

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2371

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

2025 All-source Request for Proposals.

RENEWABLE NORTHWEST
COMMENTS ON DRAFT RFP

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I. INTRODUCTION

Renewable Northwest appreciates the opportunity to submit these comments to the Oregon Public Utility Commission (“Commission”) regarding Portland General Electric Company’s (“PGE”) Draft 2025 All-Source RFP (“Draft RFP”). In these comments, Renewable Northwest discusses several issues with the Draft RFP and recommends nine discrete changes. The changes are enumerated at the end of each section and presented as a single list at the end of this document. Broadly speaking, they include ensuring that emerging technologies can compete in the RFP, eliminating PGE’s novel escrow payment requirement for shortlisted resources, allowing on-system resources to use Energy Resource Interconnection Service (“ERIS”) as well as Network Resource Interconnection Service (“NRIS”) interconnection, and relaxing PGE’s transmission requirements.

This list simply reflects the changes Renewable Northwest has identified to open the RFP to more bidders and ensure PGE is able to select least-cost, least-risk resources to serve its customers. There may well be additional changes necessary to ensure that the RFP is fair and competitive in accordance with Commission rules.¹ To that end, Renewable Northwest looks forward to reviewing other parties’ comments on the Draft RFP. In the meantime, Renewable Northwest appreciates PGE’s and the Commission’s attention to these comments.

II. COMMENTS

A. Modifications to the Draft RFP Are Necessary to Support Emerging Resource Technologies

The Draft RFP comes at a time when the challenges of maintaining reliability and affordability while transitioning to one hundred percent clean electricity are well understood, but

¹ OAR 860-089-0250(5).

the solutions are still murky. PGE’s 2023 Integrated Resource Plan (“IRP”) and Clean Energy Plan (“CEP”) discussed the possibility for emerging technologies to “reduce portfolio costs and minimize the need for transmission expansion” and “to help PGE meet [House Bill (“HB”)] 2021 targets[.]”² It is now 2025, and some of the emerging technologies studied in PGE’s 2023 IRP and CEP have matured to the point of potential commercial viability. Accordingly, Renewable Northwest recommends that PGE make certain changes to the Draft RFP to send a market signal to developers of emerging technologies and ensure that no unnecessary barriers will prevent these developers from bidding and, if determined to be least-cost and least-risk, being selected in PGE’s upcoming RFP.

On page 10 of the main RFP document, PGE lists example dispatchable technologies that will be considered in the RFP to help PGE meet its capacity need:

Non-emitting dispatchable resources must have the capability to be dispatched at specified times when called upon by PGE. Examples of these resources include pumped hydro, lithium ion battery storage, and geothermal resources. PGE will utilize portfolio analysis to identify the optimal combination of non-emitting dispatchable resources and renewable resources to procure.

Renewable Northwest recommends expanding the list of dispatchable resource examples to include at least iron-air battery and compressed air storage technology. Both technologies are publicly in development in neighboring states.³ While adding technologies to a list of examples

² *In re PGE 2023 CEP and IRP*, Docket No. LC 80, PGE CEP and IRP at 283 (Mar. 31, 2023).

³ *See, e.g.*, Jeff St. John, Canary Media, “Massive underground air-battery project lands \$1.76B DOE award” (Jan. 13, 2025), <https://www.canarymedia.com/articles/energy-storage/massive-underground-air-battery-project-lands-1-76b-doe-award>; Puget Sound Energy, “Puget Sound Energy partners with Form Energy to evaluate multi day energy storage solutions” (Jan. 5, 2024), <https://www.pse.com/en/press-release/details/Puget-Sound-Energy-partners-with-Form-Energy-to-evaluate-multi-day-energy-storage-solutions>.

may not have a direct effect on the conduct or results of PGE’s RFP, doing so would still send a market signal to developers of these technologies that PGE is seriously considering these emerging technologies.

Another element of PGE’s RFP, however, does pose a direct barrier to these emerging technologies. On page 2 of Appendix A to the RFP, PGE identifies as a minimum bid criterion the requirement that “[r]esource core technologies must be commercially proven and deployed at large scale within the North American utility industry.” Renewable Northwest recognizes PGE’s responsibility to pursue resources that are sufficiently mature to avoid posing unacceptable risks to PGE’s customers. However, PGE’s minimum bid criterion skews too far in the conservative direction. In doing so, it poses an equally unacceptable risk to PGE’s customers: by barring technologies that are commercially available but not yet “proven and deployed at large scale within the North American utility industry[,]” PGE could end up arbitrarily depriving its customers of an attractive resource. Indeed, as just one marker of the potential competitiveness of emerging technologies, PacifiCorp’s “2025 IRP preferred portfolio includes 511 MW of 100-hour iron air storage by the end of 2030[,]” a major shift since 2023.⁴ PGE has not yet finalized or released its 2025 IRP, but it would be self-defeating to impose an RFP term that could hamper or even entirely prevent selection of least-cost, least-risk emerging technologies.

Accordingly, RNW recommends loosening this requirement to allow for other means of demonstrating commercial viability for emerging technologies. One possibility is simply to allow an alternative to the test of large-scale commercial deployment in North America based on

⁴ *In re PacifiCorp 2025 IRP*, Docket No. LC 85, 2025 IRP at 7 (Mar. 31, 2025).

other factors sufficient to mitigate risks, perhaps by providing manufacturing information, demonstrating contracts for necessary materials, or providing other data suggesting maturity.

Substantially the same analysis applies to the PGE requirement, also on page 2 of Appendix A, that bids “[f]or energy storage facilities” must include a list of facilities of similar size using similar technology that “must be in proven commercial operation, beyond [research and development (“R&D”)] demonstrations.” Renewable Northwest recommends that PGE again allow an alternative option for emerging technologies; for example, where there are no existing, operational installations of similar size and technology, a bidder must provide additional information on technology maturity and commercial availability.

Finally, Renewable Northwest notes that PGE has provided an Effective Load Carrying Capability (“ELCC”) Calculator that allows bidders to estimate how well their projects will contribute to meeting PGE’s capacity need, but this calculator does not include storage resources with durations longer than the ten hours attributed to pumped hydro storage. Providing an indicative capacity value for long-duration storage would again send a valuable market signal to developers who would likely compete in PGE’s RFP if they were confident their bids would be fairly considered.

PGE need not create this value from scratch. The Western Resource Adequacy Program (“WRAP”) has adopted a capacity contribution methodology that applies to long-duration storage resources.⁵ For these resources, WRAP applies an Equivalent Forced Outage Factor methodology, determined by simply derating a resource by an average forced outage rate based

⁵ See *Business Practice Manual 105 Qualifying Resources*, WRAP, at 17 (Aug. 23, 2023), https://www.westernpowerpool.org/private-media/documents/V1.0_BPM_105_Forward_Showing_Qualifying_Resources_12-07-2023.pdf.

on historical data.⁶ Renewable Northwest expects that applying WRAP’s forced outage-based approach to long-duration energy storage would yield very high capacity contributions (qualifying capacity contribution or “QCC” in WRAP terms, or ELCC in PGE terms). Providing this information would add transparency to the RFP and could be helpful to those considering bids.

In sum, Renewable Northwest recommends the following changes to accommodate emerging technologies:

1. Add iron-air battery storage and compressed air energy storage to the list of technologies on page 10 of the RFP;
2. Allow an alternative to the minimum bid requirement that “[r]esource core technologies must be commercially proven and deployed at large scale within the North American utility industry” whereby a bidder can submit information or data sufficient to demonstrate mitigation of technological risks;
3. Allow an alternative to the requirement that storage bidders provide a list of facilities of similar size and technology that are “in proven commercial operation, beyond R&D demonstrations” whereby a bidder can submit information or data sufficient to demonstrate mitigation of technological risks; and
4. Establish an indicative capacity contribution for emerging technologies that are reasonably likely to participate in the RFP, potentially using WRAP’s methodology.

⁶ See *Business Practice Manual 105 Qualifying Resources* at 17-18.

B. The Negotiation Escrow Payment Is Effectively a Penalty for Success and Should Be Removed

On page 14 of the main RFP and page 17 of Appendix A to the RFP, PGE identifies an escrow payment of \$150,000 or \$300,000, depending on project size, that will be presumptively applied to projects on the final shortlist. The escrow payment is waivable if PGE and the Independent Evaluator determine a selected project “meet[s] expectations across all execution viability criteria.”⁷ It is also refundable if PGE decides not to proceed with contract negotiations.⁸ PGE later clarified in a workshop that this payment is otherwise not recoverable by the selected bidder but would be applied as a credit to customer rates.

Renewable Northwest recommends that PGE remove or the Commission direct PGE to remove this novel escrow payment because it effectively penalizes successful bidders, is likely to damage participation in the RFP, and could set a harmful precedent that reverberates more broadly throughout the industry.

The structure of PGE’s proposed escrow payment demonstrates that it is effectively a penalty applied only to successful bidders. The payment does not correlate to any quantifiable costs, but rather is pegged to set, predetermined values of either \$150,000 or \$300,000. The payment does not correlate to any difficult-to-quantify risks, because the same escrow amount would be charged to a shortlisted resource that meets five out of six “execution viability criteria” as to a shortlisted resource that meets *zero* out of six of the same criteria. The escrow design therefore violates both cost causation and basic policy design principles. Rather, it is a charge to successful bidders that is likely only to cause attrition at the final shortlist stage – a penalty for winning the RFP.

⁷ Draft RFP, Appendix A at 17.

⁸ PGE’s Presentation for the May 1, 2025 Workshop at 20 (May 1, 2025).

Take the hypothetical scenario where a bidder has applied a financial model to develop a bid price sufficiently high to make the bidder's investment in its project worth the bidder's while but also sufficiently low to compete on price in the RFP. PGE selects this hypothetical project to its final shortlist based on an analysis that suggests the project is in the best interests of PGE's customers – it will save them money. Between the time the bidder set the bid price and the hypothetical project's selection to the final shortlist, a shift in federal policy has occurred that will narrow the bidder's profit margins but still allow the bidder to grit its teeth and proceed with the original bid price. Now PGE comes along and says it believes the project is shy one "execution viability" point and must therefore pay \$300,000 for no discernible purpose. In a time of policy and market volatility, that hypothetical bidder may well decide to decline PGE's offer to pay it hundreds of thousands of dollars to proceed with an increasingly risky investment, and instead it may walk away. In that scenario, the \$300,000 credit to customers was illusory – it never manifested because the bidder withdrew, and the customers missed out on a project that PGE's own analysis said would save them money in the long run.

In other words, PGE's escrow payment proposal is certainly pound foolish, and it isn't penny wise either. Renewable Northwest therefore recommends the following change:

5. PGE's final shortlist escrow payment proposal should be struck from the RFP in its entirety.

C. Renewable Northwest Recommends PGE Allow On-System Bids to Use Energy Resource Interconnection Service

On page 4 of Appendix A to the RFP, PGE requires on-system bids to interconnect using NRIS. Renewable Northwest recommends loosening this requirement to allow either NRIS or ERIS for on-system bids.

PGE and its customers may benefit from allowing on-system bids to select ERIS, a product that is curtailable under severe grid conditions but does not require the same level of expensive and time-intensive transmission upgrades associated with NRIS. ERIS designation can help projects get connected to the grid more quickly and at lower cost, which can relieve near-term interconnection bottlenecks, facilitate more efficient use of the region’s constrained transmission system, and support PGE’s significant need for energy to meet its HB 2021 obligations – including reducing greenhouse gas emissions 80% by 2030.

For these reasons, Renewable Northwest recommends the following change:

6. The Draft RFP should allow on-system resources to use ERIS as an alternative to NRIS for interconnection.

D. Additional Transmission Changes Are Necessary to Achieve a Reasonable and Well-Founded Approach

Renewable Northwest has been working through the past few IRP-RFP cycles to promote a relaxation of PGE’s transmission requirements, which have been very conservative – unnecessarily, in Renewable Northwest’s view – and have led to some controversy.⁹ Renewable Northwest appreciates recent direction from the Commission and Staff to PGE to make strides on this issue and similarly appreciates PGE’s development of a revised approach to transmission requirements in this RFP (even if that progress has occurred under protest).¹⁰ On initial review, three remaining issues stand out to Renewable Northwest that may require additional changes to

⁹ See, e.g., Docket No. LC 80, Round 1 Comments of Renewable Northwest at 50-51 and Attachment D (July 27, 2023); *In re PGE 2023 All-Source RFP, Request for Partial Waiver of Competitive Bidding Rules*, Docket No. UM 2274, Comments of Renewable Northwest at 2 (June 16, 2023). For controversy, see generally Docket No. UE 427.

¹⁰ See, e.g., Docket No. UM 2274, Order No. 24-425 at 1 and Appendix A (Nov. 25, 2024); see also Draft RFP, Filing Letter at 2-3 (Apr. 17, 2025) (recounting PGE’s consistent protests against relaxed transmission requirements).

align PGE’s procurement approach with the resources best able to meet PGE’s needs at the least cost and risk to PGE’s customers: expanding PGE’s list of eligible delivery points, relaxing PGE’s requirement for transmission equivalent to 100% of certain resources’ interconnection limits, and assigning no capacity value to certain resources based on their transmission rights. Renewable Northwest may raise additional issues after review of other parties’ comments and further review of PGE’s RFP.

The Draft RFP allows all resources to deliver to PGE’s balancing authority and the Point of Receipt (“POR”) BPAT.PGE, and it allows renewable-only resources to deliver to four additional PORs: BIGLOW, BPAT.NWMT, CNTRLFRY230, and UMATILLA.PGE.¹¹ The Draft RFP does not allow delivery to Pelton Round Butte or PacifiCorp West.¹²

Both Bonneville Power Administration (“BPA”) and PGE have struggled with transmission congestion in recent years.¹³ Delivery to PGE’s system and BPAT.PGE may therefore be challenging to achieve. Yet the Draft RFP does not explain why PGE is limiting the ability to deliver to four additional PORs to only renewable resources, and it does not explain why PGE is denying the ability to deliver to two additional PORs. Extending acceptable delivery points for all resources to these additional six PORs and Mid-C could expand the bid pool and allow more cost-effective resources to be selected in the RFP to serve PGE’s customers. Unless PGE can provide a reasonable explanation for its limited selection of PORs, Renewable Northwest recommends that the Draft RFP be amended to allow delivery at all PORs identified in the RFP, including Pelton Round Butte and PacifiCorp West, and to Mid-C.

¹¹ Draft RFP, Appendix A at 3-4.

¹² Draft RFP, Appendix A at 3.

¹³ *See generally* Docket No. LC 80, PGE 2023 CEP and IRP.

PGE has relaxed its transmission requirements for many resources but requires transmission equivalent to 100% of a resource’s interconnection limit for two categories of resources: “[r]enewables delivering to a PGE VER POR” and “[b]ids including dispatchable resources[.]”¹⁴ Renewables delivering to a PGE VER POR need only have “transmission products” equivalent to 100% of the resource’s interconnection limit, while bids with dispatchable resources “must include long-term firm transmission rights for 100% of the resource’s interconnection limit.”¹⁵ In both cases, PGE’s requirement is unsupported and is likely to unreasonably limit PGE’s bid pool, to its customers’ detriment.

Given the significant work that has already gone into the relaxation of PGE’s transmission requirements, a full discussion of the potential benefits of requiring transmission equivalent to less than 100% of a resource’s interconnection limit is likely unnecessary here. The value proposition is well established in this increasingly constrained transmission environment. Rather, Renewable Northwest is curious why PGE has singled out these two resource categories for more stringent transmission treatment. Absent any explanation for the company’s disparate treatment, Renewable Northwest simply recommends that off-system renewables and resources with dispatchable elements be treated like other resources and allowed to bid even if they have not secured transmission equivalent to 100% of their interconnection limit. Before moving on, however, it is particularly worth noting that requiring a dispatchable resource to demonstrate “long-term firm transmission rights for 100% of the resource’s interconnection limit” appears to be a backslide even from the otherwise more stringent transmission requirements of recent RFPs. Years of advocacy before the Commission have

¹⁴ Draft RFP, Appendix A at 5.

¹⁵ Draft RFP, Appendix A at 5.

demonstrated that this requirement is overly conservative and likely to significantly reduce PGE's bid pool. This provision should be struck.

PGE assigns no capacity value to two categories of resources: “the portion of [a] resource's interconnection limit that is relying on System Conditions service” – a reference to BPA's Conditional Firm System Conditions product – and “the portion of [a] resource's interconnection limit that is relying on short-term firm, if any[.]”¹⁶ While PGE does not provide adequate support for either arbitrary designation of zero capacity value, withholding a capacity value from resources using Conditional Firm System Conditions is particularly at odds with the nature of the BPA transmission product and the record that has developed over past PGE IRP-RFP proceedings.

PGE's own benchmark team explained this issue reasonably well in comments on PGE's 2023 RFP, in which the benchmark team argued that PGE should allow bids relying on System Conditions (which PGE had proposed not to allow in that RFP) and should grant resources using System Conditions a capacity contribution based on a reasonable estimate of how often such resources would actually be curtailed.¹⁷ This approach accorded with analysis presented by Renewable Northwest in PGE's 2023 CEP and IRP docket, which suggested that curtailment is generally unlikely to occur and, if it does occur, is unlikely to coincide with PGE's peak demand hours.¹⁸ PGE has yet to present any quantitative analysis supporting its overly conservative approach to capacity accreditation for resources relying on transmission products other than conditional firm, while Renewable Northwest has presented analysis suggesting that these

¹⁶ Draft RFP, Appendix A at 12.

¹⁷ Docket No. UM 2274, Portland General Electric Company's Benchmark Team Comments on PGE's All-Source RFP at 3 (June 16, 2023).

¹⁸ Docket No. LC 80, Round 1 Comments of Renewable Northwest, Attachment D.

resources are likely to supply capacity when PGE needs it. Renewable Northwest requests that PGE remove, or the Commission direct PGE to remove, these arbitrary denials of capacity value unless and until PGE can present an analysis supporting its proposed approach.

Finally, the constrained transmission environment that underlies the need for PGE to relax its transmission requirements also underscores the importance of ensuring the RFP allows participation by resources using emerging technologies, as discussed above. PGE's 2023 IRP and CEP explain that "emerging technologies ... decreas[e] dependence on transmission expansion and ... expensive generic resources" and may also "reduce[] dependence on the timing of transmissions projects."¹⁹ Accordingly, PGE's own analysis suggests that Renewable Northwest's recommendations on accommodating emerging technologies and relaxing transmission requirements go hand in hand to help PGE move toward a least-cost, least-risk future and support PGE's compliance with HB 2021.

For the foregoing reasons, Renewable Northwest recommends the following changes to the Draft RFP:

7. Expand available delivery points for off-system resources;
8. Remove all requirements that resources acquire transmission equivalent to 100% of a resource's interconnection limit; and
9. Remove all requirements that arbitrarily assign a capacity value of zero to a resource based on its transmission product.

¹⁹ Docket No. LC 80, PGE CEP and IRP at 285.

III. CONCLUSION

Renewable Northwest respectfully requests that either PGE update its Draft RFP to reflect the changes recommended above, or that the Commission direct PGE to do so.

Specifically, Renewable Northwest recommends:

1. Adding iron-air battery storage and compressed air energy storage to the list of technologies on page 10 of the RFP;
2. Allowing an alternative to the minimum bid requirement that “[r]esource core technologies must be commercially proven and deployed at large scale within the North American utility industry” whereby a bidder can submit information or data sufficient to demonstrate mitigation of technological risks;
3. Allowing an alternative to the requirement that storage bidders provide a list of facilities of similar size and technology that are “in proven commercial operation, beyond R&D demonstrations” whereby a bidder can submit information or data sufficient to demonstrate mitigation of technological risks;
4. Establishing an indicative capacity contribution for emerging technologies that are reasonably likely to participate in the RFP, potentially using WRAP’s methodology;
5. Striking PGE’s final shortlist escrow payment proposal from the RFP in its entirety;
6. Allowing on-system resources to use ERIS as an alternative to NRIS for interconnection;
7. Expanding available delivery points for off-system resources;
8. Removing all requirements that resources acquire transmission equivalent to 100% of a resource’s interconnection limit; and

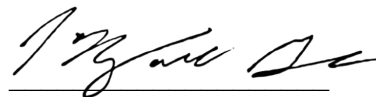
9. Removing all requirements that arbitrarily assign a capacity value of zero to a resource based on its transmission product.

Again, Renewable Northwest appreciates PGE's and the Commission's attention to these comments and looks forward to continued participation in this docket.

Dated this 16th day of May 2025.

Respectfully submitted,

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