

ORDER NO. 22-433

ENTERED Nov 02 2022

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2241

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2021 Renewable Portfolio Standard
Compliance Report

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 1, 2022, 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
REDACTED STAFF REPORT
PUBLIC MEETING DATE: November 1, 2022**

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

DATE: October 21, 2022

TO: Public Utility Commission

FROM: Abe Abdallah

THROUGH: Marc Hellman, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2241)
2021 Renewable Portfolio Standard Compliance Report.

STAFF RECOMMENDATION:

Staff recommends the Commission take the following actions based on the Portland General Electric 2021 Renewable Portfolio Standard (RPS) Compliance Report:

1. Find that Portland General Electric (PGE or Company) complied with the RPS for the 2021 compliance period,
2. Direct Portland General Electric to retire the renewable energy certificates (REC) identified in its 2021 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 Portland General Electric's RPS Compliance Report for the year 2021 demonstrates compliance with the applicable RPS requirements.

Docket No. UM 2241
October 21, 2022
Page 2

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 2021 RPS Compliance Report (hereinafter referred to as "Compliance Report" or "Report") demonstrates PGE's compliance with the RPS for the period of January 1, 2021, through December 31, 2021.

The Company filed its Compliance Report on June 1, 2022. Upon Staff sending clarifying questions, PGE responded with more clarifications on the RPS compliance report. No comments were filed by any party in the docket.

Docket No. UM 2241
 October 21, 2022
 Page 3

Portland General Electric's RPS Compliance Report

The table below summarizes PGE's 2021 RPS obligations and compliance activities.

RECs Obligation	Value
Oregon retail sales (MWh)	18,157,685 ¹
RPS % Obligation	20%
RPS Obligation of qualifying electricity (RECs)	3,631,537
RECs used for RPS Compliance in 2021	Value
Bundled - newly acquired (RECs)	1,244,339
<i>Bundled - newly acquired (% RPS)</i>	<i>34.3%</i>
Bundled - from bank (RECs)	1,660,891 ²
<i>Bundled - from bank (% RPS)</i>	<i>45.7%</i>
Bundled RECS subtotal	2,905,230
<i>Bundled RECS subtotal (% RPS)</i>	<i>80%</i>
Unbundled - newly acquired (RECs)	307,364
<i>Unbundled - newly acquired (%)</i>	<i>8.5%</i>
Unbundled - from bank (RECs)	418,943
<i>Unbundled - from bank (%)</i>	<i>11.5%</i>
Unbundled RECs subtotal	726,307
<i>Unbundled RECs subtotal (% RPS) [subject to 20% cap]</i>	<i>20%</i>
Total RECs	3,631,537

PGE's 2021 RPS obligation is 3,631,537 megawatt hours (MWh). The combined number of bundled RECs and unbundled RECs used by PGE for RPS Compliance in 2021 adds up to 3,631,537 total RECs. As also shown in the table above, PGE's number of unbundled RECs does not exceed the 20 percent limit allowed by ORS 469A.145(1).

At the time of finalizing the Staff Report for PGE's 2020 RPS compliance filing last year, Staff sought confirmation whether PGE subtracted Energy Service Supplier (ESS) retail sales in Oregon from its total retail sales when calculating its compliance obligation. On August 31, 2021, PGE confirmed its reported total retail sales do not include ESS retail sales. Similarly, for this compliance year, PGE has confirmed that the Oregon retail sales of 18,157,685 MWh does not include the 19,759 MWh of energy, and accompanying RECs, transferred to ESSs.

Portland General Electric's total cost of compliance is \$64,616,131, which represents 3.4 percent of PGE's revenue requirement and is below the four percent cap

¹ PGE's FERC Form 1, Docket No. RE 54, page 147 Row 41 (May 9, 2022).

² Banked bundled total includes a total of 2 x 11,875 MWh from several two-for-one solar resources, as permitted by ORS 757.375 and OAR 860-84-0070(2).

Docket No. UM 2241
October 21, 2022
Page 4

established by statute.³ Comparing with the last two years, Staff notes that this is an increase from 3.0 percent in 2020 and 2.4 percent in 2019 of PGE's revenue requirement, respectively.

It is to be noted that PGE's reported compliance cost is both noticeably high compared to PacifiCorp, where the comparative cost is 1.2 percent of revenue requirement in 2021, and higher than the company forecasted in its 2020 RPIP, even when reflecting the use of 20 percent unbundled RECs. By observing the differences between 2020 and 2021, Staff can deduce that the higher total cost in 2021 is mainly attributed to using larger number of RECs generated by high cost resources displacing lower cost resources. This is partially confirmed by PGE reporting the absence of RECs expected to be generated from Qualifying Facilities (QFs) with zero cost for compliance.⁴

[BEGIN CONFIDENTIAL]



³ PGE 2021 Renewable Portfolio Standard Compliance Report, Docket No. UM 2241, page 8 (June 1, 2022).

⁴ PGE 2021 Renewable Portfolio Standard Compliance Report, Docket No. UM 2241, pp. 6-7 (June 1, 2022).

[BEGIN CONFIDENTIAL]



CONFIDENTIAL].

[END

[illegible]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Staff notes the increasing compliance costs over the years and anticipates working closely with the company to monitor and understand how to accurately estimate these compliance costs going forward. As Staff observed, the annual compliance costs since 2019, represented as percentage of revenue requirement, are following a linear trend, which if followed would result in 2023 in PGE breaching the 4 percent threshold required by statute.

⁸ PGE 2020 Renewable Portfolio Standard Implementation Plan, Docket No. UM 2048, Confidential Attachment B, “Incremental Cost Summary” tab, “Total Incremental Cost to Comply” in columns B-F (Jan 3, 2020).

Docket No. UM 2241
October 21, 2022
Page 6

Material Deviations

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 2020 Renewable Portfolio Implementation Plan (RPIP) for 2021,⁹ and the RECs proposed to be retired for 2021 RPS compliance. In its compliance report, the Company compared figures by resource (or a category of resources) of actual RECs used for compliance in 2021 with the forecasted RECs of the same resources under two types of scenarios in the 2020 RPIP; the “Reference Case” and the “20% Unbundled Scenario.” Staff appreciates the level of detail and supporting material the Company provided describing the deviations.

Staff focused on comparing the RECs used for compliance in 2021 with the forecasted RECs in the “20% Unbundled Scenario,”¹⁰ as this was the scenario chosen by PGE for 2021. As a result of Staff’s analysis on RPIP alignment, Staff has the following concerns:

- Use of Unbundled RECs: Although the number of unbundled RECs declined slightly in 2021 compared to 2020, the use of unbundled RECs continues to diverge from all the RPIP Reference cases (base case, low and high gas price scenarios), where there were zero unbundled RECs planned for 2021 to 2025. However, the 2020 RPIP also included a “20% Unbundled Scenario” for each year from 2020 to 2025, in which the RPS would be met with 20 percent unbundled RECs in all cases (base case, low and high gas price scenarios).
- Qualifying Facility (QF) RECs: As indicated by the Company, QF RECs see a decrease in usage from RPIP, going from 955,927 in the RPIP to 203,803 in RPS compliance.

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 how the RPIP and RPS Compliance Report interact with implementation of HB 2021 and associated Clean Energy Plans.

Conclusion

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

⁹ See generally, UM 2048 for more details on the forecasted RECs from each contributing resource.

¹⁰ The number and cost of RECs forecasted for 2020-2025 under the “20% Unbundled Scenario” are provided under UM 2048, Confidential Attachment B (subject to Protective Order 19-453).

Docket No. UM 2241
October 21, 2022
Page 7

PROPOSED COMMISSION MOTION:

1. Find Portland General Electric to be compliant with Oregon's Renewable Portfolio Standard during the 2021 period;
2. Direct Portland General Electric to retire the RECs identified in its 2021 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 2241 – PGE's 2021 RPS Compliance Report