

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1657

In the Matter of)
)
PORTLAND GENERAL ELECTRIC)
COMPANY,)
)
Annual Smart Grid Report)
_____)

COMMENTS OF THE
CITIZENS' UTILITY BOARD OF OREGON

July 10, 2015



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The Citizens' Utility Board of Oregon (CUB) appreciates the opportunity to submit comments on Portland General Electric's (PGE) Annual Smart Grid Report. In general, the organizational structure of PGE's report is a major improvement as compared to previous reports. Relative to previous reports, the 2015 report is well-organized, easy to follow, and clearly delineates various smart grid projects and their statuses concisely. It contains helpful time road maps and gives a broad idea of PGE's smart grid progress thus far. CUB commends the Company for this improvement. However, the report also raises some substantive concerns for CUB—in particular, areas where costs and benefits could have been more clearly delineated and PGE's prepaid metering proposal. CUB elaborates on its positions below.

In its 2015 report, PGE changed the formatting of the report to include a more organized demarcation of current, past, and future projects. The Company collaborated internally with teams outside of the scope of the smart grid (p.13), and for most of its projects, PGE's succinct descriptions gave a good idea of where the Company is headed. For other projects specifically

highlighted by the Commission,¹ PGE included more extensive descriptions that included costs and benefits that give the reader a better idea of the value and savings of some of these smart grid programs. Much of PGE's report implies that its projects are still in development stages, and where research is concerned, CUB feels that the Company is putting forth a decent effort in exploring different applications of its version of a smart grid. In particular, CUB notes PGE's Home Battery Back-Up System project in conjunction with Portland State University (p. 37) and the long-awaited Smart Water Heater program initially introduced in 2007 in UE 189² that seems to allow appliances to actually communicate with the utility. PGE seems to be making gains towards the original intentions of the smart grid.

Despite these gains, there is always room for improvement. CUB feels that in previous reports, the Company was more explicit in its inclusion of costs and benefits to the report. For example, in the 2014 Smart Grid Report, costs of projects were listed throughout the report and not just relegated to the appendices. PGE did provide a detailed narrative of costs and benefits in the 2015 report, but these were primarily for projects specifically listed in Staff Recommendations based on the 2014 report.³ For ease of reference, and to get a better idea of the cost of these projects, PGE should have at least included cost estimates of its new projects.

Perhaps more importantly, CUB would like to point out its concerns with PGE's proposal for prepaid metering. Section 7 of PGE's 2015 Smart Grid Report, entitled, "Future Smart Grid Investments," states the following:

Prepaid Metering

Description: With prepaid metering, customers can pay a set amount of money for their energy use up-front and have daily usage fees deducted from the credit

¹ Order No. 14-333.

² UE 189/PGE/103/Carpenter-Tooman/6.

³ See Order No. 14-333.

balance. Participating customers are provided frequent communications, alerting them to their remaining balance and how many days of service remain before service will be disconnected until additional payment is made. For budget-conscious customers or customers who move regularly (e.g. student populations), this program can be a valuable tool for managing energy spending. In addition, it gives participants a strong incentive to pay attention to their energy use.

Status: Future Initiative

Next Steps: Implementation of a voluntary prepaid metering pilot would not be pursued until CIS and MDMS replacement is complete. Before implementing any such pilot, PGE would actively engage with CAAs and low-income advocates on pilot design.⁴

While prepaid metering is often listed as a demand response program, CUB views it primarily as a tool for dealing with credit issues, arrearage, and shut offs. While PGE describes it as a “valuable tool for managing energy spending,” this can also be interpreted as a “valuable tool to prevent arrearages.” Prepaid meters programs are often offered with onerous deposit rules (is it really voluntary when it is the only way to avoid an unaffordable deposit?), or are pushed onto customers who have past due bills. For example, Peninsula Light Company offered prepaid meters to customers who were disconnected and unable to pay a security deposit and the past due amount.⁵ Glacier Electric allowed customers to convert up to \$300 in arrearage to long-term debt if the customer signed up for prepaid electric service.⁶

At its core, prepaid metering allows customers who live paycheck to paycheck to only pay what they can afford in each pay period. Unfortunately, many times the result is customers running out of electricity before the next pay period and having to go a day or two without electricity until they can replenish their account. One utility found that 48% of low-income

⁴ UM 1657 PGE 2015 Smart Grid Report, p. 39.

⁵ NEEA, Prepaid Customer Survey, Distributed Energy Financial Group LLC, January, 23, 2014, page 33.

⁶ *Ibid.*

customers on prepaid metering programs “conserved electricity” by being disconnected!⁷ These programs do create real energy savings, but this is not surprising since a customer without power is left without a choice to conserve.

CUB reminds the Company that PGE agreed to engage with more than just Consumer Action Agencies (CAAs) and low-income advocates prior to proposing a pilot. As stipulated in UE 189:

Pre-paid metering is not a program or functionality that will be included as part of the AMI deployment project. While PGE has discussed using the AMI technology to pilot a pre-paid metering program, no decision to proceed has been made. To assure that this potential program is applied appropriately, PGE will:

- Prior to proposing a prepaid metering program to the OPUC, meet with OPUC Staff, CAAs, CUB, and other parties to explore parameters associated with pre-paid metering.⁸

PGE says that it will actively engage CAAs and low-income advocates on pilot design, but CUB is concerned that by the time that a prepaid metering pilot is implemented, parties will not have had a chance to provide input on the program parameters. CUB believes that the Company must engage stakeholders before making the decision to offer a pilot and before getting to the pilot design stage. The Company lists prepaid metering as a “future initiative,” and as such, CUB reiterates its interest in being involved in any prepaid metering projects moving forward.

CUB appreciates PGE’s efforts to evaluate smart grid opportunities and applauds its improved, more streamlined report. However, CUB is also concerned about any prepaid

⁷ NEEA, Prepaid Customer Survey, Distributed Energy Financial Group LLC, January, 23, 2014, page 43.

⁸ Order No. 08-245.

metering projects and advises the Company to include more quantitative components to its report in the future. CUB will watch the development of PGE's future projects with interest.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nadine Hanhan', with a long horizontal stroke extending to the right.

Nadine Hanhan

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