ITEM NO. CA2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 24, 2025

REGULAR ____ **CONSENT** X **EFFECTIVE DATE** June 25, 2025

DATE: June 16, 2025

TO: Public Utility Commission

FROM: Ryan Bain

THROUGH: Scott Gibbens and Curtis Dlouhy **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 1728)
Update to Standard Avoided Cost Schedule for Qualifying Facilities.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or Company) annual May 1 update to its standard avoided cost schedule.

DISCUSSION:

Issue

Whether the Commission should approve PGE's annual May 1 update of its standard avoided cost schedule.

Applicable Orders and Rules

OAR 860-029-0080(7)(a) specifies that on May 1 of each year, a public utility must file with the Commission updates to the avoided cost information filed under section (2) of this rule to be effective within 60 days of filing to reflect:

(A) Updated natural gas prices;
(B) On- and off-peak forward-looking electricity market prices;
(C) Changes to the status of the Production Tax Credit [PTC]; and
(D) Any other action of change in an acknowledged IRP update relevant to the calculation of avoided costs.

ORS 757.205(1) provides that “every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it."

ORS 758.525(1) provides that “at least once every two years each electric utility shall prepare, publish and file with the Public Utility Commission a schedule of avoided costs equaling the utility’s forecasted incremental cost of electric resources over at least the next 20 years. Prices contained in the schedules filed by public utilities shall be reviewed and approved by the commission.”

Analysis

Background
On April 30, 2025, in compliance with the above stated rules and statutes, PGE filed its Schedule 201, Qualifying Facility Avoided Cost Power Purchase Information for Qualifying Facilities (QFs) 10 MW or Less, Sheet Nos. 201-1 through 201-30. This filing includes updates to the Natural Gas Forward Prices and On- and off-peak forward-looking electricity market prices. On May 23, 2025, the Company filed a supplement updating the effective date to June 25, 2025, after Staff requested the Company to update the effective date from the initially filed date of June 2, 2025, to a date reflecting placement of this filing on the June 24, 2025 public meeting agenda to afford Staff the majority of the statutory 60-day review period to complete its review.

Filing Overview
Staff has reviewed the Company’s application and workpapers and finds that they are in compliance with the Commission-approved methodology for PGE’s avoided cost rates. Staff finds that overall, the rates were properly calculated and recommends that the rates be allowed to go into effect. Staff’s review included verifying the accuracy of updated inputs, and scrutiny of the workpaper calculations for accurate references and output.

Natural Gas Forward Prices
PGE filed their updated avoided costs utilizing the Company’s internal PGE Trading Curve, dated August 30, 2024, for the 2024 year. For years beyond 2029, the Company utilized the December 2023 release of Wood Mackenzie’s long-term gas price forecast (2023 H2). For the 2029 year only, the Company linearly interpolates between its internal price curve and the long-term Wood Mackenzie gas price forecast.

Staff reviewed the forward gas inputs during its review and believes the vintage used is appropriate and commensurate with previous filings and Commission precedent. In the forecast, gas prices fall for the entirety of the forecast horizon, resulting in an average decline of approximately 7.2 percent over the 2025-2040 forecast horizon compared to the Company's most recent avoided cost schedule update.

Electric Forward Prices
PGE updated its Mid-Columbia Forward Power Curves, adjusted for delivery, for their sufficiency period pricing ending December 31, 2025. The forward electric market price in the near term, the 2025 weighted annual average, has decreased by approximately 1.7 percent since the Company's previous avoided cost schedule update.

Price Comparison
The Company's proposed standard non-renewable fixed levelized avoided costs for a 15-year contract (2026 through 2040), as shown in Table 1, saw an average decrease of approximately 3 percent across resource types compared to the previous avoided cost schedule update. The Company's proposed standard renewable fixed levelized avoided costs for a 15-year contract saw an average decrease of approximately 2 percent across resource types compared to the prior avoided cost schedule update.

Table 1 Current and Proposed 15-year Levelized Avoided Costs (2026-2040)

Standard Fixed Non-Renewable Avoided Costs ($/MWh)

	Baseload	Wind	Solar	Solar + Storage
Current	$ 42.60	$ 25.89	$ 47.11	$ 48.67
Proposed	$ 41.45	$ 24.93	$ 45.88	$ 47.42
% Difference	-2.7%	-3.7%	-2.6%	-2.6%

Standard Renewable Fixed Avoided Costs ($/MWh)

	Baseload	Wind	Solar	Solar + Storage
Current	$ 41.86	$ 25.15	$ 48.13	$ 48.56
Proposed	$ 41.44	$ 24.92	$ 46.14	$ 48.00
% Difference	-1.0%	-0.9%	-4.1%	-1.2%

Conclusion

Staff believes PGE followed the requirements for updating its avoided cost rates, implementing methodology appropriately and using appropriate updated inputs consistent with its obligations under ORS 757.205 and ORS 758.525. Staff finds that the filed rates are just, fair, and reasonable.

PROPOSED COMMISSION MOTION:

Approve PGE's update to its standard avoided cost schedule.