



Portland General Electric

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Senator Janeen Sollman, Chair
Senate Energy and Environment Committee
900 Court St. NE
Salem, OR 97301

Re: PGE Opposition to Senate Bill 1178

Dear Chair Sollman, Vice Chairs, and members of the committee,

This session, PGE is actively engaged in bills that support utility bill affordability, including changing the rate setting process to smooth rate impacts for residential customers, cost allocation for new, large data center loads, and critical legislation to address the customer costs driven by wildfire risk. **Senate Bill 1178 dramatically expands the state's small-scale renewables requirement, and cuts against the Legislature's work to address utility bill affordability this session.**

During the 2021 session, PGE supported Oregon's landmark clean electricity legislation, House Bill 2021, requiring PGE to eliminate the greenhouse gas emissions associated with serving our customers by 2040. HB 2021 also included an increase in the requirement for utilities to acquire small-scale renewable energy projects, requiring PGE to procure 10% of the company's total aggregate electrical capacity from small-scale resources less than 20MW. Senate Bill 1178 moves the goalposts established in HB 2021.

By switching from a capacity-based requirement to an energy-based requirement, SB 1178 would materially increase the incremental cost and difficulty of complying with the existing 2030 requirement. Preliminary estimates suggest the bill will increase PGE's requirements 30-73% depending on the location of the resource – a small-scale solar project located east of the Cascades has a higher capacity factor which allows PGE to meet more of the small-scale requirement than a small-scale solar project located west of the Cascades with a lower capacity factor. That 30-73% increase in small-scale resources could have a potential cost impact of \$74-135 million. That figure does not include additional transmission capacity that will likely be needed to get the small-scale resources online.

PGE is already active in adding small-scale resources to our system. As we evaluate projects to achieve our decarbonization goals, we must balance costs, opportunities, safety, and operational risks for all utility customers. Most recently, PGE received Commission acknowledgment to pursue the acquisition of 155 MW of incremental Community Based Renewable Energy (CBRE), which qualify for Oregon's small-scale resource standard. PGE has begun a public request for offers for qualifying resources that allows communities to define their own project benefits, with evaluation conducted by a community advisory group and opportunities for feedback and improvement with both communities and the OPUC.

Additionally, PGE has approximately 300 MW of PURPA contracts executed and online. By law, PGE is required to contract with these projects. The prices paid for power produced from these projects have historically been higher than market prices and are not subject to the competitive nature of a request for proposal (RFP), a tool PGE utilizes for acquiring resources on behalf of customers.

PGE is also currently seeking to accelerate the value that existing solar resources bring to the grid, including PURPA projects, Oregon Community Solar projects, and customer sited rooftop solar by

developing utility programs that balance providing value to customers and the grid to bring more small-scale resources online. Under OPUC Order 21-464, rooftop solar does not contribute to small-scale resource compliance or to PGE's aggregate electrical capacity. However, the role of net metered solar in PGE's planning has continued to evolve since 2021, as interconnected net metered solar more than doubled in three years. Improvements in inverter capabilities, increasingly common storage pairing, and advancement of grid planning and management as discussed in Distribution System Plans and PGE's Virtual Power Plant activities all have contributed to the value of solar to PGE's system. To meet the current law small-scale requirements, PGE's current planning indicates an additional 210 MW of eligible small-scale resources will still be required by 2030.

Public policy must balance support for small renewable resources with the costs they bring to utility customers. At a time when rising utility bills are top of mind, PGE encourages this committee to not advance SB 1178.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Alderson", followed by a horizontal line.

Greg Alderson
Senior Manager, Government Affairs