

# Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jog@dvclaw.com  
1750 SW Harbor Way, Suite 450  
Portland, OR 97201

August 21, 2019

## *Via Electronic Filing*

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High St. SE, Suite 100  
Salem OR 97301

Re: In the Matter of PORTLAND GENERAL ELECTRIC COMPANY,  
Advice No. 19-02, New Load Direct Access Program  
**Docket No. UE 358**

Dear Filing Center:

Please find enclosed the Rebuttal and Cross-Answering Testimony and Exhibit of Bradley G. Mullins (AWEC/200-201) on behalf of the Alliance of Western Energy Consumers in the above-referenced docket.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch  
Jesse O. Gorsuch

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 358**

In the Matter of )  
 )  
PORTLAND GENERAL ELECTRIC )  
COMPANY, )  
 )  
Advice No. 19-02 (ADV 919) New Load Direct )  
Access Program. )  
\_\_\_\_\_ )

**REBUTTAL AND CROSS-ANSWERING TESTIMONY OF BRADLEY G. MULLINS  
ON BEHALF OF  
ALLIANCE OF WESTERN ENERGY CONSUMERS**

**August 21, 2019**

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OF BRADLEY G. MULLINS**

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Exhibit AWEC/201 – PGE Responses to Data Requests

## I. INTRODUCTION AND SUMMARY

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Bradley G. Mullins, and my business address is 1750 SW Harbor Way, Suite 450, Portland, Oregon 97201.

**Q. ARE YOU THE SAME BRADLEY G. MULLINS WHO PROVIDED REPLY TESTIMONY IN THIS DOCKET?**

A. Yes.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL AND CROSS-ANSWERING TESTIMONY?**

A. I respond to Portland General Electric Company's ("PGE") Reply Testimony, filed on August 5, 2019, and the Reply Testimonies filed on July 18, 2019 by the Oregon Public Utility Commission ("Commission") Staff, Oregon Citizens' Utility Board ("CUB"), and Calpine Energy Solutions ("Calpine Solutions").

**Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

A. After reviewing the testimony of other parties to this proceeding, I agree with Staff and Calpine Solutions that the Commission should reject PGE's proposed Resource Adequacy Charge ("RAD") and Resource Intermittency Charge ("RIC"). While both PGE and CUB support these charges, they do so exclusively on policy grounds that go well beyond the scope of this docket. This docket is an advice filing, which was supposed to be dedicated to reviewing and approving a new tariff that complies with the Commission's recently adopted New Load Direct Access ("NLDA") rules. I recommend the Commission maintain a narrow focus in this docket when considering whether the RIC and RAD are just and reasonable charges for NLDA customers.

## II. GENERAL INVESTIGATION

**Q. PLEASE DESCRIBE THE GENERAL INVESTIGATION PGE HAS PROPOSED.**

A. PGE proposes that the Commission conduct a broader investigation of direct access and suspend this docket while that investigation is ongoing. AWEC requested the direct access investigation the Commission recently opened in Docket UM 2024, and, therefore, supports a general investigation into direct access issues. AWEC does not agree, however, with terms PGE proposes with respect to such an investigation as it relates to this docket.

First, AWEC disagrees with PGE's proposal to delay implementation of the NLDA program until an investigation is concluded. There are customers who wish to participate in this program now, and a general direct access investigation might take several years. Asking these customers to pay cost-of-service rates while they wait for this program to begin for an indefinite period, potentially several years or more, is unnecessary and unreasonable, particularly when one considers that PacifiCorp's NLDA program is already in place today.

Second, AWEC also disagrees with PGE's alternative proposal to begin the NLDA program now, including the RIC and RAD, and allow a NLDA customer to offset the RAD through participation in a demand response program. It would be premature to begin the RIC and RAD before resource adequacy of direct access customers is addressed more broadly in a generic docket. Further, AWEC has jurisdictional and legal concerns with the RIC and RAD.

**Q. WHY IS IT PREMATURE TO BEGIN CHARGING THE RIC AND RAD PRIOR TO CONDUCTING A GENERAL INVESTIGATION?**

A. PGE argues that the RIC and RAD charges should be implemented contingent on the outcome of a general investigation so that NLDA customers have notice of these charges when they elect to participate in the NLDA program. It is always better for customers to make decisions with as much information as possible, but it is of paramount importance that customers pay charges that are both lawful and just and reasonable – customers should not pay charges with the understanding that these determinations will be made later. Further, I find PGE’s concern that NLDA customers have notice of the RIC and RAD to be confusing in this context. PGE testifies that it “intends to propose recovery of resource adequacy costs from LTDA customers” in the future.<sup>1/</sup> No existing LTDA customer had any notice that it might one day be subject to charges like the RIC and RAD when they committed to the LTDA program.

**Q. HOW DOES PGE PROPOSE TO MANGE THE QUEUE OF CUSTOMERS PARTICIPATING THE IN NLDA PROGRAM IF ITS FILING IN THIS DOCKET IS SUSPENDED DURING A GENERAL INVESTIGATION?**

A. PGE proposes to allow customers in the NLDA queue to energize their sites while its NLDA tariff is suspended during the pendency of a general investigation, but remain eligible to participate in the NLD program once it begins. PGE appears to be fine with allowing customers to energize their sites and still participate in the NLDA program if this docket is suspended, but it remains firmly opposed to any customer participating in the program if that customer energizes its site while this docket is ongoing,<sup>2/</sup> arguing in direct testimony that if “a customer energizes their site prior to the effective date of Sch

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<sup>1/</sup> PGE/200, Sims-Tinker/14:19-20.

<sup>2/</sup> Id. at 58:1-5 (“if the customer has energized their site, they will be removed from the queue”).

689, they cannot participate in Sch 689 .... If PGE energizes a Customer's service, we are planning for their load, so it is no longer a new load."<sup>3/</sup> PGE offers no explanation or justification for why it would be appropriate to disqualify a customer that energizes its site between now and February of next year while this docket proceeds, but simultaneously appropriate to allow the same customer to participate in the NLDA program if the Commission suspends this docket, potentially for multiple years.

A simpler and more just and reasonable approach is to allow Schedule 689 to go into effect without the RIC and RAD and impose those charges later if the Commission ultimately determines in a general investigation that they are lawful and just and reasonable after considering other alternatives.

**Q. IS IT REASONABLE TO IMPLEMENT THE RIC AND RAD CHARGES ON A CONTINGENT BASIS?**

A. PGE argues that the RIC and RAD should be contingently implemented during a general investigation because of the resource adequacy concerns it raises. I do not believe that justifies implementing the RIC and RAD before resource adequacy issues are being investigated. AWEC believes there are serious issues with both the RIC and RAD, and implementing them even on a contingent basis does not resolve these issues.

Further, my understanding is that one of the reasons the Commission implemented a cap on the NLDA program is to account for, and limit, the impact of unintended consequences. PGE itself states that 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."<sup>4/</sup> The addition of 119 aMWs of direct access load on PGE's system is

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<sup>3/</sup> PGE/100, Sims-Tinker/24:18-25:1.

<sup>4/</sup> PGE/200, Sims-Tinker/50:8-9 (emphasis added).

not alone going to create reliability concerns in the Northwest. There are individual customers in the region larger than this (including on PGE's system). Furthermore, it is worth recalling that NLDA customers will pay a 20% transition charge for the first five years, thus ensuring that they will contribute to PGE's system while a general investigation proceeds. The Commission can implement the NLDA program without the RIC and RAD while it investigates resource adequacy as it relates to direct access more broadly.

**Q. PGE'S REPLY TESTIMONY DISPUTES AWEC'S ARGUMENTS THAT PGE'S ACCESS TO WHOLESALE ENERGY MARKETS MEANS THAT THE ADDITION OF NLDA LOAD SHOULD BE COMPARED TO THE REGIONAL LOAD/RESOURCE BALANCE RATHER THAN JUST PGE'S BALANCING AREA ("BA") FOR PURPOSES OF RESOURCE ADEQUACY. HOW DO YOU RESPOND?**

A. When it proposed the RAD in Adv. No. 19-02 and supported it in Direct Testimony, the justification PGE provided was that, without the RAD, PGE may be required to implement its curtailment protocols because it will not have planned for direct access load, thus forcing it to curtail both direct access and COS load on a non-discriminatory basis.<sup>5/</sup> When asked, however, whether it was "PGE's position that a circumstance could exist that would require it to implement its Curtailment Plan but no other utility in the region would have a similar obligation," PGE responded unequivocally: "No."<sup>6/</sup> It then continued, "The Plan is specifically for a 'protracted regional Electricity shortage.' Order 93-084 adopting the curtailment policies addressed in Rule stated 'The effects of such a shortage would be regional' (emphasis added)."<sup>7/</sup> Yet, now in Reply Testimony, PGE

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<sup>5/</sup> PGE Adv. No. 19-02 at 2-3, 6; PGE/100, Sims-Tinker/15:16-16:4.

<sup>6/</sup> Exh. No. AWEC/102 at 9.

<sup>7/</sup> Id. In a supplemental response provided the day before the due date of this testimony, PGE noted that it also identifies curtailment practices in Rule C, governing customer attachments to facilities, and alleged that the curtailment practices under Rule C "are different from" those in its Curtailment Plan under Rule N.



reverses its position, comparing the wholesale market to “a game of musical chairs” where PGE might be left without a chair if it does not implement the RAD for NLDA load.<sup>8/</sup>

The only realistic scenario in which PGE would be forced to curtail load while all other utilities did not is if it lacked necessary transmission access to the market by failing to acquire such access for NLDA load. But PGE has already addressed this concern by specifying that a customer cannot participate in the NLDA program until PGE secures the necessary transmission capacity, and recently receiving FERC approval to modify its OATT to classify NLDA customers as new Network Integration Transmission Customers.<sup>9/</sup>

### III. RIC AND RAD

**Q. BASED ON THE TESTIMONY IN THIS CASE, HOW WOULD YOU CHARACTERIZE THE DISAGREEMENT BETWEEN AWEC AND PGE OVER THE RIC AND RAD?**

A. The disagreement appears to be less about the concerns PGE (and CUB) has identified and more about the solutions PGE proposes. AWEC agrees with PGE and CUB, for instance, that maintaining resource adequacy is important. AWEC also agrees that if the evidence shows that direct access customers are not maintaining an appropriate level of resource adequacy, then this should be rectified. AWEC further agrees that cost of

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Exh. AWEC/201 at 9-10. PGE did not state in this supplemental response, however, that the curtailment events under Rule C would be isolated to PGE, rather than experienced by the region more broadly. Id. Examples of events provided in Rule C that could lead to curtailment are: “extremely cold weather, the temporary loss of a major generating plant or transmission facilities, or conditions that violate the Willamette Valley/Southwest Washington Area (WILSWA) or Western Electricity Coordinating Council (WECC) standards.” Rule C, Sheet No. C-2.

<sup>8/</sup> PGE/200, Sims-Tinker/19:19-21.

<sup>9/</sup> Id. at 11:17-12:3; FERC Docket No. ER19-1055.

service (“COS”) customers should not subsidize direct access customers in any respect, including with regard to resource adequacy.

AWEC disagrees with PGE, however, that PGE has adequately demonstrated that direct access customers do not maintain appropriate resource adequacy. To answer this question, the Commission should first identify what “resource adequacy” means, and then determine how resource adequacy can be achieved. PGE defines “resource adequacy” as “the ability of supply-side and demand-side resources to reliably serve load across a broad range of weather and other system conditions ....”<sup>10/</sup> It then goes on, however, to suggest that such resource adequacy is best achieved through an IRP-like planning process subject to Commission oversight. AWEC believes that the bilateral contracting process and competitive market can also provide “resource adequacy” as PGE defines it.

AWEC also disagrees that, even if direct access customers are not maintaining sufficient resource adequacy, PGE has demonstrated the RIC and RAD to be just and reasonable solutions to this problem. CUB, for instance, testifies at length about the “distorted wholesale energy market” that insufficiently values capacity.<sup>11/</sup> It cites PJM’s Reliability Pricing Model as an example of a workable capacity market, but notes that such a market is infeasible in the West without an RTO/ISO structure.<sup>12/</sup> CUB, therefore, simply accepts the RAD as a “reasonable way to address the problem,” without any analysis of the RAD itself or consideration of other alternatives.<sup>13/</sup> AWEC supports

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<sup>10/</sup> PGE/100, Sims-Tinker/5:1-3.

<sup>11/</sup> CUB/100, Jenks/3-15.

<sup>12/</sup> Id. at 15:16-16:21.

<sup>13/</sup> Id. at 17:2-5.

development of an organized market in the West, but does not agree that the RAD represents the one and only alternative to a capacity market.

Finally, even if the RIC and RAD could be determined to be lawful and just and reasonable in some circumstance, that circumstance is not applied to NLDA customers alone, which is the focus of this docket.

**Q. WHY DO YOU CONCLUDE THAT PGE HAS NOT DEMONSTRATED THAT DIRECT ACCESS CUSTOMERS DO NOT MAINTAIN RESOURCE ADEQUACY?**

A. PGE's conclusion is based on the fact that direct access customers do not pay for PGE resources and a summary of one ESS's (Calpine Solutions) procurement practices. PGE characterizes Calpine Solutions' procurements as not supporting "PGE's or the region's resource adequacy needs,"<sup>14/</sup> but as Calpine Solutions points out in discovery, its procurements are made under the Edison Electric Institute's ("EEI") Master Agreement,<sup>15/</sup> probably the most common electric commodity contract in use today, including by both regulated utilities and unregulated market participants. Notably, EEI is a trade organization for investor-owned utilities, including PGE, and, as Calpine Solutions also notes, the Master Agreement has been accepted by the Federal Energy Regulatory Commission ("FERC") as a firm agreement.<sup>16/</sup> Use of an industry-standard agreement that FERC has determined provides firm power is sufficient to provide resource adequacy.

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<sup>14/</sup> PGE/200, Sims-Tinker/21:15-16.

<sup>15/</sup> PGE/206.

<sup>16/</sup> Id.

**Q. DOES PGE USE A SIMILAR CONTRACT TO THE EEI MASTER AGREEMENT TO PURCHASE POWER IN THE REGION?**

A. Yes. PGE purchased 9,002,682 MWhs in 2018 from the market, the majority of which was transacted under Schedule C to the Western Systems Power Pool (“WSPP”) Agreement.<sup>17/</sup> FERC found that WSPP Schedule C was also sufficient to provide firm power in the same order in which it considered the EEI Master Agreement.<sup>18/</sup>

**Q. WHAT ALTERNATIVES ARE THERE TO PGE FOR DIRECT ACCESS CUSTOMERS TO ENSURE RESOURCE ADEQUACY FOR THEIR LOADS.**

A. There are any number of alternatives and the Commission should not be overly prescriptive, recognizing that direct access customers operate on the open market and, therefore, should have the full range of options the market is prepared to offer. One of the primary reasons customers choose direct access is to have control over their electricity supply (including the associated risks and benefits), and resource adequacy is a component of this supply. While, ultimately, a capacity market like the RPM that CUB describes may materialize in West, in the meantime other options are available in the event the Commission finds that direct access customers do not currently support resource adequacy.

In Nevada, for instance, customers that go to the market under that state’s retail access law in NRS Chapter 704B are required to procure a “10% contract.” That is, a customer that contracts with a third-party supplier must procure “[a]n additional amount of energy which is equal to 10 percent of the total amount of energy that the eligible customer is purchasing for its own use,” as well as capacity and ancillary services, and

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<sup>17/</sup> AWEC/201 at 6 (PGE Resp. to AWEC DR 028).

<sup>18/</sup> Preventing Undue Discrimination and Preference in Transmission Service, FERC Order 890, FERC Stats & Regs. P 31,241 at ¶¶ 1454-55 (Feb. 16, 2007). FERC did find that WSPP Schedule C did not qualify for designation as a network resource for separate reasons, which WSPP later rectified. Id. ¶ 1460.

must “[o]ffer[] to assign the rights to the contract to the electric utility for use by the remaining customers of the electric utility.”<sup>19/</sup> This provision is designed to add additional resources to the system, which is why third-party suppliers in Nevada are called “Providers of New Electric Resources.” Prior to simply approving the RAD, the Commission might consider whether a similar construct would be workable and beneficial in Oregon.

Alternatively, nothing prevents a direct access customer from entering into a long-term contract with a specified resource. PGE confirmed that such an arrangement would provide resource adequacy, but still believed that such a customer should also pay the RAD.<sup>20/</sup>

**Q. WHY DOES PGE TAKE THE POSITION THAT A CUSTOMER WITH A LONG-TERM CONTRACT FOR A SPECIFIED RESOURCE SHOULD STILL PAY THE RAD EVEN THOUGH IT IS INDISPUTABLY SELF-SUPPLYING RESOURCE ADEQUACY?**

A. PGE believes that “[s]elf-provision of long-term, physical capacity resources by direct access customers or by ESSs would contribute to regional adequacy but would be contrary to the public interest,” citing its Reply Testimony pages 26-28.<sup>21/</sup> Essentially, this testimony argues that it is in the public interest for PGE alone to supply resource adequacy because it is regulated by the Commission, while oversight over resource adequacy products offered by third parties would be necessarily more limited. It also argues that PGE’s supply of resource adequacy would be “necessarily more efficient and lower cost,” which is a surprising statement given Staff’s analysis showing that “each customer would pay roughly *\$1.3 million per day* of added reliable power under [the

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<sup>19/</sup> NRS 704B.320(2).

<sup>20/</sup> AWEC/201 at 1 (PGE Resp. to AWEC DR 022).

<sup>21/</sup> Id.

RAD].”<sup>22/</sup> In contrast to PGE’s position, AWEC finds it difficult to understand how such a charge could be in the public interest in any circumstance, let alone one where PGE admits the customer has already procured the necessary resource adequacy, which the RAD would only duplicate.

PGE’s RAD is a one-size-fits-all charge on customers that can be as diverse as the market can accommodate. The consequence is that, even if a resource adequacy problem with respect to direct access customers exists, PGE’s proposed “fix” for this is indiscriminately applied without regard to individual circumstances. That is not in the public interest.

**Q. DOES PGE KNOW WHAT THE RAD CHARGES WILL ACTUALLY BE?**

A. No. As PGE notes, it has set the RAD charge to \$0 in Schedule 689 because it does not know what the cost will actually be. It estimated \$9/kW of on-peak demand using its RECAP model. In discovery, PGE stated that an actual value for the RAD would “be determined by functionalizing resource adequacy” in a future cost of service study, though how this functionalization would be done remains unclear.<sup>23/</sup> Thus, there is little basis to assess the reasonableness of these charges, since the charges are largely unknown.

This problem is magnified by PGE’s shifting position on the RAD. Initially, PGE’s Opening Testimony “propose[d] a two-step methodology” for securing resource adequacy. First it would identify the capacity need to meet NLDA resource adequacy requirements by “input[ting] the forecasted incremental NLDA load into the RECAP model ....” Then it would “conduct a resource procurement process whereby PGE would

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<sup>22/</sup> Staff/100, Gibbens/16:3-4 (errata) (emphasis added).

<sup>23/</sup> Exh. AWEC/201 at 3 (PGE Resp. to AWEC DR 025).

secure the necessary amount of capacity to reasonably satisfy the requirement.”

However, PGE’s proposal now appears to be to effectively acquire this additional capacity through NLDA participation in its Schedule 26 demand response program, rather than procuring a wholly new capacity product. At the same time, PGE’s proposal appears to make participation in this program optional,<sup>24/</sup> and PGE states that it “is likely to procure additional capacity resources resulting from the capacity planning for NLDA loads ....”<sup>25/</sup> If an NLDA customer has a choice of whether to participate in demand response or pay the RAD, and a decision to pay the RAD necessitates the acquisition of new capacity for this customer, then presumably that customer would not be able to change its decision later because PGE will need to recover the costs of this incremental capacity. The implications of PGE’s proposal have simply not been fully considered – including by PGE – and they further illustrate the problems with making PGE responsible for ensuring resource adequacy for a customer that does not purchase generation from PGE.

**Q. WHAT COMMENTS DO YOU HAVE ON PGE’S PROPOSAL TO SEPARATELY FUNCTIONALIZE RESOURCE ADEQUACY COSTS WITHIN ITS COST OF SERVICE STUDIES?**

A. PGE states that it “will establish a methodology for assigning capacity costs for generating resources that would fall under a new category of functionalized costs named ‘resource adequacy’ or something similar.”<sup>26/</sup> It is not clear what types of costs, however, might be allocated to this category. PGE currently has functional categories for production costs and transmission costs. PGE does not elaborate, however, on how it

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<sup>24/</sup> Id.  
<sup>25/</sup> AWEC/201 at 1 (PGE Resp. to OPUC DR 022).  
<sup>26/</sup> Id. at 2 (PGE Resp. to AWEC DR 023).

might remove some costs from the production and/or transmission functional categories to reclassify as resource adequacy. With respect to production costs, there is no subset of costs that can be necessarily functionalized as generic resource adequacy, and PGE proposes no methodology for performing this functionalization.<sup>27/</sup> The reasonableness of this approach, therefore, is dubious, and certainly cannot be adequately evaluated in this docket.

**Q. DO YOU AGREE WITH PGE THAT THE RIC AND RAD ARE NOT DISCRIMINATORY?**

A. No. PGE's position is that "NLDA and [long-term direct access ("LTDA")] customers are distinct customer classes, and thus, they may be subject to different charges even if the service appears to be under substantially similar circumstances."<sup>28/</sup> While certainly the Commission can create different customer classes to justify different charges (for instance, assigning more capacity costs to residential customers and more energy costs to industrial customers based on cost-causation principles), PGE appears to be taking this principle to the illogical conclusion that any differing treatment is by definition non-discriminatory so long as it occurs between, and not within, rate classes. If that were true, PGE could assign all of the costs of a new generating facility to a single customer class. Not only would that be unjust and unreasonable as a general matter, it would also seem to unduly prejudice the class to which the costs are assigned, and unduly preference all other classes that benefit from the new resource but pay none of the costs. In other words, there must be a justifiable reason for differing treatment, and different customer classes alone does not provide it. PGE amply demonstrates its lack of any justifiable

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<sup>27/</sup> Id. at 2-3 (PGE Resp. to AWEC DRs 023, 025).  
<sup>28/</sup> PGE/200, Sims-Tinker/9:3-5.



reason for applying the RIC and RAD to NLDA customers but not to LTDA customers by explicitly testifying that it “intends to propose recovery of resource adequacy costs from LTDA customers” in the future.<sup>29/</sup>

**Q. IF THE RIC WERE APPROVED, WOULD IT RESULT IN COST-SHIFTING BETWEEN LTDA AND NLDA CUSTOMERS?**

A. Yes, this is very likely, and further undermines PGE’s assertion that NLDA and LTDA customers are distinguishable customer classes for resource adequacy purposes. As proposed, the RIC would apply when an ESS under-schedules, and the charge would be assessed to individual NLDA customers through a demand charge. As already established, ESSs submit their schedules to PGE in the aggregate. Because an ESS must be certified by the Commission, there are a limited number for a NLDA customer to choose from – PGE has five registered ESSs.<sup>30/</sup> This makes it likely that an ESS will serve both LTDA and NLDA customers, but it will submit a single schedule to PGE for both sets of customers. Thus, if LTDA customers served by a particular ESS under-schedule their loads in an hour, and this leads the ESS to under-schedule with PGE in the aggregate, PGE will assess a RIC to the ESS’s NLDA customers even though the cause of the under-schedule was LTDA customers.

**Q. IS IT POSSIBLE THAT UNDER-SCHEDULING BY AN ESS WOULD BENEFIT PGE AND ITS COS CUSTOMERS?**

A. Yes. PGE is becoming increasingly reliant on variable energy resources like wind and solar, and accurately scheduling such resources is inherently more difficult than scheduling dispatchable resources. If PGE under-scheduled the generation from its own resources (that is, its resources produced more than anticipated), and an ESS under-

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<sup>29/</sup> Id. at 14:19-20.

<sup>30/</sup> <https://www.portlandgeneral.com/business/power-choices-pricing/market-based-pricing>.

scheduled the load it needed to serve in the same hour (that is, the load was greater than anticipated), the under-schedule provided by the ESS would help counterbalance the excess generation PGE received from its own resources. The OATT accounts for this scenario by symmetrically applying charges and credits for imbalances. The RIC, on the other hand, would nevertheless charge NLDA customers for “capacity” that PGE never needed to hold in reserve.

**Q. DID PGE FAIL TO RESPOND TO ANY OF AWEC’S ARGUMENTS AGAINST THE RIC?**

A. Yes. I noted in my Reply Testimony that a charge like the RIC, related to imbalances from transmission schedules submitted under PGE’s OATT, is likely subject to FERC’s jurisdiction. PGE does not even mention this threshold issue in its Reply Testimony, which would bar Commission adoption of the RIC.

When asked whether PGE had ever made a filing at FERC seeking to implement a charge like the RIC or alleging that the charges in its OATT were insufficient to fully compensate PGE for the services it provided as the transmission operator and BAA, PGE identified several filings in which its applicable OATT charges and related terms and conditions were adopted or revised.<sup>31/</sup> In every one of these, FERC accepted PGE’s filings. Given this, AWEC is having a hard time understanding what PGE is complaining about and why it is complaining to the Oregon Commission.

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<sup>31/</sup> AWEC/201 at 4-5 (PGE Resp. to AWEC DR 026).

#### IV. ENROLLMENT QUEUE

**Q. DO YOU HAVE ANY CONCERNS WITH PGE'S PROPOSED MANAGEMENT OF ITS NLDA QUEUE?**

A. Yes. PGE notes that a customer must provide notice under the NLDA rules to be eligible for the program and “proposes to use the date [the] customer entered the non-binding participation queue as the notice date so they may energize their operations no earlier than one year from that date.”<sup>32/</sup> The rules, however, also allow a customer “that has entered into a written agreement with an electric company prior to September 30, 2018, indicating its intent to receive distribution service from an electric company and for which the electric company has not planned to provide generation supply service” to participate in the NLDA program without giving the otherwise required one-year notice. To the extent this exception applies to any customers in the queue, PGE should honor it. If these customers energize their site before the Commission approves Schedule 689, they should remain eligible for the NLDA program. As noted above, PGE itself proposes to allow customers to energize their sites while they remain in the queue if this docket is stayed pending a broader direct access investigation, so there should be no concern that these customers will shift costs to COS customers by energizing their sites before the program begins.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

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<sup>32/</sup> PGE/200, Sims-Tinker/57:10-11.

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 358**

In the Matter of )  
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PORTLAND GENERAL ELECTRIC )  
COMPANY, )  
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Advice No. 19-02 (ADV 919) New Load Direct )  
Access Program. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/201  
PGE RESPONSES TO DATA REQUESTS**

August 6, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE Response to AWEC Data Request No. 022  
Dated July 23, 2019**

**Request:**

**If a direct access customer enters into a long-term (5 or more years) contract for the output from a specified physical resource, should that customer still pay the RAD? If yes, please explain why. If not, please explain how PGE will exempt this customer from the RAD.**

**Response:**

Yes. Under PGE's NLDA proposal, PGE would remain responsible to procure necessary capacity to support resource adequacy. The costs of providing this service would not be avoidable through additional third-party contracting. Self-provision of long-term, physical capacity resources by direct access customers or by ESSs would contribute to regional adequacy but would be contrary to the public interest. For more information please refer to PGE's Reply Testimony Page 26 to Page 28.

August 13, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE Response to AWEC Data Request No. 023  
Dated August 6, 2019**

**Request:**

**Referring to PGE/200 at 14:18-23, please describe how PGE proposes to separately functionalize resource adequacy in a future cost of service study.**

**Response:**

PGE will establish a methodology for assigning capacity costs for generating resources that would fall under a new category of functionalized costs named "resource adequacy" or something similar. The exact method for assigning the capacity costs for each resource (or grouping of resources) has not been finalized; however, the intent of the methodology is to ensure that the costs associated with providing capacity/resource adequacy are assigned to all customer rate schedules (cost of service and direct access).

August 13, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE Response to AWEC Data Request No. 025  
Dated August 6, 2019**

**Request:**

**Refer to PGE/200 at 16:11-18 and PGE/100 at 16:6-18. As AWEC understands, if the RAD is approved, PGE will determine the amount of capacity needed to support resource adequacy for NLDA customers and will then conduct a solicitation for this capacity, with the results of that solicitation informing the RAD charge to be included in Schedule 689. Given this construct, how will PGE recover the costs of the capacity it procures if it provides NLDA customers with a credit against the RAD if they participate in a demand response program? Alternatively, who will pay for the cost of the demand response credit provided to NLDA customers?**

**Response:**

PGE is proposing the RAD charge be determined by functionalizing resource adequacy, as detailed in PGE's Response to AWEC Request No 023, not based on pricing resulting from a capacity solicitation.

Following the approval of PGE's RAD charge, the ability to plan for NLDA capacity needs, and modifications to PGE's Schedule 26, PGE's Schedule 26 costs may increase through NLDA customer participation in that program. Some of the costs associated with Schedule 26 are expected to be included in functionalized resource adequacy in a future general rate case. All eligible customers, including cost of service customers and NLDA customers, would pay for resource adequacy. Under PGE's proposed construct, NLDA customers will still be assessed the RAD, but participation in Schedule 26 will serve as a partial or full offset to the RAD.

If capacity resource procurement were still necessary, as identified during the planning process, PGE would then include the cost of any incremental capacity into its functionalized resource adequacy and update accordingly via the cost of service study.

August 13, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE Response to AWEC Data Request No. 026  
Dated August 6, 2019**

**Request:**

**Has PGE ever made a filing at FERC either: (1) requesting inclusion of the RIC or a similar charge in its OATT; or (2) alleging that the charges in its OATT are insufficient to fully compensate PGE for the services it provides as the transmission operator and BAA? If so, please provide all relevant documents.**

**Response:**

PGE objects to this request on the basis that it is overly broad and unduly burdensome. Without waiving these objections, PGE responds as follows:

The rates in PGE's OATT were established as follows (See [https://www.oasis.oati.com/woa/docs/PGE/PGEdocs/PGE-8\\_Tariff.pdf](https://www.oasis.oati.com/woa/docs/PGE/PGEdocs/PGE-8_Tariff.pdf)):

- Schedules 1, 2, 3, 5, 6, 7, 8, 9, and Network Transmission Service (Attachment H) were filed with FERC in Docket No. ER02-433-000. FERC accepted these rates in an Order issued January 29, 2002, with a rate effective date of February 1, 2002.
- Retail Network Integration Transmission Service (Attachment N) (See was filed with FERC in Docket No. ER04-322-000. FERC accepted these rates in an Order issued on February 27, 2004 with a rate effective date of March 1, 2004.
- Schedule 4, Energy Imbalance:
  - During the 2001 Energy Crisis, PGE filed with FERC proposed revisions to Schedule 4 in Docket No ER01-2359 to account for the increased volatility in the western energy markets and reduce the potential for gaming of energy imbalance. The Commission conditionally accepted this proposal, subject to compliance, but PGE ultimately withdrew this application and re-submitted under a new docket, below.



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- On November 14<sup>th</sup>, 2001, in Docket No. ER02-338, PGE filed proposed revisions to Schedule 4 that established the Dow Jones Mid-C Daily Index price, with penalty bands beginning at 5% deviation. PGE eliminated the option to supply imbalance returns in-kind. FERC accepted this proposal in a Delegated Letter Order on March 15, 2002.
- Docket No. ER03-146-000 PGE added a new Schedule 4-R, Retail Energy Imbalance Service in order to facilitate transmission service for direct access retail customers in its Control Area.
- On July 1, 2003, in ER03-1019, PGE filed proposed revisions to broaden Schedule 4 to apply to both Transmission Customers serving the wholesale load and Transmission Customers scheduling power from generators located within its Control Area for delivery outside of PGE's Control Area.
- In 2013, under docket ER13-2377, PGE filed proposed tariff revisions to modify the pricing index for Schedule 4 from the Dow Jones to Powerdex.
- In 2014, under docket ER14-2318, PGE filed proposed tariff revision to include meter losses in the calculation for Schedule 4.
- PGE updated rates for Schedule 4 ahead of PGE's participation in the Energy Imbalance Market in Docket No. ER17-1075-000. FERC accepted these tariff provisions in a Letter Order issued April 19, 2017 with a rate effective date of October 1, 2017.

August 16, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE Response to AWEC Data Request No. 028  
Dated August 9, 2019**

**Request:**

**Does PGE currently make any purchases under WSPP Schedule C? If so, please provide the total MWhs purchased under this contract in 2018.**

**Response:**

Yes. PGE actively participates in the wholesale energy market to economically dispatch its generating units and reduce customers' net variable power costs. The potential output of PGE's generating units may be economically displaced by wholesale energy market purchases, however those units remain available to provide a physical source of power if required.

As identified in the FERC Form 1, PGE's annual purchased power was 9,002,682 MWh in 2018 and 9,487,631 in 2017. PGE notes the following:

- PGE's power transaction recording system does not track the specific liquidated damages terms and conditions. However, PGE notes that the majority of its short- and mid-term purchases are made pursuant to WSPP Schedule C. In the event of counterparty failure, PGE settlements, credit, and trading personnel work to determine the specific damages terms and conditions of the contract or enabling agreement.
- PGE's power transaction recording system does not distinguish purchases serving retail load from other power purchases made.
- The data provided reflect only purchases made by PGE, not sales or other transactions.

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. 022  
Dated August 9, 2019**

**Request:**

**Please refer to Sims – Tinker/34 lines 7 through 19.**

- a. Should the RIC and RAD be implemented, does PGE plan to make available information about the dispatchable nature of resources acquired through the RAD and those used to serve under scheduling events?**
- b. If the answer to the above is no, please explain how else overlap between the RIC and RAD could be demonstrated?**

**Response:**

- a. PGE objects to this request in so far as it is vague. Without waiving this objection, PGE responds as follows:

PGE is likely to procure additional capacity resources resulting from the capacity planning for NLDA loads and associated assessment of RAD charges. PGE's established procurement and cost recovery processes will continue to make information available regarding the performance attributes associated with procured resources. It is possible that non-disclosure agreements would limit the ability for PGE to make resource information publicly available, but the requested information can be made available to appropriate parties within the PGE's regulatory processes.

PGE does not intend to keep a historical record of which resources are used to meet ESS under-scheduling events as PGE's resources are operated to meet aggregate demands as opposed to the demands of singular customers.

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PGE Response to OPUC Data Request No. 022  
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- b. PGE's proposal for RIC and RAD services prevents double charging for overlapping services through its ratemaking design. By functionalizing resource adequacy costs to be included in the RAD, PGE, through its cost of service study, can identify and avoid overlap. Costs related to RIC service are based upon the marginal cost of providing sufficiently flexible capacity to meet demands related to ESS under-scheduling.

August 20, 2019

TO: Jesse O. Gorsuch  
Alliance of Western Energy Consumers'

FROM: Karla Wenzel  
Manager, Pricing and Tariffs

**PORTLAND GENERAL ELECTRIC  
UE 358  
PGE *First Supplemental* Response to AWEC Data Request No. 020  
Dated June 21, 2019**

**Request:**

**Is it PGE's position that a circumstance could exist that would require it to implement its Curtailment Plan but no other utility in the region would have a similar obligation? If so, please explain what that circumstance would be.**

**Response (Dated July 3, 2019):**

No. The Plan is specifically for a "protracted regional Electricity shortage." Order 93-084 adopting the curtailment policies addressed in Rule in stated "The effects of such a shortage would be regional" (emphasis added). However, PGE in its long-term planning in the IRP, evaluates regional capacity and the impacts within PGE's balancing authority to identify and plan for any resource adequacy shortfalls. The capacity resources identified in the IRP allow for PGE to minimize the likelihood, and severity, of the impacts of a regional curtailment event to PGE's customers.

**Supplemental Response (Dated August 20, 2019):**

In PGE's original response, PGE interpreted 'Curtailment Plan' to refer to the implementation of Rule N referred to AWEC Data Response No.19. PGE notes that its Rule N curtailment practices are different from Rule C.

The Rule N Curtailment Plan is specifically for a "protracted regional Electricity shortage." Order 93-084 adopting the curtailment policies addressed in Rule N in stated "The effects of such a shortage would be regional" (emphasis added). However, PGE in its long-term planning in the IRP, evaluates regional capacity and impacts of regional capacity within PGE's balancing authority to identify and plan for any resource adequacy shortfalls. The capacity resources identified in the IRP allow for PGE to minimize the likelihood, and severity, of the impacts of a regional curtailment event to PGE's customers.

The Rule C Curtailment Plan contemplates short term curtailments without a protracted regional electricity shortage. Under Rule C, a system emergency (for example due to extreme demand or due to the temporary loss of a generating plant or transmission facility) may lead the company to implement load curtailment to restore system stability.