

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 11, 2018

REGULAR CONSENT EFFECTIVE DATE September 12, 2018

DATE: September 4, 2018

TO: Public Utility Commission

FROM: Mitchell Moore *mpm*

THROUGH: Jason Eisdorfer and John Crider *JE* *JC*

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 822/Advice No. 18-09) Updates Schedule 3 Residential Demand Response Water Heater Pilot Rider.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric Company's (PGE or Company) Advice No. 1809 (Advice Filing) and allow the revision to Schedule 3 to go into effect with service rendered on or after September 12, 2018.

Staff recommends that the Commission approve PGE's request for a waiver of statutory notice, pursuant to ORS 757.220 and OAR 860-022-0020.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposed Schedule 3 revisions to extend the term of the pilot until March 31, 2019, effective with service rendered on and after September 12, 2018.

Applicable Rule or Law

ORS 757.205 and 757.210 states that the Commission may approve tariff changes if they are deemed to be fair, just and reasonable. OAR 860-022-0025 provides that utilities may make tariff changes by filing an entirely new tariff or by filing revised sheets which refer to the tariff sheets on file.

OAR 860-022-0025(2) requires that the tariff filing must include a plain statement of proposed changes, the reasons for the change and grounds relied upon for the change, and a statement of the numbers of customers affected and the resulting change in revenue or customer charges.

ORS 757.247(1)(c) allows the Commission upon the application by a utility to put in place tariffs for the installation of energy resource measures, including "equipment or devices" that enable demand reduction and/or peak load reduction.

Analysis

Background:

At its March 22, 2017 public meeting, the Commission approved Advice No. 17-02, PGE's proposal for a demand response pilot project for "smart" residential water heater control testing.

The purpose of the program is to retrofit existing water heaters in multifamily residences (MFRs) with demand response technology in order to help inform an effective design for a water heater demand response program, quantify energy consumption that can be shifted to different times, determine appropriate incentive levels for customers, integrate and test different technologies, and implement different demand response dispatch strategies.

The pilot is part of a larger effort in which the Bonneville Power Administration (BPA) and Pacific Northwest National Laboratory (PNNL) are participants and funding entities. In January 2017, BPA began the Smart Water Heater emerging technology field test in order to demonstrate "low-cost DR [Demand Response] communication technologies." PGE invites its customers to participate in the BPA program.

Current filing:

The pilot was originally expected to be conducted from April 1, 2017, through July 31, 2018. Participating customers received a \$50 sign-up incentive payment provided by BPA. The pilot enrolls customers with water heaters equipped with a communication interface that supports direct load control events.

This filing extends the original term of the pilot from July 31, 2018 to March 31, 2019.

The purpose of the extension, requested by Pacific Northwest Laboratory (PNNL), is to gather more data during the 2018 winter season.

The incremental costs to extend this pilot will be paid by the Department of Energy (DOE), through PGE, to compensate Residential Customers for their extended participation in this pilot. Customers that wish to continue in the pilot through the extended period will receive an additional \$100.

Reporting and Evaluation:

As part of the supplemental filing PGE made on February 22, 2017, and with this filing, the Company stated its plan to share with Staff the detailed project report, generated by Northwest Energy Efficiency Alliance (NEEA), that will include discussion of the costs and benefits of this pilot. The report will be used to create a business case to justify NEEA's regional market transformation plan. The market transformation plan will inform utilities and other regional stakeholders about the most cost-effective way to make demand response-ready water heater the primary type installed in the Pacific Northwest.

Conclusion

No changes to rates are proposed as part of PGE's Advice Filing. The tariff language is being updated to extend the pilot's end date, and to include the additional compensation to customers that continue to participate through the extension. Staff concludes that PGE has provided a clear explanation of the proposed tariff changes. Staff finds that the proposed language change to Schedule 3 will not cause harm to customers and that the tariff changes proposed in Schedule 3 are fair, just and reasonable and have the potential to improve demand response adoption in Oregon.

PROPOSED COMMISSION MOTION:

Approve PGE Advice Filing 18-09, with PGE's proposed Schedule 3 revisions, to be effective with service rendered on and after September 12, 2018.

Approve PGE's request for a waiver of legal statutory notice, as set forth in ORS 757.220 and OAR 860-022-0020.