

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**LC 66**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY

2016 Integrated Resource Plan

**Renewable Northwest  
Comments on Staff Report**

**I. Introduction**

Renewable Northwest submits these comments in response to the Oregon Public Utility Commission (“Commission”) Staff Report on Portland General Electric’s (“PGE”) 2016 Integrated Resource Plan (“IRP”). As discussed in these comments, Renewable Northwest recommends that the Commission acknowledge PGE’s supply-side actions, including issuance of a Request for Proposals (“RFP”) for 175 average megawatts (“MWa”) of new renewable resources, and pursuit of bilateral hydro contracts and an all-source RFP to fill any remaining capacity need.<sup>1</sup>

The above-referenced Action Plan items are consistent with state energy policies and, if pursued, would be in the “long-run public interest of the state.”<sup>2</sup> Through sound and detailed reasoning and analysis, PGE has demonstrated that these Action Plan items are consistent with applicable statutes, Commission orders, and the Commission’s IRP Guidelines. PGE has also shown vision and leadership in balancing cost, risk, and uncertainty with what is almost certain—Oregon’s energy future, and that of PGE’s service territory in particular, involves more renewables and a strong commitment to decarbonization.<sup>3</sup>

While we appreciate the thoughtful dialogue with Commission Staff (“Staff”) throughout this process, we disagree with several of Staff’s conclusions on the renewable and capacity resource action items, as well as with Staff’s focus on the regulatory compliance attributes of renewable resources. Renewable resources bring energy, capacity, and renewable energy certificates (“RECs”) to the system. Considering these attributes in isolation undermines the intention of an IRP. If renewable resources are viewed as solely for purposes of compliance with Oregon’s

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<sup>1</sup> Our focus in these comments on supply-side actions items is not meant to imply a position regarding any other Action Plan items or Staff Report recommendations. We are particularly encouraged by Staff’s recommendations regarding further progress on deployment of energy storage, demand response, and energy efficiency, and the enabling studies on decarbonization and accessing resources from Montana. We also agree that enabling studies on a Western ISO and distribution system planning should inform the next IRP.

<sup>2</sup> UM 1056, Investigation Into Integrated Resource Planning, Order No. 07–002, at 2 (Jan. 8, 2007) [hereinafter Order 07–002.]

<sup>3</sup> See, e.g., Multnomah County, “A Pledge to our Children’s Future: Moving to 100% Renewable Energy,” June 1, 2017, available at <https://multco.us/multnomah-county/gallery/pledge-our-childrens-future-moving-100-percent-renewable-energy>.

Renewable Portfolio Standard (“RPS”), the need for the resource seems too far off. If the energy and capacity values are considered in isolation, then it has been argued that other resources might provide them at less cost. However, it is the combination of all these attributes, as selected by the IRP as least-cost *and* least-risk, that makes the case for an RFP for renewable procurement. Such an RFP should not be viewed as an “RPS Early Action Procurement,” nor should renewables be limited to competing in an All-Source Capacity RFP; rather, we encourage the Commission to acknowledge the IRP Action Plan item of pursuing a Renewables RFP that can capture the combined value and attributes that renewables bring to the system.

Importantly, IRP acknowledgment does not amount to Commission approval of the various steps associated with an RFP, nor is it a prudence determination. Broader questions have been raised in this process, including what is an IRP; how does that square with this IRP; what is the connection between IRP acknowledgement, an RFP, and then a rate case; and where do we go from here. PGE’s IRP meets the Commission’s standards for acknowledgement, appropriately balancing shorter-term needs with the responsible preparation to meet longer-term obligations. To the extent that the Staff Report is predicated on a different view of what an IRP should be going forward, that is a separate question from whether PGE has complied with the applicable IRP requirements that exist today.

## **II. The IRP Action Plan Is Not Limited to Addressing Near-term Needs**

The Staff Report contains several statements to the effect that “one of the basic tenants of the IRP process [is] that proposed major resources acquisitions are acknowledged to meet quantifiable *near-term needs*.”<sup>4</sup> However, neither the IRP Guidelines nor Commission orders appear to contain such a limitation. Staff refers to past practices of the Commission to support that proposition,<sup>5</sup> but Commission orders and the IRP Guidelines suggest otherwise. However, even if Staff’s view were accurate that IRP action plans are limited to addressing near-term needs, PGE’s proposed Renewables RFP contributes to the Company’s near-term capacity need.

### **A. The IRP Guidelines Do Not Support Staff’s View of Action Plans**

The IRP Guidelines do not limit actions in IRP action plans to those that address “near-term” needs. IRP Guidelines 4(a) through 4(n) outline the minimum specific elements that the Commission expects in an IRP; these guidelines do not include any time-based limitation applicable to the need that those action plan items address.<sup>6</sup> Specifically, IRP Guideline 4(n) requires that an IRP include “[a]n action plan with resource activities the utility intends to undertake over the next two to four years to acquire the identified resources, regardless of whether the activity was acknowledged in a previous IRP, with the key attributes of each resource specified as in previous portfolio testing.”<sup>7</sup> Had the Commission intended to adopt Staff’s proposed limitation, it could have done so in IRP Guideline 4(n).

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<sup>4</sup> Staff Report at 23.

<sup>5</sup> See Staff Report at 7, 23, 35.

<sup>6</sup> Order No. 07–002 at 11 (emphasis added).

<sup>7</sup> Order No. 07–002 at 12.

## B. Prior Commission Orders Do Not Support Staff's View on Action Plans

Staff does not reference persuasive authority to support its view that action plan items must be limited to those that address a “near-term” need. To the contrary, Staff Report Attachment B illustrates that the Commission has had a more open view of action plans than Staff suggests. For example, Staff references Attachment B in support of its statement that “since the promulgation of the IRP guidelines the Commission has not allowed long-term planning to exclusively or primarily drive resource procurement in the near-term when there is no near-term need for the resource.”<sup>8</sup> However, Attachment B simply contains a list of prior Commission orders on IRPs, along with a list of acknowledged action items and the needs those actions were intended to meet. Attachment B does not list any orders declining to acknowledge action items because they address needs outside of what Staff views as “near term.”<sup>9</sup>

Indeed, the Commission has considered reasonable an action item intended to meet a need outside of what Staff appears to consider the “near-term.” Attachment B lists LC 43, the docket regarding PGE’s 2007 IRP.<sup>10</sup> In that IRP, PGE included plans to procure renewables to meet the Company’s 2015 RPS compliance requirements.<sup>11</sup> Attachment B mistakenly identifies 2011 as the date for the need that PGE’s action item on renewables would address.<sup>12</sup> However, PGE’s 2007 IRP shows that the Company had sufficient renewables in 2011, and indicates that its RPS deficiency would have begun in 2015.<sup>13</sup> Still, the Commission found PGE’s planned renewables procurement reasonable.<sup>14</sup> Therefore, the Commission has determined that action items intended to meet needs outside of Staff’s definition of “near-term” are reasonable.

Furthermore, according to Staff, “the Commission does not generally acknowledge resource acquisitions for purposes that lie outside near-term needs.”<sup>15</sup> Staff references Commission Order 12-082 in support of that statement. However, Order 12-082 does not appear to support Staff’s proposition. In Order 12-082, the Commission declined to acknowledge three action items in PacifiCorp’s IRP because the company did not propose specific procurement *actions* within the action plan timeframe—not because the timing of the *need* was outside of the action plan window.<sup>16</sup> In its discussion of the three action items, the Commission did not refer to “need” at

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<sup>8</sup> Staff Report at 23.

<sup>9</sup> Staff appears to view “near-term” needs as those identified within the five years after a utility files an IRP. *See* Staff Final Comments at 9 (referring to an item in the action plan as “outside the near term” when the item was justified by a need six years after the filing of the IRP).

<sup>10</sup> Staff Report at 56.

<sup>11</sup> LC 43, PGE 2007 Integrated Resource Plan at 99 (describing PGE’s plans to procure renewables recommended in its IRP as intended “to achieve the 2015 target.”) [hereinafter PGE 2007 IRP].

<sup>12</sup> Staff Report at 56.

<sup>13</sup> PGE 2007 IRP at 99-100 (showing that PGE had sufficient resources to meet its 2011 RPS compliance obligations but faced a deficit in 2015).

<sup>14</sup> LC 43, PGE 2007 Integrated Resource Plan, Order No. 08-246 at 6 (May 6, 2008).

<sup>15</sup> Staff Report at 26.

<sup>16</sup> LC 52, PacifiCorp 2011 Integrated Resource Plan, Order No. 12-082 at 7-8 (Mar. 9, 2012) (Determining that an action item regarding the procurement of wind resources “by 2020” did not constitute a specific action within the near-term and that the Commission would not acknowledge actions that were open-ended and too far into the future to be meaningful; determining that an action item promising to continue evaluating geothermal resources failed to state a specific action within the action plan period; determining that an action item that PacifiCorp would pursue

all, focusing instead on the lack of specific actions within the action plan timeframe.<sup>17</sup> Therefore, Order 12-082 does not support Staff’s view that “the Commission does not generally acknowledge resource acquisitions for purposes that lie outside near-term needs.”

### **C. PGE’s Proposed Renewables RFP Addresses a Near-term Capacity Need and a Longer-term RPS Compliance Need**

Even if Staff’s view were accurate that IRP action plan items should be limited to those addressing near-term needs, PGE’s proposed Renewables RFP would meet Staff’s standard. In addition to providing environmental attributes, resources that may be procured through a Renewable RFP would contribute energy and capacity to PGE’s system, thereby contributing to both the company’s near-term capacity need and its longer-term RPS compliance needs.<sup>18</sup>

As we discuss below, Staff’s analysis appears to disregard how PGE’s proposed Renewables RFP would contribute to the Company’s near-term capacity need due to Staff’s almost exclusive focus on the RPS compliance value of renewable resources. Such focus suggests that Staff considered renewable resources in regulatory isolation rather than as part of an integrated plan. As a result, Staff concludes that PGE’s Renewables RFP would meet an RPS compliance need in 2029 and therefore fails to meet its near-term need standard. However, under the IRP Guidelines “the Commission looks at the reasonableness of individual actions in the context of the entire plan.”<sup>19</sup> Looking at PGE’s proposed Renewables RFP in the context of the entire plan shows that resources procured through PGE’s Renewables RFP would contribute to PGE’s near-term and longer-term needs.

### **III. Staff Erroneously Focuses its Analysis and Discussion of PGE’s Renewables RFP on the RPS Compliance Value of Renewable Resources.**

Staff’s focus on the RPS compliance value of the resources that PGE may acquire through a Renewables RFP limits the usefulness of Staff’s discussion of that action item as part of PGE’s *integrated* resource plan. Staff appears to justify its narrow focus on the RPS compliance value of PGE’s Renewables RFP based on its perception that RPS compliance is the RFP’s primary purpose,<sup>20</sup> asserting that PGE seeks to procure renewables “for the *primary purpose* of meeting a distant regulatory compliance need, not a near-term actual energy or capacity need.”<sup>21</sup> A meaningful discussion of the energy and capacity value that those renewables would bring to

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opportunities for acquiring biomass combined heat and power resources does not delineate a meaningful acquisition strategy that the Commission can acknowledge).

<sup>17</sup> LC 52, Order No. 12-082 at 7-8 (Mar. 9 2012).

<sup>18</sup> In addition to the capacity that renewable resources could bring to the system, a Renewable RFP could also be designed to accept bids from renewables combined with energy storage. Such bids could have the potential to increase the capacity contribution of the combined resources. Our understanding is that the IRS has indicated that renewables combined with energy storage could still be eligible for federal tax incentives, including the production tax credit and investment tax credit.

<sup>19</sup> Order No. 07-002 at 25.

<sup>20</sup> See, e.g., Staff Report at 19 (stating that “PGE proposes a renewable acquisition *primarily* to meet its 2029 RPS compliance need, not a near term actual energy or capacity need,” and that PGE’s acquisition of near term renewables is “designed to meet a 2029 need.”).

<sup>21</sup> Staff Report at 18 (emphasis added).

PGE’s system, or of the impending capacity need that they help address, is notably absent in the Staff Report.

Staff’s discussion of PGE’s Renewables RFP inappropriately ignores the energy and capacity value that those renewables would bring to the utility’s system. Staff only mentions the energy and capacity value of renewable resources once in passing, before stating that the “narrative support found in PGE’s IRP and subsequent comments indicate the [Renewables RFP] is proposed for the purpose of satisfying the 2029 RPS regulatory requirement.”<sup>22</sup> However, Staff’s characterization of the RFP appears to ignore PGE’s analysis of the value of near-term renewables procurement. In its Final Comments, PGE discussed how “renewable resources procured through the Action Plan [could] provide significant benefits to customers before accounting for the additional value associated with their environmental attributes.”<sup>23</sup> Indeed, the Company clarifies that “a Renewables RFP would allow PGE to meet a portion of its near-term energy and capacity needs with non-emitting resources and to generate RECs at low cost for RPS compliance in future years.”<sup>24</sup>

Even if Staff’s characterization of PGE’s RFP narrative were accurate, PGE presented its IRP and this action item to parties that also participated in Commission Docket UM 1719 regarding variable resources’ contribution to capacity. Indeed, most of the parties to this docket also participated in Docket UM 1719 and were parties to the stipulation regarding methodologies to estimate the capacity value of variable resources in IRPs. Thus, even if a party perceives that PGE failed to sufficiently highlight the capacity contribution of the resources it would solicit through a Renewables RFP, the parties to this docket should be aware that PGE’s analysis of renewables in this IRP relies on PGE’s determination of the resources’ contribution to capacity.

Staff’s narrow focus on the RPS compliance value associated with PGE’s Renewables RFP limits the usefulness of Staff’s analysis of this action item. According to Staff, “[e]valuating the long-term merits of a major resource is challenging, particularly where the need for the resource is not immediate or near-term.”<sup>25</sup> By focusing on the RPS compliance value of renewables, Staff binds the RFP to one that primarily meets a 2029 RPS need and therefore not a “near-term” need. Staff’s analysis and discussion of this action item is of limited use in helping the Commission “look[] at the reasonableness of individual actions in the context of the entire plan.”<sup>26</sup>

#### **IV. The IRP Guidelines and Practices Do Not Place an Additional Premium on “Just-in-Time” Decision-Making**

Neither the IRP Guidelines nor Commission practices place an additional premium on “just-in-time” decision-making. Utilities already explore portfolios that rely on “just-in-time” decision-making options. PGE has shown in its IRP and Reply Comments that portfolios with renewables that contribute to short-term capacity and energy needs and a longer term RPS-need perform better than those with renewables procurement when an RPS need is imminent.

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<sup>22</sup> *Id.* at 26.

<sup>23</sup> PGE Final Comments at 16.

<sup>24</sup> *Id.*

<sup>25</sup> Staff Report at 21 (emphasis added).

<sup>26</sup> Order No. 07–002 at 25.

Contrary to Staff’s contention, the IRP Guidelines or practices have not placed a premium on “just-in-time” decision-making. Staff asserts that “the IRP structure and the past practices of the Commission work together to place a premium on ‘just-in-time’ decision making.”<sup>27</sup> However, Staff does not provide support for its assertion, nor does it elaborate on how it views the IRP structure or past practices as putting a premium on “just-in-time” decision-making or how that premium would function in the context of determining a least-cost, least-risk preferred portfolio in an IRP.

Putting such a premium on “just-in-time” decision-making appears to be inconsistent with the primary goal of the IRP: “the selection of a portfolio of resources with the best combination of expected costs and associated risks and uncertainties for the utility and its customers.”<sup>28</sup> For example, the IRP Guidelines provide that, “[u]tilities should use present value of revenue requirement (PVRR) as the key cost metric.”<sup>29</sup> As PGE explained, this metric “includes the fixed and variable costs associated with owning and operating resources, as well as the net market revenue or expense associated with net sales or purchases in the portfolio.”<sup>30</sup> A host of interactions can determine how PVRR is reduced, and it is not necessarily the case that “just-in-time” decision-making will reduce PVRR or lead to a least-cost, least-risk decision. Hence, Staff’s recommended reliance on “just-in-time” decision-making could preclude selection of the best performing portfolio.

PGE explored portfolios that would procure renewable resources for RPS compliance purposes on a “just-in-time” basis and its analysis showed that these were not the best performing portfolios. This analysis underscores how a “premium” on “just-in-time” decision-making could preclude consideration of low-cost portfolios and undermine the utility’s ability to select the least-cost, least-risk portfolio. As PGE showed and Renewable Northwest emphasized,<sup>31</sup> the NPVRR (net-PVRR) impact of acquiring renewable resources prior to a REC need—i.e., compared to delaying action until 2030<sup>32</sup>—results in savings of up to \$193.1 million.<sup>33</sup> Considering that PGE accounted for risks and uncertainties under IRP Guideline 1(b), Staff’s preference for “just-in-time” decision-making in this case would have precluded a portfolio with an action that is not “just-in-time,” even though the portfolio meets the primary goal of the IRP.

## **V. IRP Acknowledgment Does Not Guarantee Acknowledgement of an RFP Short-List, Nor Does it Guarantee Favorable Ratemaking Treatment**

Contrary to Staff’s implication, IRP acknowledgment does not commit ratepayer funds to new resources. In discussing PGE’s capacity action item, Staff states that “PGE’s speculation results in committing ratepayer dollars to a resource lasting 30 years for a need that is still four years out.”<sup>34</sup> However, even if the Commission acknowledges a plan in an IRP, acknowledgement

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<sup>27</sup> Staff Report at 35.

<sup>28</sup> Order 07-002 at 5.

<sup>29</sup> *Id.* at 6.

<sup>30</sup> PGE 2016 IRP at 262–63.

<sup>31</sup> Renewable Northwest Final Comments at 5–6.

<sup>32</sup> PGE Reply Comments, Attachment B, B.1 Supplemental RPS Portfolios at 7.

<sup>33</sup> *Id.* at 18.

<sup>34</sup> Staff Report at 36.

does not guarantee favorable ratemaking treatment, but simply means that the plan seems reasonable at the time acknowledgment is given.<sup>35</sup> Furthermore, following the IRP, but before a prudence determination is made for purposes of ratemaking treatment, the Commission has the discretion as to whether an RFP shortlist should be acknowledged. Thus, IRP acknowledgment in itself does not result in a commitment of ratepayer dollars.

## **VI. Staff's Position that the Resources Identified in PGE's IRP Are Not Specific Enough Runs Counter to Commission Guidelines**

Staff errs in arguing that the resources identified in the IRP are not specific enough, and that the function of an RFP is to select the "already-determined resource(s)" in the IRP.<sup>36</sup> The Commission guidance indicates support for IRPs that identify general resources rather than specific ones. In adopting the core of the current IRP Guidelines in Order 07-002, the Commission stated that "[t]o keep the IRP process separate from the procurement process, [the Commission] prefer[s] to acknowledge general, not specific resources, in the IRP process."<sup>37</sup>

The Commission's guidance on RFPs supports this view on specific versus general resources. In adopting the current Competitive Bidding Guidelines, the Commission agreed with Staff's view at the time that the RFP process is a "means to promote and improve the resource actions identified in the utility's IRP [Integrated Resource Plan] Action plan."<sup>38</sup> The Commission added that, "[w]hile a utility's Action Plan establishes a roadmap, it is not in the customer's best interest for any utility to march lockstep without any deviation from the plan" and that "flexibility is important in meeting the [competitive bidding guideline] goals."<sup>39</sup>

In these statements, the Commission has expressed a preference for general resources in an IRP that can then be improved upon in a flexible RFP process. In contrast, Staff describes the RFP as "a significantly shorter process with very limited stakeholder input and oversight as compared to the IRP, [which] is *designed to select the already-determined resource(s)*."<sup>40</sup> Staff's statement seems to run counter to the Commission's positions outlined above.

Staff believes that three elements of PGE's IRP do not comply with the IRP Guidelines.<sup>41</sup> First, Staff argues that, by responding to the Commission's and stakeholders' recommendation to pursue bilateral hydro contracts, the utility highlighted its own shortcomings in not meeting the requirement of Guideline 1(a) to "[c]onsider and evaluate all known resources for meeting load."<sup>42</sup> However, as Staff has also acknowledged, "[t]he bilateral negotiations are a positive development"; we join Staff in commending PGE "for the work it has done on this matter and for their consideration of stakeholder concerns on this matter."<sup>43</sup>

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<sup>35</sup> Order No. 07-002 at 2.

<sup>36</sup> See Staff Report at 7.

<sup>37</sup> Order No. 07-002 at 25.

<sup>38</sup> UM 1182, In the Matter of an Investigation Regarding Competitive Bidding, Order No. 06-446 at 2 (Aug. 10, 2006).

<sup>39</sup> *Id.*

<sup>40</sup> Staff Report at 7 (emphasis added).

<sup>41</sup> *Id.* at 8.

<sup>42</sup> *Id.*

<sup>43</sup> *Id.* at 50.

Second, despite the Commission’s expressed preference for acknowledging general resources, Staff argues that PGE did not meet IRP Guideline 1(a) due to its use of generic proxy resources in the IRP. Under Guideline 1(a) the utility should “[c]ompare different resource in-service dates, durations and technologies in its portfolio risk modeling.” However, as noted above, the Commission has expressed a preference for acknowledging “general” resources. Furthermore, PGE has explicitly, clearly, and extensively compared different technologies and in-service dates throughout the IRP stakeholder process, in the 2016 IRP, and in its comments.<sup>44</sup>

Third, Staff believes that PGE failed to meet IRP Guideline 1(c) regarding the “selection of a portfolio of resources with the best combination of expected costs and associated risk and uncertainties for the utility and its customers.”<sup>45</sup> Staff argues that the use of generic proxy resources leads to too much flexibility, and therefore “the Company is substituting the RFP process for the IRP process.”<sup>46</sup> However, in addition to the Commission’s preference for acknowledging general resources,<sup>47</sup> the Commission has made it clear that the RFP is flexible and is also a process to improve upon resources identified in the IRP.<sup>48</sup> PGE is not “substituting the RFP process for the IRP process.”<sup>49</sup> Rather, by advocating that the role of the RFP is to select “*already-determined resource(s)*” from the IRP, Staff is substituting the IRP process for the RFP process.<sup>50</sup>

## VII. PGE’s IRP Meets the Commission’s Requirements Regarding Risk and Uncertainty

Under the IRP Guidelines, utilities must consider risk and uncertainty. Staff questions whether the IRP can be acknowledged because of uncertainty. IRP Guideline 1(b) identifies the sources of risk and uncertainty that a utility should address, and PGE has met these requirements.

IRP Guideline 1(b) guides utilities on how to consider sources of risk and uncertainty.<sup>51</sup> The Commission has indicated that it conceptually agrees that “probabilities that different outcomes will occur can be reasonably assigned for a risk, but not for an uncertainty.”<sup>52</sup> Staff invokes this understanding in its Report.<sup>53</sup> However, Staff goes beyond the IRP Guidelines and argues that the Renewable RFP would contribute to a regulatory need that is “so far into the future that risk stops being reasonably calculable and uncertainty is dominant.”<sup>54</sup> Staff’s statement is troublesome because it appears to require utilities to consider uncertainty outside of the framework offered by Guideline 1(b), and because the Renewable RFP contributes to both the utility’s near-term capacity need and its longer-term regulatory need.

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<sup>44</sup> See, e.g., PGE 2016 IRP, Appendix O—Portfolio Detail; PGE Reply Comments at 16–22; PGE Final Comments at 18–21.

<sup>45</sup> Order 07-002 at 5.

<sup>46</sup> Staff Report at 8 (emphasis in original).

<sup>47</sup> Order No. 07–002 at 25.

<sup>48</sup> Order No. 06–446 at 2.

<sup>49</sup> Staff Report at 8.

<sup>50</sup> *Id.* at 7 (emphasis added).

<sup>51</sup> Order 07-002 at 5.

<sup>52</sup> *Id.*

<sup>53</sup> Staff Report at 24.

<sup>54</sup> *Id.*

While we recognize Staff’s distinction between risk and uncertainty, we disagree with Staff’s view that such a distinction supports its interpretation of the IRP Action Plan being limited to addressing near-term needs.<sup>55</sup> According to the Commission, Guideline 1(b) provides sufficient guidance for utilities on how to consider risk and uncertainty in their IRPs by requiring that they address the items in IRP Guideline 1(b)(1) and identify additional sources of risk and uncertainty.<sup>56</sup> Nowhere in Guideline 1(b) does the Commission express or imply that its understanding of risk and uncertainty justifies limiting the action plan to actions that meet “near-term” needs. PGE complied with the requirements of Guideline 1(b) and therefore considered risk and uncertainty in accordance with the Commission’s guidance.<sup>57</sup>

Although PGE considered risk and uncertainty under Guideline 1(b), Staff appears to want PGE to go beyond this guideline. For example, Staff’s Report suggests uncertainty over future technologies and resource costs by stating that “if [the Renewable Action were] pursued today, [it] could very well eliminate future options that would have provided lower costs for bundled compliance due to technological advancements or market forces.”<sup>58</sup> However, PGE discussed in its March 2017 Reply Comments its evaluation of assumptions in a report that Staff referenced showing steeper capital costs declines than those used by PGE.<sup>59</sup> PGE’s analysis showed the “benefits of early RPS action remain after accounting for more rapid LCOE declines,” citing declining technology cost curves that had been presented to stakeholders in July 2015.<sup>60</sup> Similarly, Staff’s Final Comments cite potential falling solar costs as a “Failure to Test Assumptions and/or Account for Alternatives.”<sup>61</sup> However, PGE specifically addressed concerns about falling solar prices in its Final Reply Comments, stating “[t]his low price environment provides additional opportunity to capture net benefits for customers by allowing solar and wind resources to compete in an RFP in the near term.”<sup>62</sup> These are examples of how PGE has properly considered risk and uncertainty under Guideline 1(b).

Staff states that “PGE is asking the Commission to acknowledge a resource action today based upon characteristics and future outcomes that are inherently uncertain.”<sup>63</sup> Again, Staff is trying to characterize a renewable resource solely by its RPS attributes. While the additional RECs from the renewable resource may be banked and held until they are needed in 2029 to meet the 27% RPS requirement, it is certain that current legislation requires PGE to meet a 35% requirement by 2030, a 45% requirement by 2035, and then a 50% requirement by 2040.<sup>64</sup> In addition to enabling PGE to pursue resources that would provide capacity and energy, the Renewable RFP would contribute to a certain need for RPS compliance in the future and reflect the certainty of federal tax incentives expiring. In this manner, the Renewable Action is consistent with IRP Guideline 4(m) regarding consistency with existing state energy policies.

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<sup>55</sup> *Id.*

<sup>56</sup> Order 07-002 at 5.

<sup>57</sup> PGE 2016 IRP, Appendix A—Compliance with the Commission’s IRP Guidelines, at 349.

<sup>58</sup> Staff Report at 26.

<sup>59</sup> Staff Final Comments at 11.

<sup>60</sup> PGE Reply Comments at 19–22.

<sup>61</sup> Staff Final Comments at 11.

<sup>62</sup> PGE Final Comments at 20.

<sup>63</sup> Staff Report at 24.

<sup>64</sup> Oregon Senate Bill 1547 (2016).

## VIII. Conclusion

Renewable Northwest joins Staff in commending PGE for its “responsiveness, thoroughness, and for the quality of the information PGE has provided throughout this process to Staff and stakeholders.”<sup>65</sup> Based on our analysis, PGE has complied with the applicable Commission orders and guidelines in its 2016 IRP, and we therefore recommend that the Commission acknowledge the supply-side actions. In addition to PGE having met the applicable procedural and substantive requirements, Renewable Northwest appreciates PGE’s consideration of the broader policy context.

We are in the midst of a transition to a clean energy future, and PGE has shown leadership and vision in seeking to orient its business activities around decarbonization and deployment of clean energy resources. While national climate policy is highly uncertain, Governor Brown has signalled her commitment to climate action, being among the first state leaders to declare her resolve to continue with the commitments of the Paris Agreement.<sup>66</sup> PGE also declared its intent to ensure the U.S. remains a global leader in reducing carbon emissions. In addition, the City of Portland and Multnomah County have declared their commitment to 100% clean electricity by 2035.<sup>67</sup> PGE’s voluntary renewable energy program for residential customers continues to be ranked as #1 in the country, with participation growing.<sup>68</sup> All of these activities in PGE’s backyard underscore the importance of PGE moving forward with the Renewable Action in its 2016 IRP Action Plan. If there was ever a time when acknowledgement of a renewable action item were reasonable in light of the Commission’s procedural and substantive requirements and the broader policy context, this would be it.

For the reasons stated herein, Renewable Northwest respectfully requests that the Commission acknowledge PGE’s proposed supply-side actions in its 2016 IRP.

Respectfully submitted this 4<sup>th</sup> day of August, 2017.

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<sup>65</sup> Staff Report at 21.

<sup>66</sup> Oregon Governor’s Office, Newsroom, “Governor Kate Brown Joins Pacific Leaders Committed to Participating in International Climate Change Conference,” June 13, 2017.

<sup>67</sup> See, e.g., Multnomah County, “A Pledge to our Children’s Future: Moving to 100% Renewable Energy,” June 1, 2017, available at <https://multco.us/multnomah-county/gallery/pledge-our-childrens-future-moving-100-percent-renewable-energy>.

<sup>68</sup> See, e.g., NREL, Top Ten Utility Green Pricing Programs, available at <http://www.nrel.gov/analysis/pdfs/utility-green-power-rankings.pdf>.