adjustments ahead of the November direct access window. Under the tariff, PGE files updates to its NVPC forecast in November, consistent with the directives of that order to arrive at a final NVPC forecast.¹

On February 29, 2024, PGE filed its initial 2025 NVPC forecast. PGE proposed certain enhancements to its Multi-area Optimization Network Energy Transaction (MONET) model and presented a comparison of its initial 2025 NVPC forecast to its final 2024

¹ *In the Matter of Portland General Electric Company Request for General Rate Revision and 2024 Annual Power Cost Update*, Docket No. UE 416, Order No. 23-386 at 2 (Oct. 30, 2023).

forecast. PGE's initial 2025 forecast of \$902.9 million represented an increase of \$36.5 million over the 2024 NVPC.²

Staff, AWEC, and CUB participated as parties to this proceeding. During the investigation, parties filed testimony and exhibits. On September 26, 2024, the parties filed a first partial stipulation and joint testimony. On October 28, 2024, the stipulating parties filed a second partial stipulation and joint testimony. The ALJ issued a ruling closing the record on November 1, 2024. The stipulations are attached to this order as Appendix A and Appendix B.

III. STIPULATIONS

A. First Partial Stipulation

1. *Hydro Modeling*

Under the first partial stipulation, PGE will forecast hydro generation for the 2025 AUT using the ten-year average approach (consistent with PGE Exhibit 100). PGE will not update the modeling to incorporate upcoming water year indicators in this proceeding.

2. *Battery Energy Storage System Modeling*

The stipulating parties agree that for 2025 and 2026 modeling purposes, PGE will apply a round-trip efficiency factor of 88.5 percent and an availability factor of 95.0 percent to 2021 RFP battery projects. Additionally, the stipulating parties agree that the operational efficiency derate removed from MONET by PGE in its April 1, 2024 update will not be reintroduced within this proceeding.

The stipulating parties also agree that if PGE is not authorized by the Commission to recover costs of Seaside and Constable in rates determined in docket UE 435 or through a tracker authorized at the time UE 435 rates are established, then these projects will be excluded from the calculation of PGE's 2025 NVPC and the associated power cost adjustment mechanism.³

² The 2024 annualized NVPC forecast of \$866.4 million identified in the initial filing included benefits of Clearwater Wind project starting with June 1, 2024.

³ In its response to the ALJ bench request, PGE states that, if either or both projects are incorporated into rates via docket UE 435, an authorized tracker, or a subsequent proceeding, PGE will update the transition adjustment to reflect the fixed and variable costs of each facility. If Constable is placed into service prior to January 1, 2025, as planned, the costs and benefits of the project will be reflected in the company's January 1, 2025 price change and direct access transition adjustment updates (PGE Response to OPUC Bench Request No. 001 (Oct. 4, 2024)).

3. *Gas Transmission Northwest (GTN) Rate*

The stipulating parties agree that PGE will update the GTN rate in MONET to correspond with the final rates established in the FERC rate case.

4. *Clearwater Modeling*

Under the first partial stipulation, PGE will update MONET modeling to reflect the outcome of docket UE 427, regarding the Clearwater Wind project, if the outcome is known prior to the January 1, 2025 effective date.

5. *Load Forecast*

The stipulating parties agree that PGE will align the load forecast in this docket with the load forecast in docket UE 435, PGE's pending general rate case.

6. *2025 NVPC Forecast Reduction*

The stipulating parties agree that PGE will reduce its 2025 NVPC forecast by \$6 million to resolve the following issues: delivered gas; operational flow orders; Energy Imbalance Market (EIM) diversity benefits; and EIM neutrality charges.

B. *Second Partial Stipulation*

1. *BPA Contract*

The stipulating parties agreed to include the placeholder Bonneville Power Administration (BPA) contract in PGE's 2025 NVPC within the modeled parameters in the July MONET update. The stipulating parties further agree to limit the impact of the BPA contract on the final NVPC update in this proceeding to no more than \$2.1 million, reflecting PGE's current expected 1:2 capacity need served by this contract.⁴

2. *Calpine Capacity Contract*

Under the second partial stipulation, the Calpine contract included in the October update will be included in the final NVPC update in this proceeding. The stipulating parties agree that PGE will provide the contract for review as soon as possible, which PGE has

⁴ In surrebuttal testimony, PGE describes its metric for capacity planning as using 1:2 peak hour load + 9 percent reserve planning margin + three percent contingency reserve. PGE/300, Schwartz–Outama–Batzler/7 n 6.

now done. Additionally, stipulating parties will have the right to challenge the prudence of this contract within the 2026 AUT.

3. *Point to Point Transmission Rights*

The stipulating parties agree that PGE will continue to include the modeled costs associated with the BPA transmission rights acquired by PGE within the 2025 NVPC forecast. PGE will be allowed to amortize any potential acquisition cost associated with these rights, if any, through the AUT.

4. *MONET Update Submittal Letter*

The stipulating parties agree that PGE's remaining MONET updates in this proceeding will provide, on a public basis, the total aggregate impact from the most recent update to the current update and the estimated percentage impact to overall customer prices from the total power cost change.

IV. RESOLUTION

We review settlements on a holistic basis to determine whether they serve the public interest and result in fair, just and reasonable rates. To support the adoption of a settlement, the stipulating parties must present evidence that the stipulation is in accord with the public interest, and results in just and reasonable rates.

We have reviewed both partial stipulations and the supporting testimony submitted by the parties. We find the terms of the stipulations are supported by sufficient evidence, appropriately resolve the issues in this case, and will result in fair, just, and reasonable rates. We find that the stipulations, taken together, represent a reasonable resolution of the identified issues and contribute to an overall settlement in the public interest. Accordingly, we adopt the first and second partial stipulations in their entirety.

V. ORDER

IT IS ORDERED that:

1. The first partial stipulation between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, Oregon Citizens' Utility Board, Alliance of Western Energy Consumers, filed September 26, 2024, attached as Appendix A, is adopted.

2. The second partial stipulation between Portland General Electric Company, Staff of the Public Utility Commission of Oregon, Oregon Citizens' Utility Board, Alliance of Western Energy Consumers, filed October 23, 2024, attached as Appendix B, is adopted.
3. Portland General Electric Company must file its final MONET run on or before November 15, 2024, producing the final Annual Update Tariff adjustment for 2025.
4. Portland General Electric Company must file revised rate schedules consistent with this order to be effective January 1, 2025.

Made, entered, and effective Nov 04 2024.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Les Perkins
Commissioner



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.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 436

In the Matter of

**PORTLAND GENERAL ELECTRIC
COMPANY**

**2025 Annual Power Cost Update Tariff
(Schedule 125)**

FIRST PARTIAL STIPULATION

This First Partial Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens' Utility Board of Oregon (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, the “Stipulating Parties”).

PGE filed its Annual Power Cost Update Tariff (“AUT”) filing on February 29, 2024, for 2025 net variable power costs (“NVPC”). The filing included the minimum filing requirements required by Schedule 125 as well as testimony and exhibits. PGE also provided to Staff and other parties work papers in support of its filing. Since that time, Staff and intervening parties have submitted more than 150 data requests obtaining additional information. On June 24, 2024, Staff and AWEC filed their opening testimony in this docket. CUB did not submit opening testimony. PGE filed reply testimony on July 24, 2024. The Stipulating Parties held settlement discussions on July 12 and August 6, 2024. At the July 12, 2024 settlement conference, the Stipulating Parties were unable to reach a compromise settlement of any issues in this docket and during the August 6, 2024 discussions, the Stipulating Parties reached a compromise settlement on issues raised by

the Stipulating Parties in opening testimony. The terms of settlement reached at the August 6 settlement conference are described below.

TERMS OF PARTIAL STIPULATION

1. This Stipulation resolves the AUT issues described below.
2. Hydro Modeling
 - a. PGE will forecast hydro generation for the 2025 AUT using the ten-year average approach as described in PGE Exhibit 100.
 - b. PGE will not update this modeling to incorporate upcoming water year indicators for this proceeding.
3. Battery Energy Storage System Modeling
 - a. For 2025 and 2026 modeling purposes, PGE will apply the following parameters to the 2021 RFP battery projects:
 - i. A round trip efficiency factor of 88.5%
 - ii. Availability factor of 95%
 - b. PGE will not reintroduce the operational efficiency derate, which was removed from MONET in the April 1, 2024 update, within this proceeding.
 - c. If PGE is not authorized to recover costs of either Seaside and Constable or both in rates determined in UE 435 or a tracker authorized at the time UE 435 rates are established, the costs and revenues of the project or projects excluded from UE 435 rates will be excluded from the calculation of PGE's 2025 NVPC and, consequently, the respective power cost adjustment mechanism.
4. Gas Transmission Northwest ("GTN") Rate. PGE will update the GTN rate in MONET to the settled FERC rates.
5. Clearwater Modeling. PGE will update MONET to reflect the outcome of UE 427, should the outcome be known prior to the January 1 rate effective date.

6. Load Forecast. PGE will align the load forecast in UE 436 to the load forecast in UE 435 – PGE’s 2025 General Rate Case.
7. Delivered Gas, Operational Flow Orders, Energy Imbalance Market (“EIM”) Diversity Benefits, EIM Neutrality Charges, and any remaining NVPC issues included in PGE’s initial filing and April 1 update not separately identified.
 - a. PGE will reflect a \$6 million reduction to 2025 forecast NVPC for Delivered Gas, Operational Flow Orders, EIM Diversity Benefits, and EIM Neutrality Charges.
8. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of these issues in this docket.
9. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
10. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
11. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each

Stipulating Party reserves its right: (i) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (ii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. The Stipulating Parties agree that in the event the Commission rejects all or any material part of this Stipulation or adds any material condition to any final order that is not consistent with this Stipulation, the Stipulating Parties will meet in good faith within ten days and discuss next steps. A Party may withdraw from the Stipulation after this meeting by providing written notice to the Commission and other Parties. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

12. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

13. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 26th day of September, 2024.


Angelica Espinosa (Sep 26, 2024 15:17 PDT)

PORTLAND GENERAL ELECTRIC
COMPANY

/s/ Stephanie S. Andrus
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

/s/ Claire Valentine-Fossum
CITIZENS' UTILITY BOARD
OF OREGON

/s/ Corrine Olson
ALLIANCE OF WESTERN
ENERGY CONSUMERS

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 436

In the Matter of

**PORTLAND GENERAL ELECTRIC
COMPANY**

2025 Annual Power Cost Update Tariff
(Schedule 125).

**SECOND PARTIAL
STIPULATION**

This Second Partial Stipulation (“Stipulation”) is between Portland General Electric Company (“PGE”), Staff of the Public Utility Commission of Oregon (“Staff”), the Citizens' Utility Board of Oregon (“CUB”), and the Alliance of Western Energy Consumers (“AWEC”) (collectively, the “Stipulating Parties”).

PGE filed its Annual Power Cost Update Tariff (“AUT”) on February 29, 2024, for 2025 net variable power costs (“NVPC”). The filing included the minimum filing requirements required by Schedule 125 as well as testimony and exhibits. PGE also provided to Staff and other parties work papers in support of its filing. Since that time, Staff and intervening parties have submitted more than 150 data requests obtaining additional information. On June 24, 2024, Staff and AWEC filed their opening testimony in this docket. CUB did not submit opening testimony. PGE filed reply testimony on July 24, 2024. Staff and AWEC then filed rebuttal testimony on August 19, 2024, and PGE filed surrebuttal testimony September 5, 2024. The Stipulating Parties previously reached a partial settlement in this docket, which was filed with the Commission on September 26,

2024. Settlement discussions continued over email, which resulted in a final settlement resolving all remaining issues in this docket as set forth below.

TERMS OF SECOND PARTIAL STIPULATION

1. BPA Contract
 - a. Stipulating Parties agree PGE's 2025 NVPC forecast will continue to include this contract with the modeled parameters included in the July 15 MONET update.
 - b. Stipulating Parties agree PGE will limit the impact of the contract on 2025 NVPC to no greater than \$2.1 million to reflect its current expected 1:2 capacity need served by this modeled contract.
2. Calpine Capacity Contract.
 - a. Stipulating Parties agree PGE's 2025 NVPC forecast will continue to include this contract.
 - b. PGE will provide the contract to Stipulating Parties for review.
 - c. Stipulating Parties will have the right to challenge the prudence of this contract in the 2026 AUT, if warranted.
3. Point to Point Transmission Rights. Stipulating Parties agree PGE's 2025 NVPC forecast will include these rights and that PGE will be allowed to amortize any potential acquisition cost associated with these rights, should there be one, through the AUT.
4. MONET Update Submittal Letter. Stipulating Parties agree PGE will publicly provide the following information within the remaining MONET update submittal letters for this proceeding:
 - a. The total aggregate impact from the most recent update to the current update, and

- b. The estimated percentage impact to overall customer prices from the total 2025 power cost change.
5. The Stipulating Parties recommend and request that the Commission approve the adjustments and provisions described herein as appropriate and reasonable resolutions of these issues in this docket.
6. The Stipulating Parties agree that this Stipulation is in the public interest, and will contribute to rates that are fair, just and reasonable, consistent with the standard in ORS 756.040.
7. The Stipulating Parties agree that this Stipulation represents a compromise in the positions of the Stipulating Parties. Without the written consent of all of the Stipulating Parties, evidence of conduct or statements, including but not limited to term sheets or other documents created solely for use in settlement conferences in this docket, are confidential and not admissible in the instant or any subsequent proceeding, unless independently discoverable or offered for other purposes allowed under ORS 40.190.
8. The Stipulating Parties have negotiated this Stipulation as an integrated document. The Stipulating Parties, after consultation, may seek to obtain Commission approval of this Stipulation. If the Commission rejects all or any material part of this Stipulation, or adds any material condition to any final order that is not consistent with this Stipulation, each Stipulating Party reserves its right: (i) pursuant to OAR 860-001-0350(9), to present evidence and argument on the record in support of the Stipulation, including the right to cross-examine witnesses, introduce evidence as deemed appropriate to respond fully to issues presented, and raise issues that are incorporated in the settlements embodied in this Stipulation; and (ii) pursuant to ORS 756.561 and OAR 860-001-0720, to seek rehearing

or reconsideration, or pursuant to ORS 756.610 to appeal the Commission's final order. The Stipulating Parties agree that in the event the Commission rejects all or any material part of this Stipulation or adds any material condition to any final order that is not consistent with this Stipulation, the Stipulating Parties will meet in good faith within ten days and discuss next steps. A Party may withdraw from the Stipulation after this meeting by providing written notice to the Commission and other Parties. Nothing in this paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of the Commission's resolution of issues that this Stipulation does not resolve.

9. This Stipulation will be offered into the record in this proceeding as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and in any appeal related to this proceeding and provide witnesses to support this Stipulation (if specifically required by the Commission), and recommend that the Commission issue an order adopting the settlements contained herein. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Stipulating Party in arriving at the terms of this Stipulation. Except as provided in this Stipulation, no Stipulating Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.
10. This Stipulation may be signed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 28th day of October, 2024.


Larry Bekkedahl | (Oct 28, 2024 11:27 PDT)

PORTLAND GENERAL ELECTRIC
COMPANY

/s/ Stephanie S. Andrus
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

/s/ Claire Valentine-Fossum
CITIZENS' UTILITY BOARD
OF OREGON

/s/ Corrine Olson
ALLIANCE OF WESTERN
ENERGY CONSUMERS