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July 18, 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 Reply Testimony and Exhibits of Bradley G. Mullins (AWEC/100 – 102) 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

Enclosures

**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. )  
\_\_\_\_\_ )

**REPLY TESTIMONY OF BRADLEY G. MULLINS  
ON BEHALF OF  
ALLIANCE OF WESTERN ENERGY CONSUMERS**

**July 18, 2019**

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**EXHIBIT LIST**

Exhibit AWEC/101 – Qualification Statement of Bradley G. Mullins

Exhibit AWEC/102 – 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. PLEASE STATE YOUR OCCUPATION AND IDENTIFY THE PARTY ON WHOSE BEHALF YOU ARE TESTIFYING.**

A. I am an independent consultant representing utility customers before state regulatory commissions, with a primary focus in the Northwest. I am appearing on behalf of the Alliance of Western Energy Consumers (“AWEC”), a non-profit trade association whose members are large energy users served by electric and gas utilities located throughout the West, including customers that receive electrical services from Portland General Electric Company (“PGE” or the “Company”).

**Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.**

A. A summary of my education and work experience can be found at Exhibit AWEC/101.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. I respond to the Direct Testimony of Brett Sims and Jay Tinker, Exhibit PGE/100, filed on June 14, 2019 in this Docket, as well as PGE’s initial tariff filing, Advice No. 19-02, made to implement the Company’s New Load Direct Access (“NLDA”) Program. This program is required by rules the Oregon Public Utility Commission (“Commission”) adopted on September 14, 2018 in Docket No. AR 614.

**Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

A. I recommend the Commission reject PGE’s request to impose a Resource Intermittency Charge (“RIC”) and a Resource Adequacy Charge (“RAD”) on NLDA customers.

Among other things, these charges appear to be of questionable legality, are factually unsupported and unsupportable, and are not just and reasonable. At a minimum, the Commission should reject these charges in this Docket and address them in UM 2024, AWEC's requested investigation into long-term direct access programs generally. I also recommend a few other changes to PGE's NLDA tariff.

## **II. BACKGROUND ON PGE'S NLDA PROGRAM**

### **Q. PLEASE PROVIDE SOME BACKGROUND ON PGE'S TARIFF FILING.**

A. PGE filed its NLDA program on February 5, 2019. The filing was required by new rules the Commission adopted in AR 614 that created the NLDA program. Under existing long-term direct access options, eligible customers may take direct access service by paying transition adjustments that cover at least five years' worth of fixed generation costs on the premise that these payments will prevent unwarranted cost-shifting as a consequence of the customer's decision to take direct access service. Such payments, however, are not necessarily applicable to customers for which a utility has not planned, since if a utility has not invested to serve a customer, that customer cannot create stranded costs by electing an alternative service provider. Therefore, the Commission determined that a NLDA program was warranted that allowed new customers to go straight to direct access while paying a reduced transition adjustment of 20% of fixed generation costs for five years.<sup>1/</sup>

The Commission also included a number of safeguards on the program to ensure cost-of-service customers would not be harmed by the NLDA program. This included creating a 10 aMW size threshold for eligibility to participate, which both PGE and

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<sup>1/</sup> Docket No. AR 614, Order No. 18-341 at 3 (Sept. 14, 2018).

PacifiCorp agreed represented a size they would not normally plan for. It also included a soft cap on the program equal to 6% of a utility's weather-adjusted load to recognize that this is a new and untested program that could have unintended impacts; provisions to prevent NLDA customers from shifting load from a cost-of-service site to a NLDA site; and provisions to protect cost-of-service customers from cost increases created by a NLDA customer returning to bundled service.

**Q. DOES PGE'S TARIFF FILING IMPLEMENT THE NLDA RULES?**

A. Yes, but in addition to including the requirements of the NLDA rules, it imposes other requirements as well. While PGE's filing includes updates to a number of existing schedules, the heart of its program is a new tariff, Schedule 689. This tariff: (1) establishes the NLDA program; (2) identifies its applicability to new (i.e., have not been planned for) loads of 10 aMW or more; (3) establishes a cap on participation in the NLDA program of 119 aMW; (4) provides delivery charges for NLDA customers; (5) describes the supply options available to NLDA customers, including third-party options through an electricity service supplier ("ESS") and various Company-supplied options; and (6) establishes the RIC and the RAD, which apply to both ESS and Company-supplied service.

**Q. WHAT ARE THE RIC AND THE RAD?**

A. As PGE describes them, they are designed to recover "the costs of assuring system reliability and promote resource adequacy through planning and procurement."<sup>2/</sup> Essentially, according to PGE, the RIC recovers the costs of supplying capacity on a real-time basis when an ESS under-schedules, while the RAD recovers the cost of "secur[ing]

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<sup>2/</sup> PGE/100, Sims-Tinker/10:20-22.

additional resources to avoid adverse impacts to system reliability” in the event of a supply shortage.<sup>3/</sup>

**Q. DID PGE ADVOCATE THAT RESOURCE ADEQUACY PROVISIONS BE INCLUDED IN THE NLDA RULES IN AR 614?**

A. Yes. In its June 18, 2018 comments in AR 614, PGE stated that:

Additional OARs should be adopted specifying the terms and conditions by which a customer’s transaction with an ESS would qualify for direct access. These terms and conditions should include: the firmness of the power supply (resource), the firmness of the transmission, demonstration of resource adequacy and demonstration the load is included in a long-term plan, similar to the integrated resource planning (IRP) process the electric company would otherwise undertake.”<sup>4/</sup>

**Q. DID THE COMMISSION ADOPT PGE’S RECOMMENDATIONS?**

A. No. The Commission’s order adopting the NLDA rules does not discuss these issues.

**III. RESOURCE ADEQUACY CHARGE**

**Q. PLEASE FURTHER DESCRIBE PGE’S PROPOSED RESOURCE ADEQUACY CHARGE.**

A. As PGE describes it, the RAD “is a capacity charge that recovers the costs associated with the procurement of capacity resources necessary to ensure resource adequacy and provide generation reliability services for NLDA customers.”<sup>5/</sup> PGE argues in testimony that it has an obligation to curtail “on a nondiscriminatory basis and cannot discriminate against direct access loads in favor of its cost of service supply customers.”<sup>6/</sup> Therefore, PGE raises the concern that, in an emergency situation with inadequate market supply, it would be required to curtail both direct access and cost-of-service load. The RAD, PGE

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<sup>3/</sup> Id. at 16:1-3.

<sup>4/</sup> AR 614, PGE Comments at 11 (June 18, 2018).

<sup>5/</sup> PGE/100, Sims-Tinker/15:13-15.

<sup>6/</sup> Id. at 15:19-20.

states, is designed to ensure it has sufficient capacity to supply these direct access customers “to avoid adverse impacts to system reliability.”<sup>7/</sup>

**Q. DOES AWEC SUPPORT THE RAD?**

A. No, for many reasons. First, the RAD does not represent a just and reasonable solution to the problem PGE has identified. Second, the RAD may be discriminatory. Third, the RAD may violate the direct access law. Fourth, PGE’s proposal for how to allocate the costs of the RAD does not follow cost-causation principles.

**Q. WHY IS THE RAD NOT A REASONABLE SOLUTION TO ADDRESS A POTENTIAL RELIABILITY EVENT ON PGE’S SYSTEM?**

A. It is not reasonable because the RAD will not prevent the circumstance – a reliability event – that PGE invokes to justify it. PGE complains that a construct where “PGE retains reliability responsibility for all customers but lacks the ability to plan and implement what is necessary to achieve such reliability, places the integrity of the electric system unnecessarily at risk.”<sup>8/</sup> In effect, PGE argues that “[u]nder extreme conditions, if load curtailment is required, COS customers must be curtailed equally to NLDA loads,” and such curtailment of COS customers would be a direct result of NLDA customers not being “subject to reliability planning and ... not fairly contribut[ing] towards the cost of resource adequacy.”<sup>9/</sup> PGE also suggests that the amount of direct access load on its system is somehow relevant to this analysis, noting that “32% of eligible load has opted out of PGE’s cost of service supply,”<sup>10/</sup> and that total long-term direct access load with both the long-term direct access (“LTDA”) program and NLDA program could reach 419

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<sup>7/</sup> Id. at 16:2-3.

<sup>8/</sup> Id. at 8:13-15.

<sup>9/</sup> Id. at 4:6-10.

<sup>10/</sup> Id. at 8:10.



aMW. Reading this testimony, one could be left with the impression that PGE operates its system in isolation and that, consequently, direct access load has the potential to materially impact PGE's ability to maintain the reliability of this system. But this could not be further from the truth.

**Q. WHY IS PGE'S REPRESENTATION OF RELIABILITY RISKS ASSOCIATED WITH DIRECT ACCESS INCORRECT?**

A. The type of reliability events PGE invokes in its testimony are not isolated incidents. PGE's Curtailment Plan, contained in Rule N of its tariffs, is designed to address "a protracted *regional Electricity shortage*."<sup>11/</sup> PGE readily "acknowledges that both planned or unplanned emergency events are likely to reflect regional conditions and potentially impact some or all regional IOUs."<sup>12/</sup> In other words, there is no circumstance in which PGE alone would face inadequate supply while all other utilities in the region remain balanced. In recent testimony filed in UE 359, for example, PGE describes events in the summer of 2018 when Boardman experienced a forced outage, Colstrip was derated for environmental compliance purposes, and loads were high due to high temperatures. In that case, PGE did not curtail its customers, lacking the capacity from two of its own resources. Instead, it "employed numerous strategies in order to reliably serve load," including purchasing at the California-Oregon Border and Mid-C.<sup>13/</sup> PGE has access to regional electricity markets to meet load just like any other utility.

Notably, the summer 2018 incident had nothing to do with PGE's direct access customers or the percentage of PGE load they represent. Indeed, the percentage of direct

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<sup>11/</sup> PGE Rule N ¶ 1 (emphasis added).

<sup>12/</sup> Exh. AWEC/102 at 8 (PGE Resp. to AWEC DR 019). PGE has never had to implement its Curtailment Plan. Id.

<sup>13/</sup> Docket No. UE 359, PGE/300, Niman-Kim-Batzler/7.

access load compared to PGE's total balancing area load is not relevant. What is relevant, for purposes of whether PGE might need to implement its Curtailment Plan, is the regional load and resource balance. And from a regional perspective, PGE's direct access load is insignificant. Compared to current regional load of over 20,000 aMW, even if PGE maxed out both its LTDA and NLDA programs, that load would amount to just 2% of the region's load.<sup>14/</sup> There is simply no way that the type of energy product direct access customers purchase from their ESS could meaningfully contribute to a reliability event requiring PGE to implement its Curtailment Plan. A reliability event is much more likely to come in the form of a failure of supply, such as during a critical water year. As PGE notes, "the region is experiencing a tightening in available capacity," but that has little, if anything, to do with direct access, and much more to do with "upcoming coal plant retirements at Boardman, Centralia, and Colstrip."<sup>15/</sup> PGE is blaming a regional energy issue on a few customers that have chosen to purchase their electricity from someone other than PGE.

Additionally, and perhaps more importantly, this also means that PGE's procurement of additional capacity through the RAD would not single-handedly *prevent* implementation of its Curtailment Plan, as the Company appears to suggest. For one, PGE does not commit to using the RAD to add capacity to the region – it may procure capacity that already exists (likely the same capacity direct access customers already procure).<sup>16/</sup> For another, even if the RAD resulted in incremental capacity, if the region

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<sup>14/</sup> Northwest Power and Conservation Council, Seventh Power Plan at 1-8.

<sup>15/</sup> PGE/100, Sims-Tinker/8:3-5.

<sup>16/</sup> Exh. AWEC/102 at 12 (PGE Resp. to OPUC DR 013).

has insufficient resources to meet 20,000 aMW of load, the addition of a few hundred MW of nameplate capacity will have little impact.<sup>17/</sup>

**Q. IS IT FAIR THAT PGE IS REQUIRED TO CURTAIL DIRECT ACCESS AND COST-OF-SERVICE CUSTOMERS EQUALLY?**

A. Yes. PGE is the Balancing Area Authority (“BAA”) and has the obligation under North American Electric Reliability Corporation (“NERC”) reliability standards to maintain a load/resource balance in its BA. An ESS could not perform this responsibility for its customers even if it wanted to because these customers are physically located in PGE’s BA. NERC’s rules of procedure specify that “all Loads and generators [must be] under the responsibility and control of one *and only one* Balancing Authority.”<sup>18/</sup>

Consequently, the ESS is required to submit its schedules of customer load to PGE so that PGE can perform its BAA responsibilities. Again, if PGE were required to curtail load, it would not be because an ESS did not schedule accurately, failed to deliver to its customer, or lacked a specific reliability obligation. It would be because a regional event occurred that would require all utilities to implement curtailment protocols.

**Q. ARE YOU AWARE OF ANY OTHER UTILITY IN THE REGION THAT HAS RESOURCE ADEQUACY CHARGES SIMILAR TO THE RAD?**

A. No. This includes PacifiCorp, which recently implemented its own NLDA program with no request for anything like the RAD. It also includes Puget Sound Energy, which has significant retail access load under its Schedule 449 and a new special contract with Microsoft Corp.

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<sup>17/</sup> See PGE Draft 2019 Integrated Resource Plan at 101 (identifying 526 MW of capacity to serve 419 aMW of direct access load), available at <https://www.portlandgeneral.com/our-company/energy-strategy/resource-planning/integrated-resource-planning>

<sup>18/</sup> NERC Rule of Procedure 501.1.4.4 (emphasis added).

**Q. PGE ARGUES THAT THE RAD IS NEEDED BECAUSE ESSs HAVE NO PLANNING OR RELIABILITY OBLIGATIONS. SHOULD THE COMMISSION IMPOSE SUCH OBLIGATIONS?**

A. While PGE is correct that ESSs do not go through a Commission-overseen integrated resource planning process and do not have the same reliability obligations as a BAA like PGE, they are bound by contractual commitments with their customers to deliver firm power, and are subject to damages for failing to adhere to those terms. Nevertheless, PGE has not proposed in this Docket that the Commission create more reliability obligations on ESSs, and doing so would have broader implications than PGE's NLDA tariff. These issues, therefore, are better suited for a general investigation.

**Q. DOES THE LACK OF A RESOURCE PLANNING OBLIGATION ON ESSs MEAN THAT "COS CUSTOMERS [] UNJUSTLY BEAR THE INCREASED RELIABILITY RISKS AND COSTS STEMMING FROM SUPPLY CHOICES MADE BY NLDA CUSTOMERS," AS PGE STATES?**

A. No. First, PGE is actually talking about LTDA customers here since there are no NLDA customers yet and, therefore, they have made no supply decisions. Second, and as discussed more fully below with regard to the RIC, if PGE uses COS resources to meet real-time imbalances of direct access customers, direct access customers pay for the energy from these resources through energy imbalance charges and capacity from these resources through ancillary services charges. Direct access customers fully compensate COS customers and PGE shareholders for the use of these resources.

**Q. WHY MIGHT THE RAD BE DISCRIMINATORY?**

A. This is primarily a legal issue that AWEC will fully address in briefing. As a factual matter, however, PGE has provided no reason for applying the RAD to NLDA customers, but not to customers on its LTDA program, other than that PGE is subject to a stipulation

that prevents changes to the LTDA program currently.<sup>19/</sup> When asked to identify all distinctions between NLDA and LTDA customers that influenced PGE to apply the RAD to NLDA customers but not LTDA customers, the Company provided none and, in fact, emphasized the similarities between these two customer groups: “PGE provides resource adequacy (RA) and energy balancing to *all customer schedules and classes currently, regardless of service type.*”<sup>20/</sup> It also noted that, like its representations for NLDA customers, “[l]ong-term direct access customers do not have an established mechanism to maintain long term ... resource adequacy and reliability.”<sup>21/</sup>

The RAD is intended to address resource adequacy issues associated with PGE’s concern that “NLDA customers are not required to contribute toward the system’s reliability requirements ....”<sup>22/</sup> However misguided this reasoning is (for the reasons discussed above), it applies equally with regard to NLDA and LTDA customers. Indeed, the only difference between these two groups of customers is that the former do not yet exist on PGE’s system. There are no “resource adequacy” distinctions between the two groups that would justify applying the RAD to one and not to the other.

**Q. DOES THE SIMILARITY OF NLDA AND LTDA CUSTOMERS RAISE OTHER CONCERNS WITH APPLYING THE RAD ONLY TO NLDA CUSTOMERS IN THIS DOCKET?**

A. Yes. If the Commission approved the RAD in this Docket, there is no rational basis not to apply it to LTDA customers once the stipulation freezing PGE’s LTDA program expires. The RAD would then be imposed on LTDA customers as a *fait accompli* due to the Commission’s determination in this Docket – a Docket current LTDA customers may

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<sup>19/</sup> PGE/100, Sims-Tinker/8:18-20.

<sup>20/</sup> Exh. AWEC/102 at 5 (PGE Resp. to AWEC DR 013) (emphasis added).

<sup>21/</sup> Id. at 6 (PGE Resp. to AWEC DR 014).

<sup>22/</sup> PGE/100, Sims-Tinker/3:10-11.

have no interest in or even awareness of. This raises due process concerns for LTDA customers.

**Q. WHY MIGHT THE RAD VIOLATE THE DIRECT ACCESS LAW?**

A. “Direct access” is defined as “the ability of a retail electricity consumer to purchase electricity and certain ancillary services ... directly from an entity *other than the distribution utility*.”<sup>23/</sup> The RAD requires direct access customers to purchase capacity from PGE, the distribution utility, even though they have exercised their statutory right not to.<sup>24/</sup> And even if the RAD does not violate the letter of the direct access law, it certainly seems to violate its spirit. The purpose of direct access is to give nonresidential customers a competitive alternative to the incumbent utility and the RAD prevents these customers from fully availing themselves of this competitive alternative and irrevocably commits them to PGE resources.

**Q. WHY DOES THE RAD NOT FOLLOW COST-CAUSATION PRINCIPLES?**

A. PGE proposes to assign all of the costs of the RAD to NLDA customers, but will use the capacity purchased from the RAD charge for the benefit of cost-of-service customers: “The incremental peaking capacity resources for the RAD would be added to PGE’s resource portfolio to support reliability of *all customers*.”<sup>25/</sup> PGE claims that it will “rely on a cost of service (COS) study to fairly allocate the costs of reliability to all rate schedules.”<sup>26/</sup> Given PGE’s existing regulatory framework, however, direct access customers will have no way of recognizing the benefits of this RAD capacity. The RAD capacity that customers would be paying for under PGE’s proposal would produce power

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<sup>23/</sup> ORS 757.600(6) (emphasis added).

<sup>24/</sup> Exh. AWEC/102 at 7 (PGE Resp. to AWEC DR 016).

<sup>25/</sup> Id. at 1 (PGE Resp. to AWEC DR 003) (emphasis added).

<sup>26/</sup> Id.

cost benefits in the form of reduced energy costs. From a regulatory perspective, the power cost benefits of RAD capacity would be considered in the context of the Annual Update Tariff (“AUT”) filing. Direct access customers, however, do not pay the Schedule 125 rates, so absent some new crediting mechanism through the AUT, direct access customers would have no way of recognizing the benefits of the RAD capacity they would be purchasing from PGE under PGE’s proposal.

**Q. PLEASE SUMMARIZE WHY YOU OPPOSE THE RAD.**

A. With the RAD, PGE has created a solution in search of a problem. The resource choices of direct access customers are not threatening the reliability of PGE’s system, as this system is part of an integrated wholesale electric market that has access to resources located throughout the region and that is impacted by this regional load/resource balance, a balance direct access loads immaterially affect. The RAD will neither protect COS customers from regional reliability issues, nor will it alleviate any alleged unfair subsidy of direct access customers by COS customers for “resource adequacy” because no such subsidy exists. To the extent PGE uses COS resources to provide balancing services (both capacity and energy) to direct access customers, direct access customers pay for these services through FERC-jurisdictional charges. The RAD will simply require NLDA customers to pay for capacity they are unlikely to use – but which COS customers will benefit from. The Commission should reject this unjust and likely unlawful charge.

**IV. RESOURCE INTERMITTENCY CHARGE**

**Q. PLEASE DESCRIBE THE RESOURCE INTERMITTENCY CHARGE.**

A. According to PGE, the RIC “is designed to account for the fact that PGE must have and make capacity, paid for by COS supply customers, available” when an ESS under-

schedules relative to actual load.<sup>27/</sup> Under PGE’s Open Access Transmission Tariff (“OATT”), ESSs provide hourly schedules of their customers’ loads to PGE. If an ESS under-schedules relative to a direct access customer’s actual load, PGE argues that it “must make capacity available ahead of the hour” to make up the difference.<sup>28/</sup>

**Q. DOES AWEC SUPPORT THE RIC?**

A. No, again for multiple reasons. First, the RIC appears to double-charge direct access customers. Second, the RIC is likely subject to the Federal Energy Regulatory Commission’s (“FERC”) exclusive jurisdiction and, therefore, outside of the Commission’s authority to impose. Third, in an apparent attempt to avoid FERC jurisdiction over the RIC, PGE proposes to apply the RIC to individual customers in a manner that does not reflect ESS scheduling requirements and, therefore, will be arbitrarily applied. Fourth, the RIC is an asymmetrical charge and, therefore, may actually incentivize inaccurate scheduling behavior. Fifth, the RIC is likely discriminatory.

**Q. WHY WILL THE RIC DOUBLE-CHARGE DIRECT ACCESS CUSTOMERS?**

A. The RIC will double-charge direct access customers because PGE already charges transmission customers for both energy and capacity used to meet imbalances. PGE’s OATT includes Schedule 4R, which provides the terms for retail energy imbalance service for its direct access customers. Under this schedule, PGE charges for energy it provides when an ESS under-schedules and credits for excess energy it receives when an ESS over-schedules. These charges or credits are based on the load aggregation point (“LAP”) clearing price in the Western Energy Imbalance Market (“EIM”). Accordingly,

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<sup>27/</sup> PGE/100, Sims-Tinker/13:3-4.

<sup>28/</sup> Id. at 13:12-13.



an ESS that under-schedules in hours of high system demand will be charged higher imbalance costs based on the energy imbalance prices calculated through the EIM.

Additionally, PGE charges all transmission customers for ancillary services.

While PGE's testimony only identifies regulation and frequency response, Attachment N to the OATT includes ancillary services charges for retail network integration transmission (i.e., direct access) customers for: (1) scheduling, system control, and dispatch; (2) reactive supply and voltage control; (3) regulation and frequency response; (4) spinning reserves; and (5) operating reserves. The energy imbalance and ancillary services charges included in the OATT recover PGE's costs of providing energy and capacity when an ESS under-schedules. The charges for regulation and frequency response are specifically designed to recover the capacity necessary for the transmission provider to maintain reserves sufficient to balance its transmission system, considering the variable nature of the loads being served. In short, the ancillary services required to be purchased under PGE's OATT represent a comprehensive capacity product that the RIC would duplicate.

**Q. PGE ARGUES THAT THE RIC IS DISTINGUISHABLE FROM THE CHARGES ALREADY INCLUDED IN THE OATT . DO YOU AGREE?**

A. No. PGE argues that energy imbalance recovers only energy costs and ancillary services provided under the OATT are “designed to account for relatively small, and short duration, changes in load on a granular basis. The RIC is designed to address situations where PGE and COS customers must make capacity available ahead of the hour due to ESS scheduling behavior that results in inadequate supply.”<sup>29/</sup> I disagree with this

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<sup>29/</sup> PGE/100, Sims-Tinker/13:10-13.

argument. The power purchase agreements entered into between an ESS and a direct access customer are firm agreements. PGE, therefore, has no obligation to set aside any capacity for direct access customers in the day- or hour-ahead markets. Further, to the extent that a transmission customer is persistently under- or over-scheduling, penalty provisions already apply through the EIM to prevent customers from leaning on the transmission provider for imbalance service. Specifically, the California Independent System Operator (“CAISO”) Tariff charges an EIM Entity (in this case, PGE) for significant under-scheduling, either at a rate of 125% or 200% of the LAP price, depending on the magnitude of the under-schedule.<sup>30/</sup> Those penalties are then allocated to PGE’s transmission customers pursuant to its OATT based on the amount by which each transmission customer is responsible for causing the under-scheduling event.<sup>31/</sup> The same is true for significant over-scheduling – PGE is compensated for less than the value of the excess energy supplied, which is then passed on to its transmission customers.<sup>32/</sup> This removes any incentive for an ESS to significantly under- or over-schedule.

**Q. WHY IS THE RIC SUBJECT TO FERC’S EXCLUSIVE JURISDICTION?**

A. This again is primarily a legal issue that AWEC will fully address in briefing. However, the imbalances to which the RIC would apply are based on transmission schedules that an ESS provides to PGE under the Company’s OATT.<sup>33/</sup> The OATT is a FERC-approved tariff.

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<sup>30/</sup> CAISO Tariff § 29.11(d)(1).

<sup>31/</sup> PGE OATT, Attachment P § 8.4.1.

<sup>32/</sup> CAISO Tariff § 29.11(d)(2); PGE OATT, Attachment P § 8.4.2.

<sup>33/</sup> Exh. AWEC/102 at 2 (PGE Resp. to AWEC DR 006).

**Q. WHY WILL THE RIC BE ARBITRARILY APPLIED?**

A. When an ESS submits a schedule to PGE, it does so for all of the load the ESS serves in the aggregate.<sup>34/</sup> This means that, if an ESS serves multiple customers, some might over-schedule while others under-schedule for a given hour. Yet, PGE proposes to apply the RIC anytime the aggregate schedule of an ESS is less than the energy actually delivered in the hour. This means that a customer will be assessed the RIC even if the amount of energy it uses in an hour is less than the schedule it supplies to its ESS so long as the total amount of energy the ESS schedules for all of its customers is less than required in that hour.<sup>35/</sup> This customer will be charged for a cost it had no part in causing.

**Q. WHY WILL THE RIC INCENTIVIZE INACCURATE SCHEDULING BEHAVIOR?**

A. The RIC is a one-sided charge, unlike energy imbalance under the OATT. In the latter case, if a customer under-schedules relative to load, it is charged for imbalance energy PGE provides. If, conversely, it over-schedules relative to load, it is compensated for the additional energy provided to PGE's system. The RIC, on the other hand, is a charge that is only assessed if an ESS under-schedules relative to load. There are no penalties or compensation for over-scheduling other than those already included in the OATT. Thus, an ESS and its customers will have a greater incentive to over-schedule deliveries to PGE's system to avoid the RIC, which will have the perverse effect of making these schedules less accurate than they are today.

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<sup>34/</sup> PGE Schedule K ¶ 11; Schedule 689 at 689-3.  
<sup>35/</sup> Exh. AWEC/102 at 3 (PGE Resp. to AWEC DR 007).

**Q. IS THERE EVIDENCE THAT ESSs CHRONICALLY UNDER-SCHEDULE?**

A. No, in fact the opposite is true. In 2018, ESSs over-scheduled in 54% of the hours and under-scheduled in 43% of the hours.<sup>36/</sup> PGE's data does show, however, that ESSs tend to under-schedule in times of peak demand.

**Q. IS IT CONCERNING THAT ESSs APPEAR TO UNDER-SCHEDULE MORE DURING PEAK DEMAND TIMES?**

A. All else equal, that means PGE must provide imbalance energy to make up the difference at higher prices, but those higher prices will be passed on to the ESS and its customers through imbalance charges, so this would not appear to harm PGE or its COS customers. Further, if a transmission customer is consuming imbalance services during a period of peak demand, the locational marginal cost prices used to settle the imbalance service will also be higher. Those higher imbalance rates get passed onto transmission customers if they are under-scheduling during a peak period.

**Q. WHY MIGHT THE RIC BE DISCRIMINATORY?**

A. For the same reason the RAD is – it applies only to NLDA customers despite these customers being indistinguishable from LTDA customers from a resource adequacy and energy scheduling perspective.<sup>37/</sup> In fact, the entire basis for PGE's development of the RIC is the scheduling practices of ESSs serving LTDA load (as it has no NLDA load yet).<sup>38/</sup> Therefore, also like the RAD, if the Commission approved the RIC for NLDA customers, there would be no rational basis not to eventually apply it to LTDA customers also, which raises due process concerns for LTDA customers in this Docket.

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<sup>36/</sup> Id. at 4 (PGE Resp. to AWEC DR 008).

<sup>37/</sup> Id. at 5 (PGE Resp. to AWEC DR 013).

<sup>38/</sup> Id. at 3 (PGE Resp. to OPUC DR 007).

**Q. PLEASE SUMMARIZE WHY YOU OPPOSE THE RIC.**

A. The RIC is a duplicative, and therefore unjust and unreasonable, charge. PGE's FERC-approved OATT already includes charges to cover the costs PGE identifies to justify the RIC. As a transmission charge, if PGE feels like its OATT charges do not fully compensate it for costs caused by ESS scheduling practices, it should raise this concern with FERC, not attempt to avoid FERC jurisdiction by arbitrarily applying the RIC to customers that may or may not have had any part in causing an ESS under-schedule that leads to the RIC. Again, the Commission should reject this unjust and likely unlawful charge.

**V. MISCELLANEOUS ISSUES**

**Q. BESIDES THE RAD AND RIC, WHAT OTHER CONCERNS DO YOU HAVE WITH PGE'S FILING IN THIS CASE?**

A. PGE has established a non-binding queue for customers interested in the NLDA program once its tariff filing in the case is approved. PGE has taken the position that, "[i]f a customer [in the queue] energizes their site prior to the effective date of Sch 689, they cannot participate in [the NLDA program]."<sup>39/</sup> PGE's reasoning for this is that "[i]f PGE energizes a Customer's service, we are planning for their load, so it is no longer a new load."<sup>40/</sup> I disagree with PGE's position and recommend that the Commission allow all customers in the queue to participate in the NLDA program, subject to the enrollment cap.

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<sup>39/</sup> PGE/100, Sims-Tinker/24:18-19.

<sup>40/</sup> Id. at 24:20-25:1.

**Q. IS PGE CORRECT THAT IF IT SERVES A SITE BEFORE APPROVAL OF ITS NLDA TARIFF IT IS PLANNING FOR THIS LOAD?**

A. No. While PGE clearly needs to acquire energy to serve an energized load, the point of the NLDA program that allows for direct access at a reduced transition charge is that a utility has not made *investments* to serve this new load that would then become stranded upon that load's departure from cost-of-service. The most recent resource investment decision PGE made was to acquire the Wheatridge Renewable Energy Facility, which resulted from the Company's 2016 Integrated Resource Plan. The Commission acknowledged this IRP action item in December 2017, nine months before it even adopted the NLDA rules, so the load in PGE's NLDA queue could not have been part of the rationale for acquiring this resource. Therefore, even if PGE serves a customer in the NLDA queue for a few months while this case is being resolved, that should not result in stranded costs that bundled service customers would be required to bear.

**Q. ARE THERE OTHER REASONS WHY CUSTOMERS IN THE QUEUE SHOULD BE ELIGIBLE FOR THE NLDA PROGRAM EVEN IF THEY ENERGIZE THEIR SITES BEFORE PGE'S PROGRAM IS FINALIZED?**

A. Yes, PGE has created the circumstance where a customer may be required to energize its site before the program is established. By proposing the RIC and RAD, charges that are not authorized by the NLDA rules, PGE has created the controversy that has delayed implementation of this program. By contrast, PacifiCorp's tariff adhered to the rules, was therefore relatively uncontroversial, and has been in place since February of this year. Had PGE followed PacifiCorp's example, this issue could have been avoided. Instead, interested customers will need to wait more than a year since the NLDA rules were adopted to participate in PGE's program. These customers should not be penalized for PGE's decisions.

**Q. DO YOU HAVE ANY OTHER CONCERNS WITH PGE’S FILING?**

A. Yes. Schedule 689 provides that “[s]ervice under this schedule is limited to the first 119 aMW that applies to Schedule 689, or at an amount subject to the long-term transmission planning constraints of the Company.”<sup>41/</sup> This language suggests that PGE can refuse NLDA service to a customer even if they are below the cap if it does not have sufficient transmission capacity. Such a limitation, however, would violate PGE’s OATT, which requires it to provide Network Integration Transmission Service on a nondiscriminatory basis.<sup>42/</sup> If PGE has insufficient transmission capacity to serve an NLDA customer, then it must plan for and construct the necessary capacity. Thus, while lack of transmission capacity might delay service to an NLDA customer, it cannot prevent such service entirely.

To ensure that Schedule 689 does not violate PGE’s OATT, I recommend that this sentence be revised as follows: “Service under this schedule is limited to the first 119 aMW that applies to Schedule 689. The timing of service under this schedule may be impacted by transmission capacity and planning requirements, consistent with the requirements of the Company’s Open Access Transmission Tariff.”

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

A. Yes.

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<sup>41/</sup> Sheet No. 689-1.  
<sup>42/</sup> PGE OATT § 28.

**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. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/101**

**QUALIFICATION STATEMENT OF BRADLEY G. MULLINS**



1                   **QUALIFICATION STATEMENT OF BRADLEY G. MULLINS**

2   **Q.   PLEASE SUMMARIZE YOUR QUALIFICATIONS.**

3   A.   I have been performing independent utility consulting services on matters such as power  
4       costs, revenue requirement, rate spread and rate design for approximately five years, and  
5       have sponsored testimony in several regulatory jurisdictions, including before the Oregon  
6       Public Utility Commission. Previously, I worked at PacifiCorp as an analyst involved in  
7       power supply cost forecasting. I also previously worked at Deloitte, where I specialized  
8       in research and development tax incentives. I have a Master of Science degree in  
9       Accounting from the University of Utah.

10 **Q.   PLEASE PROVIDE A LIST OF YOUR REGULATORY APPEARANCES.**

11 A.   I have sponsored testimony in the following regulatory proceedings:

- 12       • In Re Avista Corporation Request for a General Rate Revision, Or. PUC, Docket No.  
13       UG 366
- 14       • In re Portland General Electric, 2020 Annual Update Tariff (Schedule 125), Or.PUC  
15       Docket No UE 359.
- 16       • In re PacifiCorp 2020 Transition Adjustment Mechanism, Or.PUC Docket No. 356.
- 17       • In re PacifiCorp 2020 Renewable Adjustment Clause, Or.PUC Docket No. 352.
- 18       • 2020 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,  
19       Case No. BP-20.
- 20       • In the Matter of the Application of MSG Las Vegas, LLC for a Proposed Transaction  
21       with a Provider of New Electric Resources, PUC Nv. Docket No. 18-10034.
- 22       • Puget Sound Energy 2018 Expedited Rate Filing, Wa.UTC Dockets UE-180899/UG-  
23       180900 (Cons.).
- 24       • Georgia Pacific Gypsum LLC's Application to Purchase Energy, Capacity, and/or  
25       Ancillary Services from a Provider of New Electric Resources, PUC Nv. Docket No. 18-  
26       09015.

- 1 • Joint Application of Nevada Power Company d/b/a NV Energy for approval of their  
2 2018-2038 Triennial Integrated Resource Plan and 2019-2021 Energy Supply Plan,  
3 PUCN Docket No. 18-06003.
- 4 • In re Cascade Natural Gas Corporation Request for a General Rate Revision, Or.PUC,  
5 Docket No. UE 347.
- 6 • In re Portland General Electric Company Request for a General Rate Revision, Or.PUC  
7 Docket No UE 335.
- 8 • In re Northwest Natural Gas Company, dba NW Natural, Request for a General Rate  
9 Revision, Or.PUC Docket No. UG 344.
- 10 • In re Cascade Natural Gas Corporation Request for a General Rate Revision, Wa.UTC,  
11 Docket No. UE-170929.
- 12 • In the Matter of Hydro One Limited, Application for Authorization to Exercise  
13 Substantial Influence over the Policies and Actions of Avista Corporation, Or.PUC,  
14 Docket No. UM 1897.
- 15 • In re PacifiCorp, dba Pacific Power, 2016 Power Cost Adjustment Mechanism, Or.PUC,  
16 Docket No. UE 327.
- 17 • In re Avista Corporation 2018 General Rate Case, Wa.UTC Dockets UE-170485 and  
18 UG-170486 (Consolidated).
- 19 • Application of Nevada Power Company d/b/a NV Energy for authority to adjust its  
20 annual revenue requirement for general rates charged to all classes of electric customers  
21 and for relief properly related thereto, PUCN. Docket No. 17-06003.
- 22 • In re the Application of Rocky Mountain Power for Authority to Decrease Current Rates  
23 by \$15.7 Million to Refund Deferred Net Power Costs Under Tariff Schedule 95 Energy  
24 Cost Adjustment Mechanism and to Decrease Current Rates By \$528 Thousand Under  
25 Tariff Schedule 93, REC and SO2 Revenue Adjustment Mechanism, Wy. PSC, Docket  
26 No. 20000-514-EA-17 (Record No. 14696).
- 27 • In re the 2018 General Rate Case of Puget Sound Energy, Wa.UTC, Docket No. 170033  
28 (Cons.).
- 29 • In re PacifiCorp, dba Pacific Power, 2018 Transition Adjustment Mechanism, Or.PUC,  
30 Docket No. UE 323.
- 31 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,  
32 Docket No. UE 319.

- 1 • In re Portland General Electric Company, Application for Transportation Electrification  
2 Programs, Or.PUC, UM 1811.
- 3 • In re Pacific Power & Light Company, Application for Transportation Electrification  
4 Programs, Or.PUC, Docket No. UM 1810.
- 5 • In re the Public Utility Commission of Oregon, Investigation to Examine PacifiCorp, dba  
6 Pacific Power's Non-Standard Avoided Cost Pricing, Or.PUC, Docket No. UM 1802.
- 7 • In re Pacific Power & Light Co., Revisions to Tariff WN U-75, Advice No. 16-05, to  
8 modify the Company's existing tariffs governing permanent disconnection and removal  
9 procedures, Wa.UTC, Docket No. UE-161204.
- 10 • In re Puget Sound Energy's Revisions to Tariff WN U-60, Adding Schedule 451,  
11 Implementing a New Retail Wheeling Service, Wa.UTC, Docket No. UE-161123.
- 12 • 2018 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,  
13 Case No. BP-18.
- 14 • In re Portland General Electric Company Application for Approval of Sale of Harborton  
15 Restoration Project Property, Or.PUC, Docket No. UP 334 (Cons.).
- 16 • In re An Investigation of Policies Related to Renewable Distributed Electric Generation,  
17 Ar.PSC, Matter No. 16-028-U.
- 18 • In re Net Metering and the Implementation of Act 827 of 2015, Ar.PSC, Matter No. 16-  
19 027-R.
- 20 • In re the Application of Rocky Mountain Power for Approval of the 2016 Energy  
21 Balancing Account, Ut.PSC, Docket No. 16-035-01
- 22 • In re Avista Corporation Request for a General Rate Revision, Wa.UTC, Docket No. UE-  
23 160228 (Cons.).
- 24 • In re the Application of Rocky Mountain Power to Decrease Current Rates by \$2.7  
25 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 and to  
26 Increase Rates by \$50 Thousand Pursuant to Tariff Schedule 93, Wy.PSC, Docket No.  
27 20000-292-EA-16.
- 28 • In re PacifiCorp, dba Pacific Power, 2017 Transition Adjustment Mechanism, Or.PUC,  
29 Docket No. UE 307.
- 30 • In re Portland General Electric Company, 2017 Annual Power Cost Update Tariff  
31 (Schedule 125), Or.PUC, Docket No. UE 308.

- 1 • In re PacifiCorp, Request to Initiate an Investigation of Multi-Jurisdictional Issues and  
2 Approve an Inter-Jurisdictional Cost Allocation Protocol, Or.PUC, UM 1050.
- 3 • In re Pacific Power & Light Company, General rate increase for electric services,  
4 Wa.UTC, Docket No. UE-152253.
- 5 • In The Matter of the Application of Rocky Mountain Power for Authority of a General  
6 Rate Increase in Its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million Per  
7 Year or 4.5 Percent, Wy.PSC, Docket No. 20000-469-ER-15.
- 8 • In re Avista Corporation, General Rate Increase for Electric Services, Wa.UTC, Docket  
9 No. UE-150204.
- 10 • In re the Application of Rocky Mountain Power to Decrease Rates by \$17.6 Million to  
11 Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 to Decrease Rates by  
12 \$4.7 Million Pursuant to Tariff Schedule 93, Wy.PSC, Docket No. 20000-472-EA-15.
- 13 • Formal complaint of The Walla Walla Country Club against Pacific Power & Light  
14 Company for refusal to provide disconnection under Commission-approved terms and  
15 fees, as mandated under Company tariff rules, Wa.UTC, Docket No. UE-143932.
- 16 • In re PacifiCorp, dba Pacific Power, 2016 Transition Adjustment Mechanism, Or.PUC,  
17 Docket No. UE 296.
- 18 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,  
19 Docket No. UE 294.
- 20 • In re Portland General Electric Company and PacifiCorp dba Pacific Power, Request for  
21 Generic Power Cost Adjustment Mechanism Investigation, Or.PUC, Docket No. UM  
22 1662.
- 23 • In re PacifiCorp, dba Pacific Power, Application for Approval of Deer Creek Mine  
24 Transaction, Or.PUC, Docket No. UM 1712.
- 25 • In re Public Utility Commission of Oregon, Investigation to Explore Issues Related to a  
26 Renewable Generator's Contribution to Capacity, Or.PUC, Docket No. UM 1719.
- 27 • In re Portland General Electric Company, Application for Deferral Accounting of Excess  
28 Pension Costs and Carrying Costs on Cash Contributions, Or.PUC, Docket No. UM  
29 1623.
- 30 • 2016 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,  
31 Case No. BP-16.

- 1 • In re Puget Sound Energy, Petition to Update Methodologies Used to Allocate Electric  
2 Cost of Service and for Electric Rate Design Purposes, Wa.UTC, Docket No. UE-  
3 141368.
- 4 • In re Pacific Power & Light Company, Request for a General Rate Revision Resulting in  
5 an Overall Price Change of 8.5 Percent, or \$27.2 Million, Wa.UTC, Docket No. UE-  
6 140762.
- 7 • In re Puget Sound Energy, Revises the Power Cost Rate in WN U-60, Tariff G, Schedule  
8 95, to reflect a decrease of \$9,554,847 in the Company's overall normalized power  
9 supply costs, Wa.UTC, Docket No. UE-141141.
- 10 • In re the Application of Rocky Mountain Power for Authority to Increase Its Retail  
11 Electric Utility Service Rates in Wyoming Approximately \$36.1 Million Per Year or 5.3  
12 Percent, Wy.PSC, Docket No. 20000-446-ER-14.
- 13 • In re Avista Corporation, General Rate Increase for Electric Services, RE, Tariff WN U-  
14 28, Which Proposes an Overall Net Electric Billed Increase of 5.5 Percent Effective  
15 January 1, 2015, Wa.UTC, Docket No. UE-140188.
- 16 • In re PacifiCorp, dba Pacific Power, Application for Deferred Accounting and Prudence  
17 Determination Associated with the Energy Imbalance Market, Or.PUC, Docket No. UM  
18 1689.
- 19 • In re PacifiCorp, dba Pacific Power, 2015 Transition Adjustment Mechanism, Or.PUC,  
20 Docket No. UE 287.
- 21 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,  
22 Docket No. UE 283.
- 23 • In re Portland General Electric Company's Net Variable Power Costs (NVPC) and  
24 Annual Power Cost Update (APCU), Or.PUC, Docket No. UE 286.
- 25 • In re Portland General Electric Company 2014 Schedule 145 Boardman Power Plant  
26 Operating Adjustment, Or.PUC, Docket No. UE 281.
- 27 • In re PacifiCorp, dba Pacific Power, Transition Adjustment, Five-Year Cost of Service  
28 Opt-Out (adopting testimony of Donald W. Schoenbeck), Or.PUC, Docket No. UE 267.

**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. )  
\_\_\_\_\_ )

**EXHIBIT AWEC/102  
PGE RESPONSES TO DATA REQUESTS**

June 28, 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. 003  
Dated June 17, 2019**

**Request:**

**If PGE procures additional capacity with the money collected from either the RIC or the RAD, would PGE use that capacity for the benefit of cost-of-service customers? If not, please explain why not. Please also explain how it would segregate this capacity to prevent its use for cost-of-service customers.**

**Response:**

Please see PGE's response to AWEC data request 002.

Providing RIC service will require that PGE make sufficient flexible capacity available in the operational timeframe to balance ESS under scheduling practices. The RIC related revenues collected from future NLDA customers will be credited to PGE's production related revenue requirement. Should ESS under-scheduling practices improve, PGE will reserve less capacity in the operational time frame and RIC related charges will decrease.

The incremental peaking capacity resources for the RAD would be added to PGE's resource portfolio to support reliability of all customers and the associated cost of the incremental peaking capacity resources acquired for NLDA customers would be included in PGE's production revenue requirement.

To ensure that costs are not shifted between NLDA and cost-of-service customers, PGE will functionalize resource adequacy and reliability costs within PGE's revenue requirement and will rely on a cost of service (COS) study to fairly allocate the costs of reliability to all rate schedules. This result in customers in each rate schedule paying only their share of the system costs related to RA as assigned by the COS study.

June 28, 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. 006  
Dated June 17, 2019**

**Request:**

**Does PGE agree that the imposition, and determination of the amount, of a RIC is based on the transmission schedule an ESS submits to PGE pursuant to PGE's OATT? If not, please explain why PGE disagrees.**

**Response:**

Yes. For estimation of the operational capacity consumption associated with the RIC, PGE used aggregated ESS NERC electronic tags (e-tags), which contain both energy and transmission allocations. However, for the imposition of the RIC, PGE uses these e-tags which serve as the ESS customers' load forecast in addition to serving as the transmission schedule.



June 28, 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. 007  
Dated June 17, 2019**

**Request:**

**Please respond to the following hypothetical with regard to the RIC: Assume Customer A uses an amount of electricity that either exactly equals or is less than the forecast it submits to its ESS, but the ESS under-schedules with PGE in aggregate for all of the ESS's customers.**

- a. Will PGE assess the RIC to Customer A?**
- b. If so, please explain how PGE will allocate the RIC to Customer A.**

**Response:**

PGE cannot speculate on the requirements, terms and conditions associated with forecasting and scheduling contained in the agreement between the ESS and the Customer nor can it speculate on what forecasts the customer provides to the ESS and how the ESS does or does not use them.

Under the scenario where an ESS under-schedules, regardless of the interaction between the customer and its ESS, the RIC will be charged to all customers served by ESS's as described in PGE/100 at 14.

June 28, 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. 008  
Dated June 17, 2019**

**Request:**

**Refer to PGE/100 at 12:15-16. Based on this sentence, is it correct that ESSs over-scheduled or scheduled to exactly match load in 60% of the hours in 2018? If not, please provide the percentage of hours in which ESSs did over-schedule or scheduled to exactly match load in 2018.**

**Response:**

During calendar year 2018, ESSs under-scheduled 43% of the time, over-scheduled 54% of the time, and scheduled exactly to load 3% of the time. These figures represent overall performance during 2018. PGE cannot rely on ESS over-scheduling, in particular because of ESSs practices of under-scheduling during times of system peak. The table below describes ESS scheduling practices presents under highest load hours:

Highest Load Hours in 2018	Percentage Under-scheduled	Percentage Over-scheduled	Percentage Scheduled Exact
200	93.5%	4.5%	2.0%
400	84.8%	13.5%	1.8%
600	80.3%	17.5%	2.2%
800	77.5%	20.6%	1.9%
1000	76.2%	21.6%	2.2%
2000	68.9%	28.7%	2.5%

June 28, 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. 013**

**Dated June 17, 2019**

**Request:**

**Please provide all distinctions between a NLDA customer and a long-term opt-out customer under Schedules 485 or 489 that influenced PGE to apply the RIC and RAD to NLDA customers but not to long-term opt-out customers.**

**Response:**

PGE provides resource adequacy (RA) and energy balancing to all customer schedules and classes currently, regardless of service type (e.g. cost-of-service or direct access). As stated in Sims - Tinker/3 in Exhibit 100 of PGE's opening testimony:

“PGE is charged with the duty of ensuring that electric service remains reliable, safe, and affordable...In order to fairly serve the public interest, PGE must ensure that the benefits, costs, and risks of a reliable electric system are shared fairly by all customers.”

Additionally, as stated in Sims - Tinker/8-9:

“We [*PGE*] are not proposing any changes to LTDA policy within this filing. PGE signed a stipulation in UE 335, approved in Commission Order 19-129, and agreed not to propose changed to the LTDA program through service year 2021. One the stipulation period passes, we will examine the appropriateness of applying the RIC and RAD to the LTDA program.”

June 28, 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. 014  
Dated June 17, 2019**

**Request:**

**Refer to PGE/100 at 5:10-12. In PGE's opinion, do long-term direct access customers on Schedules 485 and 489 qualify as "a select group of very large loads in PGE's service territory [that are] without an established mechanism to maintain resource adequacy and reliability"? If not, please explain why not.**

**Response:**

Long-term direct access customers do not have an established mechanism to maintain long term (after the transition adjustment period of five years) resource adequacy and reliability.

As stated in Sims - Tinker/8-9:

"We [PGE] are not proposing any changes to LTDA policy within this filing. PGE signed a stipulation in UE 335, approved in Commission Order 19-129, and agreed not to propose changed to the LTDA program through service year 2021. One the stipulation period passes, we will examine the appropriateness of applying the RIC and RAD to the LTDA program."

June 28, 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. 016  
Dated June 17, 2019**

**Request:**

**If the RAD is approved, does PGE agree that this will result in direct access customers purchasing capacity from PGE? If not, please explain why not.**

**Response:**

Yes. If approved as currently designed, the RAD charge allocate to NLDA customers their portion of costs associated with resource adequacy as outlined in PGE/100.

July 3, 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. 019  
Dated June 21, 2019**

**Request:**

**Has PGE ever had to implement its Curtailment Plan under Rule N? If so, please identify: (1) the date or dates; (2) the stage or stages of curtailment reached; and (3) the circumstances that required implementation.**

**Response:**

No. PGE has not had any long-term energy shortage plan (Rule N) or emergency, short term (Rule C) curtailment events. PGE acknowledges that both planned or unplanned emergency events are likely to reflect regional conditions and potentially impact some or all regional IOUs. The Rule N is the state initiated regional curtailment plan. Curtailments may happen in a planned (given known factors) or unplanned (unexpected transmission and/or generation failures, etc.) manner. In either case, PGE through the IRP evaluates its own balancing authority and regional capacity to identify resource acquisitions that will help to decrease customer impact from a regional (planned or unplanned) capacity shortfall.

July 3, 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. 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:**

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.

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. 007  
Dated June 26, 2019**

**Request:**

**Please refer to PGE/100, Sims – Tinker/14-15.**

- a. What was the “subset of historic Direct Access schedules and actual loads” the Company used in calculating the RIC?**
- b. Is it PGE’s intent to calculate the RIC based on all ESS’s scheduling behavior, rather than just those ESS’s whose customers participate in the NLDA program?**

**Response:**

- a. Confidential Attachment 001-A\_CONF contains the following information that is confidential and subject to Protective Order No. 19-175:
  - Hourly ESS scheduled and metered data between 2012 and 2018
  - Derivation of the net cost of new capacity from 2016 IRP data
  - Derivation of RID and RAC charges based on incremental capacity needs identified by the RECAP model and the net cost of new capacity.

PGE notes if load or schedule data was unavailable for certain hours, PGE assumed 0 scheduling error during such periods.

Confidential Attachment 001-B\_CONF contains the following information that is confidential and subject to Protective Order No. 19-175:

- The version of RECAP used to determine the capacity need under each scenario investigated
- The RECAP input and output files associated with each scenario investigated



Attachment 001-C includes the workpaper for the calculation of the NLDA Schedule 689 transition adjustment and the estimated pricing results for the RIC and RAD.

Please note that this response is the same response PGE provided to AWEC DR 001.

- b. No. Initially, PGE proposes basing RIC costs on LTDA scheduling practices as ESS NLDA scheduling data does not yet exist. However long-term, it is PGE's intent to calculate the RIC based on the schedules associated with ESS service of NLDA customers.

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.