



Portland General Electric Company
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V. Denise Saunders
Associate General Counsel

December 8, 2017

Via Electronic Filing

Public Utility Commission of Oregon
Filing Center
201 High St SE, Suite 100
PO Box 1088
Salem OR 97308-1088

Re: LC 66 – Portland General Electric Company 2016 Integrated Resource Plan

Attention Filing Center:

Enclosed for filing is Portland General Electric Company's (PGE's) Reply Comments to Parties' Comments in Docket LC 66.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink that reads "V. Denise Saunders". The signature is written in a cursive style with a large, sweeping "S" at the end.

V. Denise Saunders
Associate General Counsel

VDS:bop

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. LC 66

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

2016 Integrated Resource Plan.

**PORTLAND GENERAL ELECTRIC
COMPANY's REVISED RENEWABLE
ACTION PLAN**

REPLY COMMENTS

I. INTRODUCTION

Portland General Electric Company (PGE or the Company) appreciates the opportunity to provide comments on the recommendations made by Parties regarding the Company's Revised Renewable Action Plan. The Company also appreciates the thoughtful and constructive Staff and stakeholder engagement around PGE's Revised Renewable Action Plan. In their filed comments, NWEC, RNW, and NIPPC express support for the acknowledgement of PGE's Revised Renewable Action Plan, while Staff and National Grid support acknowledgement with conditions. Staff notes that "PGE's Action Item meets the IRP principles of least-cost and least-risk planning and also address several of the concerns and issues raised by the Commission in Order No. 17-386," and proposes five conditions. Staff at 10-11. PGE considers most of the conditions proposed by Staff to be reasonable and consistent with the Company's proposal. However, the Company provides clarifying information and additional considerations with respect to some of Staff's proposed conditions below.

ICNU does not support acknowledgement of PGE's full proposal, but does not oppose acknowledgement of a Renewable Resource RFP. ICNU at 12. PGE also responds to the concerns raised by ICNU regarding the proposed cost containment screen and the potential for federal tax reform in the comments that follow.

II. REPLY COMMENTS

A. Staff's Proposed Conditions

Staff's proposed Condition 1 – providing updated information. PGE is not opposed to providing updates with regard to PGE's energy, capacity, and RPS needs for informational purposes within the RFP docket. Staff also recommends that the Company incorporate assumptions around QF project completion rates and unbundled REC's that were not incorporated into the 2016 IRP reference case assumptions. Staff at 10. PGE proposes that these topics be

discussed in the RFP as sensitivities, rather than modifying the Reference Case assumptions that are based on IRP methodologies.

Staff's proposed Condition 2 – use of the glide path analysis in future IRPs and RPIPs. PGE is willing to develop a glide path analysis for use in future IRPs and RPIPs and expects that the specific glide path methodology may evolve based on analytical improvements and stakeholder input. Consistent with the glide path analysis presented in the IRP Addendum, PGE is willing to continue to incorporate QF data and historical purchases of unbundled RECs in future glide path analyses.

Staff's proposed Condition 3 – Montana wind and Columbia Gorge wind questions. While the IRP Addendum reiterates the relatively high expected value of Montana wind resources associated with higher forecast energy production and capacity contribution, it does not address total resource costs and should not be interpreted as identifying Montana wind or any other resource as a “clear winner.” An RFP considers both resource costs (inclusive of any transmission costs) and resource value to determine the best resources for customers. This process will fairly evaluate resources on a consistent basis, with resource diversity being one component of the evaluation. PGE plans to convene one or more bidder and stakeholder workshops as part of the RFP public process to discuss, among other RFP design and scoring elements, how resource geographic diversity should be accounted for in RFP scoring. Based on recent conversations with Staff, the Company believes that this process would meet Staff's requirements and should be considered as an alternative to the proposed Condition 3.

Staff's proposed Condition 4 – cost containment mechanism. PGE agrees that the RFP should include a full description of the cost containment mechanism. Because energy and capacity values are bid-dependent, PGE proposes to discuss the appropriate type of information to share within the RFP docket.

Staff's proposed Condition 5 – delivering value from incremental RECs to customers. PGE agrees that a separate docket should be opened to “determine the specific mechanism for delivering value from incremental REC's to customers.” Staff at 11.

B. Cost containment screen

PGE appreciates ICNU's concern that the cost containment screen may be interpreted as a process for determining a resource's cost effectiveness. While PGE believes that the cost containment screen will provide useful information to ensure that any procurement actions capture the economic value identified in the 2016 IRP, the Company does not consider the proposed screen to be the primary determinant in establishing prudence. Ultimately, PGE is responsible for making procurement decisions that are in the best interest of customers. While the screen could preclude the Company from procuring some resources bid into an RFP, the Company is not proposing to use the screen as an affirmative indication that a resource should necessarily be procured.

C. Federal tax reform

PGE understands that ongoing Congressional work on federal tax legislation complicates assumptions on the availability and value of the PTC and ITC. The Company will continue to monitor the status of federal tax policy. Should federal tax policy impact the availability or value

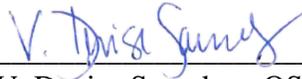
of the ITC and/or PTC, PGE will ensure that the new rules are accounted for appropriately in making procurement decisions. As always, the Company maintains the discretion not to procure resources should tax policy make compelling renewable resource opportunities unavailable.

III. CONCLUSIONS

Through its engagement with Staff and stakeholders, the Company has identified a Revised Renewable Action Plan that is consistent with the IRP Guidelines and responsive to the concerns expressed by the Commission in Order No. 17-386. Accordingly, PGE respectfully requests that the Commission acknowledge PGE's 2016 IRP Revised Renewable Action Plan.

DATED this 8th day of December, 2017.

Respectfully submitted,



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