

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 8, 2017

REGULAR _____ CONSENT X EFFECTIVE DATE August 9, 2017

DATE: August 1, 2017

TO: Public Utility Commission

FROM: Mitchell Moore *MPM*

THROUGH: J Jason Eisdorfer and *JC for MH* Marc Hellman

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 588/Advice No. 17-12) Updates Schedule 5, Direct Load Control Pilot Rider.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) proposed changes to Schedule 5 tariff, as described in the filing of Advice No. 17-12, effective for service rendered on and after August 9, 2017.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed changes to its Schedule 5, the Direct Load Control Pilot tariff.

Applicable Law

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Public Utility Commission of Oregon (OPUC or Commission).
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- ORS 757.689 sets forth requirements for including the costs of energy conservation measures in rates of electric companies, other than those acquired through ORS 757.612.
- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

Analysis

Background

On November 17, 2015, the Commission approved PGE's implementation of Schedule 5, its Direct Load Control Pilot Rider. The Direct Load Control Pilot is a demand response option for eligible residential customers that offers cash incentives to allow the company to control NEST smart thermostats during Direct Load Control Events, in order to reduce peak loads. The purpose of the pilot is to gauge customer interest and to obtain assurance that the avoided costs justify the value of the incentives.

PGE was recently granted reauthorization to defer costs associated with this pilot with Commission Order No. 17-244.

With this filing, PGE amends its tariff to expand the Pilot to include non-NEST smart thermostats such as Honeywell and Ecobee. PGE explains that the expansion will maintain a consistent pilot design and give PGE a better understanding of load impacts and customer experience in a diverse market.

Other main changes to the Schedule include expanding the frequency and timing of direct load control events. Currently, PGE calls no fewer than six and no more than ten events per season; events are called no more than two days in succession and occur for three consecutive hours. With the proposed changes, PGE may call up to two events per day, from between one and five hours, not to exceed a cumulative five hours for the day. In addition, the Company may call for up to 150 event hours per season, which may result in 30 or more events per season, rather than the current maximum of ten.

Currently, PGE has approximately 3,800 customers who participate in the pilot, and that number may increase up to a maximum of 12,000 customers.

Bill Impacts

The proposed revisions to Schedule 5 will not change existing rates or impact Company revenues.

Staff at this time supports PGE's proposed changes, as it believes expanding the program to other users of smart thermostats will enhance the program and enable a more comprehensive evaluation of the program. However, Staff does express concern about the large increase in timing and frequency of direct load control events, in that it may end up driving customers away from the program. Staff requests that the Company address this issue in its evaluation of the Pilot, to include an analysis of the

impact of the change in the timing and frequency of events on customer participation and retention.

Conclusion

Staff recommends the Commission authorize PGE's proposed tariff adjustments to Schedule 5, with the requirement that the Company address the impact of the change in timing and frequency of direct load control events in its evaluation.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's proposed changes to Schedule 5, Direct Load Control Pilot Rider, as described in the filing of Advice 17-12, effective for service rendered on and after August 9, 2017.

PGE Advice No 17-12 – Direct Load Control Pilot