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.	COMMISSION STAFF'S CROSS-EXAMINATION EXHIBITS

Pursuant to Chief Administrative Law Judge Moser's September 10, 2019 Ruling, Commission Staff submits the following cross-examination exhibits in docket UE 358, not previously filed in this case:

Cross-Examination Exhibit	**Description**
Staff/500	PGE's Response to Staff DR 3
Staff/501	PGE's Response to Staff DR 9
Staff/502	PGE's Response to Staff DR 12
Staff/503	PGE's Response to Staff DR 13
Staff/504	PGE's Response to Staff DR 15
Staff/505	PGE's Response to Staff DR 24

DATED this 26th day of September, 2019.

Respectfully submitted,

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July 10, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 003
Dated June 26, 2019

Request:

Does PGE agree with the following statement? Once PGE has assessed a RAD charge to an NLDA customer, the necessary capacity to serve that customer exists, including in the event that the ESS has under scheduled its load? If yes, why would an additional charge, the RIC, be necessary and not duplicative? If the Company does not agree with the above statement, why? What is the nature of the capacity acquired by the RIC that makes both charges necessary?

Response:

PGE does not agree with the statement "Once PGE has assessed a RAD charge to an NLDA customer, the necessary capacity to serve that customers exists, including in the event that the ESS has under scheduled its load."

Following the approval of PGE's proposed RIC charge and NLDA tariff, PGE will recover from NLDA customers the costs of providing capacity to balance under-scheduling practices that result in PGE provision of capacity that is not being paid for by the benefitting NLDA customer. Providing the RIC service to NLDA customers is not expected to create a need for additional peaking capacity beyond what is required to provide resource adequacy related RAD service for the same customer. However, providing RIC service will require that PGE make sufficient flexible capacity available in the operational timeframe to balance ESS under-scheduling practices. Importantly, capacity procured for meeting peaking resource adequacy needs (e.g. day-ahead capacity product) may or may not be capable of supporting RIC related service.

The RAD is an unavoidable charge related to the procurement of capacity resources to ensure resource adequacy and meet PGE's peak resource need conditions. The capacity resources procured for RAD service may or may not be capable of balancing ESSs' under-scheduling and providing RIC service. As revenues from the RIC are credited toward all customers through the crediting of PGE's production revenue requirement the RIC charge does not double recover, but instead compensates all customers for the use of capable capacity to meet ESSs balancing needs. Furthermore, the RIC charge is avoidable. If an ESS does not under-schedule within a month, no RIC service will be assessed, and as scheduling practices improve PGE will require less capacity be available in the operational time frame resulting in decreased RIC related costs.

Both the RIC and RAD follow general rate making principles in assigning the costs to the customers which impose those costs onto PGE's system (i.e. cost causation). In order to fully recover the costs imposed by NLDA, both the RIC and RAD charges are necessary and serve to prevent cost shifting to COS customers.

Please refer to PGE's Response to Calpine Request No. 018 for additional details.

July 10, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 009
Dated June 26, 2019

Request:

In reference to PGE's Long-Term Energy Option, why does PGE believe that it is appropriate to have a different standard offer for its NLDA and LTDA programs?

Response:

PGE believes it is appropriate to have the same standard offering options in both the NLDA and LTDA programs. As detailed in PGE/100, Sims-Tinker 20, PGE "developed the long-term energy option as a mean of meeting state policy requirements and customer needs to comply with legislative requirements…" However, as part of Order No. 18-646 in PGE's UE 335 general rate case, the company and parties agreed to no LTDA tariff changes until 2022.

July 12, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 012
Dated June 28, 2019

Request:

Regarding PGE/100, Sims-Tinker/5: 2. Has PGE done any analysis or given any thought to the types of events which might require the use of COS owned capacity for NLDA customers absent the RAD? If so, please describe the most likely event. Is the risk only present during region-wide events, which result in the extreme tightening of market function? Would an emergency closure of a large ESS pose a risk to COS customers? Would the return of a single customer pose a risk to COS customers?

Response:

Yes. PGE's proposal to plan for the capacity needs of direct access customers and secure capacity to ensure resource adequacy within its service territory is designed to protect COS customers from the reliability risks associated with region wide capacity deficits that lead to inadequate supply during periods of elevated need. Without claiming to identify all potential scenarios, there are a variety of scenarios. One such scenario which could prompt these conditions relates to low-water years in which the northwest hydro system becomes fuel limited. In such conditions, the liquidity of wholesale market supply--on which an ESS without committed capacity agreements would depend—will greatly diminish. With the addition of plant retirements, unexpected outage conditions, or fuel disruptions the risk that the region will have inadequate supply to meet contemporaneous need becomes elevated. An ESS that has not planned for resource adequacy would be challenged to obtain energy via market purchases from surplus capacity under such conditions and any failure to deliver would require the use of COS owned capacity to meet the balancing authority load.

Section 4.7.3 of PGE's Draft 2019 IRP discusses direct access and resource adequacy. Section 4.7.3.1 contains capacity planning sensitivities which include LTDA loads and highlight the incremental capacity needs caused by these loads.

Other scenarios include the closure of a large ESS or the return of a single customer, which would likely pose a risk to PGE's ability to adequately serve all load. However, the specifics of such events would depend on the circumstances (ESS size, number and type of customers served by the ESS, customer size, notice time, etc.) and cannot easily be quantified.

July 12, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 013
Dated June 28, 2019

Request:

In light of the analysis or lack of analysis performed as described in Staff DR 12, has PGE defined the duration of delivery and type of capacity product which would sufficiently mitigate the risk to COS customers? Please provide the type and duration of capacity product PGE will seek via the RAD.

Response:

If directed to plan and procure, PGE would seek to acquire long-term products with a term that's consistent with PGE's long-term planning horizon (e.g. no less than five years). These products would need to be backed by a physical resource, resources, or a system of resources. PGE would be seeking peaking capacity capable of being called on to serve NLDA load as needed. This would likely be targeted toward the day-ahead time frame. Ultimately, the characteristics as well as terms and conditions of the product would be subject to the design criteria of a Request for Proposals (RFP) and the offers received in such RFP.

July 12, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 015
Dated June 28, 2019

Request:

Please provide a narrative description of the process as PGE's envisions it for a customer who exceeds the current program cap, but wants to seek a waiver. Please note at what point they can provide the 1 year notice of intent to enroll and signing a customer contract as it relates to the Commission's decision on a request for waiver of the cap. Is the Company aware of any timing restrictions or requirements which would necessitate a Commission decision on the waiver prior to or following?

Response:

If a customer provides its intent to enroll and meets the NLDA eligibility requirements, but there is insufficient room under the program cap, it is the customer's decision to request a Commission waiver to exceed the program cap. We envision the process as follows: customer that otherwise meets eligibility requirements, provides notice of intent to enroll; PGE responds denying enrollment due to insufficient room under the cap to accommodate customer's identified load; customer then decides to seek waiver from the Commission. Under these circumstances, the company would not provide the customer with a NLDA contract unless the Commission grants the waiver. During the period between providing intent and the Commission approving/disapproving the requested waiver, PGE would continue NOT to plan supply for the customer.

August 16, 2019

TO: John Crider
Public Utility Commission of Oregon

FROM: Karla Wenzel
Manager, Pricing and Tariffs

PORTLAND GENERAL ELECTRIC
UE 358
PGE Response to OPUC Data Request No. 024
Dated August 9, 2019

Request:

Would capacity resources acquired as part of the RAD be dispatched if unnecessary to serve a NLDA customer? If yes, please explain where revenue generated from the sales would be booked. If no, please explain how the resource is used and useful in the provision of utility service.

Response:

Yes.

PGE will dispatch all resources to meet the total system capacity needs rather than the capacity needs for specific customers. Should capacity resources, procured as a result of capacity planning for NLDA customers, generate energy on a forecasted and/or actual basis, PGE will account for those benefits, and associated costs, in its power cost forecast. flow into the functionalization of resource adequacy related costs and serve as an offset to the RAD.

NLDA RAD payments will not unfairly contribute to power cost benefits for COS customers. PGE's functionalization of resource adequacy related costs will only recover from NLDA customers the portion of resource costs associated with supporting resource adequacy in contrast to the portion of facility costs in service to generating energy.