

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UM 1856

4 In the Matter of
5 PORTLAND GENERAL ELECTRIC
6 COMPANY,
7 Energy Storage Proposals and Revised
8 Energy Storage Potential Evaluation.

STAFF'S OPENING BRIEF

9 **I. INTRODUCTION**

10 On March 1, 2018, the parties to this docket reached a partial stipulation with regard to
11 PGE's Energy Storage Proposals and Revised Energy Storage Potential Evaluation¹, settling all
12 issues in this docket except for one.² The stipulation and the supporting joint testimony were
13 filed on May 22, 2018. Therefore, the single remaining issue for briefing is whether PGE should
14 allow third-party ownership options in the Request for Proposals (RFP) that it will issue for its
15 Coffee Creek energy storage system.

16 The Coffee Creek Substation power system integration pilot (Coffee Creek or Project)
17 involves an energy storage system located on PGE-owned property adjacent to the existing
18 Coffee Creek Substation³ with a minimum battery size requirement of 17 MW⁴ and a 10-year
19 asset life⁵. PGE asserts that this sizing is large enough for PGE's Balancing Authority and

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21 ¹ The application was filed on November 1, 2017, with PGE Direct Testimony filed on January 5, 2018.

22 ² The stipulation in this docket was entered into between Portland General Electric (PGE), Staff of the
23 Public Utility Commission of Oregon (Staff), the Oregon Citizens' Utility Board (CUB), the Alliance of
24 Western Energy Consumers (AWEC), Renewable Northwest (RNW), and Northwest and Intermountain
25 Power Producers Coalition (NIPPC). Community Renewable Energy Association (CREA) and the
26 Oregon Department of Energy (ODOE) are parties to this docket, but did not attend the settlement
27 conference. The stipulation was circulated to CREA and ODOE for review, and although they declined to
28 join the stipulation, both parties have indicated that they do not object to the stipulation.

³ PGE/100, Riehl-Brown/13.

⁴ Partial Stipulation at 7 (figure is as modified by the stipulation).

⁵ Partial Stipulation at 3 (figure is as modified by the stipulation).

1 Power Operations to deploy in PGE’s resource stack, and to support the Coffee Creek substation
2 during a transmission outage.⁶ The Project is designed by PGE to provide capacity, energy, and
3 ancillary services to PGE’s system during normal operations, while mitigating outages caused by
4 asset failure or other system issues during outage conditions.⁷ The overnight capital costs for
5 Coffee Creek are capped at \$30.14 million.⁸ Further, before PGE can proceed with the Project, it
6 must present an analysis to Commission Staff that Coffee Creek is the best site for the energy
7 storage system out of the universe of available substation sites located within PGE’s system.⁹
8 Finally, the stipulation requires that specific learning objectives be studied for Coffee Creek,
9 with clear evaluation topics and requirements set out in Appendix A to the stipulation.¹⁰

10 II. DISCUSSION

11 Regarding the outstanding issue of whether the Coffee Creek project should be open to
12 competitive bidding that includes third-party ownership options, HB 2193 (2015) provides that if
13 an electric company is authorized to develop an energy storage system project, “the commission
14 may require an electric company to develop the project in accordance with any competitive
15 bidding guidelines prescribed by the commission.”¹¹ In Order No. 16-504, the Commission
16 adopted minimum competitive bidding requirements for HB 2193 storage projects.¹² However,
17 relevant at this time, is the potential intersection of the Coffee Creek pilot with a pending
18 administrative rulemaking. Specifically, if the proposed rules in AR 600, Rulemaking Regarding
19 Allowances for Diverse Ownership of Renewable Energy Resources, are adopted as currently

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21 ⁶ PGE/100, Riehl-Brown/13.

22 ⁷ PGE/100, Riehl-Brown/13.

23 ⁸ Partial Stipulation at 6.

24 ⁹ Partial Stipulation at 7. The purpose of this requirement is to alleviate Staff’s concern that PGE did not
25 provide evidence of why Coffee Creek presented the best opportunity for piloting an ESS, for including
26 why this particular location was selected over all other possible locations with seemingly equal or better
learning opportunities. See Joint Testimony/100 at 21.

27 ¹⁰ Partial Stipulation at Appendix A, p. 4.

28 ¹¹ HB 2193 (2015) Section 3(4).

29 ¹² Order No. 16-504 (Dec. 28, 2016) at 10.

1 filed, Coffee Creek may be subject to the competitive bidding requirements. The currently
2 proposed AR 600 rules state that an electric company is subject to the competitive bidding
3 requirements “when it seeks to acquire energy storage resources or contracts for a storage
4 resource *greater than 25 megawatt hours* and with a duration of more than five years.”¹³ As
5 noted above, the minimum battery size for Coffee Creek required by the stipulation is 17MW,
6 however, the specific energy component is not specified in the stipulation. PGE explained in its
7 Application for Energy Storage Proposals that if a 4-hour battery duration is selected for the
8 17MW battery, that would equate to approximately 68 MWh.¹⁴ Under this design, the Coffee
9 Creek project would be well above the proposed 25 MWh threshold for competitive bidding of
10 energy storage systems. Additionally, the proposed rules encourage electric companies to make
11 elements secured by the electric company, such as sites or transmission, available for use in
12 third-party bids.¹⁵

13 It is worth reiterating that the proposed rules are not yet final, adopted rules. However,
14 the outcome of docket AR 600 may provide a resolution on the new competitive bidding
15 requirements prior to the conclusion of this UM 1856 docket. Staff notes that the period for
16 public comment in AR 600 has closed,¹⁶ and the rulemaking is anticipated to conclude before the
17 target date for the Commission order in this UM 1856 docket.¹⁷ Therefore, Staff highlights the
18 connection between the two parallel proceedings to make the Commission aware that the
19 litigated issue in this docket may be resolved by the outcome of AR 600.

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21 ¹³ Notice of Proposed Rulemaking Hearing with Statement of Need and Fiscal Impact and Proposed Rules
filed with the Secretary of State at 7 (Apr. 19, 2018) (see proposed OAR 860-089-0100, section (3)).

22 ¹⁴ PGE/100, Riehl-Brown/13 (in PGE’s application, Coffee Creek was proposed as an energy storage
system of “17–20 MW (68–80 MWh).” (emphasis added)).

23 ¹⁵ Notice of Proposed Rulemaking Hearing with Statement of Need and Fiscal Impact and Proposed Rules
24 filed with the Secretary of State at 7 (Apr. 19, 2018) (see proposed OAR 860-089-0300, section (2)-(3)).

25 ¹⁶ The public comment period closed on June 15, 2018.

26 ¹⁷ In Order No. 18-015 (January 17, 2018), the Commission adopted Staff’s recommendation to open a
formal rulemaking with direction that the anticipated time frame for resolution be 150 days. One hundred
and fifty days from January 17 is approximately June 16, 2018. The target date for a Commission order
in UM 1856 is August 15, 2018.

1 **III. CONCLUSION**

2 The open issue for briefing in this docket is whether PGE should allow third-party
3 ownership options in the RFP that it will issue for its Coffee Creek energy storage system pilot.
4 Staff raises the significance of a parallel docket proceeding—AR 600, Rulemaking Regarding
5 Allowances for Diverse Ownership of Renewable Energy Resources—which is anticipated to
6 conclude prior to this UM 1856 proceeding, and will establish new competitive bidding
7 requirements that could affect, or resolve, the open issue in this docket. Staff reserves its right to
8 respond to arguments made in the parties’ opening briefs in the subsequent round of reply
9 briefing due July 11, 2018.

10 DATED this 22nd day of June 2018.

11 Respectfully submitted,

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