

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 16, 2021**

REGULAR X **CONSENT** **EFFECTIVE DATE** Immediately

DATE: November 8, 2021

TO: Public Utility Commission

FROM: JP Batmale

THROUGH: Bryan Conway and Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. LC 73)
Waiver of Rules for Extension Request to Filing the Next Integrated Resource Plan.

STAFF RECOMMENDATION:

The Commission should grant Portland General Electric (PGE or Company) a waiver of OAR 860-027-0400(3) and grant an extension of time to file the Company's next integrated resource plan (IRP) to March 31, 2023, conditioned on the Company's inclusion of its CEP and, where appropriate, the Utility Community Benefits and Impacts Advisory Group (UCBAIG) reports in the IRP.

DISCUSSION:

Issue

Whether the Commission should grant an extension to the date of PGE's next IRP filing.

Applicable Rule or Law

Under OAR 860-027-0400(3) PGE is required to submit an IRP within two years of its previous IRP acknowledgement order. The Commission acknowledged the Company's last IRP with conditions on March 16, 2020. Under the terms of this rule, a utility may only request an extension of the filing date if it does not intent to undertake any significant resource action within two years following the filing date.

OAR 860-027-0400(1) provides that the Commission may waive any of the rules in OAR Chapter 860, Division 027, including 860-027-0400(3), for good cause. HB 2021 (Chapter 508, 2021 OR Laws) creates Clean Energy Targets for certain electric companies and requires Clean Energy Plans be based on or included in an IRP and filed no later than 180 days after the IRP is filed or developed within an IRP filed with the Commission.

Analysis

Background

On October 15, 2021, PGE filed a written request for a waiver of OAR 860-027-0400(3) so as to extend the company's required IRP filing date by just over a year. PGE's most recent IRP was acknowledged March 16, 2020 and memorialized in Order No. 20-152.

Per PUC rules, PGE's next IRP would have been required to be submitted by no later than March 16, 2022. PGE did complete an IRP update that was acknowledged in Order No. 21-129.

PGE Reasons for Requesting a Waiver

The Company proposes five reasons as good cause for their waiver request:¹

- To develop the newly enacted planning requirements established in HB 2021
- To incorporate enhanced analysis into the next IRP
- More time to coordinate with stakeholders and Staff on an IRP Action Plan to meet changing system needs and address HB 2021's decarbonization targets
- To incorporate HB 2021's Clean Energy Plan (CEP) and UCBIAG Report into the IRP as one holistic document
- More time for public input and participation in the evolution of both the IRP process and resulting analysis.

Staff's Support for PGE's Waiver Request

Staff agrees with PGE's reasons for requesting a waiver request. Staff believe an extension may serve the public interest as HB 2021 sets ambitious targets for greenhouse gas (GHG) reductions and is sweeping in scope.

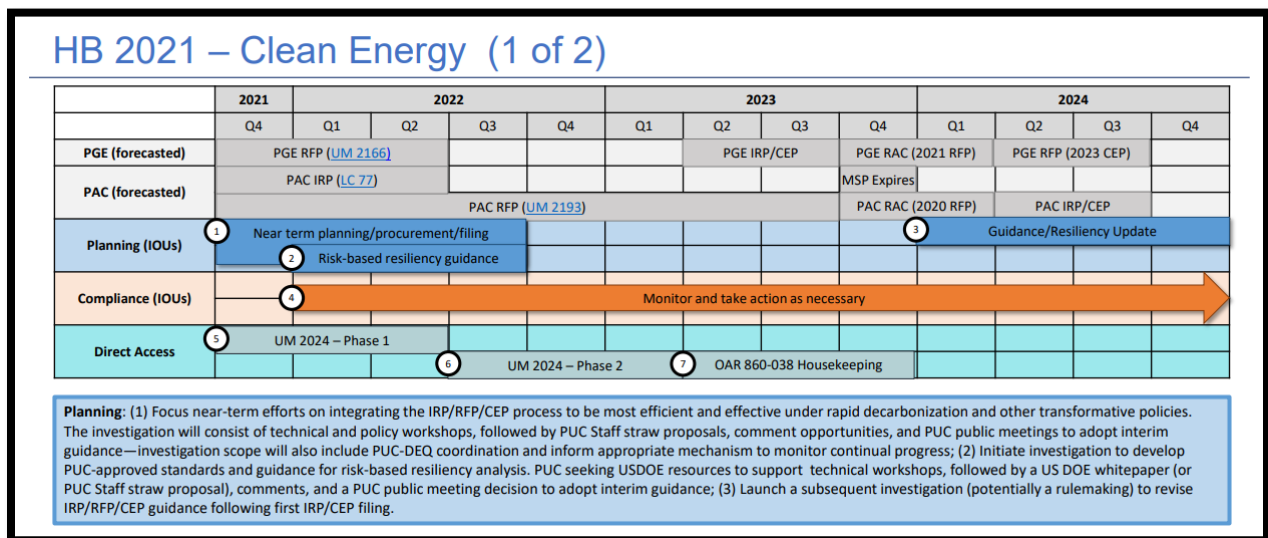
¹ See LC 73, PGE's Motion Requesting Extension of Time to File Next IRP, October 15, 2021, page 1.

HB 2021 will require material changes to utility practices and Commission guidance to integrate the CEP into existing utility planning and procurement activities.² To facilitate this, the Commission’s HB 2021 implementation strategy includes:

- Investigating near-term changes to make the IRP/RFP/CEP processes efficient and effective under rapid decarbonization and other transformative policies (e.g., community benefits);
- Developing standards and guidance for new HB 2021 planning requirements, such as risk-based resiliency analysis and consideration of environmental or health benefits; and
- Facilitating discussion of the UCBIAG cost recovery mechanisms, participation, and biennial reporting process, which could be included in future IRP but may also be more appropriate as a standalone document.³

For further example, the PUC has developed a strategy for near-term HB 2021 implementation priorities.⁴ Figures 1 below shows the PUC’s anticipated timeline and activities for HB 2021 Planning-related elements and Figure 2 shows the Community Benefit-related elements.

Figure 1: HB 2021 Planning Elements

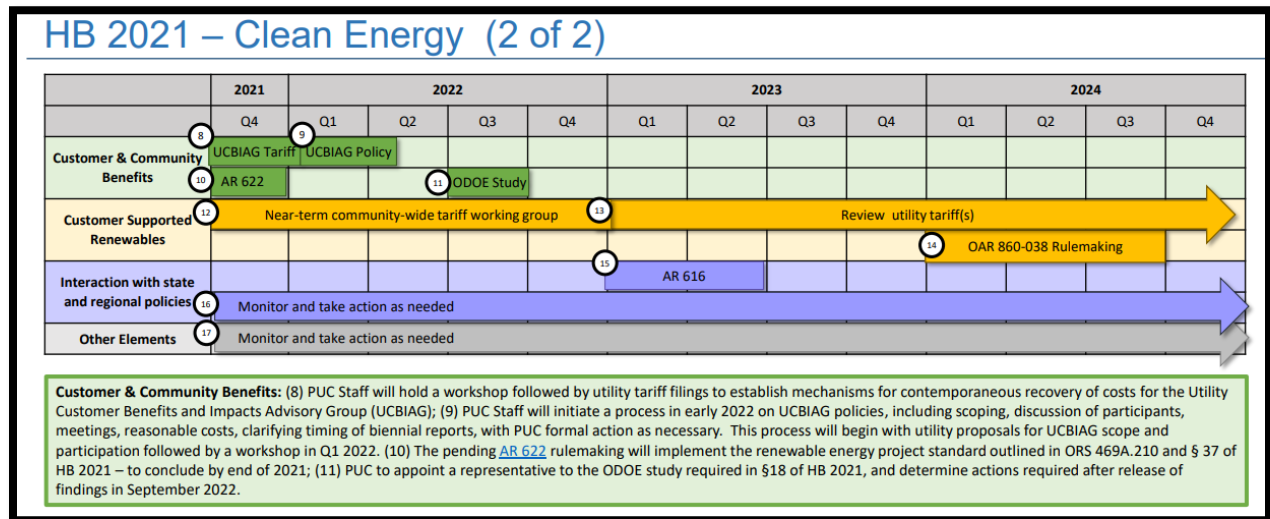


² See Oregon Public Utility Commission website, 2021 Legislative Session, HB 2021 Implementation Plan, page 12.

³ *Ibid*, page 13.

⁴ See Oregon Public Utility Commission website, 2021 Legislative Session, HB 2021 Implementation Gantt Charts, page 1 – 3.

Figure 2: HB 2021 Community Benefits Elements



The scheduled development of the HB 2021 Planning and Community Benefits elements should be completed well ahead of PGE’s March 2023 extension. By granting PGE’s request for an extension the Company should have the time necessary to incorporate the CEP and the UCBAIG Report into the next IRP.

Staff would also note that PGE – and eventually Pacific Power – will also need time to adjust how they conduct portfolio modeling in IRPs to reflect the targets for HB 2021. Reducing emissions is no longer a normative balancing exercise in least-cost, least-risk planning. Rather, the clean energy targets of HB 2021 impose a deterministic constraints to which the CEPs and IRPs must be oriented to meet.

The degree of planning required to implement HB 2021 is difficult and the timeline to take action on these targets is limited. This tension highlights the value in dedicating time up front to identify the most effective practices and makes PGE’s request for more time reasonable. This is because the legislation’s clean energy targets require demonstrated changes in operational emissions to achieve compliance. It will also require integrating a large amount of new renewables along with a transformational amount of non-emitting, dispatchable/flexible technologies to meet the legislation’s targets. An extension granted by the Commission should provide the time necessary for that to happen.

2022 Avoided Cost Filing Update

Order No. 21-215 called for PGE to perform additional analyses related to Qualifying Facility (QF) forecasts and solar generation profiles.⁵ The Company's next IRP would have presumably contained this data and would have impacted PGE's May 1 avoided cost value update. The extension envisioned here should not delay the conducting and sharing of the analyses called for UM 1728 in the next avoided cost filing, UM 2011, and UM 2038.

Conclusion

Staff finds good cause to grant PGE's waiver request. Granting the extension will allow the scheduled PUC processes to develop and launch the CEP along with the UCBAIG reporting process. To this end, modeling to reach HB 2021's target will impose new demands on the IRP process and stakeholders. Staff agrees with the Company in that an extension gives PGE the opportunity to craft a more meaningful document to ratepayers and for planning purposes. With that said, it is Staff's expectation that PGE's March 2023 IRP fully incorporates the CEP and if appropriate elements of the UCBAIG report. Finally, with regards to PGE's May 2022 avoided cost filing, the extension of the IRP does not alleviate the Company from meeting the requirements of Order No. 21-215.

PROPOSED COMMISSION MOTION:

Waive OAR 860-027-0400(3) and grant Portland General Electric an extension of time to file the Company's next integrated resource plan to March 31, 2023, conditioned on the Company's inclusion of its CEP and, where appropriate, elements of the UCBAIG report in the IRP.

⁵ See UM 1728, Order No. 21-215, July 6, 2021