



Portland General Electric

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April 28th, 2023

Chair Janeen Sollman
Senate Energy and Environment Committee
900 Court Street NE
Salem, OR 97301

Chair Sollman, Vice-Chair Findley, and members of the committee,

Thank you for the opportunity to provide comments in opposition to HB 3055A.

As you heard from the Public Utility Commission, the federal Public Utility Regulatory Policies Act of 1978 (PURPA) provides that utilities, like PGE, must purchase the energy output from eligible generators on terms and conditions established by the OPUC. Today, PGE has 319 MW of PURPA projects online and an additional 286 MW of projects contracted, but not yet online. These projects represent nearly half all the PURPA projects in the state.

The power from these projects has historically been more expensive for our customers than renewable power acquired through a traditional Request for Proposal (RFP) process. In 2021, the average price paid for PGE's PURPA contracts was approximately \$80 per MWh - 62% more than the average price for the market alternatives for that year. Given the existing procedures for establishing PURPA contract prices, PGE expects that on a long-term basis, PURPA contract prices will substantially exceed the market costs for available alternative actions.

As we continue to decarbonize our system consistent with HB 2021, we remain laser focused on affordability and reliability which is critical for an equitable and inclusive energy transition. Moving the threshold for PURPA solar standard contracts and standard prices to 10MW in statute would remove the flexibility that the OPUC currently has to adjust this threshold as the market changes and will mean that utilities like PGE will be unable to fairly negotiate with project developers for these projects.

We have consistently seen the large majority of the projects within our solar PURPA queue come from out of state or multinational corporations who in most cases create project specific LLCs in

Oregon. These are not small, Oregon based companies or farmers building these projects. It is companies like Ecoplexus, who currently has a PURPA project in our queue, and is an international developer with offices in California, North Carolina, Texas, Mexico, Korea, Japan, and Vietnam. They have 750 MWs of projects online with another 7600 MWs in development in 6 countries. Generally, PURPA developers have become increasingly represented by sophisticated businesses. The last time PGE's standard contract rate was available for 10 MW solar projects, sophisticated developers contributed to a major acceleration of higher cost QF contracting for which PGE was obligated to sign. PGE anticipates that similar higher cost outcomes would return should this legislation become law and require a 10MW threshold for standard solar rates.

We also want to note that in our recently filed Clean Energy Plan and Integrated Resource Plan, we outlined a target to acquire 155MW of Community Based Renewable Energy Resources by 2030. In contrast to larger Qualifying Facilities projects that would be enabled by this bill, we see smaller community-based renewables as an important part of our decarbonization journey when the resources provide direct benefits to the communities in our service territory through community-benefits agreements and projects that have a particular focus on resilience.

Finally, in response to the rapidly evolving nature of the energy sector and updated guidance from the Federal Energy Regulatory Commission, the OPUC has opened a QF policy docket called UM 2000 to consider the very issues raised by this bill.

Over the next 18 months, that docket will take up key aspects of PURPA including avoided costs, contracting, and storage associated with PURPA projects. The table has been set with key stakeholders including project developers, utilities, and customers. PGE recommends that the committee defer to the Oregon Public Utility Commissions process for this matter.

HB 3055A will only further benefit out of state and multinational corporations at the expense of our customers and hamper the OPUC's ability to effectively evaluate what is in the best interest of Oregonians. We encourage the committee to let the OPUC do the work they have set out to do in UM 2000 and not move forward with HB 3055A.

Sincerely,
Chloe Becker
State Legislative Affairs Manager