



March 10, 2021

To: Oregon Public Utility Commission

Re: Docket No. LC 73 – Portland General Electric Company, 2019 Integrated Resource Plan:
IRP Update

Comments of NW Energy Coalition

The NW Energy Coalition (NWECC) appreciates this opportunity to provide comments on the Portland General Electric (PGE) 2019 IRP Update, dated January 29, 2021, and the Supplemental Filing dated February 5, 2021.

In general, the filings are clearly presented and provide relevant updates on a broad range of issues addressed in the 2019 IRP. Below we provide brief discussion of particular items of interest and reserve comment on additional items in the closing round of comments.

We note the dramatic set of challenges PGE and all of Oregon have faced over the last year, including the COVID-19 pandemic and unprecedented wildfire and ice storm impacts on PGE customers and the electric system.

As those effects recede, we also note PGE's support and actions in addressing historic, deeply embedded racial inequality in our community and strongly encourage PGE to redouble its efforts to address community needs and bring forward community voices and viewpoints into its planning and program efforts. In addition to being the right thing to do, this will yield positive results for the efforts by PGE and our community to accelerate the transition to a 100% clean, safe, reliable and equitable electric system.

2.1.1 Energy Efficiency

NWECC appreciates the discussion of the challenges of the COVID-19 period over the last year and going forward, and PGE's continued effort to work around those impacts and, along with the Energy Trust of Oregon, trade allies, local governments and our communities, continue developing the many important strands of the energy efficiency fabric.

2.1.2 Distributed Flexibility

NWECC applauds PGE for its comprehensive and bold steps to develop and deliver on a new "all-in" strategy to develop flexible demand as a major resource and a way to develop new

partnerships with customers to build system value and provide benefits. This effort too has faced a long list of challenges due to the pandemic, but that also has led the Company to innovative new steps that will enhance the flexible demand development effort in the coming years.

We commend advances across many pilot programs and especially the Smart Grid Testbed initiative, which is beginning to deliver on its promise to be a national model for a new era of comprehensive flexible demand. The emphasis on rapid learning, including from program delivery shortcomings and problems, is especially notable. These efforts and growing pains are needed to achieve the targets acknowledged by the Commission in the 2019 IRP and set the stage for larger gains going forward.

Notable progress has occurred across the demand response pilots, including the Energy Partner program for commercial and industrial customers; the Peak Time Rebate residential program with enrollment exceeding 90,000 customers at the end of 2020; and enrollment of over 25,000 customers in the Connected Savings thermostat pilot. And we note the launch of the EV Smart Charging program and the commissioning of the Beaverton Public Safety Center microgrid in November 2020 in the face of major challenges from the pandemic and other factors.

2.2 Capacity and Renewable Actions

NWEC underlines the importance of staying on track for capacity acquisitions. Changing conditions in the Northwest and Western Interconnection are increasing the challenge of meeting peak and stress period needs. As noted below, this is causing increased market price volatility and resource availability.

In this context, we encourage PGE to make continued progress toward its combined capacity and renewable resource RFP during the remainder of 2021.

2.2.1 Bilateral Negotiations

NWEC applauds the PGE's renewal of the capacity contract with Douglas PUD while providing support services to Douglas and Okanogan PUD. These kinds of innovative arrangements indicate further opportunity for cooperation across the Northwest grid.

2.3.1 Flexible Load Plan

The filing of the draft PGE Flexible Load Plan in December 2020 marks a watershed moment in the state of the art for demand response/load flexibility strategy. NWEC has reviewed the draft informally with PGE staff and is preparing more extensive comments for filing in Docket No. UM 2141 later this month.

2.3.3 Colstrip Update

The twists and turns in the Colstrip story have only gotten more tangled since PGE filed the Colstrip Enabling Study with the 2019 IRP. NWECC is involved in many aspects of this issue across the Northwest, seeking a fair resolution to the many issues in play to protect customers, accelerate environmental remediation and advance the clean energy transition. We continue our discussion below in Section 6.1, Preferred Portfolio.

2.3.7 Voluntary Renewable Programs

We appreciate PGE's recognition of the increase in GEAR and Community Solar program participation in its baseline portfolio. These programs not only provide benefits to participants, but also contribute to the portfolio broadly by reducing the capacity need and market shortage.

3.4.1 Sequoia

NWECC is encouraged by the progress with the new Sequoia model. The description of the basic model features and the comparative analysis with the RECAP model in the IRP Update indicates the rising importance of capacity and flexibility analysis as the resource mix changes even more rapidly.

3.4.2 Capacity Need

NWECC appreciates the extended review of capacity need and generally supports the adjustments proposed by PGE, although we will provide further comments as this review proceeds.

3.5 Energy Position

Recently it has become clear that major changes are occurring in the Northwest power markets, specifically in the Mid-C trading hub. IRP presentations by both PacifiCorp and Puget Sound Energy have demonstrated that Mid-C has had a rapid decline in trading volume – by 50% or more since 2016 – and an increase in price volatility. Some of this is because of migration of resources and load to the Western Energy Imbalance Market, which has more depth and liquidity. Resource retirement, especially of coal plants, is also a significant factor.

As a result, NWECC recommends that PGE reassess its market position and provide further details on recent changes in market structure and depth, both at Mid-C and for other market transactions. This may also result in considering acceleration of clean resource acquisition across the board, including renewable generation, storage and flexible demand.

4.1 Natural Gas Price Forecast

In addition to general trends in gas prices noted in the IRP Update, there are new regional factors entering into the picture. The natural gas market in the Northwest is increasingly prone

to price volatility and constraints on market supply. Both were in play in mid-February 2021 during the cold snap and ice storm. Supply at the Sumas hub has been slightly limited due to equipment failure on the Westcoast pipeline in northeast British Columbia over the past month, and there have been recent maintenance issues on the Williams pipeline east of the Columbia Gorge. Because natural gas power plants generally have interruptible service, greater consideration should be given to supply and price risk for PGE's gas units and additionally for the broader range of gas plants that typically provide power for Mid-C and other system sales.

4.2 Carbon Prices

The reinstatement of the 2015 federal social cost of greenhouse gas guidance is a notable accomplishment of the new administration. Consideration of this factor in the 2021 IRP should take into account the likelihood of a significant update in 2022 or 2023.

5.3 Capacity Contribution - ELCC Values

NWEC appreciates PGE's careful consideration of capacity value and the use of the ELCC method to provide a better approximation. This week, we filed comments in the General Capacity Investigation, Docket No. UM 2011, outlining issues that merit additional development within the ELCC methodology. In particular, we want to highlight the broad category of composite resources, including hybrids such as solar-battery or wind-solar-battery such as the innovative Wheatridge project where PGE has taken a major stake.

Unquestionably, modeling composite resources, including hybrids, virtual power plants and microgrids, is complex and evolving. Hybrid resources are a substantial fraction of RFP bids and transmission queues across the west because they provide a better, more complete fit to system needs. It is important that ELCC and other methods fully represent their combined capacity value, not merely the standalone contribution of each separate element. We look forward to further collaboration with PGE on this strategically important development.

6.1 Preferred Portfolio

PGE has thoroughly assessed the economic and system factors for Colstrip coal plant units 3 and 4 in the Enabling Study, and has put forward what we believe to be a flexible and effective strategy to facilitate an earlier exit for its ownership share. But we are increasingly concerned about the prospects of an uncontrolled closure of one or both remaining Colstrip units, and urge PGE, the Commission and all stakeholders to be prepared to respond rapidly to unexpected developments, including the potential for accelerating new clean resource acquisition. The reduced output of Colstrip 4 during the February cold snap reinforces the urgency of addressing these questions.

This concludes our comments. NWECC looks forward to further dialogue as the process continues in this docket.

/s/

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