

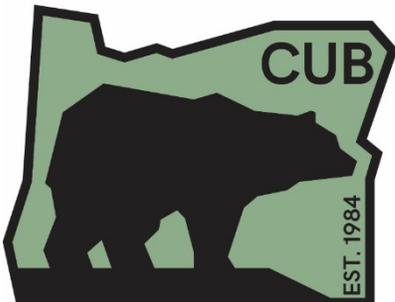
**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 73

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

**OREGON CITIZENS' UTILITY BOARD
COMMENTS ON STAFF REPORT**

March 06, 2020



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OF OREGON**

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In the Matter of

PORTLAND GENERAL
ELECTRIC COMPANY,

2019 Integrated Resource Plan.

CUB COMMENTS ON
STAFF REPORT

I. INTRODUCTION

The Oregon Citizens' Utility Board (CUB) hereby submits its comments on the Public Utility Commission of Oregon Staff (Staff) Report (Staff Report) in LC 73 – Portland General Electric Company's 2019 Integrated Resource Plan (IRP).

CUB appreciates Staff's extensive analysis of the IRP. CUB also commends PGE for involving and responding to stakeholders' concerns throughout the IRP process. PGE's modified action items as

described in its Final Comments, reflect that PGE has tried to accommodate Staff and other stakeholders' concerns, especially with the Renewable Action and Capacity Action.¹

CUB mostly agrees with Staff's analysis of the IRP. These comments would specifically address two issues from the Staff Report in which CUB may not be in full agreement with Staff. These are

1. PGE's Modified Renewable Action (Action Item 2) and Capacity Action (Action Item 3B)², and,
2. RPS Compliance and Banking Strategy.

CUB discusses each of the above items in more details below.

II. COMMENTS

1. PGE's Modified Renewable Action Item (Action Item 2) and Modified Capacity Action Item (Action Item 3B in the IRP):

PGE proposes to conduct a Renewable Request for Proposals (RFP) for approximately 150 MWa of new RPS-eligible resources subject to conditions.

Staff do not recommend acknowledgement of the standalone renewable RFP. Staff also add some conditions that must be met in the event this action item was acknowledged by the Commission. In particular, Staff propose two possible paths for PGE to move forward. The first is, modifying PGE's Capacity Action Item 3B to now include Non-dispatchable capacity options, or, the second is, to conduct a renewable RFP through a power purchase agreement (PPA) structure and ensure that the

¹ LC 73 – PGE Final Comments, p2.

² LC 73 – PGE Final Comments, p7-10

renewable resources demonstrate the attributes identified in the IRP, can meet PGE’s capacity needs cost-effectively, and “are optimized on the portfolio level with dispatchable capacity additions”.³

CUB will comment briefly on each of the two paths identified by Staff:

- a. Staff recommend that PGE include non-emitting, non-dispatchable resources in its capacity RFP rather than pursue a separate RFP for renewable resources. CUB believes that PGE’s renewable RFP is a step forward on its glide path which CUB is supportive of. CUB is agnostic to whether there should be two separate RFPs for Renewables and Non-emitting Dispatchable Capacity or if these be combined into a single RFP for Non-emitting Capacity. CUB believes that the burden should lie with PGE to demonstrate which of these two paths is the best course of action.

CUB had recommended acknowledgement of PGE’s Renewable RFP in its Reply Comments to PGE. CUB continues to support that but is also supportive of folding this into the non-emitting capacity RFP if the Company can demonstrate that such a move would be beneficial.

- b. Staff also identify a second path for PGE to move forward with the Renewable Action. Although CUB is sympathetic to Staff’s concern about overbuilding and hence limiting the Renewable RFP to PPA only resources, CUB would like to recognize that the regulatory model rewards utilities for capital investment. The discussion about

³ LC 73 – Staff Report, p 37

prohibiting ownership of resources should be done in conjunction with a broader discussion on utility incentives and hence best addressed in performance-based ratemaking conversations.

CUB agrees with Staff on portfolio optimization and hence believes that the ultimate goal of resource procurement should be to minimize cost and risk. However, restricting the RFP to PPAs, could eliminate resources that meet a least cost/least risk test.

2. Renewable Portfolio Standard (RPS) Compliance and Banking Strategy

PGE relies on a physical compliance strategy to meet its RPS needs as opposed to utilizing unbundled Renewable Energy Credits (RECs). Staff recommend against acknowledging the use of the “physical compliance strategy” to meet PGE’s full RPS obligation, and, instead to direct PGE to abandon the physical compliance strategy and appropriately model banked and unbundled RECs in its future portfolio analyses.

CUB does not recommend against using the physical compliance strategy.

CUB believes that the least-cost least-risk approach is the most appropriate when it comes to acquiring resources either to meet RPS needs or energy and capacity needs regardless of RPS. If physical compliance is the least cost strategy, then CUB sees no issues with it. Conversely, if using some unbundled RECs were the least cost strategy, CUB would be supportive. In this case, PGE’s model picked additional renewable resources even when the RPS requirements were

removed. This suggests that for the current action plan, physical compliance is reasonable. However, PGE should revisit this analysis in future IRPs.

III. CONCLUSION

CUB generally agrees with Staff's recommendations. The areas where CUB diverges from Staff are related to PGE's Renewable Action and RPS Compliance Strategy. CUB reiterates that a utility's resource acquisition strategy must fulfill the least-cost least-risk criterion while transitioning to a clean energy system. PGE's IRP reflects the Company's efforts to meet these requirements. CUB appreciates the opportunity to participate in PGE's 2019 IRP process.

Dated this 6th day of March, 2020

Respectfully submitted,



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