



Portland General Electric Company
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Richard George
Assistant General Counsel

May 24, 2011

Via Electronic Filing and U.S. Mail

Oregon Public Utility Commission
Attention: Filing Center
550 Capitol Street NE, #215
PO Box 2148
Salem OR 97308-2148

Re: AR 548

Attention Filing Center:

Enclosed for filing in the above-referenced docket are an original and five copies of:

- **FINAL COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY**

This document is being filed by electronic mail with the Filing Center. An extra copy of the cover letter is enclosed. Please date stamp the extra copy and return to me in the envelope provided.

This document is being served electronically upon the AR 548 service list.

Thank you in advance for your assistance.

Sincerely,

J. Richard George
Assistant General Counsel

JRG:cbm
Enclosures
cc: AR 548 Service List

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

AR 548

In the Matter of Revising Net Metering Rules Regarding Aggregation on Meters with Different Rate Schedules)	FINAL COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY
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Portland General Electric Company (“PGE”) appreciates the Oregon Public Utility Commission staff (“Staff”) and stakeholder efforts in this rulemaking docket to develop a proposed rule that sufficiently addresses aggregation issues a small subset of Net Metering customers could face, without overly expanding the scope of this docket. We feel the rules as amended in Staff’s opening comments (dated May 3, 2011) are workable and no specific additional comment on the rule language is necessary. However, we do wish to provide further general written comments in response to the City of Portland’s (“City”) oral comments made at the rulemaking hearing on May 16, 2011.

At the proceeding (and also in its prior written comments), the City expressed that it would like the Net Metering rules to be amended to allow a Net Metering facility to be larger than the 2MW cap contained in OAR 860-039-0010 (2) under certain conditions. The City suggests that the 2MW limit be the maximum amount of generation that can be exported to the utility at any time¹.

PGE agrees with Staff that the City’s proposal is beyond the scope of the Notice of Proposed Rulemaking, and thus should not be addressed in this docket. Further, PGE

¹ Key details of how such a proposal would work remain undefined in the City’s proposal. For example, does the 2 MW limit of export represent an instantaneous maximum or an average over time? If an average over time, over what period (15 minutes, 1 hour, etc)?

has significant concerns that allowing such an arrangement is complex and could result in harm to the distribution system by allowing larger sized generation systems to interconnect under the Net Metering rules, rather than the standard interconnection rules. From an interconnection and system safety standpoint, the nameplate capacity of the system is pertinent, not the amount of energy that receives contractual consideration. In addition, under the City's proposal, a facility could be sized to significantly exceed its demand as long as only 2MW of the energy was exported to the utility. Effectively, there would no longer be a Net Metering project size limitation, as the generator could theoretically be any size. While this would certainly create an issue as to which interconnection procedures should govern such a facility,² it also could impose costs on other customers. The facility owners with station service or at least 2MW of onsite load could seek to first maximize all Net Metering benefits, then move to avoided cost pricing (as a Qualifying Facility ("QF") under the Public Utility Regulatory Policies Act ("PURPA")) or sell the excess through a power purchase agreement. In such circumstances, the Net Metering program would be misused to maximize profit, rather than to support the objective of offsetting customer load (ORS 757.300(1)(d)(D)).

In addition, a larger ratepayer impact could result from a greater reliance on the utility to provide energy shaping service. Under Net Metering, as the rules are today, customer-generators can temporally shift (within the contract year) excess generation from periods of low demand (relative to generation) to periods of high demand (relative to generation). This shifting is allowed so long as the nameplate capacity is 2MW or less. For example, excess generation occurring in times of lower wholesale power costs could

² For instance, would a 20MW facility that is net metering its first two megawatts be interconnected as a net metering facility, or fall under the large generator interconnection rules?

be “stored” by PGE to be used by the customer later, during times of higher wholesale power costs. The utility, and its remaining customers, pick up the costs to provide this shaping service because the costs are not reflected on the bill of a customer-generator. The City’s proposal greatly magnifies the potential for this cost shift to be greatly expanded as the size limitation for the net metering nameplate capacity would be effectively eliminated.

PGE is working on an appropriate resolution with the City to its specific plan and issues. There are other options for the City to sell power to PGE or utilize on-site generation. In particular, the City could become a QF and sell the power to PGE pursuant to a standard contract under PGE’s Schedule 201. Becoming a QF is a fairly straightforward self-certification process with the Federal Energy Regulatory Commission (“FERC”). As Schedule 201 involves a standard, non-negotiable contract and the prices are filed and fixed for 15 years, the transaction costs of this approach are likely low.

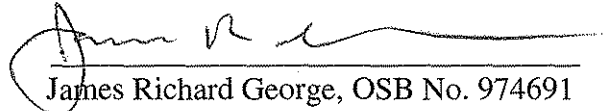
In addition, PGE’s Partial Requirements Tariff, Schedule 75 would allow the City to utilize the generation to offset its on-site load. That schedule was specifically designed to address the stand-by service most customers with on-site generation of that size (2MW and up) require. In addition, the tariff reflects appropriate costs to serve while ensuring the customer back-up power in the event the utility is called upon to provide energy due to a generator outage.

We believe that we can work with the City to enable it to evaluate and, if the City so desires, complete its project; however, we do not believe a change to the Net Metering rules is within the scope of this docket or should be made at this time. Only after careful

consideration and evaluation of the effects of changes to the size limitations on customers and system safety and reliability should such changes be considered.

DATED this 24th day of May, 2011.

Respectfully submitted,

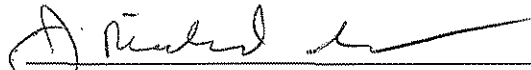


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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **FINAL COMMENTS OF PORTLAND GENERAL ELECTRIC COMPANY** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Docket No. AR 548.

Dated at Portland, Oregon, this 24th day of May, 2011.



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DOCKET AR 548**

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