

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
LC 73

In the Matter of
PORTLAND GENERAL ELECTRIC,
2019 Integrated Resource Plan.

NW ENERGY COALITION
COMMENTS ON STAFF REPORT

1. Introduction

The NW Energy Coalition (NWECC) respectfully submits the following comments on the Staff Report dated February 27, 2019 for the 2019 Integrated Resource Plan (IRP) of Portland General Electric (PGE).

As noted in our Final Comments, the 2019 IRP has made substantial advances in scenario assessment and scoring, modeling, detailed studies of many specific topics, and presentation of an Action Plan that puts PGE on a firm footing toward a decarbonized, more diverse, flexible, reliable and affordable electric power system. Though we share some of Staff's concerns and support many of its recommendations, the Company is making a robust step forward on behalf of its customers. This also promises to be a substantial contribution toward achieving Oregon's energy, climate, resilience and equity goals. Overall, NWECC recommends that the Oregon Public Utility Commission acknowledge the 2019 PGE IRP, with additional guidance.

2. Energy Efficiency

NWECC supports staff's recommendations for Action item 1A, and we will continue to be fully involved in the further assessment and refinement activities proposed by PGE with additional elements recommended by Staff.

In particular, we emphasize that there is an urgent need to better understand and analyze the contribution that energy efficiency makes – and must continue to grow – to meet capacity needs. The current analytical approach undervalues energy efficiency contributions to peak and more work needs to be undertaken by Portland General Electric, in conjunction with Energy Trust of Oregon and stakeholders, to improve current EE methods.

3. Distributed Flexibility

NWEC supports Staff's recommendations and shares its enthusiasm about PGE exceeding its demand response goals by 2025. There is a considerable amount of work ahead, including the Flexible Load Plan, to refine and advance this effort. NWEC is pleased with the steady progress in implementing the DR Testbed, and we are confident that this will lay a solid foundation for a scale-up of distributed flexibility across the PGE system during the Action Plan period.

NWEC also takes note of Staff's recommendation to assign demand response "a capacity value equivalent to a non-emitting, dispatchable resource, not the current proxy resource." Staff Report at 14. As NWEC has proposed in Docket No. UM 2011, we instead suggest that demand response should be assessed with respect to marginal system capacity value, not to any specific reference resource. While the details of how to do so remain to be worked out, this is the same basic marginal value perspective used for cost-effectiveness assessment of energy resources.

4. Renewable RFP/Non-Emitting Capacity RFP

NWEC recommends that the Commission acknowledge both PGE's need for up to 150 aMW of renewable acquisitions, and the need for 697 MW of non-emitting capacity resources.

While Staff supports Commission acknowledgement that PGE's 2025 capacity need of up to 697 MW, with additional conditions, Staff does not recommend acknowledgement of a standalone RFP for Renewable Resources. Staff Report at 23 and 29. Here we explain our reasoning in support of both proposed actions by PGE, starting with comments on need and then addressing the structural approach to the resource acquisition process.

In NWEC's view, the need and least cost/least risk basis for this approximate level of resources of each type have been fully demonstrated in the IRP. In particular, we agree with PGE about the importance of fully recognizing the value of renewable energy acquisition up to 150 aMW. We believe there is likely to be net benefit value beyond that level, but it is important to move forward now.

Staff states, "PGE's evolving approach to planning is changing the nature of the IRP. Whether for better or worse, it is clear that the lines are blurring between opportunity and need, and that portfolio analysis is informing less of the resource strategy while the resulting RFP informs more and more." Staff Report a 9.

NWEC points out that this is true not only for PGE but for utilities across the region. More importance is being placed in the RFP stage of the process, where the most current prices and characteristics for a diversity of integrated resources are being identified.

However, there is an additional factor that provides strong impetus for NWEC's assessment of need: the prospects for resource retirement.

NWEC agrees with staff that in the future, the issue of resource retirement should be more thoroughly examined in the IRP. But we have immediate and significant concern that economic analysis as well as other factors for Colstrip Units 3 and 4 might lead to near term retirement of

one or both units prior to 2025. If that should occur, PGE's near term energy and capacity needs will increase and accelerate.

As a result, Staff may be overly strict in its view on additional procurement requirements when it states, "The combined capacity contribution of all procured dispatchable capacity resources (Actions #3A and #3B) and all new renewable resources (Action #2) will not exceed PGE's identified 2025 capacity need, currently forecasted to be 697 MW. The combined energy additions from new non-emitting dispatchable capacity resources (Action #3B) and new renewable resources (Action #2) will not exceed approximately 150 MWa." Staff Report at 16.

Indeed, Staff elsewhere shares our concerns regarding Colstrip: "Staff is encouraged by PGE's commitment to explore commercial options to exit Colstrip consistent with its IRP analysis. Staff is concerned that PGE ratepayers could be the last customers left responsible for a stranded asset." Staff Report at 58.

Staff recommends that PGE conduct a Colstrip rate impact analysis. Staff Report at 59. While NWEC supports that as a starting point, we recommend a more thorough evaluation of the cost and risk of continuing operations of Colstrip Units 3 and 4 versus shutdown earlier than 2035. We recommend that the Commission direct PGE to complete this analysis within the next six months and hold at least one workshop to discuss the results. We are not sure quarterly updates are necessary on this issue, and suggest next steps can be decided after the analysis and workshop are concluded.

Regarding the structural approach for new renewable energy and non-emitting capacity resource acquisition, NWEC proposes that the Commission and PGE consider multiple factors in weighing the alternatives of a single or dual RFP approach. We agree with Staff that the selected approach should provide the ability to ensure that all resource decisions are fully optimized

throughout the consideration process. We also agree with staff about the importance of transparency and a full stakeholder review. Administrative efficiency is also a consideration.

Overall, while we support review of all options including consideration of a multi-track approach for energy and capacity in a single RFP, NWEC is focused on effectiveness and fairness, not the specific choice for RFP structure.

Among the important elements to consider for the RFP process – whether a single overall resource RFP, or dual renewable energy and non-emitting capacity RFPs – are the following:

- Facilitating a wide range of bids.
- Full and consistent assessment of energy and capacity value, as applicable, for all bids.
- Encouraging hybrid or composite resource bids where that provides additional value.
- Considering the ability of renewable energy bids to provide flexibility/dispatchability.
- Maintaining competitive balance between company benchmark and developer bids.

NWEC does not support exclusion of company benchmark bids but believes it is important to enhance the competitive review to assure fair treatment of all bids. This must balance not only performance risks and near-term costs but also the long-term value of selected resources.

5. Decarbonization/Community-Driven efforts

In discussing PGE's decarbonization strategy, staff recommends PGE include a discussion of community-driven decarbonization efforts in their next IRP, and elsewhere discusses the likelihood of developments in community-driven renewables. Staff comments at 58 and 59. NWEC agrees that these community-driven efforts are an increasing trend, and we support staff's recommendation of an explicit examination of these issues in the next IRP. Many utilities nationally are considering the incorporation of equity or community related performance metrics

to measure progress in incorporating these aspects into utility planning and operations. We encourage PGE to consider whether this approach might have merit in the next IRP cycle.

Thank you for your consideration of NW Energy Coalition's comments on the Staff Report.

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