

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1856

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Battery Energy Storage Pilot

Staff Comments
Informational Filing Only

The Public Utility Commission of Oregon Staff (Staff) offers these brief comments on Portland General Electric's (PGE) Anderson Readiness Center Microgrid Storage Pilot.

BACKGROUND

On August 13, 2018, the Commission issued Order No. 18-290 in this docket, adopting a partial stipulation (Stipulation)¹ that outlined an agreed-upon approach to the development by PGE of five energy storage projects: a residential pilot comprised of numerous behind-the-meter installations at customer residences, an installation at the Coffee Creek substation, a mid-feeder installation at the Baldock solar facility, an installation at the Port Westward generation facility, and a microgrid pilot comprised of 2-5 new microgrid installations.² Pursuant to the Stipulation, on May 2, 2019, PGE submitted a draft request for proposals (RFP) for the first microgrid pilot installation, to be located at the Beaverton Public Safety Center (BPSC). PGE issued the RFP for the BPSC microgrid in June 2019, and has since signed a contract with the selected bidder.³ PGE met with Staff on May 29, 2020, to discuss the company's second microgrid installation, at the Anderson Readiness Center (ARC) in Salem, and PGE filed its proposal for the ARC microgrid on June 2, 2020.⁴

¹ UM 1856, Partial Stipulation filed May 22, 2018.

² Order No. 18-290 at 4-5.

³ UM 1856, PGE's 2019 Annual Storage Update filed August 30, 2019, p. 3.

⁴ UM 1856, PGE's Energy Storage Anderson Readiness Center Procurement Proposal filed June 2, 2020.

COMMENTS ON ARC MICROGRID PILOT

Staff appreciates the opportunity to comment on PGE's proposal to procure the ARC microgrid as the second microgrid installation in the pilot. Staff has two main concerns with the proposal: the lack of an RFP for the ARC microgrid, and the lack of clarity regarding the potential learnings and future value to ratepayers of the ARC microgrid.

Staff's first concern is that PGE proposes not to issue a new RFP for the ARC microgrid, and instead to procure the ARC microgrid directly from the bidder selected in PGE's 2019 RFP for the BPSC microgrid. In its filing, PGE states that "the similarities between the Beaverton Public Safety Center (BPSC) project and the ARC project justify the use of the existing RFP evaluation results for the equipment vendor selection for both projects." While Staff appreciates that procuring from the same vendor without competition would accelerate implementation of the ARC microgrid, Staff believes that procurement of the ARC microgrid is subject to competitive bidding. In Order No. 18-290, the Commission affirmed the competitive bidding requirements established in Order No. 16-504. As PGE notes in its filing, those requirements are as follows:

1. An electric company may award a contract for a project without competition if it determines and presents justification that only a single vendor or contractor is capable of meeting the requirements of the project.
2. Where the requirements for sole source procurement are unmet, electric companies must use a competitive process to award contracts.
 - a. The electric companies will bear the burden of demonstrating that they followed a fair, competitive solicitation to identify all vendors with the requisite expertise, experience, and capability to install viable projects.
 - b. The electric companies must give the Commission and stakeholders the opportunity to review the electric companies' Request for Proposal design and offer nonbinding input.
 - c. The electric companies must summarize and report to the Commission their solicitation process and scoring approach. The report should be included with the formal project proposal submitted to the Commission, or, if bidding occurs after Commission authorization, at a special public meeting to follow.

Regarding the requirements above, Staff notes that PGE's 2019 RFP specified only one microgrid, not multiple microgrids within the pilot. The microgrid specified in the RFP was for the BPSC site, not the ARC site. Additionally, PGE received and evaluated six bids in response to the BPSC RFP, demonstrating that more than one vendor is capable of meeting the requirements of the project. Therefore, the sole-source standard is not met in this case, necessitating a competitive process for the award of a contract for the ARC microgrid. Further, rapidly evolving battery technologies and dropping prices of battery energy storage systems could allow potential bidders to offer better or less costly solutions compared with what was available even one year ago. Based on the similarities between the two microgrids, it may be straightforward for PGE to adapt the RFP used for the BPSC microgrid to the specifications of the ARC microgrid, reducing overall procurement time for the second microgrid.

Staff's second concern relates to the potential value of the ARC microgrid within the context of the microgrid pilot, given its similarity to the BPSC microgrid already in development. In its filing, PGE emphasizes the similar scopes of the ARC and BPSC microgrid installations, but does not describe the different use cases being tested by the two projects. Staff agrees with PGE's testimony in this docket that, "Microgrids are very different in nature, and thus learning from different types of sites and different types of microgrids is important. Different considerations include access to existing on-site generation (e.g., solar and/or dispatchable standby generation), distribution system considerations, site use cases (normal operation and emergency operation), etc."⁵ Staff looks forward to learning from PGE why the ARC site was selected in addition to the BPSC site, how PGE's distribution network will benefit from capacity, energy, and/or ancillary services from the ARC storage, and how the ARC installation will inform the pilot's research questions.⁶ Staff notes that the Stipulation states, "the prudence review for this project will include an analysis of the ability to appropriately test use cases."⁷

Keeping the above comments in mind, Staff believes PGE's microgrid pilot could lead to important learnings over the coming years that will help Staff and PGE better understand the costs and benefits, customer experiences, and technical considerations of potential future customer and community microgrid programs. Staff appreciates PGE's efforts to implement the pilot, though Staff has concerns about the proposal to proceed without conducting an RFP and the clarity of the proposal for this particular site. Staff welcomes PGE to make additional filings concerning this pilot or consult with Staff at any time to provide additional information.

This concludes Staff's comments.

Dated at Salem, Oregon, this 17th day of June 2020.

/s/ Kacia Brockman

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⁵ UM 1856, PGE/100, Riehl-Brown/22.

⁶ See UM 1856 – PGE's Energy Storage Proposals, filed November 1, 2017. Pilot project research questions are listed in the attached document titled "Energy Storage Solutions", p. 67.

⁷ Order No. 18-290 at 4-5.