

ORDER NO. 21-290

ENTERED Sep 10 2021

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2175

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2020 Renewable Portfolio Standard
Compliance Report.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on September 7, 2021, 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:



A handwritten signature in blue ink, appearing to read "Nolan Moser".

Nolan Moser
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: September 7, 2021**

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

DATE: August 31, 2021

TO: Public Utility Commission

FROM: Zachariah Baker

THROUGH: Bryan Conway, JP Batmale, Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. 2175)
2020 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Commission take the following actions, based on the Portland General Electric 2020 Renewable Portfolio Standard (RPS) Compliance Report:

1. Find that Portland General Electric (PGE or Company) complied with the RPS for the 2020 compliance period;
2. Direct Portland General Electric to retire the renewable energy certificates (REC) identified in its 2020 RPS Compliance Report; and
3. Direct Portland General Electric 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.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission should find that Portland General Electric complied with the requirements of the RPS over the 2020 period and direct the Company to retire the RECs identified in the 2020 RPS Compliance Report.

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Applicable Rule or Law

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

Analysis

Background

The Company's 2020 RPS Compliance Report (hereinafter referred to as "Compliance Report" or "Report") demonstrates PGE's compliance with the RPS for the period of January 1, 2020 through December 31, 2020.

The Company filed its Compliance Report on June 1, 2021. No comments were filed in the docket.

Portland General Electric's RPS Compliance Report

The table below summarizes PGE's 2020 RPS obligations and compliance activities.

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2020 RPS Compliance Summary		
Obligation		
Oregon retail sales (MWh)	17,340,180	
2020 RPS % Obligation	20%	
2020 RPS MWh Obligation	3,468,036	
RECs used for 2020 RPS Compliance		
	Number of RECs	% RPS MWh
Bundled		
Bundled – newly acquired	1,707,283 ¹	49%
Bundled – from bank	901,542	26%
<i>Bundled subtotal</i>	2,608,825	75%
Unbundled		
<i>Subject to Cap</i>		
Unbundled – newly acquired	28,627	1%
Unbundled – from bank	664,980	19%
<i>Unbundled subtotal Subject to cap</i>	693,607	20%
<i>Not Subject to Cap</i>		
Unbundled – newly acquired ²	165,604	5%
Unbundled subtotal – all	859,211	25%
Total Compliance		
Total RECs	3,468,036	100%

PGE's 2020 RPS Compliance Report demonstrates compliance with its 3,468,036 MWh RPS obligation through the use of 2,608,825 bundled RECs, including 9,600 MWhs from a two for one solar RECs per OAR 860-084-0070, and 859,211 unbundled RECs. PGE's unbundled REC quantity does not exceed the 20 percent limit allowed by ORS 469A.145(1).

Portland General Electric's total cost of compliance is \$55,148,967. This is three percent of PGE's revenue requirement and is below the four percent cap established by statute. Staff notes that this is an increase from the 2019 compliance cost of

¹ Newly acquired bundled total includes 9,600MWh of two for one solar RECs.

² 165,604 of the unbundled RECs were purchased in 2020 but have a 2011-2016 vintage and were generated from an Oregon qualified facility under PURPA (ORS 469A.145). Therefore they do not contribute to the 20 percent unbundled cap per Order No.15-259.

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\$44,328,946, which was 2.4 percent of PGE's revenue requirement. Staff is aware that the 2020 RPIP forecasted increased compliance costs that align with this increase, and anticipates working closely with the company to monitor and understand the nature of these compliance costs going forward.

Staff concludes that PGE has complied with the Oregon RPS for the 2020 compliance period and did not exceed compliance costs.

Planning

As required in OAR 860-083-0350(2)(l), the Company provided a detailed explanation of material deviations from the REC requirements forecasted in its 2020 Renewable Portfolio Implementation Plan (RPIP), docketed as UM 2048, and those proposed for the 2020 RPS compliance. Staff appreciates the level of detail and supporting material the Company provided describing the deviations.

Regarding the RPIP alignment, Staff has the following concerns:

- Use of Unbundled RECs: There was a continued increase in the number of unbundled RECs used, which continues to diverge from the RPIP Reference case. The 2020 RPIP included a scenario in which the RPS was met with 20 percent unbundled RECs. Neither the 2018 nor the 2020 RPIP include the use of unbundled RECs, whereas the Company's 2019 RPS compliance used 521,278 and this filing for 2020 projects 859,211.
- Decrease in Qualifying Facility (QF) RECs: As indicated by the Company, QF RECs see a decrease in usage from RPIP, going from 887,961 in the RPIP to 170,356 in RPS compliance.
- Compliance Costs: As referenced above, compliance costs continue to increase. PGE's 2020 RPS compliance cost of \$55,148,967 was 93 percent higher than what was forecast for 2020 in UM 1916, which was \$28,556,630. This increase appears to be anticipated going forward, and was forecast for the year 2021 Base Case as \$65,139,984, as captured in UM 2048.³

Staff anticipates working with the Company over the next year to understand more about the nature of these deviations. In particular, Staff will seek strategies to harmonize and streamline how PGE's RPIP, State RPS Compliance strategy and costs, Voluntary Renewable Compliance, and existing REC banking interact with implementation of HB 2021 and associated Clean Energy Plans.

³ See PGEs initial UM 2048 filing on December 31, 2019.

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Conclusion

Staff concludes that Portland General Electric 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 Portland General Electric to be compliant with Oregon's Renewable Portfolio Standard during the 2020 period;
2. Direct Portland General Electric to retire the RECs identified in its 2020 Compliance Report; and
3. Direct Portland General Electric to provide a Western Renewable Energy Generation Information System retirement report to the Commission, subject to appropriate non-disclosure agreements, within 30 calendar days of the Commission's Order.

UM 2175 – PGE's 2020 RPS Compliance Report