



**Portland General Electric Company**  
121 SW Salmon Street • Portland, Oregon 97204  
PortlandGeneral.com

December 23, 2008

Public Utility Commission of Oregon  
Attn: Filing Center  
550 Capitol Street, N.E., Suite 215  
Salem, OR 97301-2551

**RE: Advice No. 08-22, Firm Load Reduction Pilot Program**

In addition to the electronic filing, enclosed, with a requested effective date of **February 4, 2009**, is the original copy of the following:

- Second Revision of Sheet No. 1-1
- Original Sheet No. 77-1
- Original Sheet No. 77-2
- Original Sheet No. 77-3
- Original Sheet No. 77-4
- Original Sheet No. 77-5

The purpose of this filing is to offer an optional demand response pilot program to PGE's Large Nonresidential customers that are able to commit to load reduction of at least one megawatt (MW) or greater. Under the proposed tariff enrolled customers will receive capacity and energy payments for committing to a specific load reduction at the request of the Company.

The proposed tariff will allow the Company to gain experience and capability in providing demand side capacity incentives as it prepares to fill its capacity needs in year 2012 and beyond. In addition, the pilot will allow the Company to test pricing, structure, notification aspects, customer demand and ability to curtail load on short-notice in exchange for demand side capacity incentives.

Under the proposal, the Company will have the ability to ask customers to curtail load at least once and a maximum of twelve times during the 2010 calendar year. The curtailment events will be limited to four-hour peak periods with only one event per day. The Company will limit its request for curtailment to the summer (July, August, and September) and winter (December, January and February) seasons and will give customers two or four hour notification depending on the load curtailment option chosen by the Customer.

For the 2010 calendar year, the pilot is limited to 10 MW of load, enrolled on first come first serve basis. Limitation of enrollment will limit the estimated direct costs associated with the program to \$500,000. Both reservation and energy payments will be recovered

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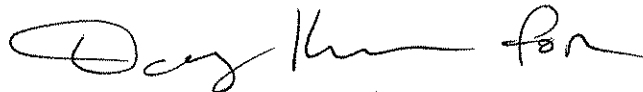
through PGE's power cost mechanisms (Schedule 125 and Schedule 126) from all PGE customers as power costs for the enrollment year.

Attached is a detailed description of the proposed Firm Load Reduction Pilot Program.

If you have any questions regarding this filing, please call Dmitri Jemeljanov at (503) 464-8498.

Please direct all formal correspondence and requests to the following email address [pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Sincerely,

A handwritten signature in black ink, appearing to read "Randall J. Dahlgren". The signature is fluid and cursive, with a large initial "R" and "D".

Randall J. Dahlgren  
Director, Regulatory Policy & Affairs

Enclosure(s)

**PORTLAND GENERAL ELECTRIC COMPANY  
TABLE OF CONTENTS  
RATE SCHEDULES**

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9	Stable Rate Pilot (No New Service)
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11	New Start Pilot
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54	Large Nonresidential Tradable Renewable Credits Rider
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(N)

**SCHEDULE 77  
FIRM LOAD REDUCTION PILOT PROGRAM**

**PURPOSE**

This schedule is an optional supplemental service that provides participating Large Nonresidential Customers payments for reducing a committed amount of load at the request of the Company. Under this tariff, the Customer will provide a Firm Load Reduction commitment that the Company can call at any time according to the conditions listed below.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To qualifying Large Nonresidential Customers served under Schedules 75, and 89, who at the notification by the Company, during a Firm Load Curtailment Event, are able to commit to load reduction of at least 1 MW of Demand or greater at a single Point of Delivery (PODID). The schedule is limited to a Firm Load Commitment of 10 MW capacity enrolled on first come first serve basis.

**PAYMENTS**

Subject to the terms of this Schedule, the Company will pay the Customer:

1. A Monthly Reservation Payment, for the duration of the contract term, equal to the Firm Load Reduction Commitment per kW multiplied by the applicable monthly Reservation Rate based on the Option selected by the Customer:

<b>Firm Load Reduction Option</b>	<b>Monthly Reservation Rate per kW</b>
A	\$3.00
B	\$2.50

2. A Firm Energy Reduction payment for each Megawatt-Hour (MWh) reduced during the Firm Load Curtailment Event, up to 120% of the Firm Energy Reduction Amount.

The Energy Reduction Payment will be equal to the Firm Energy Reduction Amount times the lesser of the hourly Mid-Columbia Electricity Index (Mid-C) as reported by the Dow Jones or fuel cost per MWh for a Simple Cycle Combustion Turbine (SCCT) during the Load Curtailment Event as shown below adjusted for losses based on the Customer's delivery voltage.

**SCHEDULE 77 (Continued)**

PAYMENTS (Continued)

For the year of 2009, the reference fuel cost per MWh for an SCCT are:

Jan 2009	Feb 2009	Jul 2009	Aug 2009	Sep 2009	Dec 2009
\$63.74	\$63.96	\$61.69	\$62.46	\$62.74	\$74.43

The Energy Reduction Payment rates will be updated annually. Evaluation and settlement of the Energy Reduction Payment will occur within 60 days of the Firm Load Curtailment Event.

**FIRM LOAD REDUCTION OPTION AND ELECTION**

The Firm Load Reduction Options and terms are:

Firm Demand Reduction Options	Advance Notification Hours	Event Duration Consecutive Hours per Day
A	2	4
B	4	4

The Customer must select at the time of enrollment the applicable Firm Load Reduction Option to be in effect for the duration of the contract term.

**FIRM LOAD REDUCTION**

Firm Load Reduction will be measured as a reduction of Demand as specified in the Firm Load Reduction Agreement from a predetermined Daily Baseline Demand Profile during each hour of the Load Curtailment Event.

Daily Baseline Demand Profile

Daily Baseline Demand Profile is defined by measuring the participating Customer's Demand for each 30-minute interval over a minimum of the most recent 14 typical operational days prior to the Load Curtailment Event and combined into an average hourly Demand profile.

Typical operational days exclude days that a Customer has participated in a Curtailment Event. The Company may, in collaboration with the customer, develop, at time of enrollment, an alternate method to determine baseline usage when the customer's energy usage is highly variable.

**FIRM ENERGY REDUCTION AMOUNT**

The Firm Energy Reduction Amount is the difference between the Customer's Baseline Energy Usage and the Customer's measured hourly energy usage during the Load Curtailment Event.

**SCHEDULE 77 (Continued)**

**FIRM ENERGY REDUCTION AMOUNT (Continued)**

Baseline Energy Usage is defined as the average energy usage for each hour for a minimum of approximately 14 typical operational days immediately prior to the curtailment event. Typical operational days exclude days that a Customer has participated in a curtailment event. The Company may, in collaboration with the customer, develop, at time of enrollment, an alternate method to determine baseline usage when the customer's energy usage is highly variable.

**LOAD CURTAILMENT EVENT**

The Company at its discretion may initiate a Load Curtailment Event by providing the participating Customer with the appropriate notification consistent with the Customer's selected Firm Load Reduction Option. The Customer will reduce its Demand served by the Company, for each hour of the Load Curtailment Event by not less than the Firm Demand Reduction Commitment made at the time of the enrollment.

The Company may initiate Load Curtailment Events during December, January, February and July, August, September of the contract year. Load Curtailment Events can be called for a maximum of two consecutive days, with only one event per day. A minimum of one event will be called per contract year. Subject to notification requirements of this schedule, the Firm Load Curtailment Event may start between 6 am and 8 pm on the event day. The Company may call up to Forty-eight hours of Load Curtailment Events during the contract year.

Event Notification

The Company will notify the participating Customer of a Load Curtailment Event via telephone, with a confirming email notice to the Customer's Representative specified by the Customer at the time of enrollment. The Company's notification will include a time and date by which the Customer must reduce the committed Demand for each hour of the Load Curtailment Event.

Other methods of notification may be used at the discretion of the Company and with prior Customer agreement. The Customer is responsible to notify the Company if the Customer's contact information specified at the time of the enrollment changes as soon as such change occurs.

**FAILURE TO COMPLY WITH THE LOAD CURTAILMENT EVENT**

If the Customer does not meet on average 90% of the Load Reduction for each hour of the Firm Load Curtailment Event, the following will apply. The first such failure will result in the forfeit of the Energy Reduction Payment and the refund of the Monthly Reservation Payments to the Company made to the Customer to date. The second such failure within the contract year will result in an immediate disqualification from the Firm Load Reduction Program for a period of 2 years, the forfeit of the Energy Reduction Payment and the refund of the remaining Monthly Reservation Payments made to the Customer from the date of the of the first failure.

**SCHEDULE 77 (Continued)**

**ENROLLMENT**

The enrollment period for qualified Customers occurs annually from October 1<sup>st</sup> to October 15<sup>th</sup> or the following business day if the 1<sup>st</sup> or the 15<sup>th</sup> falls on a weekend or holiday). Within 5 days of enrollment, the Company will confirm receipt of the PODID(s) the Customer intends to enroll under this schedule and will send a written contract to the Customer's representative. No later than October 30<sup>th</sup> (or the next business day if the 30<sup>th</sup> falls on a weekend or holiday), the Customer must sign a written Firm Load Reduction Agreement (FLRA) with the Company. The enrollment will be effective for one calendar year beginning January 1, following the enrollment window. The Customer shall re-enroll annually in order to remain on this schedule.

**SPECIAL CONDITIONS**

1. Customers participating on the Company's Schedule 200 program may not use their on-site generation equipment for load reductions to meet load reduction commitments under this tariff. Customer on-site generation not under Schedule 200 must be permitted through applicable local, State and Federal agencies prior to its use to meet reduction commitments under this tariff.
2. Customers participating in Schedules 84, 86, 483, 489, 575, 583 and 589 are not eligible.
3. Firm Load Reduction by Schedule 75 Customers will not exceed the Customer's Baseline Demand as specified in the written service agreement between the Customer and the Company. Customer cannot use purchases under Schedule 76 to meet load reduction commitments under this tariff.
4. The Company is not responsible for any consequences to the participating Customer that results from the Firm Load Curtailment Event or the Customer's effort to reduce Energy in response to a Firm Load Curtailment Event. The Customer may not participate in this rider until the Company has installed metering that records usage in 15 minute intervals. The Customer will provide communication service to the meter if requested by the Company.
5. This tariff is not applicable when the Company requests or initiates load curtailment affecting a Customer meter under system emergency conditions.
6. The Company will not cancel or shorten the duration of a Firm Curtailment Event once notification has been given without the mutual consent of the Customer.
7. Monthly Reservation Payments and Energy Reduction Payments made to individual Customers under this tariff will be recovered from all Customers through the Company's Schedule 125 and Schedule 126 for the corresponding enrollment year.
8. The Company will file any adjustment to the Monthly Reservation Rate not less than two months prior to the annual enrollment period.

**SCHEDULE 77 (Concluded)**

SPECIAL CONDITIONS (Continued)

9. The Customer will allow the Company to install communication phone lines or wireless data recorders and pulse output on the meter no later than 20 days after signing the FLRA.
10. There will be no restart during an event.

**TERM**

Service under this schedule will be for one-year.



PGE Advice 08-22

Attachment

## **SCHEDULE 77 FIRM LOAD REDUCTION PILOT PROGRAM OVERVIEW**

### **Goals**

Schedule 77 is an experimental tariff that will allow the Company to gain experience and capability in providing demand side capacity incentives as it prepares to fill its capacity needs in year 2012 and beyond. The Company will test, customer demand for, pricing, structure, and notification aspects of the proposed demand side capacity incentives. In addition, the Company will test if the Firm Load Reduction Program will be able to ensure system reliability during peak periods and reduce customer costs associated with potential future short-term supply deficits. The tariff is limited to 10 MW of enrolled capacity.

### **Proposal Description**

Schedule 77 will be available to Large Nonresidential Customers who are able to reduce at least 1MW of load on short notice at the request of the Company. Participating Customers would receive a monthly reservation payment for the duration of the contract year, based on the amount of load committed and notification period selected under the program. In addition to the monthly reservation payments, the Customers would also receive an energy payment based on the amount of energy curtailed during a load curtailment event.

The Company would limit the load curtailment events to a maximum of forty-eight hours per year. Each event will be four hours long allowing the Company to call a maximum of twelve events per year. Based on preliminary discussions, the limitation of hours balances Customers' propensity to shift and/or reduce operations during critical periods of the year and the Company's future plans to meet the very top of the annual demand curve through demand-side load reduction programs.

The proposed tariff offers Customers two different options for Firm Load Reduction based on the Customer's preferred advance notification of two and four hours. The load curtailment events may only be called during the months of December, January, February and July, August and September of the contract year. Subject to notification requirements, the load curtailment events could start anytime between 6 am and 8 pm on an event day and cannot occur on more than two consecutive days. The Company may call all curtailment events in one season or one month. The proposal includes a recovery of reservation payments from the Customer if the Customer fails to reduce load under the tariff.

The tariff will be open to Large Non-Residential Customers on Cost of Service (COS) schedule only. Customers participating in Direct Access (Schedules 575, 589) or Long-

Term Cost of Service Opt-Out Schedule (Schedule 489) would not be eligible to participate in the pilot. Customers participating in Distributed Generation (DG) program (Schedule 200) would not be able to use their DG equipment for load reductions to meet load reduction commitments under the proposed tariff. Customers with on-site generation not on DG program must have all the necessary permits required under local, State and Federal regulations in order to use it as means of meeting the load reduction commitments under the proposed tariff.

### **Reservation Payment, Pricing and Cost Recovery**

Under the proposed pilot program, the Company will pay a monthly reservation payment of \$3.00 per kW per month for Customers that commit to reduce load within two-hour notification window and \$2.50 per kW per month for four-hour notification window. In addition to monthly reservation payments the Company will also pay energy payments to Customers for loads reduced during curtailment events. The energy payment will be based on a heat rate of a Simple Cycle Combustion Engine (SCCT) or the hourly Mid-Columbia Electricity Index (Mid-C) as reported by Dow Jones whichever is less.

Total reservation payments under a fully subscribed tariff (10MW), will be \$360,000 per year. If the Company calls all forty-eight hours of load curtailment events, the total energy payments would not exceed \$50,000 for total program costs of \$410,000 per year. The estimated costs for each megawatt-hour (MWh) curtailed are \$625/MWh to \$854/MWh.

The Company has sufficient access to capacity resources to meet its capacity needs for the calendar years of 2010 and 2011. The level of monthly reservation payments strikes a balance for the Company's actual capacity needs while offering interested Customers an incentive to participate in the pilot. The reservation payment reference point was the capital cost of a simple cycle combustion turbine (SCCT) plant adjusted to reflect the nature of this particular pilot and access to capacity. The reservation payment further reflects limited availability, longer notification time and probability for customer response risk.

The Company proposes to recover costs associated with its Firm Load Reduction Program from all Customers through its AUT and PCAM mechanisms. Based on the result of the annual enrollment window, the Company will include the costs of the reservation payments in its final Annual Power Cost update that will be filed with the Commission in November of each year. Energy Reduction Payments made to participating Customers during Load Curtailment Events will be passed to all Customers through the Company's Schedule 126 PCAM mechanism.