Portland General Electric Company
Legal Department
121 SW Salmon Street • 1WTC1301 • Portland, Oregon 97204
Telephone 503-464-8544 • Facsimile 503-464-2200
portlandgeneral.com

Erin E. Apperson
Assistant General Counsel

November 26, 2019

Public Utility Commission of Oregon
ATTN: Filing Center
201 High Street, SE, Suite 100
Salem, OR 97301

Re: UE 358 – Portland General Electric Company Advice No. 19-02 New Load Direct Access, Portland General Electric Company's Reply Brief

Dear Filing Center:

Enclosed for filing in the above-captioned docket is Portland General Electric Company (PGE) Reply Brief.

Thank you for your assistance.

Sincerely,

Erin E. Apperson
Assistant General Counsel

EEA: dm

Enclosure

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 358

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Advice No. 19-02, New Load Direct Access Program.	**PORTLAND GENERAL ELECTRIC COMPANY'S REPLY BRIEF**

I. INTRODUCTION

Portland General Electric Company (PGE or Company) submits this reply brief to the Public Utility Commission of Oregon (OPUC or Commission) responding to opening briefs filed by Staff, Alliance of Western Energy Consumers (AWEC), Calpine Energy Solutions, LLC (Calpine), Oregon Citizens' Utility Board (CUB), and the Northwest and Intermountain Power Producers Coalition (NIPPC). PGE continues to request that the Commission approve its proposed Schedule 689. Alternatively, if the Commission chooses to delay a determination on the reliability-related charges pending a full investigation into these issues in UM 2024, PGE requests that the Commission delay implementation of the new load direct access (NLDA) program pending this full investigation and resolution.

II. ARGUMENT

A. As PGE Has Consistently Argued, the Resource Adequacy Charge (RAD) is Necessary to Support Resource Adequacy

PGE proposed the RAD in this proceeding to address the need to ensure reliable service for all customers in PGE's service territory. PGE has identified a gap where it appears that electricity service suppliers (ESS) are not actually providing capacity for their customers and these customers will ultimately receive the benefit of resource adequacy and reliability service from PGE without meaningfully contributing to it. Without the RAD, these NLDA customers would be permitted to rely on PGE as the reliability provider and provider of last resort. Therefore, PGE urges the Commission to address the fair contribution of NLDA customers to resource adequacy in this proceeding. Should the Commission approve PGE's proposal, the Company would take several steps to address the capacity shortfall created by this NLDA load: (1) PGE would begin to plan for this new load from a capacity perspective; (2) PGE would immediately act as necessary to procure capacity to support this new load; and (3) PGE would determine the allocation of costs in a future general rate case following the Company's proposed functionalization approach.[1]

The Company is attempting to solve a reliability risk that will be created by a new set of customers in this proceeding. In response to parties' concerns about certain areas of PGE's proposal throughout this proceeding, the Company has attempted to provide additional information, such as how PGE would anticipate calculating the RAD rate in a future general rate case and how the Company envisions procuring the necessary capacity in the immediate future. Now parties seem to be characterizing this additional information as sharp changes to the Company's proposal, which is not accurate.

It appears that AWEC misunderstood PGE's rationale for its proposed RAD charges at the outset of this proceeding, which has led AWEC to believe that PGE has changed its position regarding the need and justification for the RAD.[2] AWEC characterizes PGE's position as having moved from arguments around maintaining system reliability to discussing cost allocation and therefore argues that the "alleged

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[1] *See* PGE/200, Sims-Tinker/14.
[2] *See* AWEC's Opening Brief at 5.

subsidization of direct access customers for resource adequacy is disconnected from the regional reliability concerns PGE raises."[3] Staff also suggests that "PGE will not necessarily obtain additional capacity for NLDA customers pursuant to the RAD charge, but rather, the RAD charge would mitigate alleged cost-shifting" between cost-of-service and direct access customers that exists today.[4]

PGE is concerned about both the reliability risks these NLDA customers would create in addition to the cost-shifting that would occur.[5] AWEC is correct that PGE has explained its concerns associated with shifting costs to cost-of-service customers in addition to important concerns regarding reliability risks. As PGE has explained, the request that has underpinned its proposal is the need to plan for and acquire capacity resources to serve NLDA customers.[6] PGE has stated that "assuming that the Commission eventually makes findings that we should plan for that load and procure—we may have incremental costs…just as…today for our bundled service customers."[7] In response to parties' concerns, the Company has provided alternatives such as participation in demand response programs, as well as further explanation of how the RAD charge could be functionalized,[8] but this was not intended as a departure from the rationale regarding resource adequacy concerns supporting PGE's proposal.

Calpine points to other utility practices to support its argument that its practices are reasonable and to explain why PGE's reliability charge is not necessary.[9] For example,

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[3] AWEC's Opening Brief at 5.
[4] Staff's Opening Brief at 3-4.
[5] PGE/100, Sims-Tinker/3-4.
[6] *See* Hearing Transcript at 15, lines 19-22; PGE/300, Sims-Tinker/12; PGE/100, Sims-Tinker/27.
[7] Hearing Transcript at 15, lines 19-22.
[8] PGE/300, Sims-Tinker/12.
[9] *See* Calpine's Opening Brief at 11-12.

Calpine points to Puget Sound Energy's reliance on short-term market transactions to meet energy and capacity needs of customers.[10] However, as PGE explained, parties have failed to note that the Washington Utilities and Transportation Committee (WUTC) expressed concerns regarding PSE's apparent reliance on short-term markets for capacity and reliability.[11] Nor did Calpine recognize the importance of the regional impacts of these practices.[12]

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[10] Calpine's Opening Brief at 11-12.

[11] See Hearing Transcript at 22, lines 17-21. The WUTC, for PSE's IRP, in the UE-160918_UG160919 Acknowledgement Letter Attachment Final (002), at 5-6: stated the following:

> However, we are concerned that the Company's view of the reduction in risk of relying on the market for capacity at its current level may be unrealistic as part of a utility's preferred portfolio. Beginning after 2000, independent power producers added considerable generation capacity in the Northwest region that went unsubscribed and subsequently became surplus in the region. This provided utilities a temporary opportunity to pursue a least-cost strategy of reliance on the market to complete their capacity needs. The market capacity surplus is now dwindling and it does not appear that independent developers are stepping forward again to build without firm contracts. Both PSE and the Council are increasingly uncertain that there is sufficient RA in the next five years, and therefore a capacity-short position is an increasing possibility.
>
> In demonstrating prudent utility action, PSE is responsible for considering market-volatility risks as a result of not acquiring fixed-cost generation assets or demand-side resources for meeting customer demand. PSE's 20-year resource plan does not necessarily need to show a path to closing out PSE's reliance on the market for its capacity resource needs. As explained in the next section, the Company's continued improvements in its RA analysis is impressive. However, in all three of the RA studies described in the IRP, the direction of RA beyond 2021 is clear: capacity markets are likely to fall short of meeting the RA standards. Unfortunately, the IRP does not expressly model or address market prices that can result from a tight capacity market.
>
> Such analysis is arguably very difficult to perform in an IRP setting, but both theory and historical experience suggest that demand will be inelastic, leading to very high costs for purchasing capacity from a tight market. Without a firm analysis that can establish a reliable boundary for those potential costs, the absence of a plan for eliminating reliance on market purchases over the 20-year plan carries excessive risk. Therefore, PSE should pursue and model IRP alternatives to its historically heavy reliance on market resources to satisfy medium-term and long-term capacity needs.

[12] The Energy and Environmental Economics (E3) report titled Resource Adequacy in the Pacific Northwest included the following statements regarding regional resource adequacy: "In a market with tight load-resource balance, extensive reliance on FOTs risks under-investment in the firm capacity resources needed for reliable load service." Resource Adequacy in the Pacific Northwest, March 2019 (Report by Energy and Environmental Economics) at 7. Available at: http://www.publicgeneratingpool.com/wp-content/uploads/2019/03/E3_NW-Resource-Adequacy_Final-March-2019.pdf.

In opposing PGE's proposed RAD, Calpine also argues that the 20% transition adjustment mitigates the risks PGE has identified in this proceeding.[13] PGE disagrees. The Commission adopted the 20% charge "[i]n recognition that the fixed generation charge represents real costs and risks to the system but that these costs and risks have not been quantified."[14] It therefore appears that this charge was not established to specifically and exclusively mitigate the resource adequacy risks identified by PGE. In PGE's comments in the rulemaking proceeding establishing the NLDA rules, PGE noted that in allowing significant load to be met by unregulated suppliers, there were concerns beyond cost-shifting, namely that suppliers could avoid important policy objectives in Oregon, avoiding compliance and the cost of compliance that are borne by PGE supply customers, and if avoidance is permitted at large scale, the policy objectives may not be met.[15] PGE also raised the issue of the loss of demand response participation when customers choose direct access.[16] Therefore, PGE does not believe that its proposal in this proceeding is duplicative of the transition charge established in the rulemaking proceeding—and importantly, the risks identified are not already mitigated by the transition charge as Calpine asserts.

Staff argues that the magnitude of the RAD is not justified by the reliability need.[17] But as PGE has already demonstrated, Staff's position is based on erroneous analysis. Staff argues that PGE's indicative RAD price would cost NLDA customers $1.3 million for each day of improved service.[18] In surrebuttal testimony, PGE explained that Staff's

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[13] Calpine's Opening Brief at 14.
[14] Order No. 18-341 at 3.
[15] AR 614, PGE's Comments at 4-7 (Aug 1, 2018).
[16] *Id*.
[17] *See* Staff's Opening Brief at 20.
[18] *Id*.

conclusion that the RAD would cost $1.3 million per reliability day is misleading and incorrect.[19] Staff appears to have included only a subset of long-term direct access (LTDA) customers in its analysis and not fully considered PGE's current LOLE and the stated LOLE impacts from direct access as presented in the Company's 2019 IRP. Correcting Staff's analysis means that there are more customers who would pay these costs and the LOLE impacts are more accurately captured.[20] In correcting Staff's analysis, PGE showed that should direct access customers be assessed the indicative RAD charge, the resultant cost of reliability per day is more than 10 times smaller.[21] Importantly, Staff's use of a cost of reliable day per customer is misleading because it obscures a sense of customer size. A more appropriate metric would reflect the cost of reliable service per MW or MWh. Given errors in Staff's analysis regarding the number and impact of customers participating in direct access, the Commission should not rely on Staff's suggested magnitude of RAD costs when determining whether to allow PGE to plan and procure capacity resources for NLDA customers.

B. The Commission Should Not Delay Approval of PGE's Proposed Resource Intermittency Charge (RIC) and RAD

Parties express concerns about the interaction between a Commission decision approving PGE's proposals in this proceeding and the direct access investigation in UM 2024.[22] Calpine argues that PGE's proposal is premature because the Commission should first establish resource adequacy goals.[23] PGE agrees that inquiries into resource adequacy should be part of the investigation in UM 2024, but disagrees that a Commission

[19] PGE/300, Sims-Tinker/19.
[20] *See* PGE's 2019 IRP, at 125.
[21] PGE/300, Sims-Tinker/19.
[22] *See* Staff's Opening Brief at 10; AWEC's Opening Brief at 21.
[23] Calpine's Opening Brief at 9.

decision in this proceeding would negatively impact subsequent efforts in UM 2024. Moreover, PGE maintains that the record supports a Commission determination in this proceeding rather than waiting for the conclusion of a lengthy generic investigation.

In this proceeding PGE is concerned with the potential reliability impacts of allowing NLDA to go into effect without first addressing these resource adequacy concerns. PGE has recognized that these issues will need to be investigated more holistically, particularly for the LTDA program. However, PGE has serious concerns about allowing a new sector of unplanned-for load on the system without first addressing resource adequacy. PGE does not support delaying consideration of the RIC and RAD until the conclusion of a lengthy, generic investigation that is currently being scoped to be a wide-ranging investigation aimed at addressing numerous issues associated with direct access overall.

It appears that Staff shares at least some of PGE's concerns regarding the urgency of these resource adequacy issues. As Staff noted, "Staff has agreed with PGE that resource adequacy concerns are ripe for Commission consideration, and does not dispute that providing capacity comes at a cost which must be insulated against unwarranted cost-shifting."[24] PGE agrees with Staff that the time is ripe to address these issues. But PGE disagrees with Staff regarding the lack of urgency for Commission action on these issues and simply does not think that waiting for the conclusion of a lengthy wide-ranging generic investigation into direct access is reasonable. In the meantime, PGE is concerned that this NLDA program will be implemented without any consideration of these resource adequacy challenges, without a recognition of the potential reliability impacts of this new program,

[24] Staff's Opening Brief at 12.

and without consideration of the fact that cost-of-service customers will subsidize NLDA customers.

In arguing for a delayed implementation of the RAD, Staff notes that it believes that "it is likely that infrastructure construction or upgrades would be necessary to service the load, which takes time…mitigat[ing] any short-term resource adequacy concerns."[25] Staff's suggestion that NLDA customers are unlikely to energize immediately due to construction timelines is concerning and does not appear to be supported by the record. Customers will be entitled to take service as soon as the tariff is approved which Staff has suggested should done as soon as practicable.[26] It is therefore reasonable to assume that some customers could come online very soon given that they have been in queue since April 2019. PGE would therefore be in a position to have NLDA customers come online before these reliability issues are resolved, and therefore before PGE could take any action to ensure sufficient capacity for resource adequacy needs.

Moreover, should the Commission direct PGE to plan for this load, PGE does not intend to wait for a future rate case to procure capacity costs for NLDA customers.[27] If authorized PGE intends to secure short-term capacity agreements for NLDA customers.[28] While PGE may not calculate resource adequacy costs until a future general rate case, PGE has indicated that it would request for a deferral to allow PGE to recover capacity actions costs from these direct access customers taken before a general rate case.[29]

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[25] *Id*.
[26] *See id*.
[27] PGE's Response to Bench Request at 5.
[28] *See* Hearing Transcript at 15, lines 18-22; PGE's Response to Bench Request at 3.
[29] *See* PGE's Response to Bench Request at 5.

Staff disagrees with PGE's proposal to allow NLDA customers to take service as cost-of-service customers pending a Commission determination regarding resource adequacy charges.[30] Staff argues that Commission should affirm the policy to limit NLDA customer eligibility to load that has not been energized before taking NLDA service.[31] Staff notes that such an approach would help "ensure a sense of urgency remains in resolving capacity and resource adequacy issues as soon as possible."[32] As PGE explained in its opening brief, if the Commission were to direct the program go forward without the reliability charges, it would ultimately be unfair to NLDA customers who would make a choice without a complete understanding of the possible charges it will be subject to.[33]

Staff argues that given the lack of a specific charge, even if the RAD were approved customers would make elections without specific information.[34] PGE has provided indicative pricing to inform customers regarding the possible amount of the charge. Even without a specific charge listed in Schedule 689, customers would have important information that there is a charge that will apply to them—having such information available at election is likely material to the customer's decision. If the Commission opens a NLDA program without the RAD, but subsequently decides that such a charge is necessary, customers who elected NDLA without any notice of this charge could later express concerns about the fairness of this process.

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[30] Staff's Opening Brief at 26. Staff noted that it generally supports PGE's proposed queue implementation and management.
[31] *Id.* at 1.
[32] *Id.* at 27.
[33] PGE's Opening Brief at 14.
[34] Staff's Opening Brief at 11.

In its opening brief, Staff raised an alternative position stating that "if the Commission determines that the risk to COS customers is too great and that PGE's NLDA program cannot be implemented without the RIC and the RAD at least on an interim basis, Staff recommends the Commission adopt PGE's NLDA program as proposed with customers retaining the option to mitigate the charges under certain conditions."[35] This alternative aligns with PGE's concerns with allowing the NLDA program to move forward before addressing these important resource adequacy issues. Therefore, PGE believes Staff's alternative could be a reasonable path forward pending a full investigation into these issues in UM 2024.

C. Calpine's Demand Response Proposal Would Not Fully Mitigate Resource Adequacy Concerns.

Calpine also outlines an alternative position stating that "if the Commission determines to implement the RAD charge pending the outcome of Docket No. UM 2024, the Commission should require PGE to offer a load curtailment program to NLDA customers that is reasonably tailored to address capacity costs such customers impose."[36] Calpine seems to recognize, and PGE agrees, that NLDA customers can support resource adequacy generally through participation in a demand response program and could receive offsetting incentives to mitigate PGE's proposed capacity charges. However, PGE continues to have serious concerns with Calpine's demand response proposal.

Calpine proposes NLDA customers response to demand response performance requirements be conditioned to only be required when the ESS fails to deliver.[37] Further, Calpine proposes that demand response program participation should enable

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[35] *Id.* at 12.
[36] Calpine's Opening Brief at 16.
[37] *Id.* at 17.

customers to receive incentives that fully offset PGE's capacity charges, arguing that this type of program would satisfy all resource adequacy concerns.[38] PGE does not support these program design elements.

Participation in Calpine's proposed demand response program would only support resource adequacy needs under narrow, conditioned circumstances that may not benefit the system's reliability needs when required. Calpine's proposed program would not allow for NLDA demand response customers to contribute to reliability events that are not triggered by ESS supply.[39] PGE remains responsible to ensure reliable service for NLDA customers when NLDA customers do not respond to demand response requests. PGE's provider-of-last-resort responsibilities require the use of PGE's capacity resources to meet the resource adequacy needs of all customer classes. Consistent with this policy, the RAD would recover costs associated with supporting the resource adequacy needs for all customers, including NLDA customers, and NLDA demand response actions should support system resource adequacy needs. While Calpine's proposed demand response program would create some value, recognizing the expected customer demand response in limited conditions, the value of such a program in meeting the system's resource adequacy needs is considerably less than the capacity resources for whose cost the RAD attempts to collect. As such, it would be inappropriate and also preferential to allow NLDA customers to receive demand response incentives with value deemed equal to PGE's proposed capacity charges.

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[38] Calpine/300, Higgins/7.
[39] Calpine's Opening Brief at 18.

D. Legality of the RAD

Parties argue that the Commission lacks the legal authority to approve PGE's proposal under ORS 757.601. PGE will not restate its position regarding the legality of the RAD from its opening brief. However, if the Commission agrees with these parties that it lacks authority, PGE respectfully asks the Commission to make such a finding in this proceeding. PGE believes that delaying this determination and proceeding with the investigation in UM 2024 without a Commission finding on its legal authority would significantly undermine that generic investigation.

If the Commission believes it lacks the authority to approve PGE's proposed RAD charge, this certainly highlights structural problems associated with Senate Bill (SB) 1149 where customers are permitted to select an alternative supplier of capacity, but ESSs are under no obligation to provide this capacity, and the Commission lacks authority or oversight over ESSs regarding this capacity planning. If the Commission currently lacks such authority to approve PGE's proposal, then this leaves a scenario where there is simply no planning for these loads, which is exactly the problem PGE is attempting to solve in this proceeding.

E. The RIC Is Appropriately Designed

Staff expresses concern that PGE's proposal does not compensate ESSs for over-scheduling and expresses concerns that PGE's proposal could be one-sided.[40] This concern demonstrates a misunderstanding of PGE's rationale for the RIC. As PGE explained, the purpose of the RIC is to address events in which an ESS under-schedules because PGE must ensure adequate capacity is available in advance so it can provide the energy needed

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[40] Staff's Opening Brief at 17.

to supply customer loads during the time period of the deviation.[41] Since over-scheduling events cannot be relied on to serve capacity needs with any certainty and therefore produce no meaningful capacity contribution, there is no basis to provide a credit under these circumstances.[42] Moreover, PGE provided analysis demonstrating that ESSs tend to overschedule in the lowest need hours—times when PGE has no need, or must even back down its resources to accommodate the overscheduling.[43] On the other hand, when an ESS under-schedules and therefore provides insufficient deliveries to serve its load, PGE is required to balance the system with resources procured by cost-of-service customers and thus at the expense of cost-of-service customers. The record demonstrates that this under-scheduling behavior frequently occurs when PGE is experiencing high loads and is most in need.[44]

Staff also notes that AWEC and Calpine share its concerns regarding the potential overlap of the RIC and the RAD and PGE has failed to provide evidence that the resources for the RIC and the RAD are not distinct.[45] As PGE articulated in testimony, the RIC and the RAD have fundamentally different attributes. The RIC provides flexibility to respond to changes in load, whereas the RAD is aimed at meeting peak load needs.[46] PGE also clarified that it is not proposing to acquire capacity for the RIC. Rather, the RIC is intended to address the cost-shift that would occur and to compensate cost-of-service customers for their capacity that is being used to cover ESS under-scheduling events.[47] However, should

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[41] PGE/100, Sims-Tinker/12.
[42] PGE/200, Sims-Tinker/38-39.
[43] PGE/200, Sims-Tinker/39.
[44] PGE/200, Sims-Tinker/31-32.
[45] Staff's Opening Brief at 15-16.
[46] PGE/200, Sims-Tinker/34, PGE/300, Sims-Tinker/32
[47] PGE/200, Sims-Tinker/34.

any overlap occur as a result of the capacity products procured, this overlap would be addressed through the functionalization and cost allocation process proposed by PGE.[48]

F. PGE's NLDA Standard Offer Should Be Approved.

Staff argues that the Commission should deny PGE's proposed NLDA standard offer and delay consideration until the next general rate case.[49] Staff noted that it generally supports inclusion of RPS compliance costs in Company-supplied energy options as required by law or Commission policy but expresses concern regarding approval in this proceeding.[50] Staff is concerned that PGE's proposal would be a general change to its direct access programs and therefore should be evaluated in a larger investigation.[51] Staff also notes that it believes that delaying RPS compliance charges for NLDA customers until PGE's next general rate case would not likely cause any cost-shifting because these customers have not yet begun to take service and will pay opt-out charges for 60 months.[52]

While PGE believes that it may be appropriate to have the same standard offer service options for both NLDA and LTDA following the transition period, PGE also explained that NLDA and LTDA are different customer classes. During the transition adjustment period for LTDA, LTDA eligible customers who elect the standard offer are contributing to RPS-compliant resources in PGE's resource mix through their transition adjustment, while NLDA eligible customers would not be.[53] Thus, the issue of an RPS-compliant standard offer service for LTDA eligible customers is not urgent until a standard offer service customer has completed the five-year transition period, is no longer

[48] PGE/200, Sims-Tinker/34, PGE/300, Sims-Tinker/32; Hearing Transcript at 86.
[49] Staff's Opening Brief at 22.
[50] *Id.* at 23.
[51] *See id.*
[52] *Id.*
[53] *See* PGE/200, Sims-Tinker/43.

contributing to RPS compliant resources, and is being served by a market product that has no RPS compliance attributes.[54] Given that their transition adjustment is set at only 20% and proposed as an offset to the RAD, NLDA eligible customers must have a different standard offer service option designed to be RPS compliant from the first day of participation. The 20% transition adjustment does not allow for contribution for PGE's RPS-compliant resources in PGE's generation resource portfolio.[55] PGE's proposed long-term energy offer is therefore intended to address this concern.

G. The Program Cap

Parties appear to have conflicting views on how to characterize the NLDA cap. NIPPC calls this a "stringent cap" that would mitigate resource adequacy concerns.[56] On the other hand, Staff continues to focus on the ability of parties to seek waivers of the cap.[57] Staff requests that the Commission direct PGE to inform interested NLDA customers in queue about their option to seek a waiver of program cap if basis for ineligibility is lack of available space under the cap.[58] Staff outlines the Commission's statements about what it would consider when looking at waivers to the cap, but fails to provide a convincing justification for its recommendation to add this requirement to PGE.[59] PGE does not believe that it should be required to interpret and communicate the Commission's rules to these large sophisticated customers, often including those with national footprints and professional energy managers, who understand how to work within

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[54] *See id*.
[55] *Id*.
[56] NIPPC's Opening Brief at 9.
[57] Staff's Opening Brief at 25.
[58] *Id*.
[59] *Id*. at 25-26.

the direct access rules.[60] In addition, these are customers who will be working with market suppliers who are also sophisticated in their understanding of Commission rules and programs.

Calpine opposes PGE's plan to use NLDA-eligible customer standard offer service toward the NLDA participation cap.[61] With regard to the LTDA participation cap, if LTDA-eligible customers participate in the standard offer service, then that load counts toward the LTDA cap. The program has been administered this way since its inception, with the rationale that both standard offer service and direct access are non-cost-of-service supply options and the options and cap are described in and apply based on the eligible customer rate schedule.

H. Program Design Issues

1. PGE Should be Permitted to use Customer Load Information to Measure Space Under Cap

Calpine asks the Commission to direct PGE to clarify that it "will rely on the final, binding distribution agreement committing the customer to construct the distribution upgrades."[62] PGE plans to use the load information provided by the customer that establishes the basis for distribution facilities to meet the customer's load. To prevent gaming, PGE is intending to ensure that the customer uses the same load forecasts for NLDA eligibility and distribution facility design.[63] PGE noted that this would be memorialized in a written binding agreement per OAR 860-038-0740.[64]

2. Customers Should be Disqualified from the NLDA Program if the Customer Continues Taking Cost-of-Service After Initial Energization

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[60] PGE/300, Sims-Tinker/30.
[61] Calpine's Opening Brief at 28.
[62] *Id.* at 31.
[63] PGE/200, Sims-Tinker/52.
[64] *Id.*

Calpine argues that the Commission should require that NLDA customers be permitted to use PGE-supplied start-up energy after construction is complete.[65] Calpine suggests that the Commission require the threshold for starting NLDA service, be energization of the meter and taking service in excess of 1,000 kW.[66] Calpine argues that this would "prevent unintended consequences where a customer could be excluded from the program if it needs to energize its normal meter for continued start-up activities before a full year expires after its commitment to the NLDA program."[67]

As Calpine correctly notes, PGE has already agreed to allow for construction power for NLDA customers.[68] As PGE explained, the customer's facility is considered energized for purposes of taking service under Schedule 689 once construction is complete, the temporary meter is removed, and the facility is transferred to the customer under the customer's name as the owner/operator.[69] The official start of NLDA service is important given that the customer has 36-months to ramp up operations to meet the 10 MWa size threshold for the program. PGE opposes Calpine's approach to unfairly advantage customers, allowing a ramp to 1MWa, before officially starting NLDA service, and creating an advantage in ramping to 10 MWa over 36 months. [70]

Calpine's approach also raises the issue of the applicable tariff for the customer's service. Would the customer be on cost-of-service until they reach 1MWa? If the customer's load is 1MWa and they are on cost-of-service for at least a year, they are eligible for the long-term direct access program. Calpine is suggesting that PGE allow a customer

[65] Calpine's Opening Brief at 31.
[66] *Id.* at 31-32.
[67] *Id.* at 31.
[68] Calpine's Opening Brief at 31; PGE/200, Sims-Tinker/60.
[69] PGE/200, Sims-Tinker/60.
[70] PGE/200, Sims-Tinker/60-61.

to be on cost-of-service for any period of time up until they reach 1MWa; one-year, two-years, five-years, then expect PGE to suddenly designate the load as "new load." In that time, this cost-of-service load would become embedded in PGE's load forecasts and PGE would be planning for the load.

3. Commission Approval of Form Contract for NLDA Program

Calpine argues that the Commission should review PGE's opt-out agreement because it is an extension of the tariff. As PGE has noted in testimony, following a Commission decision in this proceeding, PGE does not object to filing the draft contract,[71] but PGE believes that this should be an informational filing. PGE has already provided the LTDA customer contract for parties to consider as a starting template for the proposed NLDA customer contract.[72]

III. CONCLUSION

PGE respectfully requests that the Commission approve the Company's Schedule 689 as submitted.

DATED this 26th day of November, 2019.

Respectfully submitted,

Erin E Apperson, OSB No. 175771
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
Portland, Oregon 97204
(503) 464-8544 phone
(503) 464-2200 fax
erin.apperson@pgn.com

[71] PGE/300, Sims-Tinker/33.
[72] *See* PGE/300, Sims-Tinker/33.