**ITEM NO. RA1**

**PUBLIC UTILITY COMMISSION OF OREGON**
**STAFF REPORT**
**PUBLIC MEETING DATE: September 29, 2026**

**REGULAR** X **CONSENT** ____ **EFFECTIVE DATE** N/A

**DATE:** September 22, 2026

**TO:** Public Utility Commission

**FROM:** Ryan Bain

**THROUGH:** Caroline Moore, Scott Gibbens, and Curtis Dlouhy **SIGNED**

**SUBJECT:** OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 2436)
Order No. 26-021 Compliance Filing Update to Standard Avoided Cost Schedule for Qualifying Facilities.

## STAFF RECOMMENDATION:

Waive OAR 860-029-0010, 860-029-0040, and 860-029-0043 requirements conflicting with Order No. 26-021 for updates to standard avoided costs for Portland General Electric Company (PGE), Pacific Power Company (PacifiCorp or PAC), and Idaho Power Company (IPC). Order PGE, PAC, and IPC to file supplements to UM 2436 using capacity values consistent with averaging all RFP resources, inclusive of relevant network upgrade costs, within a week after this public meeting.

Close Docket Nos. AR 630 and UM 2038.

## DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should waive OAR 860-029-0010, 860-029-0040, and 860-029-0043 requirements in conflict with Order No. 26-021 for PGE, PAC, and IPC's May 22, 2026 updates to standard avoided cost rates, and whether to approve those updates as compliant with Commission Order No. 26-021.

Applicable Orders and Rules

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."

OAR 860-029-0085(4)(a) Requires that on May 1 of each year, a public utility must file with the Commission updates to its standard avoided cost rates to reflect updated natural gas prices, on- and off-peak forward-looking electricity market prices, changes to the production tax credit, and any other actions or changes that are acknowledged by the Commission upon review of an IRP Update and that are relevant to the calculation of avoided costs.

OAR 860-029-0005(3) provides that the Commission may waive any of the Division 29 rules for good cause shown upon request or its own motion.

ORS 469A.210 establishes a procurement goal for community-based renewable energy projects, commonly referred to as the Small-Scale Renewables (SSR) standard.

OAR 860-029-0010(40) & (41) establishes the terms "Off-peak hours" and "On-peak hours", respectively, for such use in the public utility's avoided cost price schedule.

OAR 860-029-0040(6) establishes that each public utility that is currently complying with Oregon's renewable portfolio standard must offer renewable and non-renewable avoided cost rates to eligible qualifying facilities.

OAR 860-029-0043(1) & (2) establishes that each public utility must offer to eligible qualifying facilities non-renewable avoided cost rates, and renewable avoided cost rates if that utility complies with Oregon's renewable portfolio standard.

Analysis

*Background*
On January 23, 2026, the Commission adopted a new methodology for calculating PURPA avoided cost standard rates, through Order No. 26-021, ordering Oregon's three electric Investor-Owned Utilities (IOUs) to "file revised avoided cost rates in accordance with the decisions made in this order within 120 days."[1] On March 5, 2026, Docket No. AR 684 was opened to update Oregon's PURPA rules to incorporate

[1] Order No. 26-021, pg 44.

changes ordered in Order No. 26-021. This docket, UM 2436, was opened on March 18 for review of the IOUs' avoided cost filings made in compliance with Order No. 26-021. Once approved, UM 2436 will put the changes to PURPA rate calculation ordered by the Commission in Order No. 26-021 into effect for the first time.

At the April 20, 2026 public meeting, the Commission suspended the annual May 1 avoided cost updates, in light of the imminent Order No. 26-021 compliance filings from the joint utilities, which were submitted on May 22, 2026. On June 11, 2026, Idaho Power submitted a supplemental avoided cost workbook, furnishing avoided cost rates for the 2026 and 2027 years after inquiry from Staff and stakeholders regarding those years being missing from their initial workbook filing.

Comments on the filings were submitted from NewSun, the Oregon Solar + Storage Industries Association (OSSIA), and the QF Trade Groups (QFTG), comprised of the Renewable Energy Coalition, Community Renewable Energy Association, Northwest & Intermountain Power Producers Coalition, and OSSIA, on July 24, 2026. The electric Investor Owned Utilities (IOUs), constituted by PGE, PacifiCorp, and Idaho Power Company, submitted comments in response on August 14, 2026. The QFTG submitted Reply comments on September 4, 2026.

*Order No. 26-021*
The Commission's January 23, 2026 Order No. 26-021 made a slate of revisions to Oregon's implementation of PURPA law, adopting changes to:

- Eliminate the separate Renewable and Non-Renewable rate schedules.
    - This change was made in recognition of the impact of House Bill 2021, which enacted strong greenhouse gas reduction limits on the provision of retail electricity, in effect making the non-renewable rate schedule defunct.
- Recognize Renewable Portfolio Standard (RPS) policy compliance.
    - As the RPS exists in addition to HB 2021, the RPS adjustment reflects the policy compliance value of renewable generators in lieu of the prior renewable rate schedule.
- Recognize deliverability costs.
    - In addition to the existing practice of including network upgrade costs of the avoided proxy resources, an additional deliverability adjustment was developed to recognize the on-system QF value of avoided transmission expansion costs, borrowing on the Transmission Expansion Credit method developed in the Energy Efficiency, Docket No. UM 1893.
- Recognize policy compliance value of Small-Scale Renewable resources (SSRs).
    - Prior to Order No. 26-021, Oregon's PURPA methodology did not specifically account for the value of standard QFs with respect to

ORS 469A.210, referred to as the Small-Scall Renewables (SSR) Standard.

- Eliminate sufficiency/deficiency period pricing through implementation of a capacity value ramp-in.
    - A flexible capacity value ramp-in framework was ordered to replace the prior sufficiency/deficiency period pricing paradigm.
- Value capacity based upon recent market procurements.
    - In lieu of using forecasted procurement data, the Commission ordered the use of market-based (Request For Proposal, RFP) procurement data such that avoided costs would represent actual, utility specific values.
- Publish prices with increased granularity (aka, the 6x6 pricing method, a schedule of 6-hour block prices published for 6 two-month pairs for every year).
    - This change was made in the goal of increasing pricing granularity, allowing for additional signals of grid need to be available to QF developers for the purposes of informing project design, development, and maintenance scheduling.
- Submission of rates through the creation and use of a Standardized Workbook.
    - The standardized workbook was developed in order to increase stakeholder accessibility, and facilitate stakeholder review of PURPA price updates.

Many of these changes have been proposed in updated rules in AR 684, which is still in progress. This docket, however, will effectuate these changes for the first time in a manner that is consistent with the Order No. 26-021 and the proposed rules in AR 684.

*Capacity Resource Selection and Valuation*

During Phase 2 of Docket No. UM 2000, the Commission ordered that procurement data should be used to determine the value of capacity, based upon the average cost of RFP Final Shortlist (FSL) capacity resources.[2] However, there appears to be confusion among the Oregon utilities as to which resources from an electric IOU's RFP would be used in calculating avoided costs, per the electric IOUs' compliance filings in UM 2436. In particular, the process of averaging RFP capacity resources was performed using two different methods. The first method, performed by PacifiCorp, was to average the cost of capacity resources of all types from recent RFP procurements.[3] The second method, performed by PGE and IPC, was to average the cost of only those capacity resources matching the type of resource identified in the IRP as the avoided proxy capacity resource.[4][5]

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2 Order No. 26-021, pg. 16-17, 27.
3 UM 2436 – PacifiCorp's Standard Avoided Cost Purchases from Eligible Qualifying Facilities, pg. 2.
4 UM 2436 – PGE's Order 26-021 Compliant Avoided Costs, pg. 1.
5 UM 2436 – Idaho Power Company's Reply Comments, pg. 2.

The impact of using the latter method, solely averaging the costs of capacity resources matching that of the avoided proxy, may be significant, which can be seen in Table 1 below. For the years 2026-2040, PGE's compliance filing weighted average real levelized avoided capacity cost is roughly 21 percent lower than the average of its RFP capacity resources, in $/kW-month terms, before netting and ELLC adjustments. For IPC, the difference in capacity resource cost is roughly 8 percent lower for its 2026-2040 UM 2436 levelized cost of capacity versus the unweighted average of the Company's non-emitting dispatchable capacity resources on its 2028 & 2029 RFP final shortlists. These values are available in Table 1 below, with the additional note that these values have not been adjusted by ELCC, or non-capacity value netting, and only serve as a pre-adjustment snapshot of resource capacity values.

| Table 1: Avoided Capacity Value of All RFP Resources vs Avoided Capacity Value of RFP Resources of the Avoided Proxy's Resource Type | | |
|---|---|---|
| Portland General Electric | | |
| All RFP | $ 15.25 | $ / kW-mo |
| Source | | UM 2274 - PGE AS RFP Average price of Non-emitting dispatchable resources |
| UM 2436 | $ 12.57 | |
| Source | | Compliance Filing - Table 1 Column (a): 2026-2040 Weighted Avg Real Levelized Cost of RFP Battery Projects |
| Delta | $ 2.68 | |
| Delta (%) | 21% | |
| Idaho Power Company | | |
| All RFP | $ 13.66 | $ / kW-mo |
| Source | | UM 2317 - IPC Supplemental AS RFP 2028 & AS RFP 2029 Non-Emitting Dispatchable resource bids - Unweighted Avg. |
| UM 2436 | $ 12.70 | |
| Source | | Compliance Filing - Tab 'Capacity Proxy', Column (b): 2026-2040 Levelized Cost of Capacity without NW Upgrades in nominal dollars |
| Delta | $ 0.96 | |
| Delta (%) | 8% | |

PacifiCorp uses an average of all but two resources from its most recent RFP, but this is due to the Company using values from its as-yet non-acknowledged FSL at the time of filing, holding out two back-up bids from the FSL in case of Commission non-approval of those resources.[6] Staff recommends use of the back-up bids from the RFP FSL for use in capacity resource valuation.

While Staff agrees with PacifiCorp that PURPA updates under the new methodology will benefit from careful scrutiny of the unique circumstances in any given case to determine what data is relevant for inclusion[7], Staff notes that one of the primary goals of UM 2000

6 UM 2436 – PacifiCorp's Response to Stakeholder Comments, pg. 5.
7 UM 2436 – PacifiCorp's Response to Stakeholder Comments, pg. 4.

was to standardize avoided costs. For this initial compliance phase under the new methodology, Staff believes that it is important to begin with consistent methodologies amongst the utility parties.

It is Staff's understanding that the Commission's Order was intended to implement Staff's recommended resource selection method, which was to average *all* projects on a utility's RFP final shortlist.[8] While the Order does not explicitly state whether the utility should include all projects or all projects that match the IRP avoided resource, Staff believes that it is important to clarify whether IOUs use all RFP shortlist projects or just those that align with the IOU's avoided IRP proxy resource. Staff clarifies that its intended method was to average the cost of all capacity resources, regardless of technology, and appropriately adjusted for netting and ELCC, for recently concluded RFPs to value the capacity contribution of the avoided proxy resource, and recommends that the Commission clarify that this is its intended methodology as well. Staff notes that the netting practices and ELCC adjustments are intended to adjust for any idiosyncrasies between resource types. Further, Staff recommends that the cost of network upgrades for RFP capacity and energy resources, including relevant integration and wheeling costs, should be included for capacity and energy cost valuation, as has been the standard in prior PURPA price updates[9]. Staff provides further discussion and elaboration in the deliverability section below.

*Deliverability*
Order No. 26-021 adopted Staff's proposal to utilize the Transmission Expansion Credit (TEC) from Docket No. UM 1893, as implemented in PacifiCorp's alternative 1, to adjust avoided cost rates for avoided transmission value. Staff's deliverability methodology is as follows in Table 2:

Table 2 - Staff's Deliverability Adjustment Methodology

| | | QF | |
|---|---|---|---|
| | | On-System | Off-System |
| Proxy Resource | On-System | TEC minus Wheeling Rate ($0 floor) | No Adjustment |
| | Off-System | TEC | Wheeling Rate |

[8] Order No. 26-021, pg. 16-17, 27.
[9] See, e.g., UM 1728.

As the QFTG noted in comments, the $0 price floor is reached under this formula by all three utilities for On-System Proxy resources when the proxy resource is on-system, with the additional result that on-system QFs receive a lower deliverability adjustment than off-system QFs when the avoided proxy resource is off-system, as seen in Table 3 below.[10]

| Table 3 - UM 2436 Filed Deliverability Adjustment Values for Year 2026 | | | | |
|---|---|---|---|---|
| | On-System QF | | Off-System QF | |
| | On-System Proxy | Off-System Proxy | On-System Proxy | Off-System Proxy |
| Idaho Power Company | $ - | $ 7.93 | $ - | $ 12.53 |
| PacifiCorp | $ - | $ 7.91 | $ - | $ 11.39 |
| Portland General Electric | $ - | $ 11.34 | $ - | $ 13.42 |

While Staff agrees that there may exist upstream concerns, flowing from Docket No. UM 1893, with the temporal consideration of what IRP transmission investments over the study horizon are appropriate for inclusion in the TEC, those issues are beyond the scope of this proceeding. Staff shares stakeholder concern regarding the unanticipated, and possibly unintuitive result, that off-system resources receive a larger adjustment to standard rates than on-system resources. However, as the ordered methodology deducts wheeling to avoid double counting of costs to deliver energy to load for on-system proxy resources, those relevant costs should be included in the on-system proxy resource costs as has been the existing standard prior to Order No. 26-021. Network Upgrade costs for RFP resources, to the extent that they are not captured by the TEC PAC Alternative 1 methodology and are therefore not duplicative, should be included in the costs of capacity and energy for RFP resources, along with any relevant costs to wheel power to load for those resources. The TEC adjustment is separate and distinct from network upgrade costs, and costs to deliver energy to load of the avoided proxy resources. Instead, the TEC is intended to reflect the costs avoidable from the utilities' transmission investment plans indicated in their acknowledged IRPs. PacifiCorp notes that the network upgrade costs of the 2025 RFP FSL "are well below the values currently used in the determination of PacifiCorp's deliverability adder", and are thus, immaterial.[11] However immaterial, Staff recommends that they be included in addition to Staff's deliverability adjustment. In the simplest terms, a utility's resource acquisition may defer the need to build out transmission infrastructure, and that resource may have

[10] QFTG Comments on UM 2436, pg. 42.
[11] UM 2436 – PacifiCorp's Response Comments, pg. 15.

its own avoidable network upgrade costs in order to transmit energy to load. QF resource additions avoid utility proxy resource costs and network upgrades, and in part contribute to the deferring of the utility's need for additional transmission infrastructure.

It is widely understood that the regional grid is transmission constrained,[12] but the filed deliverability adjustments would indicate that the IOUs may be able to build transmission resources for less than they might otherwise be able to acquire from the market. While Staff does not recommend making changes now, Staff flags this as an area for further investigation in the future.

*Rebuttable Presumption of No On-System Costs to Transmit Energy*
As discussed in this filing's background, Docket No. AR 684 was opened to add relevant rules, and to amend existing rules, in accordance with Order No. 26-021. Staff's proposed amendment to OAR 860-029-0043(6)(e), includes that there "is a rebuttable presumption that a public utility would not incur avoidable costs to transmit load from an on-system resource to its own load."[13] The QFTG argue that PacifiCorp's on-system energy resource incurs costs to transmit energy to load that would be avoidable by a QF.[14] PacifiCorp argued in response that the rebuttable presumption of avoidable on-system costs to transmit load, per OAR 860-029-0030(7), are to be considered during review of specific QF PPAs, not to be included in annual avoided cost updates.[15] Staff agrees in principle that this Compliance proceeding is not the appropriate venue to make this case for application of an adjustment to *standard* avoided cost rates for all QFs receiving the standard rate from the Company.

*SSR Adder*
As stated in Order No. 26-021, Oregon's PURPA methodology did not specifically account for the value of standard QFs with respect to ORS 469A.210, referred to as the Small-Scall Renewable (SSR) Standard.[16] ORS 469A.210 provides that by 2030, at least 10 percent of the electrical capacity of PGE and PacifiCorp must be composed of electricity generated by one or both of the following sources: (a) small-scale renewable energy projects with a generating capacity of 20 MW or less that generate electricity utilizing a type of energy described in ORS 469A.025; or (b) facilities that generate electricity using a biomass that also generate thermal energy for a secondary purpose.

The resolution of this issue states that "…we adopt the 8 percent proposed by Staff, with the note that this adder can be revisited if evidence demonstrates that it should be

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12 U.S. Transmission System Utilization Study Phase 1: WECC.
13 AR 684, Staff's Second Finalized Redline Draft Rules, pg. 13.
14 UM 2436 – QFTG Comments, pg. 7-20.
15 UM 2436 – PacifiCorp's Response Comments, pg. 6-14
16 UM 2000, Order 26-021, pg. 31-34.

lower or higher in the future."[17] The QFTG argue in favor of increasing the SSR Adder from 8 percent to 15 percent based upon an updated study performed by Lawrence Berkely National Laboratory (LBNL) in 2025.[18][19] While the Commission's Order No. 26-021 states that "this adder can be revisited if evidence demonstrates that it should be lower or higher in the future",[20] Docket No. UM 2436 was opened to evaluate the IOUs' compliance with the decisions made "in this order", which Staff understands to mean utilizing the values ordered by the Commission in Order No. 26-021 for Docket No. UM 2436 filings. While Staff is open to discussions about an updated SSR Adder at some point in the future, Staff believes that it is premature to revisit the SSR Adder at this time. Staff highlights that this docket is merely a compliance filing for Order No. 26-021 rather than a docket intended to consider new or updated practices after implementation.

*Rate Escalation*

The QFTG note in comments that PacifiCorp's proxy resource costs escalate at a rate much lower than that of the rate paid to QFs, which grows at roughly 10 percent per year over the first 8 years of the contract.[21] The QFTG specifically recommend that the Commission "require that the avoided cost rates retain the annual 6X6 rates as filed by PacifiCorp but scale the rates such that the weighted average rate per year follows an annual escalation rate that more closely approximates that of the avoided resources used to calculate the rates."[22] In response, PacifiCorp stated that real-levelized values for the avoided cost of capacity and energy, developed from the cost of RFP FSL resource costs, are "combined with annual values for capacity contribution, integration costs, and capacity and energy shaping that reflect conditions in individual years. Real-levelized values are adjusted for forecasted inflation over time resulting in the same "real" cost in every year."[23] PacifiCorp further provides that the escalation rates used for RFP bids are evaluated to address risks of those resources ceasing delivery.[24] In reply to the Company's response, the QFTG note that either under flat rates or the Company's escalating rates, early contract termination benefits Oregon customers.[25] The QFTG further note that the difference in pricing between standard rates and actual annual avoided costs of proxy resources can be substantial, where the "real" levelized avoided costs are cautioned to not be interpreted to mean "actual" avoided costs in any one year.

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17 *Id*., pg. 33.
18 UM 2436 QFTG Comments, pg. 20.
19 UM 2436 QFTG Reply Comments, pg. 21.
20 UM 2000, Order 26-021, pg. 33.
21 UM 2436 QFTG Comments, pg. 33-34.
22 *Id*., pg. 34.
23 UM 2436 PacifiCorp's Response Comments, pg. 15-16.
24 *Id*., pg. 16.
25 UM 2436 QFTG Reply Comments, pg. 26.

Staff notes that this issue of rate escalation was not addressed, nor was testimony developed, during the UM 2000 contested case proceeding. This issue may benefit from further consideration in a future avoided cost update, but is beyond the scope of the current UM 2436 compliance proceeding.

*Errata & Non-Rate Impact Issues*
Stakeholder review identified a number of errata errors and non-rate impact issues, including:[26]

- Cell reference errors.
    - In PacifiCorp's workbook, "Capacity Shaping" cells X43 to X148 contain reference errors that result in incorrect values.
- Integration charge errors in the tariff pages for off-system resources.
    - Present in both PGE and PacifiCorp's submissions, variable resource integration charges were incorrectly included in the calculations for off-system tariff prices.
- Input error.
    - The QFTG note that values used in PacifiCorp's deliverability adder do not match the 2025 IRP, Table 1.1, source values.
- Missing capacity values for years 2026 & 2027.
    - With the avoided proxy resource scheduled to come online in 2028, Idaho Power Company's initial submission did not include capacity values for the years 2026 & 2027.

Regarding the missing capacity value years, this was addressed through a supplemental filing by Idaho Power.[27] The integration charge error for off-system resources was noted and agreed to be addressed by both PacifiCorp and PGE.[28,29] The cell reference errors noted by the QFTG raised two method for redress by PacifiCorp, with Staff's preference for the first alternative, to correct the references to point to the correct values as opposed to removing them from the calculation, and the input 'error' identified was rebutted by PacifiCorp, with the Company explaining that the values reported in the IRP are not the same as those of operations as detailed in the Company's October 2025 energy avoided cost inputs submission in Docket No. UM 1893. Those workpapers were included as an exhibit with the Company's UM 2436 Compliance filing.[30]

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[26] UM 2436 QFTG Comments, pg. 38.
[27] UM 2436 Idaho Power Company's Reply Comments, pg. 5.
[28] UM 2436 PGE's Response Comments, pg. 8.
[29] UM 2436 PacifiCorp's Response Comments, pg. 17.
[30] *Id*., pg. 17-18.

An additional avenue of concern raised by the QFTG regards accessibility of the standardized workbook. The QFTG recommended that the workbook be made available by the IOUs, be available with instructions for navigating the changeable fields, and contain separation of capacity payments from total levelized prices to facilitate QF planning.[31,32] The utility parties have generally agreed to make their workbooks available online and more accessible.[33,34,35] Regarding the request for a user guide and broken out capacity payments, Staff understands the capacity value information to be available in the workbook, but agrees that additional information in the workbook that guides the user on how to manipulate the fields to capture their project specifics may be useful.

*Non-Standard Rate Issues*
In submitted comments, the QFTG argue for the allowance of non-standard QF avoided cost calculations to use the most current tuned ELCC expectations, and to be allowed to modify the SSR adjustment to account for the potentially larger small-scale renewable compliance benefits brough by specific projects.[36] Staff simply notes that these issues are outside of the scope of this proceeding focused on application of Order No. 26-021 to standard avoided cost rates.

*Standardized Workbook & Closure of Docket No. AR 630*
Staff recognizes that a great deal of effort and coordination went into the development of the standardized workbook, for use in avoided cost filings made in compliance with Order No. 26-021. Staff feels that it is nearly fit for acknowledgment, pending correction to the prior mentioned errata issues, and relabeling of cell B4 on the "Adders" tab to state "Transmission Expansion Credit", as opposed to the current "Network Upgrade Cost", as Staff feels this is a misnomer for the TEC, and does not represent the separate and distinct network upgrade costs of avoided capacity resources that may not be captured by the TEC.

Docket No. AR 630 was opened on July 30, 2019, in response to Staff's recommendation to open a rulemaking to address templates for standard for standard avoided cost inputs and outputs. While this docket was not ultimately the vehicle used to implement those goals, it has remained open for the ensuing seven years with little more than service list change activities. With the standardized workbook nearing

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31 UM 2436 QFTG Comments, pg. 36.
32 UM 2436 QFTG Reply Comments, pg. 1.
33 UM 2436 PacifiCorp's Response Comments, pg. 2.
34 UM 2436 Idaho Power Company's Reply Comments, pg. 7.
35 UM 2436 PGE's Response Comments, pg. 6.
36 UM 2436 QFTG Comments, pg. 2, 21.

suitability for use as a template for avoided cost filings, Staff feels that this is an appropriate time to officially close AR 630, and recommends doing so.

*Closure of Docket No. UM 2038*
UM 2038 was opened in December, 2019 to investigate the treatment of QFs in the utility IRP process. Staff initially recommended that the UM 2038 docket be opened as a separate process from UM 2000,[37] but after little to no progress, the issue of how to treat QFs in the utility IRP process was addressed in the UM 2000 Phase 2 contested case.[38]

*Request for Waiver of Select OAR during AR 684 Pendency*
Recognizing the issues raised by PacifiCorp in their Response to Stakeholder Comments, Staff recommends waiver of OARs 860-029-0010(40) & (41), 860-029-0040(6), and 860-029-0043(1) & (2), inasmuch as they conflict with Order No. 26-021 and the proposed rules in AR 684. OAR 860-029-0010(40) & (41) define the legacy "Off-peak" and "On-peak" hour definitions as: "(40) "Off-peak hours" means all hours other than On-peak hours. (41) "On-peak hours" means the hours designated as such in the purchasing public utility's avoided cost price schedule." 860-029-0040(6) define the legacy renewable and non-renewable price schedules to be made available, stating: "(6) Each public utility that is currently complying with Oregon's renewable portfolio standard must offer renewable and non-renewable avoided cost rates to eligible qualifying facilities." 860-029-0043(1) & (2) similarly relate to the legacy renewable and non-renewable pricing schedules, stating: "(1) Each public utility must offer standard non-renewable avoided cost rates to eligible qualifying facilities. (2) Each public utility that acts to comply with Oregon's renewable portfolio standard must offer standard renewable avoided cost rates to eligible qualifying facilities."

*Order No. 26-021 Avoided Cost Rates as Currently Filed*
Staff shares Tables 4 and 5 below, comparing 15-yr levelized prices ($/MWh) currently in effect side-by-side with UM 2436 submitted prices for baseload, wind, solar, and solar plus storage resources. The tables note that no RPS adjustments are applicable for RECs over the contract horizons involved in these filings, IPC is not subject to ORS 469A.210 and therefore no SSR adjustment is applied, and the on-/off-system TEC adjustment for each utility.

[37] See UM 2000 - Request to adopt a scope and process for the investigation into PURPA implementation in Oregon.
[38] Order No. 26-021, pg. 42-43.

| Table 4 - 15-yr levelized price ($/MWh) 2026-2040 (No RPS Adders Applicable) | | | | | | |
|---|---|---|---|---|---|---|
| Utility | Baseload | | | Wind | | |
| | Current | Proposed | Delta | Current | Proposed | Delta |
| IPC (SSR n/a, On-system TEC) | $ 50.62 | $ 71.89 | $ 21.27 | $ 46.21 | $ 70.41 | $ 24.20 |
| PAC (On-system TEC) | $ 57.85 | $ 83.73 | $ 25.88 | $ 58.55 | $ 77.75 | $ 19.20 |
| PGE (Off-system TEC) | $ 48.04 | $ 94.61 | $ 46.57 | $ 28.90 | $ 74.00 | $ 45.10 |

| Table 5 - 15-yr levelized price ($/MWh) 2026-2040 (No RPS Adders Applicable) | | | | | | |
|---|---|---|---|---|---|---|
| Utility | Solar | | | S+S | | |
| | Current | Proposed | Delta | Current | Proposed | Delta |
| IPC (SSR n/a, On-system TEC) | $ 48.82 | $ 47.22 | $ (1.60) | $ 68.76 | $ 81.61 | $ 12.85 |
| PAC (On-system TEC) | $ 49.87 | $ 48.39 | $ (1.48) | $ 74.35 | $ 93.50 | $ 19.15 |
| PGE (Off-system TEC) | $ 53.48 | $ 64.46 | $ 10.98 | $ 55.64 | $ 111.06 | $ 55.42 |

Conclusion

Consistent with OAR 860-029-0005(3), Staff recommends that the Commission waive PGE, PAC, and IPC's requirements under OAR 860-029-0010, 860-029-0040, and 860-029-0043 in conflict with Order No. 26-021 and order the IOUs to file supplements to their standard avoided cost rate filings in UM 2436 using the average net cost of capacity for all resources included in RFPs concluded in the prior two years, inclusive of all network upgrade costs, for review by Staff and stakeholders.

**PROPOSED COMMISSION MOTION:**

Waive OAR 860-029-0010, 860-029-0040, and 860-029-0043 requirements conflicting with Order No. 26-021 for updates to standard avoided costs for PGE, PAC, and IPC. Direct PGE, PAC, and IPC to file supplements to UM 2436 using capacity values consistent with averaging all RFP resources, inclusive of relevant network upgrade costs, within a week after this public meeting.

Close Docket Nos. AR 630 and UM 2038.