

UC 66

Renewable Action Plan Update

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OCT 10 2017

Public Utility Commission of Oregon
Administrative Hearings Division

OPUC Public Meeting

October 10th, 2017



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Stakeholder Engagement

Productive dialogue and optimistic outlook for path forward

Direct Outreach

- PGE conducted 1-on-1 meetings with Staff and Stakeholders
 - Identified specific concerns to address
 - Solicited stakeholder feedback on potential options

PGE conducted meetings with OPUC Staff, CUB, RNW, NWECC, NIPPC, ICNU, Sierra Club, NRDC, Climate Solutions, Oregon Environmental Council

September 25th Workshop

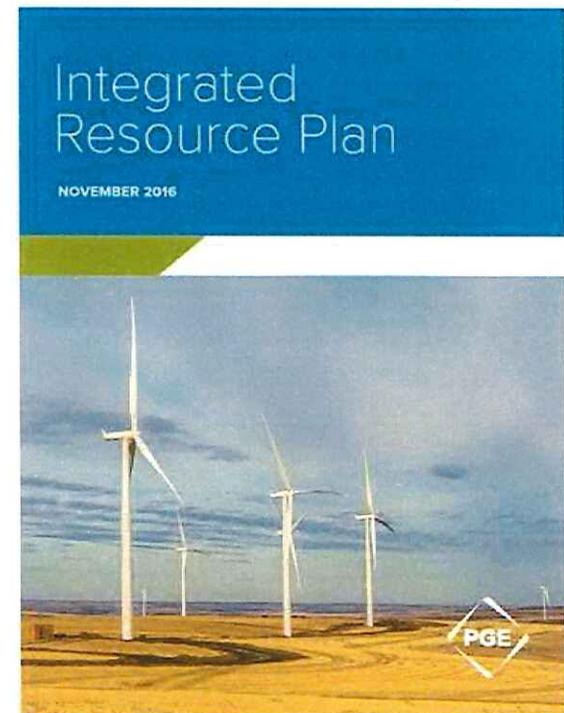
- Concepts:
 - Revised near-term renewable additions
 - Long-range renewables procurement strategies
 - IRP Addendum process
 - RFP methods to prevent high cost outcomes
 - RFP approaches to manage REC bank and reduce near-term costs

Renewables Action Plan Dialogue

Issues to be addressed in revised Renewable Action Plan

What we've heard from Stakeholders and OPUC:

- Procurement needs to be tied to 2016 IRP capacity and energy need
- Desire for longer range view of PGE's renewables procurement strategy (2030+)
- Preference for a layered approach and smaller near-term procurement target
- Customers should not pay for renewable attributes that are not needed to meet RPS compliance until 2029
- Near-term cost impacts for renewable resource additions should be minimized



Renewables: New Path Forward

Proposed path forward to address OPUC and Stakeholder concerns

Potential Solutions:

- Revise renewable procurement target to 100 MWh to align with near-term capacity and energy needs, support long-range RPS strategy and capture full value of federal tax benefits
- Establish RFP price threshold that protects PGE customers from paying above market costs for renewable resources (based on real-levelized \$ / MWh)
- Commit to returning REC value to customers prior to 2025 (avoid increasing REC bank and reduce near term power costs)
- File IRP addendum by year end and start RFP public process with final bid selection by middle of 2018

Principles:

Viable solutions must ensure continued electric service for PGE customers that is:

Affordable

Reliable

Clean

Safe

Secure

Capacity and Energy Need

100 MWa renewable resource procurement helps meet PGE's near term capacity and energy needs

2021 Capacity Need

- Following execution of bilateral contracts, PGE will have a 2021 residual capacity deficit of approximately 100 MW, which renewables can help meet

2021 Energy Need

- In 2021, after implementation of other IRP action items, PGE expects to have a significant residual energy need, which additional renewables can help meet

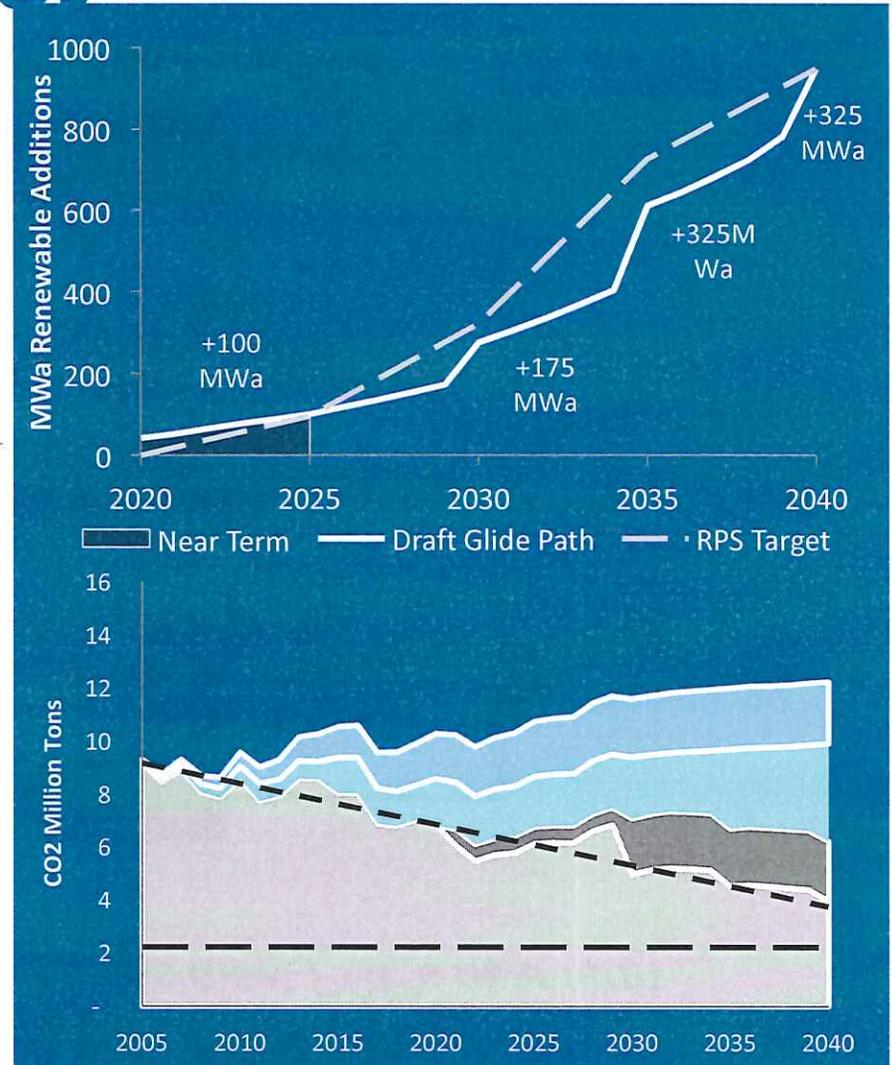
2025 Compliance Need

- PGE has a 2025 physical RPS compliance deficit of approximately 100 MWa

Long-Term Strategy

100 MWa renewable resource procurement supports long-term RPS strategy and state energy and environmental policy objectives

- Layered approach balances near-term and long-term risks and benefits for customers
- Incremental renewable actions by 2021 reduce near-term carbon emissions and put PGE on track to meet State's carbon reduction goal



Customer Price Protections

Potential approaches to protect customers from paying above market costs and to reduce near-term power costs

Price Threshold

- RFP price thresholds to ensure customers do not pay extra for renewable attributes (value attributed only to energy and capacity)

REC Value Extraction

- Return REC value to customers in near-term to avoid increasing REC bank and reduce customer's power costs

Next Steps

Remaining Process

- Additional PGE— Stakeholder workshop
- Gain consensus for revised Renewables Action Plan
- Develop and file IRP Addendum by year end
- Begin RFP public process in Q4 2017

Additional Questions?

