Portland General Electric
121 SW Salmon Street · Portland, Ore. 97204

August 18, 2020

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Staff Report for Public Meeting Date August 25, 2020
Docket No. UE 358, PGE NLDA Program Administration and Queue Issues

Portland General Electric Company (PGE) is writing this letter in response to comments made primarily by one customer, during Staff's stakeholders' workshop on August 4, 2020, around the customer's prospective load and how it would contribute toward the cap, as well as taking issue with the method of administering the queue. Given that several of the concerns raised may not squarely fit within the waiver issues which will be a topic for the Staff memo and the August 25 public meeting, PGE is writing this letter to provide PGE's rationales for queue- and enrollment-related decisions for the Commission's information.

Issues and concerns raised by the customer that are outside the scope of the waiver included:

- Program cap is too limited as it does not allow this customer's participation.
- The queue was unfairly administered as first come first served because a number of customers entered the queue at exactly eight o'clock and queue position came down to the seconds.
- Distribution facility requirements do not equal load
- Ramp up period is too long

Program Cap is too low:
The imposition and size of the cap is intended to mitigate issues that may arise around cost-shifting, reliability, or other as-yet unknown risks. This is particularly important given issues of unwarranted cost shifting as cost-of-service (COS) supply customers bear the costs of reliability and resource adequacy for these loads, given that PGE is not planning for these loads. During the UE 358 process, ESS representatives and large customers argued for fewer restrictions and no cap since the utility hadn't planned for the loads. The Commission adopted a program cap of 6% of the weather normalized annual load in calendar year 2017 and made the NLDA program cap distinct from the current long-term direct access cap.

The Commission states in Order No. 18-341 (at 7-8) “Part of our justification for limiting the size of this program is the reality that cost-of-service customers are increasingly relied upon to finance system improvements that impose near-term costs to adapt the system to new utility and customer-sited technology intended to lead to long-term economic and environmental benefits for all customers. Such is the case with demand response, storage initiatives, electric vehicles, and other programing.”

Program enrollment worked a disadvantage to customers whose intent to enroll was received within seconds of others. When PGE was directed to start a nonbinding queue in Order 19-103, PGE followed up with a letter to the Commission notifying stakeholders, Staff and the Commission of the queue start on April 15, 2019 at 8 am. The letter informed of PGE’s intent to allow customers in the queue on a first-come, first-served basis. When the queue opened, four customers submitted their notices within seconds of each other and the customers were queued up according to PGE’s time-stamped receipt of the customer notices. Those few seconds of difference between their submittals had consequence.

Distribution facility requirements do not equal load:
At issue here is how PGE calculates the room under the cap and the load of the customer desiring to enroll. The cap is expressed in MWa (usage) terms and the customer’s requested design for distribution facilities is expressed in MW (demand). To translate MW into MWa, PGE would need the customer’s load factor which, at the time of enrollment, is unknown given that the load is new load and no historical information is available to inform the conversion from MW to MWa, as it is with long term direct access.

Thus, to ensure the customer’s full load fits under the cap, and to ensure a fair and transparent process, PGE uses the distribution facilities design requirement (MW) to inform the contract and allocate space under the cap when it is signed. Then, 60 months after energization, PGE calculates the customer’s actual load factor and returns the remaining amount to the NLDA program cap. PGE chose this approach after discussing it in public comments during the NLDA rulemaking. The Commission states in Order 20-002 (at 19) that “[t]he NLDA rules do not prescribe how customer load should be counted toward eligibility under the cap. We find reasonable PGE’s approach of evaluating eligibility on the forecasted load based on the distribution facility plans, as memorialized in the binding NLDA contract.”

PGE informed customers of this intended approach in a letter to each customer in the queue on March 16, 2020, by providing this information.[1]

Ramp up period is too long:
Through the AR 614 Rulemaking process, parties realized that a new large load likely would not materialize on day one, and the Commission determined that “a new load must reach 10 average megawatt threshold over a 12 month period in the first three

[1] PGE provided the letter to the Commission on March 20, 2020

years of enrollment in the program[…]"[2] This tells us the time period for measuring actual customer load for the cap must be at least three years. In PGE's experience with large customer load expansions and new facility builds, those customers and facilities have long ramp periods over which the facilities' load will continue to grow. Given that longer lead time, it is reasonable to provide customers with the opportunity to ensure their total amount of expected load over the 5 year/60-month transition period fits within the NLDA cap. Additionally, since we will build our system to support the load represented in the binding written agreement, it is reasonable to hold this forecasted amount under the cap for this customer through the first five years while the customer ramps up and establishes permanency. This was discussed in the attached data request from Calpine. This was another issue that was addressed in the March 16, 2020 letter sent to customers.

Thank you for the opportunity to discuss some of the customer issues at greater length. We look forward to participating in a waiver process design either through an additional Staff workshop and/or at the Commission meeting on August 25.

Sincerely,

\s\ Karla Wenzel

Karla Wenzel
Manager, Regulatory Policy and Strategy

[2] Order No. 18-341 at 5

July 25, 2019

TO: Greg Adams
Calpine Energy Solutions, LLC

FROM: Karla Wenzel
Manager, Pricing & Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to Calpine Energy Solutions, LLC's Data Request No. 025
Dated July 11, 2019

Request:

Reference PGE's response to Calpine Solutions' data request no. 10, stating that for purposes of measuring the level of current participation in the program with respect to whether participation cap will be exceeded by enrolling a new customer, PGE will use the customer's "forecasted loads (identified in the binding written agreement referenced in OAR 860-038-0740(1)) for the first 60 months to measure against the NLDA cap."

a. **Please identify the Commission rule or policy upon which PGE relies for the 60-month period of reliance on the forecast.**
b. **If the customer's load does not reach the level forecasted and reflected in the referenced binding written agreement within five years (60 months), please explain why it is reasonable to assume that level of load for purposes of excluding other new customers from participating in the NLDA program.**

Response:

a. Commission rules do not prescribe how customer load should be counted toward eligibility under the cap, nor how the company should administer the cap. Given PGE raised concerns leading to its proposal for reliability charges, increasing concerns about resource adequacy in the Northwest, and the extent of unplanned loads on direct access, PGE's interest is in a more strict application of the cap and customer load counted toward the cap. Thus, discretion rests with the company in proposing a program. In PGE's experience with large customer load expansions and new facility builds, those customers and facilities have long ramp periods over which the facilities' loads will continue to grow. Given that longer lead time, it is reasonable to provide customers the opportunity to ensure their total amount of expected load over the 5 year/60 month transition period fits within the NLDA cap.

b. As stated in part a above, these customers likely will take time to ramp up to their forecasted load. PGE uses the forecast from the binding written agreement to determine the level of distribution services needed to serve the customer. Since we will build our system to support this load, it is reasonable to hold this forecasted amount under the cap for this customer through the first five years while the customer ramps and establishes permanency.