

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2327

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2023 Renewable Portfolio Standard
Compliance Report.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 15, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:

Alison Lackey
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 15, 2024**

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

DATE: October 7, 2024

TO: Public Utility Commission

FROM: Alondra Regalado

THROUGH: Caroline Moore, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2327)
2023 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) take the following actions, based upon Portland General Electric’s (PGE or Company) 2023 Renewable Portfolio Standard (RPS) Compliance Report:

1. Find that PGE complied with the RPS requirements for the 2023 compliance period;
2. Direct PGE to retire the renewable energy certificates (RECs) identified in its 2023 Compliance Report; and
3. Direct PGE to provide a Western Renewable Energy Generation Information System (WREGIS) retirement report to the Commission, within 30 calendar days of the Commission’s Order.

DISCUSSION:

Issue

Whether PGE’s 2023 RPS Compliance Report meets the requirements of applicable RPS statutes, and administrative rules.

Applicable Rule or Law

The RPS is codified at ORS 469A.005 through 469A.210. ORS 469A.170(1) and

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OAR 860-083-0350(1)(a) require that each electric company subject to Oregon's RPS provide an annual report demonstrating its compliance (or failure to comply) with the RPS standard.

Among the reporting details required by ORS 469A.170(2)(a-h) and OAR 860-083-0350(2)(a-s), the Compliance Report must contain a complete accounting of RECs used for compliance in the compliance year, separating the RECs into bundled or unbundled, showing clearly which generating unit produced the RECs, the total cost of compliance, and a detailed explanation of any material deviations from the electric company's applicable acknowledged RPS implementation plan filed under OAR 860-083-0400.

ORS 469A.170(2) and OAR 860-083-0350(2) subsections (b-g) provide the Commission with the information necessary to determine whether an electric company may be considered in compliance with the RPS. These subsections require the electric company to provide a complete Compliance Report that shows the electric company has acquired and retired an appropriate number of valid RECs, bundled or unbundled, banked or unbanked, for the compliance year.

ORS 469A.100(1) provides that "[e]lectric utilities are not required to comply with a renewable portfolio standard during a compliance year to the extent that the incremental cost of compliance, the cost of unbundled renewable energy certificates and the cost of alternative compliance payments under ORS 469A.180 exceeds four percent of the utility's annual revenue requirement for the compliance year."

House Bill (HB) 3161 (2023), removes the requirement that electric companies file a separate RPS implementation plan (RPIP) and instead directs electric companies to describe their plan for meeting RPS requirements as part of the integrated resource plan (IRP).

Analysis

Background

The Company filed its 2023 RPS Compliance Report (hereinafter referred to as "Compliance Report" or "Report") on May 31, 2024. The Company's Compliance Report demonstrated PGE's compliance with the RPS for the period of January 1, 2023 through December 31, 2023. No comments were filed by any party in the docket.

Portland General Electric's RPS Compliance Report

The table below summarizes PGE's 2023 RPS obligations and compliance activities.

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Table 1: Renewable Portfolio Standard Compliance Summary

Renewable Portfolio Standard Compliance Summary	
RECs Obligation	Value
Oregon retail sales (MWh)	19,210,198 ¹
RPS % Obligation	20%
RPS Obligation of qualifying electricity (RECs)	3,842,040
Summary	Value
RECs used for Compliance in Year	3,840,251
Two-for-one Solar MWh reported	1,789
Total RECs reported in Compliance Year	3,842,040
RECs used for RPS Compliance in 2023	Value
Bundled - newly acquired (RECs)	1,513,639 ²
<i>Bundled - newly acquired (% RPS)</i>	<i>39.4%</i>
Bundled - from bank (RECs)	1,559,993
<i>Bundled - from bank (% RPS)</i>	<i>40.6%</i>
Bundled RECS subtotal	3,073,632
<i>Bundled RECS subtotal (% RPS)</i>	<i>80%</i>
Unbundled - newly acquired (RECs)	375,963
<i>Unbundled - newly acquired (% RPS)</i>	<i>9.8%</i>
Unbundled - from bank (RECs)	392,445
<i>Unbundled - from bank (% RPS)</i>	<i>10.2%</i>
Unbundled RECs subtotal	768,408
<i>Unbundled RECs subtotal (% RPS) subject to 20% cap</i>	<i>20%</i>
Total RECs	3,842,040

For 2023, PGE's RPS obligation is 20 percent of the total Oregon retail sales of 3,842,040 megawatt hours (MWh). PGE's 2023 RPS Compliance Report demonstrates compliance with its 3,842,040 MWh RPS obligation through the use of 3,073,632 bundled RECs and 768,408 unbundled RECs. PGE is using the maximum allowable unbundled RECs under ORS 469A.145(1), which is 20 percent of PGE's total obligations.

¹ PGE's 2023 FERC Form 1, <https://investors.portlandgeneral.com/financial-information/ferc-filings>, Page 304, Row 41, Column (b). (Accessed on October 3, 2024).

² Newly acquired bundled RECs includes a total of 1,789 MWh from two two-for-one solar resources, as permitted by ORS 757.375 and OAR 860-084-0070(2).

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PGE's total cost of compliance is \$49,256,225.³ The total cost represents 2.2 percent of PGE's revenue requirement, which is below the four percent cap established by statute. The 2023 cost of compliance is lower than that of the 2022 compliance year, when the cost was 2.9 percent of PGE's revenue requirement. While there has been a downward trend in compliance costs since 2021, PGE's revenue requirement has also increased.

Table 2: Comparison of Total RPS Compliance Cost and Revenue Requirement

	2021 ⁴	2022 ⁵	2023
Revenue Requirement	\$1,915,345,917	\$2,077,407,504	\$2,313,039,584
RPS Cost of Compliance	\$64,616,131	\$60,568,153	\$49,256,225
Total RPS Compliance Cost as a Percentage of Revenue Requirement	3.4%	2.9%	2.2%

Material Deviations

Background

OAR 860-083-0350(2)(l) requires that each electric company provide a detailed explanation of any material deviations from the applicable Renewable Portfolio Standard Implementation Plan (RPIP) filed under OAR 860-083-0400. OAR 860-083-0400 has since been repealed, effective January 1, 2024.

House Bill (HB) 3161 streamlined the renewable portfolio standard reporting practices by eliminating the statutory requirement that PacifiCorp and PGE file RPIPs every two years. Instead, HB 3161 requires that PacifiCorp and PGE include their plans to meet the renewable portfolio standards as part of their respective IRPs.⁶

Because the most recently filed IRP does not yet contain RPIP details, Staff directed the Company to refer to the latest acknowledged RPIP that covers the year of the 2023 RPS Compliance Report. The Company was tasked to explain where the RPS strategy or input data has changed, justification for the change, and material deviations between the compliance report and the Company's RPIP as a result of the change.

³ OAR 860-083-0100(9)(f) requires updated estimates of the incremental cost of long-term qualifying electricity at least every two years consistent with subsections (9)(a) through (e) of OAR 860-083-0100. PGE did not include incremental costs in its last filed IRP, thus uses estimates from the 2022 Renewable Portfolio Standard Implementation Plan.

⁴ Docket No. 2241 PGE 2021 RPS Compliance Report.

⁵ Docket No. 2286 PGE 2022 RPS Compliance Report.

⁶ Oregon H.B. 3161 (2023) *Relating to electric company's plan to meet requirements of renewable portfolio standard*, 2023 Legislative Session, <https://olis.oregonlegislature.gov/liz/2023R1/Measures/Overview/HB3161>.

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2023 Compliance

As required by OAR 860-083-0350(2)(I), the Company provided a detailed explanation of material deviations from the REC requirements forecasted in its 2022 RPIP for 2023 (filed in Docket No. UM 2216) and the RECs proposed to be retired for 2023 RPS compliance. PGE stated that its 2023 RPS compliance report includes material deviations from the 2023 REC requirements forecasted in the 2022 RPIP. Table 3 below shows the changes in REC compliance.

Table 3: Deviations in REC Compliance

Actual RECs in 2023 Compliance Plan	Reference Case ⁷	
	2023 Projection from 2023 RPIP	Forecast Deviation
3,840,251	3,756,740	83,511

The Company explained that material changes in compliance and REC strategy were due to:

1. PGE obligation increased by 83,511 MWhs.
2. Lower priced unbundled RECs led to the purchase and retirement of unbundled RECs equal to 20 percent of the 2023 RPS obligation. Staff confirmed that costs did decline. The total number of unbundled RECs used for compliance was 768,408 at a cost of \$590,965 (an average of \$1.30 per REC).⁸ In the 2022 Compliance Report, PGE used 752,858 unbundled RECs for compliance at a cost of \$463,431 (an average of \$1.60 per REC).⁹
3. Lower than forecasted retirement of five-year RECs generated by Qualifying Facilities (QFs). Table 4 below shows the difference between planned QF RECs and actual RECs retired through the last three years. Staff notes that compared to 2022 and 2021, this year's estimates are closer to the QF RECs forecast in the RPIP. Overall, QF REC production has increased in the last two years, going from 203,803 to 818,839 RECs (approximately a 300% increase).¹⁰

⁷ The 20 percent Unbundled Scenario is identical to the Reference Case.

⁸ Docket No. UM 2327, PGE 2023 RPS Compliance Report, Response to OAR 860-083-0350(2)(d), May 31, 2024.

⁹ Docket No. UM 2286, PGE 2022 RPS Compliance Report, Response to OAR 860-083-0350(2)(d), June 1, 2023.

¹⁰ Docket No. UM 2241, PGE 2021 RPS Compliance Report, Response to OAR 860-083-0350(2)(I), June 1, 2022.

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Table 4: QF Deviations from RPIP Forecast

Year	Planned QF RECs	Actual QF RECs	Difference
2021	955,927	203,803	(752,124)
2022	537,354	242,828	(294,526)
2023	856,311	818,839	(37,472)

Staff reached out to the Company for further clarification on the purchase of 110,000 bundled RECs acquired between January 1, 2024 and March 31, 2024 and were used to meet the RPS requirement for compliance year 2023. The Company explained that this purchase was completed in order to retain infinite life RECs that are on hold for future use. The Company also made Staff aware that it had chosen to purchase bundled RECs because PGE depleted its banked five-year bundled RECs. Staff is satisfied with the Company explanation and confirms that while PGE's RPIP did not forecast the purchase of bundled RECs, the Company is not deviating from its REC retirement strategy.

Conclusion

Staff concludes that PGE has met the RPS compliance target mandated by ORS 469A.052(1)(b) and the RPS compliance reporting requirements mandated by OAR 860-083-0350.

PROPOSED COMMISSION MOTION:

1. Find PGE to be compliant with Oregon's Renewable Portfolio Standard during the 2023 period;
2. Direct PGE to retire the RECs identified in its 2023 Compliance Report; and
3. Direct PGE to provide a Western Renewable Energy Generation Information System (WREGIS) retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.