

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 29, 2020**

REGULAR  CONSENT  EFFECTIVE DATE January 1, 2021

**DATE:** December 21, 2020

**TO:** Public Utility Commission

**FROM:** Kacia Brockman

**THROUGH:** Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1195/Advice No. 20-35)  
Requests extension of Nonresidential Direct Load Control Pilot,  
Schedule 25.

**STAFF RECOMMENDATION:**

Approve Portland General Electric Company's (PGE or Company) request to extend the Nonresidential Direct Load Control Pilot, Schedule 25, through May 31, 2022, and reduce the cap on participating thermostats from 10,000 to 3,800.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's request to 1) extend the Nonresidential Direct Load Control Pilot termination date from December 31, 2020, to May 31, 2022, to allow time to conduct evaluations and incorporate learnings during consecutive event seasons; and 2) reduce the cap on the number of participating thermostats from 10,000 to 3,800 to align with the pilot's implementation plan.<sup>1</sup>

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<sup>1</sup> See UM 1514, PGE's Application for Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response Pilot and Non-Residential Direct Load Control Pilot, filed November 13, 2020.

### Applicable Law

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change.

Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

### Analysis

#### *Background*

The Nonresidential Direct Load Control pilot (Pilot) is a demand response option for eligible nonresidential customers filed under PGE's operational tariff Schedule 25. It allows PGE to shift heating and cooling load during peak times using direct load control of ducted heat pumps and electric forced air furnaces via smart thermostats. The opt-in Pilot offers participating customers incentives for allowing PGE to control their smart thermostats during direct load control events while providing advance notice and optional customer override.<sup>2</sup> The Pilot's incentives include free installation of multiple qualified smart thermostats per customer and fixed payments per thermostat for each summer and winter event season in which the customer meets minimum participation requirements.

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<sup>2</sup> Portland General Electric Company, PUC Oregon No. E-18, Second Revision of Sheet No. 25-1.

The Pilot is one of two nonresidential demand response pilots, offered under Schedules 25 and 26, collectively known as “Energy Partner.” Schedule 25, described above, targets small to medium-sized businesses with a flat participation incentive for direct load control of thermostats. Schedule 26 provides commercial and industrial customers a more robust set of participation options with incentive payments for both energy and capacity for curtailing process loads. The goal of the combined Energy Partner pilots is to reduce peak load by 23.4 MW in winter and 30.7 MW in summer. The Energy Partner pilots will contribute to PGE’s overall goal for demand response to provide peak load reduction of more than 77 MW in winter and 69 MW in summer by 2021.

The Pilot’s tariff, Schedule 25, became effective December 1, 2017, with an original termination date of September 30, 2020. PGE began installing smart thermostats in the Pilot in 2019. The Pilot’s first evaluation was filed November 5, 2020, but performance data was sparse due to the small number of enrolled thermostats in summer 2019 and the lack of called events resulting from mild weather in winter 2019-2020. Summer 2020 will be the first event season with a statistically significant sample of events, thermostats, and customers. As of October 2020, 1,141 thermostats were enrolled. Evaluation results from summer 2020 will be available in first quarter 2021. PGE requests to extend the Pilot’s term through May 31, 2022, in order to apply learnings from the upcoming evaluation and to gain experience with additional winter and summer seasons.

#### *Requested Tariff Changes*

In coordination with Staff, PGE has requested an extension to the Pilot in two steps. In the first step, PGE filed, and the Commission approved, Advice No. 20-27 that extended the Pilot’s original termination date of September 30, 2020, to December 31, 2020.<sup>3</sup> That first extension aligned the term of the Pilot’s tariff with the current deferral authorization period. The purpose of aligning the tariff with the deferral authorization period is to allow the Commission to consider the Pilot’s design and tariff filing at the same time it considers the Pilot’s budget and deferral application. In the second step, PGE submitted the current advice filing, Advice No. 20-35, to request an additional 17-month Pilot extension through May 31, 2022. The second extension will allow the time needed for PGE to complete an effective pilot. Additionally, the May 31, 2022, end date will align the tariff term with a future 12-month deferral period beginning June 1, which PGE will request in 2021.

PGE and Staff propose to shift the start of the 12-month deferral period from January to June because January occurs during the winter demand response season, which is an

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<sup>3</sup> The Commission approved PGE Advice No. 20-27 in Docket No. ADV 1181 on September 22, 2020.

awkward time to update the Pilot. Shifting the start of the deferral period to June will allow the Pilot to be updated with lessons learned from the evaluation of the previous summer event season prior to Pilot activity in the next summer event season. PGE will submit its next Pilot deferral reauthorization application in May 2021 for the 12-month period beginning June 1, 2021, and ending May 31, 2022, in alignment with PGEs' requested Schedule 25 termination date.

In addition to extending the Pilot termination date to May 31, 2022, PGE's advice filing revises Schedule 25 to reduce the maximum number of thermostats participating in the pilot from 10,000 to 3,800. The new cap more accurately reflects the number of thermostats that that can be installed within the Pilot's revised term and the pilot budget submitted in PGE's deferral application in Docket No. UM 1514.

#### *Staff Review of Filing*

Staff reviewed PGE Advice No. 20-35 and affirms that the proposed revisions to Schedule 25 are limited to extending the pilot termination date to May 31, 2022, and reducing the cap on eligible participating thermostats to 3,800. The proposed Schedule 25 revisions are not expected to increase, decrease, otherwise change existing rates, or impact revenues. Costs are being deferred in Docket No. UM 1514 for later ratemaking treatment.

#### Conclusion

Staff finds that the Pilot has recently achieved a participation volume adequate to test the learning objectives, and that the term extension requested in Advice No. 20-35 is necessary to allow sufficient data to be collected and evaluated over consecutive demand response event seasons. The extension is consistent with Staff's and PGE's collaborative efforts to align the Pilot's tariff and deferral periods. The reduction in the maximum number of enrolled thermostats is consistent with the Pilot's goals and budget. Staff concludes the proposed revisions to Schedule 25 should be adopted and the Pilot term be extended to May 31, 2022.

#### **PROPOSED COMMISSION MOTION:**

Approve PGE's request to extend the Nonresidential Direct Load Control Pilot, Schedule 25, through May 31, 2022, and reduce the cap on participating thermostats from 10,000 to 3,800.