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May 15, 2020

**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UM 1728 – In the Matter of Portland General Electric Company’s Updates to Schedule 201 Qualifying Facility (10 MW or less) Avoided Cost.**

Attention Filing Center:

Attached for filing in the above-captioned docket is an electronic copy of the Joint Comments in Support of Staff Memorandum.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cheyenne Aguilera", with a long horizontal flourish extending to the right.

Cheyenne Aguilera  
Office Manager

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1728**

In the Matter of

PORTLAND GENERAL ELECTRIC  
COMPANY,

Updates to Schedule 201 Qualifying Facility  
(10 MW or less) Avoided Cost.

**JOINT COMMENTS IN SUPPORT OF  
STAFF MEMORANDUM**

Portland General Electric Company (PGE or Company); the Community Renewable Energy Association (CREA); the Renewable Energy Coalition (REC); and NewSun Energy LLC (NewSun) submit these joint comments in support of the recommendation in Staff's public meeting memorandum and respectfully request that the Public Utility Commission of Oregon (Commission) adopt the recommendation in Staff's public meeting memorandum at the May 19, 2020 public meeting, with one clarification.

On April 7, 2020, PGE filed an Application in docket UM 1728 to update its Schedule 201 avoided cost prices, following the Commission's oral acknowledgment (subject to certain conditions) of PGE's 2019 Integrated Resource Plan (IRP) on March 16, 2020. PGE originally requested a May 7, 2020 effective date, noting that the 30-day timeline provided by the rules would help ensure that any new qualifying facilities (QFs) entering the contracting queue following this update receive the most current and accurate avoided cost prices. On April 24, 2020, PGE supplemented its Application to include interconnection costs for the proxy resources in the avoided cost calculations.<sup>1</sup> PGE's supplemental filing modified its requested

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<sup>1</sup> In past IRPs, interconnection costs have been included in the overnight capital cost estimates provided by a third-party vendor, and therefore interconnection costs are included in PGE's currently effective avoided cost prices. However, in the 2019 IRP, interconnection costs were not included in the overnight capital cost estimates.

effective date to May 20, 2020, to allow parties additional time for review. Additionally, because PGE's 2019 IRP was acknowledged within 60 days of May 1, PGE requested a waiver of the May 1 avoided cost update in accordance with OAR 860-029-0080(7)(b).

PGE, Staff, REC, CREA, and NewSun participated in two workshops, on April 23, 2020 and May 5, 2020, in which PGE explained its Application, as supplemented, and responded to questions and concerns. Before each workshop, Staff sent an email communication to the UM 1728 service list to inform any interested parties of the workshops. PGE also responded to 13 information requests and answered additional questions via email to facilitate understanding of PGE's Application.

In PGE's Application, PGE requested that the renewable resource deficiency period begin in 2030. PGE took the position that the 2030 date was appropriate because PGE's acknowledged action plan from the 2019 IRP to procure a renewable resource to come online by the end of 2024 is part of the least-cost, least-risk plan and is not driven by renewable portfolio standard (RPS) compliance needs. In its IRP, PGE included as a condition of its renewable action item that it would return the value of renewable energy credits (RECs) generated prior to 2030 to customers. Also, PGE relied on the fact that the IRP states that 2030 is the forecasted year in which PGE must add renewable resources to be physically compliant with the RPS. Consistent with the deficiency date beginning in 2030 after the production tax credits (PTCs) have expired, PGE's Application did not include PTCs in the renewable avoided cost calculation. PGE's Application also added solar integration charges and related explanatory language, based on the solar integration cost analysis included in the 2019 IRP.

Staff, CREA, REC, and NewSun did not agree with PGE's proposed 2030 renewable deficiency date, instead taking the position that 2025 is the appropriate date because PGE plans

to acquire renewable resources by the end of 2024. In discussions with the parties, CREA, REC and NewSun each raised other issues and concerns regarding the Application, including, but not necessarily limited to, the reasonableness of the capacity factor of the proxy wind resource drawn from the 2019 IRP, the reasonableness of the assumed contribution to peak capacity value used for solar QFs, the reasonableness of PGE's assumed interconnection costs for the proxy resources, and PGE's planning assumptions for QFs in the 2019 IRP.

PGE, Staff, CREA, REC, and NewSun reached a reasonable compromise agreement to resolve all issues that had been or could have been raised regarding PGE's pending Application.<sup>2</sup> In reaching this agreement, no party has agreed to a particular methodology or theory, and all parties have reserved their rights to take a different position in subsequent proceedings about the matters about which they have compromised.

Pursuant to their agreement, PGE, CREA, REC, and NewSun support the recommendation in Staff's Public Meeting Memorandum to begin PGE's renewable deficiency period in 2025. Consistent with a 2025 deficiency date and with the parties' agreement, PGE, CREA, REC, and NewSun also support including PTCs at 60%. These two revisions would change the pricing in the pending avoided cost update as reflected in Attachment A to Staff's Public Meeting Memorandum. In addition, CREA, REC, and NewSun have agreed not to oppose PGE's pending avoided cost update on any other grounds.

Therefore, PGE, CREA, REC, and NewSun respectfully request that the Commission adopt the recommendation in Staff's Public Meeting Memorandum, with the clarification that the avoided cost prices in PGE's compliance filing should include PTCs at 60%, consistent with a

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<sup>2</sup> See Exhibit A for the Memorandum of Understanding reflecting the agreement.

renewable deficiency period that begins in 2025 and with Attachment A to Staff's Public Meeting Memorandum.

Dated May 15, 2020

**MCDOWELL RACKNER GIBSON PC**



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Jacob H. Stephens  
NewSun Energy LLC

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 1728**

**Exhibit A to Joint Comments in Support of Staff Memorandum**

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Memorandum of Understanding Regarding Resolution  
of PGE's 2019 Post-IRP Avoided Cost Update

May 15, 2020

**MEMORANDUM OF UNDERSTANDING REGARDING RESOLUTION OF PGE'S  
2019 POST-IRP AVOIDED COST UPDATE**

**PARTIES**

This Memorandum of Understanding (MOU) is entered into by and between Portland General Electric Company (PGE); Staff of the Public Utility Commission of Oregon (Staff); the Community Renewable Energy Association (CREA); the Renewable Energy Coalition (the Coalition); and NewSun Energy LLC (NewSun) (collectively, the Parties) as of the date set forth below.

**BACKGROUND**

On April 7, 2020, PGE filed an Application in docket UM 1728 to update its avoided cost prices consistent with the Commission's acknowledgment of its 2019 Integrated Resource Plan (IRP). PGE's Application included a renewable resource deficiency date of 2030. PGE took the position that the 2030 date was appropriate because PGE's acknowledged action to procure a renewable resource to come online by the end of 2024 is part of the least-cost, least-risk plan and is not driven by renewable portfolio standard (RPS) compliance needs. Consistent with the deficiency date beginning in 2030 after the production tax credits (PTCs) have expired, PGE's Application did not include PTCs in the renewable avoided cost calculation. PGE's Application also added solar integration charges and related explanatory language, based on the solar integration cost analysis included in the 2019 IRP. On April 24, 2020, PGE supplemented its Application to include interconnection costs for the proxy resources in the avoided cost calculation.

The Parties participated in two workshops regarding PGE's Application, and PGE responded to several requests for information. During the workshops, Staff, CREA, REC, and NewSun expressed disagreement with PGE's proposed 2030 renewable deficiency date, instead taking the position that 2025 is the appropriate date because PGE plans to acquire renewable resources by 2025. In discussions with the parties, CREA, REC, and NewSun each raised other issues and concerns regarding the Application, including, but not limited to, the reasonableness of the capacity factor of the proxy wind resource drawn from the 2019 IRP, the reasonableness of the assumed contribution to peak capacity value used for solar QFs, the reasonableness of PGE's assumed interconnection costs for the proxy resources, and PGE's planning assumptions for qualifying facilities (QFs) in the 2019 IRP.

**AGREEMENT**

This MOU reflects the Parties' agreement to resolve all issues that have been or could have been raised related to PGE's Application. The Parties' agreement represents a reasonable compromise to efficiently resolve all concerns and revise avoided cost prices.

1. The Parties agree to support the following revisions to PGE's Application: (A) the renewable deficiency period used to calculate avoided cost prices will be revised to begin in 2025 and (B) inclusion of production tax credits (PTCs) at 60%. The agreed-to rates and calculations supporting those rates are contained in PGE's Response to Staff's Data Request No. 17 Attachment A (Non-confidential) and Attachment B (Confidential).

These two revisions will result in the following changes to the pricing in PGE's Application:

**Renewable Avoided Costs (Levelized to 2020 \$)**

<b>Renewable Base Load</b>	<b>Application: 2030 Deficiency Period and no PTC</b>	<b>Agreement: 2025 Deficiency Period and 60% PTC</b>	<b>Levelized Increase</b>
<b>15 year levelized price from 2021 COD</b>	\$38.74	\$43.69	\$4.95
<b>15 year levelized price from 2022 COD</b>	\$40.36	\$45.10	\$4.74
<b>15 year levelized price from 2023 COD</b>	\$42.01	\$46.54	\$4.53
<b>15 year levelized price from 2024 COD</b>	\$43.84	\$48.15	\$4.31
<b>Renewable Wind</b>			
<b>15 year levelized price from 2021 COD</b>	\$37.03	\$40.53	\$3.50
<b>15 year levelized price from 2022 COD</b>	\$38.38	\$41.61	\$3.23
<b>15 year levelized price from 2023 COD</b>	\$39.76	\$42.70	\$2.94
<b>15 year levelized price from 2024 COD</b>	\$41.30	\$43.95	\$2.65
<b>Renewable Solar</b>			
<b>15 year levelized price from 2021 COD</b>	\$35.75	\$41.76	\$6.01
<b>15 year levelized price from 2022 COD</b>	\$36.69	\$42.76	\$6.07
<b>15 year levelized price from 2023 COD</b>	\$37.69	\$43.83	\$6.14
<b>15 year levelized price from 2024 COD</b>	\$38.85	\$45.05	\$6.20

2. Staff, CREA, REC, and NewSun agree not to oppose PGE's Application on any other grounds.
3. Staff agrees to support the resolution reflected in this MOU in its Public Meeting Memorandum.
4. PGE, CREA, REC, and NewSun agree to support the resolution reflected in this MOU by filing Joint Comments with the Commission in advance of the May 19 Public Meeting at which the Commission will consider PGE's Application. The target date for filing Joint Comments will be May 15, and the Joint Comments will be filed no later than noon on May 18.
5. The Joint Comments will include the following:



- a. A summary of PGE's Application, as supplemented;
  - b. A summary of the workshop process in which Parties participated to understand and evaluate the Application;
  - c. A short summary of PGE's rationale for selecting 2030 as the renewable deficiency date;
  - d. A short summary of other Parties' rationale for supporting 2025 as the renewable deficiency date;
  - e. A short summary of the issues that Parties raised regarding PGE's Application; and
  - f. The Parties' compromise agreement to resolve all issues by adjusting the renewable deficiency date to 2025, with 60% PTCs, and otherwise not opposing PGE's Application.
6. The Parties have entered into this MOU to resolve disputed issues, and no Party admits or denies any fact or legal position at issue. By entering into this MOU, no Party approves, admits, or consents to the principles, methods, or theories employed by any other Party in arriving at the terms the agreement, other than as specifically identified in this MOU. All parties reserve the right to take a different position in subsequent proceedings on the matters about which they have compromised in this MOU.

PORTLAND GENERAL ELECTRIC CO.

PUBLIC UTILITY COMMISSION STAFF

Dated: May 15, 2020

Dated: \_\_\_\_\_

By: 

By: \_\_\_\_\_

RENEWABLE ENERGY COALITION

NEWSUN ENERGY LLC

Dated: \_\_\_\_\_

Dated: 5/15/2020

By: \_\_\_\_\_

By: 

COMMUNITY RENEWABLE ENERGY ASSOCIATION

Dated: \_\_\_\_\_

By: \_\_\_\_\_

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  - b. A summary of the workshop process in which Parties participated to understand and evaluate the Application;
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  - d. A short summary of other Parties’ rationale for supporting 2025 as the renewable deficiency date;
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PORTLAND GENERAL ELECTRIC CO.

PUBLIC UTILITY COMMISSION STAFF

Dated: \_\_\_\_\_

Dated: May 15, 2020

By: \_\_\_\_\_

By: Stephanie Andrus

RENEWABLE ENERGY COALITION

NEWSUN ENERGY LLC

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

COMMUNITY RENEWABLE ENERGY ASSOCIATION

Dated: \_\_\_\_\_

By: \_\_\_\_\_

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PORTLAND GENERAL ELECTRIC CO.

PUBLIC UTILITY COMMISSION STAFF

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

RENEWABLE ENERGY COALITION

NEWSUN ENERGY LLC

Dated: May 15, 2020

Dated: \_\_\_\_\_

By: 

By: \_\_\_\_\_

COMMUNITY RENEWABLE ENERGY ASSOCIATION

Dated: \_\_\_\_\_

By: \_\_\_\_\_

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PORTLAND GENERAL ELECTRIC CO.

PUBLIC UTILITY COMMISSION STAFF

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

RENEWABLE ENERGY COALITION

NEWSUN ENERGY LLC

Dated: \_\_\_\_\_

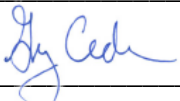
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By: \_\_\_\_\_

COMMUNITY RENEWABLE ENERGY ASSOCIATION

Dated: May 15, 2020

By:  \_\_\_\_\_