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September 4, 2026

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Advice No. 26-37, Schedule 127 Capacity Backstop Charge Adjustment

Portland General Electric Company (PGE) submits this filing pursuant to Oregon Revised Statutes (ORS) 757.205 and 757.210, and Oregon Administrative Rules (OAR) 860-022-0025, for filing proposed tariff sheets associated with Tariff P.U.C. No. 19 with a requested effective date of **January 1, 2027**:

Original Sheet No. 127-1
Original Sheet No. 127-2
Original Sheet No. 127-3
Original Sheet No. 127-4
Original Sheet No. 127-5
Original Sheet No. 127-6

The purpose of this filing is to request Commission approval of PGE Schedule 127, Capacity Backstop Charge ("CBC"). Oregon Public Utility Commission ("Commission") Order 26-153 directs PGE to develop a capacity backstop product which eligible Direct Access (DA) Customers served by an Electricity Service Supplier (ESS) may be included in PGE's Resource Adequacy (RA) planning obligation. Consistent with Order 26-153, the product is available for a limited five-year period ending October 1, 2031, and the CBC is initially calculated using the avoided costs of capacity and transmission reflected in PGE's Commission approved Public Utility Regulatory Policies Act (PURPA) avoided cost prices.

The CBC applies to eligible DA Customers for whom PGE would not otherwise have an RA obligation, including customers that are no longer paying applicable transition adjustments or that have elected not to be preferentially curtailed, as provided under the Commission's rules and orders. This distinction is important because the CBC is not intended to recover costs for an RA obligation already reflected in other rates or charges. Rather, Schedule 127 establishes a mechanism for PGE to recover the costs associated with assuming an incremental RA obligation for eligible DA load without shifting those costs to PGE's cost-of-service ("COS") customers.

Prior to this filing, PGE met with Commission Staff, Northwest & Intermountain Power Producers Coalition (NIPPC), and individual ESS's to discuss implementation of the CBC.

Based on those discussions and the Commission's direction, PGE designed Schedule 127 around four core principles: (1) maintaining cost causation and protecting cost-of-service (COS) customers from subsidizing DA customers; (2) providing sufficient planning certainty for PGE to responsibly incorporate eligible DA load into its RA position; (3) establishing a straightforward and administrable mechanism for determining and recovering the costs associated with the backstop obligations; and (4) supporting a functioning and competitive DA program while state and regional RA frameworks continue to develop.

Commission Determination of the Backstop Capacity Quantity

Consistent with these principles, PGE proposes that the Commission determine the aggregate RA capacity quantity of an ESS's RA deficiency, if any, associated with an electing ESS based on the ESS's applicable forward showing under the State RA Program. That determination, inclusive of the applicable Planning Reserve Margin ("PRM"), would establish the Commission-determined ESS Backstop Capacity Quantity that PGE must incorporate into its RA planning and procurement for the applicable Compliance Period.

Assigning responsibility for this determination to the Commission appropriately separates the determination of an ESS's RA deficiency from PGE's responsibility to plan for and manage the resulting backstop obligation. PGE would not independently determine, verify, or recalculate whether an ESS is deficient or the amount of that deficiency. This structure avoids placing PGE in the position of determining the quantity of a service for which it will recover costs and ensures that the CBC remains aligned with the State RA Program.

Once the Commission establishes the Commission-Determined ESS Backstop Capacity Quantity, that quantity would be binding on PGE and the applicable DA Customers for the identified Compliance Period. PGE may rely on that determination in conducting its RA planning, procurement, and transaction activities.

This certainty is necessary because PGE must understand the magnitude and duration of the incremental RA obligation before determining how best to manage it. The appropriate portfolio response may depend on the size and timing of the deficiency, PGE's existing portfolio position, resource and market availability, transmission availability, and other prevailing conditions. Establishing the quantity in advance allows PGE to manage the incremental obligation through its established portfolio planning and procurement processes rather than requiring PGE to procure specific resources on behalf of an ESS or individual DA customer.

Calculation and Allocation of the Capacity Backstop Charge

Following the Commission's determination, PGE will calculate the Capacity Backstop Revenue Requirement by applying the Commission-approved Capacity Backstop rate to the Commission-Determined ESS Backstop Capacity Quantity. Consistent with Order 26-306, PGE will recover the resulting revenue requirement from the applicable DA

Customers receiving Capacity Backstop Service.

The revenue requirement associated with each ESS's backstop obligation will be allocated among that ESS's applicable DA Customers based on prior-period peak load, as specified in Schedule 127. This approach maintains cost causation by assigning the costs of the backstop obligation to the DA Customers whose load is associated with the Commission-determined deficiency and ensures that costs and commitments attributable to Capacity Backstop Service are not shifted to PGE's COS customers.

Annual Determination and Compliance Periods

PGE proposes that the Commission provide PGE with updated Commission-Determined ESS Backstop Capacity Quantities on an annual basis, aligned with predetermined Compliance Periods under the State RA Program. An annual determination provides PGE sufficient forward visibility to incorporate the backstop obligation into its normal planning and procurement cycle, while avoiding repeated adjustments during a Compliance Period. It also avoids creating a separate forward-showing requirement for ESSs beyond the requirements of the applicable State RA Program.

If an ESS does not provide the Commission with an applicable forward showing, or if the Commission otherwise establishes a Backstop Capacity Quantity for a longer period, PGE proposes to rely conclusively on the quantity established by the Commission for the applicable period until the Commission provides a subsequent determination or otherwise directs PGE.

Customer Switching During a Compliance Period

Schedule 127 also addresses circumstances in which an applicable DA Customer changes ESSs during a Compliance Period. PGE proposes that the Customer Allocation Peak Loads and resulting Capacity Backstop Charges remain fixed for the applicable Compliance Period. A customer's transfer to another ESS during the Compliance Period would therefore not result in a mid-period reallocation of the Commission-Determined ESS Backstop Capacity Quantity or eliminate the customer's responsibility for the Capacity Backstop Charge established for that period. For each subsequent Compliance Period, PGE would recalculate the allocation based on the applicable Allocation Measurement Period and the customers then served by each ESS. This approach provides PGE, ESSs, and DA Customers with planning and billing certainty, preserves recovery of costs and commitments reasonably incurred by PGE in reliance on the Commission-determined quantity, and prevents those costs from being shifted to COS customers.

Schedule 127 provides a transparent, administrable, and appropriately bounded mechanism for implementing the capacity backstop product directed by the Commission. The proposed structure preserves the Commission's role in determining the applicable RA deficiency, provides PGE the certainty necessary to manage the resulting obligation, appropriately assigns costs to the DA Customers receiving Capacity Backstop Service, and protects COS customers from subsidizing the incremental RA obligations associated

with eligible DA load.

Resource Planning and Procurement

Regarding resource procurement, PGE recognizes that the temporary five-year duration of Capacity Backstop Service generally does not provide sufficient development runway to construct new generation or transmission infrastructure specifically to serve backstop load. New resource development requires planning, permitting, interconnection, procurement, construction, and regulatory processes that can extend beyond the duration of this temporary service. Requiring PGE to develop long-lived infrastructure specifically for a temporary backstop obligation would therefore be impractical and could expose COS customers to stranded-cost risk. Accordingly, Schedule 127 does not contemplate PGE undertaking new generation or transmission development specifically for Capacity Backstop Service at this time.

Once the Commission-Determined ESS Backstop Capacity Quantity is incorporated into PGE's Resource Adequacy ("RA") obligation, PGE will undertake commercially reasonable planning, portfolio management, and procurement activities consistent with its established planning and procurement processes and timelines. The manner in which PGE manages the incremental RA obligation will depend on the magnitude and timing of the Commission-Determined ESS Backstop Capacity Quantity, PGE's then-current portfolio position, resource and market availability, transmission availability, and other prevailing conditions. PGE may manage the obligation through available portfolio capacity, market purchases, transmission arrangements, other commercially reasonable transactions, or a combination of approaches.

Schedule 127 does not guarantee the availability or acquisition of any particular RA product, generation resource, or transmission service, nor does it require PGE to undertake incremental resource development outside commercially reasonable planning and procurement timelines. This approach provides a practical means of supporting an expressly temporary service while preserving PGE's ability to manage its overall RA position prudently and protecting COS customers from risks associated with long-lived investments undertaken solely to serve a temporary backstop obligation.

Incremental Cost Recovery

The initial Capacity Backstop Charge is based on Commission-approved avoided costs, consistent with Order 26-153. The avoided-cost-based charge does not, however, transfer to COS customers the risk that PGE's actual incremental costs of providing Capacity Backstop Service may exceed the revenues collected under Schedule 127. If PGE incurs incremental costs or commitments reasonably attributable to the Commission-Determined ESS Backstop Capacity Quantity that exceed revenues recovered through the Capacity Backstop Charge, PGE may seek recovery of those incremental costs, subject to Commission review and approval. This treatment is necessary to preserve cost causation and ensure that COS customers do not subsidize the costs of providing Capacity Backstop Service to eligible DA Customers.

Temporary Nature of Capacity Backstop Service

Collectively, Schedule 127 establishes a temporary and administrable bridge while the State RA Program and broader regional RA constructs continue to evolve. The proposed structure provides eligible DA Customers and their ESSs a short-term mechanism for addressing an RA deficiency, preserves PGE's ability to plan and manage the resulting incremental RA obligation responsibly, maintains appropriate cost causation, protects COS customers from cost shifting, and supports the continued operation of a functioning and competitive Direct Access program.

Capacity Backstop Charge

PGE's proposed Capacity Backstop Charge is derived from the avoided cost of capacity and transmission costs reflected in PGE's May 22, 2026 compliance filing in docket UM 2436 (PURPA Avoided Costs Standardized Workbook). Based on that filing, PGE proposes an initial Capacity Backstop Charge of $229.01/kW-year, of which $199.20/kW-year reflects the capacity component excluding transmission.

PGE's proposed PURPA avoided cost prices in Docket UM 2436 have not yet been approved by the Commission. Staff currently plans to present those prices to the Commission at its September 29, 2026 Public Meeting. Accordingly, the Capacity Backstop Charge proposed in this filing is subject to the Commission's determination in Docket UM 2436. PGE will supplement this filing, as necessary, to conform the Capacity Backstop Charge to the avoided capacity and transmission costs ultimately approved by the Commission.

To satisfy the requirements of OAR 860-022-0025(2) PGE provides the following responses:

This filing proposes new prices to a limited number of eligible customers, all of whom may choose not to participate. Therefore, the number of customers that will make this election and the revenue change is unknown.

Please direct any questions regarding this filing to Jane Almeida at jane.almeida@pgn.com or Christopher Pleasant at christopher.pleasant@pgn.com

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

\s\ *Jaki Ferchland*

Jaki Ferchland
Senior Manager, Rates and Regulatory Affairs
Pricing, Tariffs, and Power Costs

Enclosures
cc: UM 2024 Service List

SCHEDULE 127
CAPACITY BACKSTOP CHARGE ADJUSTMENT

PURPOSE

This Schedule establishes a Capacity Backstop Charge to recover the costs incurred by the Company to plan for and procure Resource Adequacy (RA) compliant capacity associated with applicable Direct Access Customers whose load is included in the Company's RA obligations under the State Program. This schedule applies to Direct Access Customers who are no longer subject to transition adjustments or who have elected not to be preferentially curtailed, as applicable.

Under this Schedule, the Commission determines the aggregate RA capacity deficiency, if any, associated with an electing Electricity Service Supplier's (ESS) Forward Showing. The Company incorporates the Commission-Determined ESS Backstop Capacity Quantity into its RA planning and procurement and determines the associated Capacity Backstop Revenue Requirement based on the costs attributable to satisfying that capacity requirement. The Company allocates the Capacity Backstop Revenue Requirement among the ESS's applicable Direct Access Customers based on prior-period peak load, as specified by this Schedule.

The Capacity Backstop Charge is designed to recover from applicable Direct Access Customers the costs attributable to the RA capacity deficiency associated with their ESS and the resulting Capacity Backstop Service provided by the Company. The charge is intended to ensure that customers whose load gives rise to the need for Capacity Backstop Service bear the associated costs. Costs and commitments attributable to Capacity Backstop Service will not be allocated or shifted to the Company's cost-of-service customers.

AVAILABLE

In all territory served by the Company.

APPLICABLE

Applicable to Direct Access Customers who are no longer paying transition adjustments or have not elected to be preferentially curtailed where the Commission has determined a need and directed the Company to procure capacity on behalf of customers receiving Direct Access service.

DEFINITIONS

Allocation Measurement Period -The 12-month period immediately preceding the applicable April Regional Forward Showing.

Annual Capacity Backstop Revenue Requirement - The annual revenue requirement associated with an ESS's Commission-Determined ESS Backstop Capacity Quantity, calculated pursuant to this Schedule.

Avoided Capacity Cost - The Company's avoided cost of capacity, expressed on a $/kW-year basis, as approved by the Commission annually in the utility's Public Utility Regulatory Policies Act (PURPA) avoided cost dockets.

SCHEDULE 127 (Continued)

DEFINITIONS (Continued)

Avoided Transmission Cost - The Company's avoided cost of transmission, expressed on a $/kW-year basis, as approved by the Commission annually in the utility's PURPA avoided cost dockets.

Commission-Determined ESS Backstop Capacity Quantity - The quantity, expressed in kW for each applicable month, season, or other compliance period, that the Commission directs the Company to include in its Resource Adequacy planning and procurement on behalf of an ESS. The quantity includes the applicable Planning Reserve Margin.

Compliance Period - The Resource Adequacy planning cycle utilized by the State RA Program.

Customer Allocation Peak Load - The peak demand, expressed in kW, of an applicable Direct Access Customer during the Allocation Measurement Period, determined using Company billing or metering data. If the customer does not have historic Company billing or metering data, the peak demand will be based on max allocated system capacity for the calendar year.

ESS Allocation Peak Load - The sum of the Customer Allocation Peak Loads of all applicable Direct Access Customers included in the ESS allocation for the applicable Compliance Period.

ESS Capacity Backstop Allocation Rate - The rate, expressed in $/kW-month, used to allocate an ESS's monthly Capacity Backstop Revenue Requirement among applicable Direct Access Customers.

Informational Filing - See 860-095-0010 (7) for definition.

Planning Reserve Margin ("PRM") - Means an increment of supply needed to meet conditions of high demand in excess of the applicable peak load forecast and other conditions such as higher resource outages, or lower availability of resources, expressed as a percentage of the applicable peak load forecast. The PRM can be established through the applicable Western Resource Adequacy Program ("WRAP") or alternative established regional RA framework.

Resource Adequacy ("RA") - The expected ability of a Load Serving Entity to supply aggregate qualifying capacity to meet the requirements of their consumers with a sufficient degree of reliability and plan to meet future demand with sufficient supply-side and demand side resource.

Regional Forward Showing - Means any data, forecasts, or submittals required by a Qualified Regional Program to support planning program compliance by a Regional Participant. See 860-095-0010 (15) for definition.

State Program - See 860-095-0010 (18) for definition.

SCHEDULE 127 (Continued)

CAPACITY BACKSTOP SERVICE CHARGE

The Commission-Determined Backstop Capacity Quantity will be binding on the Company and the applicable Direct Access Customer for the identified Compliance Period for the State Program. The Commission Determined Backstop Capacity Quantity served under this Schedule shall be included in the Company's applicable RA planning and procurement processes for the duration the Direct Access customer takes service under this Schedule.

DETERMINATION OF CAPACITY BACKSTOP QUANTITY

The ESS remains responsible for submitting its Regional Forward Showing in accordance with the requirements of the State Program.

Based on the applicable Regional Forward Showing, the Commission will determine the aggregate RA capacity deficiency, if any, associated with the electing ESS and establish the Commission-Determined ESS Backstop Capacity Quantity for the applicable Compliance Period. The Company will include the Commission-Determined ESS Backstop Capacity Quantity in its Resource Adequacy planning and procurement to satisfy the capacity requirements associated with the electing ESS's eligible Direct Access load.

The Commission-Determined ESS Backstop Capacity Quantity will be binding on the applicable Direct Access Customers and the Company for the applicable Compliance Period. The Company may rely conclusively on the Commission's determination in conducting its RA planning, procurement, and transaction activities and will have no obligation to independently evaluate, verify, or recalculate whether an ESS has a RA deficiency or the amount of such deficiency.

ANNUAL CAPACITY BACKSTOP REVENUE REQUIREMENT

The Annual Capacity Backstop Revenue Requirement for each ESS will be calculated as follows:

Capacity Backstop Revenue Requirement = maximum monthly Commission-Determined ESS Backstop Capacity Quantity × Capacity Backstop Charge Price.

The Commission-Determined ESS Backstop Capacity Quantity is expressed in kW and the Capacity Backstop Charge Price is expressed in $/kW-year. The Capacity Backstop Charge Price is the sum of the Avoided Capacity Cost and Avoided Transmission Cost.

For 2027:
Capacity Backstop Charge Price: $229.01/kW-year
Capacity Backstop Charge Price, Excluding Transmission: $199.20/kW-year

SCHEDULE 127 (Continued)

ESS CAPACITY BACKSTOP ALLOCATION RATE

For each applicable Compliance Period, the Company will establish the Customer Allocation Peak Load for each applicable Direct Access Customer from the Allocation Measurement Period.

The ESS Allocation Peak Load will equal the sum of the Customer Allocation Peak Loads of all applicable Direct Access Customers included in the ESS allocation.

The monthly ESS Capacity Backstop Allocation Rate will be calculated as follows:

ESS Capacity Backstop Allocation Rate = Annual Capacity Backstop Revenue Requirement ÷ (ESS Allocation Peak Load * 12)

The ESS Capacity Backstop Allocation Rate will be expressed in $/kW-month.

Customer Allocation Peak Loads and the ESS Allocation Peak Load will remain fixed for the applicable Compliance Period.

For purposes of determining the applicable ESS Capacity Backstop Allocation Rate, each Direct Access Customer will be assigned to the ESS serving that Customer as of the date the Commission establishes the applicable Commission-Determined ESS Backstop Capacity Quantity. The Customer will remain subject to that ESS Capacity Backstop Allocation Rate for the applicable Compliance Period.

CUSTOMER MONTHLY RATE

The Customer's monthly Capacity Backstop Charge will be calculated as follows:

Customer Monthly Capacity Backstop Charge = Customer Allocation Peak Load × ESS Capacity Backstop Allocation Rate

The allocation performed by the Company is an administrative allocation of the ESS's Capacity Backstop Revenue Requirement for retail billing purposes and does not constitute a determination by the Company of an individual Direct Access Customer's RA obligation or deficiency.

Each applicable Direct Access Customer will be billed a monthly charge identified as ESS Deficiency Capacity Backstop Charge.

Within 30 days after the Commission establishes or modifies the Commission-Determined ESS Backstop Capacity Quantity, the Company will calculate and implement the corresponding ESS Capacity Backstop Allocation Rate for the applicable Compliance Period.

SCHEDULE 127 (Continued)

TRANSMISSION EXCLUSION

Where the ESS demonstrates, to the satisfaction of the Commission, that it has secured, and remains responsible for, transmission capability sufficient to satisfy the applicable RA deliverability requirements associated with the DA Customer's load, the Avoided Transmission Cost will be excluded from the Capacity Backstop Charge Price for the applicable quantity. Where the transmission exclusion applies, the Annual Capacity Backstop Revenue Requirement will be calculated using the Capacity Backstop Charge Price Excluding Transmission.

MINIMUM CHARGE AND INCREMENTAL COST RECOVERY

To the extent that the rate does not fully capture PGE's costs to administer the capacity backstop charge, PGE is entitled to full recovery of the costs to implement the capacity backstop charge.

The avoided-cost-based Capacity Backstop Charge constitutes the minimum amount payable by the Direct Access Customer. If the Company's incurred incremental costs associated with the Commission-Determined Backstop Capacity Quantity exceed the avoided-cost-based charge, the Company may recover the difference from the applicable Direct Access Customer through a subsequent billing adjustment or other Commission-approved recovery mechanism.

LOAD CHANGES

Customer Allocation Peak Loads and the ESS Allocation Peak Load established for a Compliance Period will remain fixed for that Compliance Period notwithstanding changes in actual Customer load or changes in the composition of an ESS's Direct Access portfolio, except as otherwise directed by the Commission.

A Customer's transfer from one ESS to another during a Compliance Period will remain subject to the Capacity Backstop Charge and ESS Capacity Backstop Allocation Rate established for the ESS serving the Customer at the time the applicable allocation was established for the remainder of that Compliance Period.

The transfer will not cause the Company to recalculate the originating ESS's Allocation Peak Load, Capacity Backstop Revenue Requirement, or ESS Capacity Backstop Allocation Rate.

Newly enrolled Direct Access Customers or Customers transferred to an ESS after the applicable allocation is established will not cause the Company to reallocate or reduce Direct Access Customer Backstop Capacity Quantities previously established for other Customers during that Compliance Period.

Direct Access Customer Allocation Percentages will be recalculated for each subsequent Compliance Period using the applicable Prior-Year Peak Load and the customers then served by the ESS.

SCHEDULE 127 (Concluded)

LOAD CHANGES (Continued)

Any change in Customer load, ESS service, or Direct Access status will not relieve the Direct Access Customer, of responsibility for costs or commitments reasonably incurred by the Company in reliance on the Commission-Determined ESS Backstop Capacity Quantity.

COST-OF SERVICE CUSTOMER PROTECTION

Capacity Backstop Charge will be administered so that costs attributable to the service are not shifted to the Company's cost-of-service customers.

The Capacity Backstop Charge is the minimum amount payable by applicable Direct Access Customers. If the Company's reasonably incurred costs attributable to the Commission-Determined ESS Backstop Capacity Quantity exceed amounts recovered through the Capacity Backstop Charge, the Company may recover the difference from the applicable Direct Access Customers through a subsequent billing adjustment or other Commission-approved mechanism.

Any such costs will be allocated among the applicable Direct Access Customers using the same allocation methodology applicable to the Compliance Period in which the costs were incurred.

A subsequent change in an ESS's Resource Adequacy position, customer load, or service status will not shift costs or commitments reasonably incurred in reliance on a binding Commission determination to cost-of-service customers.

SPECIAL CONDITIONS

1. Nothing in this Schedule requires the Company to take an action that would violate applicable reliability standards, transmission requirements, or regional RA program rules.
2. The Company will undertake commercially reasonable planning and procurement efforts consistent with its established planning timelines. The Company does not guarantee the availability of a specific RA product, resource, or transmission service.
3. Nothing in this Schedule shall obligate the Company to procure incremental resources or transmission arrangements outside reasonable planning timelines established by the Company.
4. The Company will not be responsible for an ESS's noncompliance, penalties, or other consequences to the extent caused by an ESS's late or incomplete showing, a Commission determination received after the applicable planning deadline, or the commercial unavailability of qualifying capacity or transmission despite the Company's commercially reasonable efforts.

TERM

This Schedule ends on September 30, 2031.

Once an ESS utilizes Capacity Backstop Service, the Commission determination is binding and irrevocable through September 30, 2031, except as otherwise directed by the Commission.