

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 73

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2019 Integrated Resource Plan.

Renewable Northwest's
Comments on PGE's IRP Update

March 10, 2021

I. INTRODUCTION

Renewable Northwest thanks the Oregon Public Utility Commission (the "OPUC" or the "Commission") and OPUC Staff ("Staff") for this opportunity to comment on Portland General Electric's ("PGE") Update to the 2019 Integrated Resource Plan ("IRP Update"), filed January 29, 2021.

In these comments we express our continued support for PGE's proposed resource action, which would see the company release a Request for Proposals ("RFP") seeking "150 MWa of renewable resources and non-emitting capacity resources to address PGE's 2025 forecasted capacity shortfall."¹ Specifically, we agree with the company's reaffirmation that "there is a strong economic signal to pursue near-term renewable additions while federal tax credits remain available."² We also address the company's continued need for capacity, even following the company's bilateral actions since acknowledgment of the 2019 IRP, and seek clarification regarding how PGE's proposed RFP will be designed to help address that capacity need. We conclude by appreciating PGE's work to address "rapidly evolving needs, priorities, operating constraints, and possibilities," while still prioritizing actions "to accelerate our progress and achieve companywide net zero greenhouse gas emissions by 2040" within a least-cost, least-risk framework.³

¹ IRP Update at 16.

² *Id.* at 56.

³ *Id.* at 8.

II. COMMENTS

1. PGE’s Resource Action Remains Reasonable

In Order No. 20-152, the Commission wrote: “We acknowledge PGE's IRP because it contains a preferred portfolio and a set of resource actions that, with continued examination and refinement of PGE's procurement approach, can reasonably position PGE to capture the best combination of costs and risks for its customers.”⁴ Taken as a whole, the IRP Update continues to support a set of resource actions that position PGE to capture the best combination of costs and risks for its customers. Generally, PGE reports: “We continue to find that the recommended actions are in the long-term interest of our customers, providing the best path forward to ensure system reliability and continued progress toward delivering a clean, affordable, and smart energy future for Oregon.”⁵ More specifically, PGE’s portfolio analysis shows “that the 2019 IRP’s Action Plan remain[s] the best way to meet system needs over the planning horizon,” in significant part because of “the benefits of near-term acquisition of renewables outlined in the action plan” as displayed in the Table 10, which shows portfolio costs with and without a resource action⁶:

TABLE 10. PREFERRED PORTFOLIO WITH AND WITHOUT NEAR-TERM (2023-2025) RESOURCE ADDITIONS

	Mixed Full Clean	Mixed Full Clean, No RA	Difference
Cost (\$ millions)	25,713	26,069	356
Variability (\$ millions)	2,882	2,967	86
Severity (\$ millions)	29,649	30,102	453

Additionally, PGE’s analysis shows a continued Reference Case capacity need of 511 MW in 2025.⁷

Accordingly, “PGE expects to propose a single solicitation for renewable and non-emitting capacity resources that will naturally identify that portfolio of resources best suited to meet PGE’s resource needs.”⁸ The IRP Update suggests that this solicitation will be initiated “[f]ollowing the information made available in this IRP update” and will begin “[c]oncurrently with the review of the 2019 IRP Update.”⁹ Renewable Northwest agrees with PGE’s analysis,

⁴ Oregon Public Utility Commission, Docket No. LC 73, Order No. 20-152 at 1 (May 6, 2020).

⁵ IRP Update at 9.

⁶ *Id.* at 51 & 54-55.

⁷ *Id.* at 35.

⁸ *Id.* at 16.

⁹ *ID.* at 16-17.

strongly supports PGE’s proposed solicitation, and encourages the company to initiate the process concurrently with review of the IRP Update as the company has suggested it will.

2. Clarification Regarding PGE’s Capacity Approach Would Be Helpful

One element of the IRP Update’s preferred portfolio and resource action that could benefit from additional clarity is PGE’s approach to its upcoming capacity needs. We appreciate that PGE has identified and contracted for an attractive capacity resource via a power purchase agreement with Douglas Public Utility District. We further appreciate PGE’s continued recognition that the renewable resources it seeks to procure will “contribute to meeting PGE’s capacity needs by the end of 2024.”¹⁰ However, we have also noted the removal of pumped hydro storage additions from PGE’s near-term preferred portfolio and further note that none of the language around PGE’s proposed solicitation appears to directly address the delta between the capacity contributions of new renewables and PGE’s overall 2025 Reference Case capacity need.¹¹ The IRP Update most clearly addresses the disconnect between a pending 511 MW capacity need (escalating to 909 MW in 2026¹²) and the removal of pumped hydro storage in stating that its model “meets this capacity need with the cumulative effect of renewable additions, ... 6-hr batteries ... and the capacity fill resource.”¹³ This disconnect, however, stands out given the previous appearance of pumped hydro storage in PGE’s preferred portfolio and the long lead time needed to bring that resource to commercial operation.

To help stakeholders understand how PGE’s “single solicitation for renewable and non-emitting capacity resources” will meet the company’s full suite of resource needs, we request that PGE provide additional clarity as to whether the RFP will accept bids for non-emitting capacity resources that can meet PGE’s 2025 and 2026 capacity needs beyond the capacity contributions that 150 MWa of new renewables will provide.

3. PGE Is Leading on Least-Cost, Least-Risk Approaches to Modern Problems

Renewable Northwest continues to support PGE’s work to modernize its system and respond to the climate imperative within the existing least-cost, least-risk regulatory framework. In particular we appreciate the IRP Update’s discussion of both external and internal policy developments, including Governor Brown’s climate executive order, EO 20-04, and PGE’s own internal goals to “achieve companywide net zero greenhouse gas emissions by 2040 and ... 80%

¹⁰ *Id.* at 15.

¹¹ *Id.* at 52, Figure 19.

¹² *Id.* at 34.

¹³ *Id.* at 52.

greenhouse gas emissions reduction by 2030.”¹⁴ Like PGE, we “look[] forward to expanded analysis and methodologies in the 2022 IRP process” responding to EO 20-04, and we are pleased to see that “[w]ork is already underway to incorporate the OPUC workplan for 20-04 into the next IRP.”¹⁵

Indeed, the IRP Update lays out an ambitious slate of work in the leadup to the 2022 IRP, noting that “emission constraints [and] decarbonization methodologies ... will be a central focus of the 2022 IRP as PGE works to incorporate our recently announced climate goals, address the OPUC workplan for EO[20]-04, incorporate updated Colstrip information, consider continued expansion of voluntary individual and collective renewable programs, and respond to any additional state and federal policies.”¹⁶ The next year should be an exciting time to work on development of a new resource plan, given that existing slate of work and the growing possibility of new clean energy standards at the state and federal levels.

It is particularly notable, however, that with each passing year as utility systems grow more dynamic and renewable resource economics improve, new clean-energy policies are increasingly consistent with the existing regulatory paradigm. In short, policy developments designed to address the climate emergency are also simultaneously pushing us toward modern least-cost, least-risk systems. Renewable Northwest strongly supports PGE’s work to center “the urgency in addressing climate change and to meet customers’ desire to be served with increasingly clean, renewable energy,” and highlights the extent to which PGE’s analysis shows that a decarbonized system is also a least-cost, least-risk system even as new policy drivers may accelerate that work.

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¹⁴ IRP Update at 8.

¹⁵ *Id.* at 9.

¹⁶ *Id.* at 53.

¹⁷ *Id.* at 54; *see also id.* at 51-56 (PGE’s Portfolio Analysis); Order No. 20-152 at 20 (providing that “declining costs and new opportunities for non-emitting capacity, joined with the longstanding risk of carbon policy costs and the new risk of relatively large-scale customer defection for clean energy options, enable PGE to focus the portfolio on non-emitting resources without deviating from least-cost, least-risk principles”).

III. CONCLUSION

Renewable Northwest again thanks the Commission for this opportunity to comment on PGE's IRP Update. We continue to support PGE's proposed resource action while also requesting additional clarity regarding treatment of capacity resources. We appreciate PGE's important work to integrate grid modernization and greenhouse gas emission reductions into least-cost, least-risk resource planning and look forward to continued engagement as the company works on developing its 2022 IRP. We also note that the IRP Update includes several other topics of interest -- among other things, PGE's Flexible Load Plan, its Colstrip Update, and its Transmission Analysis. Although we have not addressed them in these comments, each of these updates reflects positive steps on important topics, and we look forward to continued engagement with each topic as it develops.

Following the IRP Update, we continue to believe that PGE's 2019 IRP is an important step toward the achievement of PGE's and Oregon's carbon and climate goals, as well as one that meets demonstrated system needs at the least cost and risk to customers. We thank PGE, the Commission, and stakeholders for the productive engagement that has led up to this IRP Update.

Respectfully submitted this 10th day of March, 2021,

/s/ Max Greene

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