



Portland General Electric Company
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May 31, 2022

Via Electronic Filing

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

**Re: UM 1514 PGE's Application for Reauthorization of Deferral of Incremental Costs
Associated with Automated Demand Response**

Dear Filing Center,

Enclosed for filing is Portland General Electric Company's ("PGE's") application to reauthorize deferred accounting of costs associated with its Non-Residential Direct Load Control Pilot (PGE Rate Schedule 25), also known as the Energy Partner Smart Thermostat pilot, with an effective date of June 1, 2022. PGE received the most recent reauthorization pursuant to Public Utility Commission of Oregon ("Commission" or "OPUC") Order No. 21-421.

PGE originally received authorization for deferral of incremental costs associated with automated demand response through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to OPUC Docket Nos. UE 394 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Megan Stratman at (503) 464-7805.

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
cc: Service Lists: UE 394 and UM 1514

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1514

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Incremental Costs
Associated with Automated Demand Response.

**APPLICATION FOR
DEFERRAL
REAUTHORIZATION**

Pursuant to Oregon Revised Statute (“ORS”) 757.259, Oregon Administrative Rule (“OAR”) 860-027-0300, and the Public Utility Commission of Oregon (“Commission” or “OPUC”) Orders No. 21-421 and 22-023, Portland General Electric Company (“PGE”) hereby requests approval to continue to defer incremental costs for the Non-Residential Direct Load Control Pilot (“Non-Res DLC Pilot”), also known as the Energy Partner Smart Thermostat pilot. The Non-Res DLC Pilot is subject to the automatic adjustment clause tariff Schedule 135 and operational tariff Schedule 25. PGE requests this reauthorization be effective June 1, 2022, through May 31, 2023.

To be clear, Docket No. UM 1514 previously contained two pilots: this Non-Res DLC Pilot operating under Schedule 25 and the non-residential demand response pilot (also called the Energy Partner Demand Response program) operating under Schedule 26. These two pilots were separated into standalone pilots with separate evaluations for each under Order No. 21-421. In Order No. 22-115, the Commission approved PGE’s Flexible Load Multi-Year Plan to include Schedule 26 while keeping Schedule 25 separate in this Docket No. 1514.

I. Deferral History

In alignment with the State of Oregon and Commission policies and requirements, PGE developed the Non-Res DLC Pilot to help address decarbonization goals, assist customers in managing their energy consumption and total energy costs, and enhance operational performance and efficiency. The Non-Res DLC Pilot complies with Oregon’s policy direction and supports PGE’s decarbonization, electrification, and performance imperatives.

On November 8, 2021, the Commission issued Order No. 21-421 to approve reauthorization of the deferral for the Non-Res DLC Pilot as a standalone pilot and noted that the Non-Res DLC Pilot would be redesigned.

On January 26, 2022, the Commission issued Order No. 22-023 (the “Order”) regarding PGE’s request to approve its Flexible Load Multi-Year Plan. Pursuant to the Order, the Non-Res DLC Pilot was not approved for inclusion in the Flexible Load Plan in 2022, and instead remains a standalone pilot in Docket No. UM 1514 in 2022, with PGE to provide a detailed pilot proposal and justification when requesting deferral reauthorization and tariff revision. This information was included as Attachment A to PGE’s Advice No. 22-07 filing submitted on April 15, 2022, in Docket No. ADV 1389. The Order stated that the Non-Res DLC Pilot could be moved to the Flexible Load Plan (Docket No. UM 2234) as early as 2023. Should the Non-Res DLC Pilot be accepted as a part of the Flexible Load Plan, PGE will seek to consolidate the Non-Res DLC Pilot deferral into future reauthorizations of the deferral application in UM 2234.

PGE has filed and received reauthorization for this deferral, as shown in Table 1, below. PGE seeks reauthorization for deferral of incremental costs associated with the revised Non-Res DLC Pilot for the period beginning June 1, 2022, through May 31, 2023. To incorporate the changes made to the Non-Res DLC Pilot, PGE filed an application on April 15, 2022, to revise

Schedule 25 (*see* Advice No. 22-07 in Docket No. ADV 1389). PGE asks that the Pilot continues as included in Schedule 25 (upon Commission approval) and Schedule 135.

Table 1
UM 1514 Authorizations

Filing Date	Deferral Period	Order No.	Approval Date
12/29/2010	1/01/2011 – 12/31/2011	11-182	06-01-2011
12/23/2011	1/01/2012 – 12/31/2012	12-062	02-28-2012
12-27-2012	1/01/2013 – 12/31/2013	13-059	02-26-2013
12-11-2013	1/01/2014 – 12/31/2014	14-019	01-22-2014
12-24-2014	1/01/2015 – 12/31/2015	15-022	01-28-2015
12-18-2015	1/01/2016 – 12/31/2016	16-037	01-26-2016
12-15-2016	1/01/2017 – 12/31/2017	17-105	03-21-2017
09-21-2017	1/01/2018 – 12/31/2018	17-429	10-24-2017
12-20-2018	1/01/2019 – 12/31/2019	19-151	04-23-2019
12-26-2019	1/01/2020 – 12/31/2020	20-259	8-11-2020
11-13-2020	1/01/2021 – 12/31/2021	20-479	12-22-2020
05-28-2021	6/01/2021 – 05/31/2022	21-421	11-8-2021
05-31-2022	6/01/2022 – 05/31/2023		

II. Approved Current Program

PGE proposes to continue the Non-Res DLC Pilot and associated operational tariff Schedule 25 (upon Commission approval). The current Schedule 25 tariff expires on May 31, 2022. On April 15, 2022, PGE filed a three-year tariff reauthorization in Advice No. 22-07 in Docket No. ADV 1389. This pilot will continue to be administered directly by PGE to its customers, with support from third-party vendors. PGE took this approach primarily to manage the customer’s experience while providing PGE the flexibility to offer a variety of products and potentially adjust those products in the future.

The Non-Res DLC Pilot provides nonresidential customers with a turnkey, direct load control program, similar to PGE’s Schedule 5 (Residential DLC pilot) for residential customers. The pilot design provides an easy opportunity for PGE nonresidential customers to participate, while receiving the value-added services associated with one or more smart thermostats. More

specifically, the Non-Res DLC Pilot tariff reauthorization proposes to offer customers an incentive for allowing PGE to control up to 7,000 qualified thermostats during direct load control events while providing an option for customers to opt out during events. Eligible customers must be on a qualified rate schedule and have a PGE network meter, a qualified thermostat connected to the customer's internet, and a qualifying heating or cooling system. To be eligible for the winter event season, a customer must have a ducted heat pump or electric forced air heating. To be eligible for the summer event season, the customer must have central air conditioning or a ducted heat pump.

Over the last deferral period (June 1, 2021, to May 31, 2022), PGE has connected 427 new thermostats, bringing the cumulative program total to 2,216 thermostats. Through April 30, 2022, program participants have accomplished energy curtailment nominations of up to 1.26 MW in the summer season and 1.17 MW in the winter season. PGE made the strategic decision to slow pilot growth throughout the last deferral period to build a foundation for future program stability, cost effective growth, and reliable measurement of demand response capacity values during direct load control events.

III. OAR 860-027-0300 Requirements

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

a. Description of Amounts

Pursuant to ORS 757.259(2)(e), PGE seeks renewal of deferred accounting treatment for the incremental costs associated with Non-Res DLC Pilot. Approval of the Application will support the continued use of an automatic adjustment clause rate schedule, which will provide for recovery of the incremental costs associated with the Non-Res DLC Pilot through Schedule 135.

Prior Commission decisions in Docket No. UM 1514 approved PGE's applications for deferral of incremental costs associated with the Non-Res DLC Pilot. Consequently, PGE requests

the Commission approve the renewal of the deferral beginning June 1, 2022 through May 31, 2023, and continue amortization under Schedule 135.

b. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks to continue deferred accounting treatment for the incremental costs associated with the Non-Res DLC Pilot. The granting of this reauthorization application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Without reauthorization, the current authorization to defer costs will expire on May 31, 2022.

c. Proposed Accounting for Recording Deferred Amounts.

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.

PGE estimates the amounts to be deferred for the Non-Res DLC Pilot from June 1, 2022 through May 31, 2023, to be approximately \$1.3 million.

e. Notice

A copy of the notice of application for reauthorization of the deferred accounting treatment is attached to the application as Attachment A. In compliance with the provisions of OAR 860-027-0300(6), PGE is serving the Notice of Application on the UM 1514 Service List and the UE 394 Service List, PGE's most recent general rate case.

The following is provided pursuant to OAR 860-027-0300(4):

a. Description of deferred account entries

Please see Section II (a) and (c) above.

b. The reason for continuing deferred accounting

Please see Section II (b) above. PGE is seeking reauthorization to continue deferred accounting treatment for incremental Non-Res DLC Pilot costs between June 1, 2022 and May 31, 2023.

IV. PGE Contacts

The authorized addresses to receive notices and communications in respect to this Application are:

David White
Managing Assistant General Counsel
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PGE-OPUC Filings
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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, Manager, Revenue Requirement
E-mail: Jacquelyn.Ferchland@pgn.com

V. Summary of Filing Conditions

a. Earnings Review

Cost recovery for the Non-Res DLC Pilot will be subject to an automatic adjustment clause rate schedule and would not be subject to an earnings review under ORS 757.259.

b. Prudence Review

The methodology used to evaluate the Pilot remains sound. PGE will continue to evaluate demand response resources against the supply-side capacity resource alternatives, such as a

simple-cycle combustion turbine. This is consistent with the discussion in Commission Order No. 05-584 and is consistent with other PGE analyses for demand-side capacity resources in recent years.

c. Sharing

Under deferred accounting, all prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

Per Commission Order No. 11-517, Schedule 135 will allocate the costs of the pilot on the basis of an equal percent of generation revenues.

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 twelve-month period to no more than three percent of the utility's gross revenues for the preceding year.

VI. Conclusion

For the reasons stated above, PGE requests permission to continue to defer the incremental costs associated with the Non-Res DLC Pilot effective June 1, 2022 through May 31, 2023.

Dated this May 31st, 2022.

Respectfully Submitted,

/s/ Jaki Ferchland

Jaki Ferchland

Manager, Revenue Requirement

Portland General Electric Company

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Portland, OR 97204

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UM 1514
Attachment A

Notice of Application to Reauthorize Deferred Accounting of Costs Associated
with the Non-Residential Direct Load Control Pilot

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1514**

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Incremental Costs
Associated with Automated Demand Response.

**NOTICE OF APPLICATION FOR
DEFERRAL
REAUTHORIZATION**

On May 31, 2022, Portland General Electric Company (“PGE”) filed an application with the Public Utility Commission of Oregon (“Commission” or “OPUC”) for an Order reauthorizing the deferral of incremental costs associated with the Non-Residential Direct Load Control Pilot.

Approval of PGE’s reauthorization application will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the 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 June 30, 2022.

Dated May 31, 2022.

/s/ Jaki Ferchland
Jaki Ferchland
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Portland, OR 97204
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the Non-Residential Direct Load Control Pilot** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 394 and UM 1514.

Dated at Portland, Oregon, on May 31, 2022.

/s/ Jaki Ferchland

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