

Portland General Electric Company

Type of Engagement: Common Stock Pre-Issuance Projects Review

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Engagement Team:

Daniel Sanchez, daniel.sanchez@sustainalytics.com, (+1) 647 264 6644

Sameen Ahmed, sameen.ahmed@sustainalytics.com

Prashant Pandey, prashant.pandey1@sustainalytics.com

Nazli Selin Ozbilgin, nazliselin.ozbilgin@sustainalytics.com

Introduction

In June 2021, Portland General Electric Company (“PGE” or the “Company”) developed the Portland General Electric Company Green Financing Framework¹ (the “Green Financing Framework”) under which it aimed to finance eligible projects related to renewable energy, energy efficiency, clean transportation or climate change adaptation.

In October 2022, PGE engaged Sustainalytics to review the list of nominated projects (the “Nominated Projects”) that will be funded through the issuance of common stock and provide an assessment as to whether the Nominated Projects would align with the Green Financing Framework’s Use of Proceeds Eligibility Criteria. The proceeds raised from the common stock and earmarked for funding the Nominated Projects will not be received by PGE at the time of issuance but after the settlement of a forward sale agreement at a future date determined by the Company.

Evaluation Criteria

The list of Nominated Projects contains only one project currently, namely the Clearwater Wind project. Sustainalytics evaluated the Clearwater Wind project as to whether it is aligned with the Use of Proceeds Eligibility Criteria outlined in the Framework.

Appendix 1 provides the Framework’s Use of Proceeds Eligibility Criteria. Appendix 2 provides the list of Nominated Projects. Sustainalytics findings are summarized in Appendix 3.

Issuing Entity’s Responsibility

PGE is responsible for providing accurate information and documentation relating to the details of the projects that will be funded, including a description of the eligible projects within each eligible category. This information was provided to Sustainalytics to support its review.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of PGE’s Nominated Project against the Use of Proceeds Eligibility Criteria established in the Framework. The work undertaken as part of this engagement included verification of the Nominated Project.

Sustainalytics has relied on the information and the facts presented by PGE with respect to the Nominated Project. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by PGE.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the pre-issuance review.

¹ PGE, “Portland General Electric Green Finance Framework”, (2021), at: <https://investors.portlandgeneral.com/green-financing>

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Project is not aligned with the Use of Proceeds Eligibility Criteria outlined in PGE's Green Financing Framework.

² Sustainalytics' limited assurance process includes reviewing the documentation relating to the details of the projects that have or will be funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Company. The Company is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix 1: Use of Proceeds Eligibility Criteria

Green Category	Eligibility Criteria
Renewable Energy	<p>Investments in or expenditures related to the acquisition, development, operation, and maintenance of new and existing renewable energy generation.</p> <p>Examples include wind and solar energy generation and battery storage, as well as all related transmission and distribution infrastructure.</p> <p>Investments or expenditures must relate to:</p> <ul style="list-style-type: none"> • Land acquisition and leasing • Purchase of renewable energy applications and technologies and associated equipment • Construction • Maintenance • Equipment manufacturing • Purchase of renewable energy power purchase agreements (PPAs) with a minimum tenor of 10 years
Energy Efficiency	<p>Investments in or expenditures related to:</p> <ul style="list-style-type: none"> • Advanced metering and grid infrastructure, including smart electric meters and related communication networks and information technology to provide the data needed for the electric systems to operate more efficiently. • Energy efficient infrastructure (such as building energy management systems and modeling technology), electric products, and appliances (such as LED lighting) that reduce energy loss as well as the Company's overall carbon footprint • Technology to enable customers to better manage their energy use including grid-enabled end use appliances such as water heaters, HVAC, thermostats and batteries • Expenditures in programs and technology that provide clean energy resource options for customers, including demand response participation, time-of use and flexible load programs
Clean Transportation	<p>Investments in or expenditures related to transportation electrification activities including:</p> <ul style="list-style-type: none"> • Fleet electrification including passenger cars, commercial vehicles and heavy-duty vehicles • Site design, construction and ownership of electric vehicle charging stations and other related infrastructure such as network extensions or capacity upgrades • Electrification of public transportation systems (bus, train or trucks) that supports clean transportation

<p>Climate Change Adaptation</p>	<p>Investments in or expenditures related to helping to mitigate weather-related damage from elevated wildfire risk and enhancing the resilience of the grid. This includes:</p> <ul style="list-style-type: none"> • Grid hardening (pole design and replacement, utilization of tree wire, and undergrounding of cables) • Smart technology such as early fault detection systems, and advanced reclosers • Utilization of LiDAR and other imaging technology to identify and monitor high-risk area • Proactive community engagement and protection including public safety power shutoffs (PSPS) and community resource centers to minimize impact of service disruptions <p>A vulnerability assessment and associated adaptation plan will be conducted for such investments, where applicable.</p>
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Appendix 2: List of Nominated Projects

As at October 2022, the list includes one single project.

Use of Proceeds Category	Renewable Energy
Geographic Location	Montana, US
Expected Completion Date	December 2023
Project Description	<p>As a result of negotiations with the final shortlist bidders, PGE and NextEra Energy Resources, LLC, a subsidiary of NextEra Energy, Inc. have entered into agreements to construct a 311 MW wind energy facility, which will be part of the larger Clearwater Wind development in Eastern Montana.</p> <p>PGE will own 208 MW of the 311 MW being acquired in these agreements, with an investment of approximately USD 415 million, excluding allowance for funds used during construction. Subsidiaries of NextEra Energy Resources, LLC will own the remaining 103 MW and will sell their portion of the output to PGE under a 30-year PPA. Subsidiaries of NextEra Energy Resources, LLC plan to design, build and operate the facility.</p>

Appendix 3: Sustainalytics' Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Project (Appendix 2) to be funded by the common stock issuance to determine if the project aligned with the Use of Proceeds Eligibility Criteria outlined in PGE's Framework (Appendix 1).	The project reviewed (Appendix 2) complied with the Use of Proceeds Eligibility Criteria, under the Renewable Energy category.	None

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