

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 66

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| In the Matter of |) | |
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| PORTLAND GENERAL ELECTRIC |) | NORTHWEST AND |
| COMPANY |) | INTERMOUNTAIN POWER |
| |) | PRODUCERS COALITION'S |
| 2016 Integrated Resource Plan. |) | COMMENTS ON REVISED |
| _____ |) | RENEWABLE ACTION PLAN |

I. INTRODUCTION

Northwest and Intermountain Power Producers Coalition (“NIPPC”) respectfully submits these Comments for consideration by the Oregon Public Utility Commission (“Commission”) on Portland General Electric Company’s (“PGE’s”) approach to revise its Integrated Resource Plan (“IRP”) renewable Action Plan. As NIPPC understands PGE’s approach, it appears to be reasonable, and NIPPC looks forward to reviewing a more detailed proposal. The Commission should allow PGE to make a formal proposal, and should ultimately acknowledge PGE’s plan to issue a focused renewable request for proposal (“RFP”) to meet its short-term needs in time to capture 100% of the benefits of the production tax credit (“PTC”).

II. COMMENTS

The Commission’s decision at the Public Meeting on August 8, 2017 affirms that risks should be shared in times of uncertainty. PGE has taken the Commission’s message to heart, worked diligently with stakeholders to develop a more layered approach toward acquiring renewable resources to meet its renewable portfolio standard (“RPS”) requirements, and has a workable approach for revising its Action Plan that reasonably balances long-term risk against

near-term rewards. NIPPC therefore supports PGE’s short-term plan to acquire renewable resources that will meet its near-term energy and capacity needs, its long-term “glide path” to allow incremental action, and maintain long-term flexibility. In addition, PGE should be applauded for developing some creative ideas about focusing a subsequent renewable RFP.

A. Renewables Help PGE Meet Its Near-Term Energy and Capacity Needs

PGE has a current energy need of approximately 100 average megawatts (“MWa”) that can be met with new renewable resources. This amount of need alone justifies new supply side action. Without acquiring new resources, PGE estimates its market purchases will be above 200 MWa in 2021. While that may not be an unreasonable amount for market purchases, both PGE and PacifiCorp’s current IRPs demonstrate that renewable resources are presently the least-cost option due to current federal tax credits.¹ These credits offer substantial savings to PGE’s customers and should not be allowed to expire lightly. Although PGE’s IRP determined that PGE could acquire up to 300 MWa of cost-effective renewable resources, PGE’s Action Plan called for just over half that amount, 175 MWa.²

PGE’s new plan to acquire renewable resources to meet approximately 60 MW of capacity contribution should be allowed to proceed. PGE began its bilateral negotiations with the assumption that it would acquire up to 60 MW of capacity from a renewable resource by 2021. PGE’s post-IRP analysis confirms that 60 MW is still a reasonable increment. PGE will most likely be acquiring a new major renewable resource, but 60 MW of capacity allows a layered approach because is much smaller than the 175 MWa of renewable energy originally

¹ See PGE’s IRP at 337 (Nov. 15, 2016); PacifiCorp 2017 IRP, Docket No. LC 67, PacifiCorp’s IRP at 16 (Apr. 4, 2017).

² PGE’s IRP at 29.

planned for in the IRP, and is only a fraction of PGE's 561 MW capacity need acknowledged by the Commission.

To that end, any subsequent renewable RFP should include capacity contribution targets rather than caps. Capacity targets will focus the RFP and increase flexibility to bidders. A not-to-exceed-capacity cap, however, would unnecessarily constrain bidders and limit competition. PGE's immediate need is not a precise number, and the market should be permitted to provide PGE with a range of options to meet its near-term needs.

PGE appears to implicitly recognize value in diversity of ownership. PGE's proposal is not only consistent with its IRP analysis, but allows competitive bidding to maximize the value of an incremental acquisition. PGE's post-IRP analysis has focused on enhancing the diversity of PGE's portfolio. For example, rather than focusing only on wind resources in the Columbia Gorge, PGE now plans to consider other renewable resources with higher capacity contributions. This new strategy allows PGE to tap into geographic and resource diversity. NIPPC appreciates PGE's efforts to adequately capture the benefits of diversity, and takes this opportunity to remind the Commission and PGE that there are economic and reliability benefits associated with diversity of ownership as well.

B. Renewables Are an Important Part of PGE's Long-Term Resource Planning

PGE's long-term vision (the "Blended Guide Path") reasonably balances risk and rewards. This incremental action plan allows PGE to capture some PTC benefits now, while still maintaining flexibility later. As technology costs continue to decline, accelerated procurement after 2030 is likely to offer economic incentives, but may also offer unique challenges.

According to PGE, waiting until 2030 to begin acquiring renewable resources could require PGE

to integrate 948 MWa (about 2,800-3,800 MW) of renewables in only ten or 11 years. PGE's new long-term vision balances those risks and rewards with steady progress towards its 2040 RPS requirement rather than relying upon a just-in-time approach that will unnecessarily impose too high of risks and costs on future generations.

It is also important to remember that extreme long-term planning offers limited value, especially in times of uncertainty. PGE faces difficult challenges forecasting its business out to 2040. While costs and load over two decades out are uncertain, PGE's renewable resource need is only likely to grow as today's RPS requirements are likely to increase in the future, along with carbon regulation, all of which will increase rather than decrease the need for renewables.

C. PGE's Creative RFP Solutions May Be Good for PGE and Bidders Alike

PGE's proposal to decouple energy, REC and capacity values is reasonable and doable. PGE proposes a novel procurement approach to ensure that its resource options match its short-term needs. Specifically, PGE is considering a new procurement framework that would allow PGE to acquire resources that can provide capacity, or energy and capacity, as early as 2021, but delay providing RECs until 2025. Allowing flexibility between commercial operation and REC purchases addresses the concern that PGE's original Action Plan sought to buy RECs well ahead of PGE's compliance need. Back-ending REC purchases allows bidders to be creative and focuses on PGE's need. Thus, PGE's decoupling proposal could increase competition and lead to creative solutions.

D. PGE Should Prepare and File its Draft RFP Immediately

Time is of the essence, due to the expiration of the PTC, and PGE should be able to advance its RFP design early. PGE is facing genuine time constraints, and the Commission

should move swiftly to address PGE's revised renewable need, and any subsequent renewable RFP, to allow PGE to capture the full PTC benefit. PacifiCorp was granted conditional approval of its RFP, subject to IRP acknowledgment, so any selected projects could complete construction by December 31, 2020.³ PGE is working with the same 2020 construction deadline. The Commission should therefore allow PGE to move forward quickly.

That said, as PGE's 2016 RFP proposals demonstrated, RFP review can be highly controversial. Stakeholders and Commission Staff will need time to review the details of PGE's next RFP. Although stakeholder review is a necessary component of the RFP process, it should not delay PGE's ability to get an RFP out to market quickly.

III. CONCLUSION

For the reasons described above, NIPPC recommends the Commission acknowledge PGE's revised renewable Action Plan and permit PGE to move forward with a more modestly sized renewable RFP.

³ Re PacifiCorp, dba Pacific Power, Application for Approval of Final Draft 2017 Request for Proposals, Docket No UM 1845, Order No. 17-345 at 4 (Sept. 14, 2017).

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Respectfully submitted,



Sidney Villanueva
Sanger Law, PC
1117 SE 53rd Avenue
Portland, OR 97215
Telephone: 503-747-3658
Fax: 503-334-2235
sidney@sanger-law.com

Of Attorneys for Northwest and
Intermountain Power Producers Coalition