



June 3, 2013

PGE Announces New Power Plants, Transmission Capacity Proposal

Actions are key to the company's long-term plan to meet customer needs

PORTLAND, Ore.--(BUSINESS WIRE)-- Portland General Electric Company (NYSE: POR) today announced completion of competitive bidding processes and subsequent negotiations to construct a baseload energy project and to acquire and construct a new wind farm. PGE has also signed a new memorandum of understanding with the Bonneville Power Administration to seek mutual transmission capacity solutions, resulting in the company's decision to suspend permitting and development of the proposed Cascade Crossing transmission project and revise its 2013 earnings guidance. The power plants and the memorandum of understanding significantly advance the company's implementation of its current integrated resource plan, which the Oregon Public Utility Commission acknowledged in November 2010. PGE has entered into the following:

- An agreement to construct a new 440 megawatt natural gas-fired power plant near Boardman. Projected cost: \$440 million to \$455 million, excluding allowance for funds used during construction.
- Agreements to acquire development rights for and to construct a new wind farm in southeastern Washington with a nameplate capacity of 267 megawatts. Projected cost: \$520 million to \$535 million, excluding allowance for funds used during construction.
- A non-binding MOU to participate in negotiations with BPA to pursue ownership of regional transmission capacity to meet PGE customers' needs via an innovative exchange of capacity and assets.

The power plants emerged as the best-performing bids to balance cost and risk in requests for proposals PGE issued in 2012, seeking resources to help meet customer energy needs and the Oregon Renewable Portfolio Standard.

"These two new resources will serve our customers with clean, cost-effective, efficiently generated power for decades to come," said Jim Piro, PGE's president and CEO. "We conducted a rigorous RFP process, and I am confident that we selected the least-cost, lowest-risk proposals for our customers."

The new MOU with BPA stems from continued discussions between PGE and BPA to explore common interests surrounding PGE's proposed Cascade Crossing transmission project.

New baseload power plant

The 440-megawatt natural gas-fired power plant will be built for PGE adjacent to its Boardman Generating Station by Abengoa S.A. (MCE: ABG), an international developer and contractor that applies technology solutions for sustainable development in the energy and environment sectors. Abengoa specializes in carrying out complex turnkey projects for thermal generation. The plant will use a G-class turbine manufactured by Mitsubishi Power Systems Americas Inc. and be capable of producing enough electricity to serve about 300,000 residential customers. Abengoa submitted the best-performing bid to meet customers' need for a baseload resource, using a new bidding option encouraged by the OPUC to give independent developers access to sites already controlled by PGE. A total of 18 bids representing eight distinct generating projects were submitted in response to PGE's request for proposals. PGE will own and operate the new facility, which is scheduled to be online in 2016. The project will create up to 500 jobs during construction and about 20 full-time positions when operating.

New wind farm

PGE has entered into an asset purchase agreement to acquire the development rights to phase two of the Lower Snake River wind farm, currently under development by Puget Sound Energy Inc. near Dayton, Wash., northeast of Walla Walla. The project will be built for PGE by general contractor and independent renewable power developer RES Americas Construction Inc. using 116 wind turbines manufactured by Siemens Energy Inc., each with a nameplate generating capacity of 2.3 megawatts, for a total nameplate capacity of 267 megawatts. The transaction is expected to close in August 2013, subject to customary conditions.

PGE will own and operate the facility, creating up to 300 jobs during construction and about 18 full-time operating positions. The facility is expected to be complete in 2015 and generate enough power to serve about 84,000 residential customers. Timing of construction and project milestones have been structured to enable the project to qualify for federal production tax credits that will reduce the cost of the facility for PGE's customers by approximately \$253 million during the life of the project.

Phase two of the Lower Snake River project was the best-performing proposal from among 64 bids representing 39 distinct generating projects that were submitted in response to PGE's request for proposals for renewable resources.

Together with PGE's existing owned and contracted renewable power generating resources, the new wind facility will allow PGE to comply with state standards requiring the utility to supply 15 percent of the power it delivers to customers from qualifying renewable sources beginning in 2015.

Transmission capacity memorandum of understanding

The new, non-binding MOU provides that PGE and BPA will explore a new option under which PGE could acquire perpetual ownership interest of approximately 1,500 megawatts of transmission capacity. In exchange, PGE could make investments in BPA's system, transfer assets or transmission capacity, and/or facilitate implementation of operational efficiency solutions for use by BPA. As a result, PGE has decided to suspend permitting and development of the Cascade Crossing project.

Under the MOU, PGE and BPA will work to reach a definitive agreement concerning the options described in the MOU. However, there is no assurance that the MOU will result in a binding agreement.

The MOU reflects progress PGE and BPA officials have made on discussions surrounding Cascade Crossing under a previous MOU signed in January. Changing market conditions have created an opportunity to explore lower-cost alternatives for customers that could provide needed transmission capacity for PGE with reduced environmental impacts. Plans for new energy projects in the Pacific Northwest have changed and other new transmission lines have been completed or are in development, increasing available capacity. In addition, electricity demand and forecasted growth have slowed. The new MOU identifies an option that could meet PGE's retail customers' needs for the next 10 years.

In a subsequent phase, PGE could acquire up to an additional 1,100 megawatts of perpetual transmission capacity ownership, which could include system upgrades and expansions. Timing and costs of these transmission capacity resources may be clarified through future discussions with BPA.

As a result of the decision to suspend permitting and development of the Cascade Crossing project, PGE will record an after-tax loss of approximately \$31 million during the second quarter of 2013 for project-related costs (\$52 million pre-tax). The company has filed an application with the OPUC seeking to defer these costs for possible future recovery in customer prices.

"This is a unique opportunity that has only occurred because of our joint planning discussions with BPA on our Cascade Crossing project," Piro said. "The new MOU lays out a path for PGE to capture the value of additional available transmission capacity more effectively, delaying PGE's need for new transmission infrastructure. While it's not an easy decision to suspend permitting and development of Cascade Crossing, it's the right thing to do for our customers, the region and the environment."

Culmination of RFP processes

In January, PGE announced plans to also build another new 220-megawatt natural gas-fired plant adjacent to its existing natural gas-fired Port Westward and Beaver plants in Columbia County. Construction of that project, designed to meet customers' growing need for flexible capacity, began in May and will create up to 200 construction jobs. The plant is expected to cost between \$300 million and \$310 million, excluding allowance for funds used during construction.

The RFPs used to select all three new power plants were conducted pursuant to competitive bidding guidelines established by the OPUC, using objective scoring criteria intended to identify projects that will provide the best balance of cost and risk while meeting PGE customers' needs for reliable, affordable electric power.

Accion Group Inc., an independent evaluator selected by the OPUC, oversaw the RFPs and review of bids to assure an objective and impartial process. Earlier this year, the independent evaluator gave the OPUC final assessments of the bid scoring and final short-list selections, and closing reports with detailed assessments of the process. The reports confirmed the RFPs were conducted in a fair and unbiased manner and that the final short lists accurately identified the bids with the most value for PGE customers. The reports and more information about the competitive bidding process are available at PortlandGeneralRFP.accionpower.com.

SEC filing and updated 2013 earnings guidance

PGE filed a Form 8-K report with the Securities and Exchange Commission on June 3, 2013, regarding these and other matters. As reported in the Form 8-K, the company is lowering its previously disclosed full-year 2013 earnings guidance of \$1.85 to \$2.00 per diluted share to \$1.35 to \$1.50 per diluted share as a result of these matters. The 8-K report is available on PGE's investor website at investors.portlandgeneral.com, and the new MOU is posted at portlandgeneral.com/cascadecrossing.

About Portland General Electric Company: Portland General Electric, headquartered in Portland, Ore., is a fully integrated electric utility that serves approximately 830,000 residential, commercial and industrial customers in Oregon. Visit our website at PortlandGeneral.com.

Safe Harbor Statement: Statements in this news release that relate to future plans, objectives, expectations, performance, events and the like may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding earnings guidance; statements regarding future load, statements concerning implementation of the company's integrated resource plan; statements regarding acquisition, construction, completion, and operation of generating facilities; statements regarding the possible outcomes of discussions and negotiations with the Bonneville Power Administration and PGE's possible acquisition of transmission capacity; as well as other statements containing words such as "anticipates," "believes," "intends," "estimates," "promises," "expects," "should," "conditioned upon," "will," "would," "could" and similar expressions. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties, including construction and operational risks relating to the company's generation facilities, including wind conditions, disruption of fuel supply, and unscheduled delays or plant outages, which may result in unanticipated operating, maintenance and repair costs, as well as replacement power costs; the costs of compliance with environmental laws and regulations, including those that govern emissions from thermal power plants; changes in weather, hydroelectric and energy markets conditions, which could affect the availability and cost of purchased power and fuel; changes in capital market conditions, which could affect the availability and cost of capital and result in delay or cancellation of capital projects; failure to complete capital projects on schedule or within budget, or the abandonment of capital projects, which could result in the company's inability to recover project costs; the outcome of various legal and regulatory proceedings; and general economic and financial market conditions. As a result, actual results may differ materially from those projected in the forward-looking statements. All forward-looking statements included in this news release are based on information available to the company on the date hereof and such statements speak only as of the date hereof. The company assumes no obligation to update any such forward-looking statement. Prospective investors should also review the risks and uncertainties listed in the company's most recent annual report on form 10-K and the company's reports on forms 8-K and 10-Q filed with the United States Securities and Exchange Commission, including management's discussion and analysis of financial condition and results of operations and the risks described therein from time to time.

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