



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

April 20, 2022

Via Electronic Filing

Public Utility Commission of Oregon
P.O. Box 1088
Salem, OR 97308-1088

**Re: UM 2078 PGE's Application to Reauthorize Deferred Accounting of Costs
Associated with the Residential Battery Energy Storage Pilot**

Dear Filing Center:

Attached for filing is Portland General Electric Company's Application to Reauthorize Deferred Accounting of Costs associated with the Residential Battery Energy Storage Pilot.

A Notice regarding the filing of this application has been provided to the parties on the UM 2078 and UE 394 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7488.

Please direct all formal correspondence, questions, or requests to the following e-mail address:
pge.opuc.filings@pgn.com.

Sincerely,

/s/ Jaki Ferchland
Jaki Ferchland
Manager, Revenue Requirement

JF/np
Enclosure.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2078

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferred
Accounting of Costs Associated with the PGE
Residential Battery Storage Pilot

**PORTLAND GENERAL ELECTRIC
COMPANY'S REQUEST FOR
DEFERRAL REAUTHORIZATION**

Pursuant to ORS 757.259 and OAR 860-027-0300, Portland General Electric Company (PGE) hereby respectfully requests reauthorization to defer for later rate-making treatment incremental operations and maintenance (O&M) costs associated with the Residential Battery Storage Pilot, more commonly referred to as Smart Battery Pilot (Pilot), proposed by PGE and approved by the Public Utility of Commission of Oregon (Commission or OPUC) in Order No. 21-156. We request the deferral of O&M costs to be effective April 21, 2022 through April 20, 2023.

In support of this application (Application) PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to the regulation of the Commission.
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation into rates.

3. Written communications regarding this Application should be addressed to:

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Managing Assistant General Counsel
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PGE OPUC Filings
Rates & Regulatory Affairs
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In addition to the names and addresses above, the following are to receive notices and communications via the e-mail service list:

Jaki Ferchland
E-mail: jacquelyn.ferchland@pgn.com

I. OAR 860-027-0300(3) Requirements

The following is provided pursuant to OAR 860-027-0300(3):

A. Background

In alignment with the State of Oregon's policy direction of decarbonization, PGE is pursuing efforts as a company to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. PGE's filed Energy Storage Proposal complies with Oregon legislation and supports PGE's decarbonization, electrification, and performance imperatives.

In accordance with House Bill (HB) 2193 (2015 Regular Legislative Session)¹ and Docket No. UM 1751, PGE filed its Energy Storage Proposal and Final Potential Evaluation² on November 1, 2017. PGE's energy storage proposal was evaluated in Docket No. UM 1856 and approved through Commission Order No. 18-290, subject to conditions.³

¹ 2015 Oregon Laws Chapter 312.

² PGE proposed to develop five energy storage pilots: Mid-feeder (Baldock); Coffee Creek Substation; Generation Kick Start (Port Westward 2); Customer and Community Microgrid Resiliency Project; and Residential Battery Energy Storage.

³ See Commission Order No. 18-290, Appendix A, at <https://apps.puc.state.or.us/orders/2018ords/18-290.pdf> for a listing of the stipulated conditions PGE must meet.

Pursuant to Commission Order No. 18-290, PGE filed an addendum to the energy storage proposal on January 25, 2019. After subsequent discussions with OPUC Staff, PGE submitted its final Residential Energy Storage proposal on March 12, 2020.⁴ PGE submitted operational tariff Schedule 14 and received Commission approval on June 30, 2020, with an effective date of August 1, 2020.

The objective of this five-year Pilot is to install and connect up to 525 customer-owned residential energy storage batteries, behind the meter, that will contribute up to 4 MWs of energy to PGE. Once installed, these distributed assets will create a virtual power plant of small units, 5 kW – 10 kW per unit. PGE will operate these battery units either individually or in aggregate to provide grid services and thereby add flexibility in support of PGE’s transition to a cleaner energy future. In an outage event, the batteries will island from the grid and provide energy for the customer, furthering the customers’ resiliency.

Since approval of the Pilot, PGE has undertaken numerous activities both internally and with external partners/vendors to enable the integration and dispatch of residential batteries.

These activities and associated costs include:

- software subscription and customization to enable battery dispatch;
- operationalizing the partnership between PGE and the Energy Trust of Oregon to utilize the existing solar trade ally networks and rebate processing capabilities;
and
- updates to internal PGE billing and net metering application systems.

During 2021, PGE continued efforts to increase enrollment in the Pilot. Currently, there are 75 Pilot participants. An additional 27 customers have expressed interest in participating in

⁴ See PGE’s proposed Residential Battery Storage Pilot at: <https://edocs.puc.state.or.us/efdocs/HAD/um1856had151844.pdf>

the Pilot once their batteries are installed. Participants receive monthly credits on their bills. In addition, customers can receive a new purchase rebate. Five of the 67 available \$3,000 rebates have been reserved. All of the 25 income-qualified rebates of \$5,000 each have been reserved.

In the coming year, PGE will continue to grow the Pilot to increase participation as well as the capacity to test grid services and model the flexible load value of distributed residential batteries. The team is preparing an experimental Frequency Response and Frequency Regulation plan that will guide the research to conduct discrete exercises to generate data that will be used for the eventual measurement and verification.

In accordance with Commission Order No. 18-290, no administrative or evaluation costs associated with the entire portfolio of battery storage projects are requested for deferral.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the Pilot. The granting of this Application will minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

D. Estimate of Amounts to be Recorded for the Next 12 Months.

As shown in Table 1, below, PGE estimates total deferrable costs to be approximately \$2.8 million over the Pilot’s five-year period. The estimated cost for 2022 is \$594,199.

Table 1
Residential Battery Storage Pilot Cost Summary (\$)

Category	2020 (Actuals)	2021 (Actuals)	2022 (Forecast)	2023 (Forecast)	2024 (Forecast)	2025 (Forecast)	Total
O&M Costs							
Incentives Paid	1,112	19,102	278,560	274,060	251,060	159,060	982,954
Program Costs	17,700	147,103	169,300	192,375	216,730	153,427	896,635
Aggregation & Dispatch	44,726	143,050	146,339	162,051	183,591	196,410	876,167
Total Costs	63,538	309,256	594,199	628,486	651,381	508,897	2,755,756

E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with Notice are attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the service lists of Docket Nos. UM 2078 (Residential Battery Storage Pilot) and UE 394 (2022 General Rate Case).

II. Summary of Filing Conditions

A. Earnings Review

Cost recovery associated with the Pilot will be subject to an earnings review in accordance with ORS 757.259(5).

B. Prudence Review

A prudence review should be performed by the Commission Staff as part of PGE’s amortization filing.

C. Sharing

All prudently incurred cost will be collected from customers with no sharing mechanism.

D. Rate Spread/Rate Design

Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.

E. Three percent test (ORS 757.259(6))

The amortization of the Pilot's deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

III. Conclusion

For the reasons stated above, PGE requests continued permission to defer the O&M costs associated with the Residential Battery Storage Pilot.

DATED this day April 20, 2022.

Respectfully Submitted,

/s/ Jaki Ferchland

Jaki Ferchland,
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Portland General Electric Company
121 SW Salmon St., 1WTC 0306
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Attachment A

Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the Residential Battery Storage Pilot

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2078

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY

Application for Reauthorization of Deferred
Accounting of Costs Associated with the PGE
Residential Battery Storage Pilot

**NOTICE OF PORTLAND GENERAL
ELECTRIC COMPANY'S REQUEST
FOR DEFERRAL
REAUTHORIZATION**

On April 20, 2022, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order reauthorizing deferral of operation and maintenance costs associated with the Residential Battery Storage Pilot.

Persons who wish to obtain a copy of PGE's application will be able to access it on the OPUC website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than May 20, 2022.

Dated this April 20, 2022.

/s/Jaki Ferchland

Jaki Ferchland

Manager, Revenue Requirement

Portland General Electric Company

121 SW Salmon St, 1WTC0306

Portland, OR 97204

Telephone: 503.464.7488

E-Mail: jacquelyn.ferchland@pge.com

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the Residential Battery Storage Pilot** to be served by electronic mail to those parties whose email addresses appear on the attached service list for OPUC Dockets UE 394 and UM 2078.

Dated at Portland, Oregon, this 20th day of April 2022.

/s/ Jaki Ferchland

Jaki Ferchland
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