



# Oregon

Kate Brown, Governor

**Public Utility Commission**

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September 22, 2020



BY EMAIL

Portland General Electric Company

Pge.opuc.filings@pgn.com

RE: Advice No. 20-26

At the public meeting on September 22, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1180. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 22, 2020**

REGULAR  CONSENT  EFFECTIVE DATE October 1, 2020

DATE: September 14, 2020

TO: Public Utility Commission

FROM: Kacia Brockman

Received  
SEP 16 2020  
Administrative Hearings Division  
Public Utility Commission

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1180/Advice No. 20-26)  
Requests Update to Nonresidential Demand Response Pilot Program,  
Schedule 26.

**STAFF RECOMMENDATION:**

Approve Portland General Electric Company's (PGE or Company) request to update the Nonresidential Demand Response Pilot Program, Schedule 26, to remove the pilot termination date in preparation to transition from pilot to program.

**DISCUSSION:**

Issue

Whether the Commission should approve PGE's request to remove the pilot termination date from the Nonresidential Demand Response Pilot Program tariff, Schedule 26, before the pilot formally transitions to program status.

Applicable Law

ORS 757.205 requires public utilities file to all rates, rules, and charges with the Commission.

ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.

**DOCKETED**

ORS 757.220 provides that no change shall be made in any schedule, except upon 30 days' notice to the Commission prior to the time the changes are to take effect.

OAR 860-022-0025 requires that filings revising tariffs include statements showing the change in rates, the number of customers affected and resulting change in annual revenue, and the reasons for the tariff revision.

### Analysis

#### *Summary*

PGE's Nonresidential Demand Response Pilot Program offered under Schedule 26 is set to expire September 30, 2020. PGE and Staff agree that the Pilot is mature and well-positioned to transition from pilot to program. The transition from pilot to program cannot happen immediately. It will require time for analysis and collaboration between PGE and Staff. To allow for sufficient transition time, PGE opted to request that the pilot status be removed from the tariff to eliminate the pilot termination date rather than to request another pilot extension. Staff supports this approach as explained below.

This memo provides background on PGE's nonresidential demand response efforts, establishes the expectation for this pilot to transition to a program, explains PGE's requested tariff revisions, and affirms Staff's review and support of the tariff revisions.

#### *Background*

The Nonresidential Demand Response Pilot Program (Pilot) is a demand response option offered to eligible nonresidential customers under PGE's operational tariff Schedule 26. The Pilot provides incentives to participating customers for reducing a committed amount of load at the request of the Company.<sup>1</sup> Participating customers may choose from a variety of participation options including the seasons in which to participate, the maximum number of event hours per season, and the amount of notice given before load reduction events are called. Customer payments are comprised of 1) per-kW capacity payments based on the customer's chosen participation options; and 2) per-MWh energy payments based on the Mid-Columbia Electricity Index (Mid-C).

The Pilot is part of PGE's nonresidential demand response offerings marketed as "Energy Partner." Energy Partner is intended to enhance the Company's demand response portfolio and create a program able to meet PGE's goals of more than 77 MW of peak load reduction by 2021 with 27 MW of nonresidential peak load.

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<sup>1</sup> Portland General Electric Company, PUC Oregon No. E-18, Original Sheet No. 26-1.

The Commission approved Energy Partner to replace the original Automated Demand Response Pilot, filed under PGE's Schedule 77, Firm Load Reduction Program.<sup>2</sup> Energy Partner is comprised of two nonresidential demand response pilot offerings defined in Schedules 25 and 26. Schedule 25 offers a simple demand response option (direct load control thermostats) with a flat-rate incentive for heating and cooling load reduction. Schedule 26, described above, offers a more robust set of customer participation options with payments for both energy and capacity resulting from curtailment of process loads. The tariffs went into effect on December 1, 2017.

#### *Pilot-to-Program Transition*

The Pilot received impact and process evaluations after its first three event seasons. As directed by the Commission in Order No. 19-151, PGE met with Staff and stakeholders October 31, 2019, to discuss the evaluation results and outline a plan to transition the Pilot to a program.<sup>3</sup> The evaluation identified favorable load reduction impact and cost effectiveness, and PGE presented draft criteria for transitioning the Pilot to a full program. Throughout 2020, Staff has been developing its own set of criteria for utility pilot proposals and pilot-to-program transition. PGE then presented updated Pilot results at its Demand Response Advisory Group meeting May 12, 2020. These results further demonstrated the stability and performance of the Pilot.

The Pilot results and program-readiness are not presented in this memo, as more review and analysis are required. In the coming months, several planned activities will provide information needed for PGE and Staff to jointly develop a plan to transition this Pilot to a program in 2021. Prior to end-of-year 2020, these activities will include: Staff will present its pilot-to-program transition guidance to PGE; the Pilot will receive its second impact and process evaluations for three additional event seasons; and PGE will file its Flexible Load Plan with recommendations for consolidating its demand response activities into one portfolio with consolidated budgeting, reporting, and cost recovery. Combined, these efforts will allow PGE and Staff collaboratively to develop a timeline and action plan to transition the Pilot to a full program. At that time, the case for transition will be made to the Commission.

Staff notes that only Schedule 26 in the Energy Partner pilot will transition to a program in 2021. Schedule 25 is still new to the market and early in its maturity, and therefore will continue as a pilot through 2021.

#### *Requested Tariff Changes*

The Pilot is currently scheduled to terminate on September 20, 2020. To allow sufficient time for these collaborative efforts by PGE and Staff, PGE proposes to eliminate the

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<sup>2</sup> Docket No. UM 1514; Order No. 17-429.

<sup>3</sup> UM 1514, Order No. 19-151, Appendix A, p. 6, filed April 26, 2019.

upcoming termination date by removing pilot status from the tariff. The revisions to Schedule 26 include removing the word “Pilot” from the schedule name and deleting reference to the Pilot’s start and end dates.

Staff had instead expected PGE to request a short extension to the Pilot, but upon review of PGE’s Advice Filing and conversations with PGE, Staff is comfortable that PGE’s proposed approach will be effective. First, it demonstrates PGE’s commitment to move this Pilot into a program that will be folded into base rates. Second, PGE’s Advice letter acknowledges that this change does not mean that the Pilot will instantly become a program on October 1, 2020, but that “the purpose of this filing is to prepare Schedule 26 to move from pilot status to program” and “position the tariff as a proven concept that is ready to become a Program and permanent part of PGE operations.”<sup>4</sup> Third, the Commission will receive additional filings for this Pilot over the next year that will provide sufficient opportunity for oversight to ensure progress in the pilot-to-program transition. These upcoming filings will include the final pilot, annual deferral reauthorization request, and annual update to Mid-C prices in Schedule 26. Staff asks that PGE coordinate more closely with Staff in advance of each of these future filings.

#### *Staff Review of Filing*

Staff reviewed the updated tariff and affirms that revisions to Schedule 26 proposed in PGE Advice No. 20-26 are limited to the elimination of the pilot termination date and housekeeping items that provide clarity and consistency to the tariff sheet’s language, definitions, and concepts. The proposed revisions to Schedule 26 is not expected to increase, decrease, otherwise change existing rates, or impact revenues. Costs are being deferred in Docket No. UM 1514 for later ratemaking treatment.

#### Conclusion

PGE’s requested revisions to Schedule 26 represent the first in a series of steps that will result in the Schedule 26 component of PGE’s Energy Partner nonresidential demand response offering transitioning to a full program in 2021. The Schedule 25 component will remain a pilot through 2021.

Commission approval of PGE’s request to remove the upcoming Pilot end date from Schedule 26 will allow time necessary for PGE and Staff to collaborate to complete the final steps, which include review of the Pilot evaluation and cost effectiveness, and development of program design, budget, performance goals, cost recovery strategy and reporting requirements.

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<sup>4</sup> PGE Advice No. 20-26, Schedule 26, Nonresidential Demand Response Program Update, filed August 28, 2020.

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September 14, 2020  
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**PROPOSED COMMISSION MOTION:**

Approve PGE's request to update the Nonresidential Demand Response Pilot Program, Schedule 26, to remove the pilot termination date in preparation to transition from pilot to program.

ADV 1180 PGE Nonresidential Demand Response Pilot Program Update

**PORTLAND GENERAL ELECTRIC COMPANY  
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**SCHEDULE 26  
NONRESIDENTIAL DEMAND RESPONSE PROGRAM**

(C)

**PURPOSE**

This schedule is an optional supplemental service that provides participating Large Nonresidential Customers incentives through Firm Load Reduction and Reservation Payments for reducing a committed amount of load at the request of the Company. Under this tariff, the Customer provides a Committed Load Reduction that the Company calls at any time according to the conditions detailed below.

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**DEFINITIONS**

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Advance-Notice Option – The notification period in which the Company will alert the Customer prior to a Load Reduction Event; options include 18 hours, 4 hours, and 10 minutes.

Baseline Load Profile – The average hourly load of the five highest load days in the last ten Typical Operational Days for the Event Season period.

Committed Load Reduction – A Customer nomination of load that represents the anticipated amount of Demand (kW) curtailed during an event.

Firm Load Reduction – The difference between the Customer's Baseline Load Profile and the Customer's measured hourly energy usage during the Load Reduction Event.

Firm Load Reduction Payment – The payment made by the Company to the Customer, as determined by The Mid-Columbia Electricity Index (Mid-C) as reported by the Powerdex, adjusted for losses based on the Customer's delivery voltage, which can be up to 120% of the commitment.

Firm Load Reduction Commitment (Agreement) – An agreement between the Company and Customer that defines the Committed Load Reduction, Firm Load Reduction Options and Customer payments based on Qualified Load Reductions during a Load Reduction Event

Firm Load Reduction Options – Elections that determine the Customer's incentive levels; which include the maximum event hours per season option, the Advance-Notice Option, and the event windows (time period for an event) for which they want to participate.

Holidays – The following are holidays for purposes of the pilot: New Year's Day (January 1), Martin Luther King Day (third Monday in January), President's Day (third Monday in February), Independence Day (July 4), Labor Day (first Monday in September), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). If a holiday falls on a Saturday, the preceding Friday will be designated the holiday. If a holiday falls on a Sunday, the following Monday will be designated the holiday.

Load Reduction Event – An event that is called during the Winter Event Season or the Summer Event Season, where customer incentives are offered to offset the Committed Load Reduction.

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Received

Advice No. 20-26  
Issued August 28, 2020  
James F. Lobdell, Senior Vice President

Filing Center  
AUG 28 2020

Effective for service  
on and after October 1, 2020



**SCHEDULE 26 (Continued)**

DEFINITIONS (Continued)

Participation Month – The current calendar month during a Winter Event Season or the Summer Event Season.

Qualified Load Reduction – The average load reduction percentage for all event hours during the Participation Month must be 70% or greater to be qualified.

Reservation Payment – The payment made by the Company to the Customer, where the Customer's Qualified Load Reduction (kW) is multiplied by the sum of each applicable reservation price (\$/kW) based on the options selected by the Customer adjusted for losses based on the Customer's delivery voltage.

Summer Event Season – Includes the successive calendar months June through September.

Typical Operational Days – Represents the 10 applicable days closest to the Load Reduction Event.

Winter Event Season – Includes the successive calendar months November through February.

**AVAILABLE**

In all territory served by the Company.

**APPLICABLE**

To qualifying Nonresidential Customers served under Schedules 32, 38, 47, 49, 75, 83, 85, 89, and 90. Participating Nonresidential Customers must execute the Firm Load Reduction Commitment (Agreement) to participate in this program.

**CUSTOMER ENROLLMENT**

Customers must be enrolled and have completed enablement at least five business days prior to the Participation Month.

At the time of enrollment, the Customer chooses the Firm Load Reduction Options, which includes the Participation Option, the maximum event hours per season option, the Advance-Notice Option, and the event windows (time period for an event) for which they want to participate. The load reduction amount is agreed to by the Customer and the Company, or its representative. First-time participants can also opt-in for a commissioning test.

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**SCHEDULE 26 (Continued)**

**CUSTOMER ENROLLMENT (Continued)**

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Within five business days of enrollment, the Company will confirm receipt of the Service Point ID (SPID) the Customer intends to enroll under this schedule and the Company or its representatives will send a signed Agreement to the Customer's representative. The Customer may choose to aggregate SPIDs.

Each Agreement will automatically renew for successive annual terms on January 1st of subsequent calendar years unless the Customer elects to terminate such Agreement by notifying PGE prior to January 1st or this Schedule is withdrawn, revoked or otherwise terminated.

**CUSTOMER PARTICIPATION OPTIONS**

Customers are offered three participation options of the contracted program year: Option 1 the Customer participates for both event seasons; Option 2 the Customer participates in the only Summer Event Season; and Option 3 the Customer participates in only the Winter Event Season.

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Customer Option	Participation Months	Event Seasons
1	Nov, Dec, Jan, Feb, Jun, Jul, Aug, Sep	Both event seasons
2	Jun, Jul, Aug, Sep	Summer Event Season only
3	Nov, Dec, Jan, Feb	Winter Event Season only

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**FIRM LOAD REDUCTION OPTIONS**

Several Firm Load Reduction Options are available to Customers in the reservation price section of this schedule. Options include differing maximum event hours per season, Advance-Notice Options, and event windows. For each event season, only one 'maximum hours' selection and one 'notification period' selection can be chosen for all event windows in which the Customer chooses to participate.

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**SCHEDULE 26 (Continued)**

**RESERVATION PRICE**

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**20 Event Hours Maximum per Season**

Monthly Payment per kW

	Notification Period		
	18 hours	4 hours	10 minutes
Summer (June - September)			
11 am - 4 pm	\$1.68	\$1.80	\$1.91
4 pm - 8 pm	\$1.95	\$2.08	\$2.22
8 pm - 10 pm	\$0.39	\$0.42	\$0.45
All summer windows	\$4.02	\$4.30	\$4.57
Winter (November - February)			
7 am - 11 am	\$1.27	\$1.35	\$1.44
11 am - 4 pm	\$0.73	\$0.78	\$0.83
4 pm - 8 pm	\$2.07	\$2.22	\$2.36
8 pm - 10 pm	\$0.73	\$0.78	\$0.83
All winter windows	\$4.80	\$5.13	\$5.46

**40 Event Hours per Season**

Monthly Payment per kW

Windows	Notification Period		
	18 hours	4 hours	10 minutes
Summer (June - September)			
11 am - 4 pm	\$2.52	\$2.69	\$2.87
4 pm - 8 pm	\$2.92	\$3.12	\$3.32
8 pm - 10 pm	\$0.59	\$0.63	\$0.67
All summer windows	\$6.04	\$6.45	\$6.86
Winter (November - February)			
7 am - 11 am	\$1.90	\$2.03	\$2.16
11 am - 4 pm	\$1.09	\$1.17	\$1.24
4 pm - 8 pm	\$3.11	\$3.32	\$3.54
8 pm - 10 pm	\$1.09	\$1.17	\$1.24
All winter windows	\$7.20	\$7.70	\$8.19

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**SCHEDULE 26 (Continued)**

RESERVATION PRICE (Continued)

**80 Event Hours Maximum per Season**

Monthly Payment per kW

	Notification Period		
	18 hours	4 hours	10 minutes
Summer (June - September)			
11 am - 4 pm	\$3.35	\$3.58	\$3.81
4 pm - 8 pm	\$3.89	\$4.16	\$4.42
8 pm - 10 pm	\$0.79	\$0.84	\$0.89
All summer windows	\$8.03	\$8.58	\$9.12
Winter (November - February)			
7 am - 11 am	\$2.53	\$2.70	\$2.87
11 am - 4 pm	\$1.46	\$1.56	\$1.65
4 pm - 8 pm	\$4.14	\$4.42	\$4.70
8 pm - 10 pm	\$1.46	\$1.56	\$1.65
All winter windows	\$9.58	\$10.23	\$10.89

**COMMITTED LOAD REDUCTION**

If a Customer has completed a test event, but not participated in actual events, their Committed Load Reduction will be based on nominated load identified in the agreement. If a Customer has completed only one event, their Committed Load Reduction will be the higher of either their nominated load or their first event performance. If a Customer has participated in more than one event, their Committed Load Reduction will be based on an average of actual load reductions during event hours. The Customer, at its discretion, may choose to increase its nomination above the levels described above.

**QUALIFIED LOAD REDUCTION**

If no events are called in a Participation Month, the Customer qualifies for the full Reservation Payment; the Qualified Load Reduction is the Committed Load Reduction.

In order to qualify for the full Reservation Payment during a month with events, the Customer must provide a minimum of 90% of the Committed Load Reduction on average over each event for which the Customer is enrolled during events in that month. If the Customer qualifies for the full Reservation Payment; the Qualified Load Reduction is the Committed Load Reduction.

To qualify for a proportional reservation payment during a month with events, the Customer must deliver a minimum of 70% of the Committed Load Reduction on average over each event for which the Customer is enrolled during events in that month. If the Customer qualifies for a reduced reservation payment; the Qualified Load Reduction is the average load reduction percentage for all event hours during that month.

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**SCHEDULE 26 (Continued)**

QUALIFIED LOAD REDUCTION (Continued)

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If the Customer fails to deliver a minimum of 70% of the Committed Load Reduction on average during an event for which the Customer is enrolled during events in that month, the Customer is not eligible for the Energy Reduction Payment for that Event and the Reservation Payment for that month. If other Load Reduction Events are called in the same month, and the Customer complies, the corresponding Energy Reduction Payments are paid for each event that the Customer delivers a minimum of 70% of the Committed Load Reduction on average over each event for which the Customer is enrolled during events in that month.

**RESERVATION PAYMENTS**

The Reservation Payment is the Customer's Qualified Load Reduction (kW) multiplied by the sum of each applicable Reservation Price (\$/kW) based on the Options selected by the Customer adjusted for losses based on the Customer's delivery voltage. For each event window (time period for an event) per season, only one price is applicable. The Reservation Payment is made to the Customer no later than 60 days after the month in which they participated.

**ENERGY PAYMENTS**

The Energy Payment is the Mid-Columbia Electricity Index (Mid-C) as reported by the Powerdex, adjusted for losses based on the Customer's delivery voltage. The Firm Energy Reduction Amount can be up to 120% of the commitment.

The monthly energy prices (per MWh) for the months in which the events are called\* are:

Jan 2020	Feb 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Nov 2020	Dec 2020
\$35.15	\$32.45	\$20.90	\$44.30	\$54.40	\$36.65	\$29.65	\$42.80

The Firm Energy Reduction Payment rates will be updated by December 1<sup>st</sup> for the next year beginning in January. Evaluation and settlement of the Firm Energy Reduction Payment will occur within 60 days of the Firm Load Reduction Event.

\* PGE will not call events on Saturdays, Sundays, or Holidays. Holidays are New Year's Day (January 1), President's Day (third Monday of February), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (first Monday in September), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). If a holiday falls on Saturday, Friday is designated a holiday. If a holiday falls on Sunday, the following Monday is designated a holiday.

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**SCHEDULE 26 (Continued)**

**LINE LOSSES**

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Losses will be included by multiplying the applicable price by the following adjustment factors:

Subtransmission Delivery Voltage	1.0356
Primary Delivery Voltage	1.0496
Secondary Delivery Voltage	1.0685

**LOAD REDUCTION MEASUREMENT**

Load reduction is measured as a reduction of Demand from a customer baseline load calculation during each hour of the Load Reduction Event. Although the Agreement shall specify the customer baseline load calculation methodology to be used, PGE generally uses the following baseline methodology:

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Baseline Load Profile

The Baseline Load Profile is based upon the average hourly load of the five highest load days in the last ten Typical Operational Days for the event season period. For Customers choosing the four-hour or 10-minute notification options there is an adjustment to the amounts above to reflect the day-of operational characteristics leading up to the Event if the Event starts at 11 am or later. This adjustment is the difference between the Event day load and the average load of the five highest days used in the load profile above during the two-hour period ending four hours prior to the start of the Event.

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Typical Operational Days

Typical Operational Days exclude days that a Customer has participated in a Firm Load Reduction Event or pre-scheduled opt-out days as defined in the Special Conditions. Typical Operational Days for the baseline calculation are defined as the ten applicable days closest to the Load Reduction Event. Typical Operational Days may include or exclude Saturdays, Sundays and Western Electricity Coordinating Council (WECC) holidays.

The Company may decline the Customer's enrollment application when the Company determines the Customer's energy usage is highly variable and the Company is not able to verify that a reduction will be made when called upon.

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**LOAD REDUCTION EVENT**

The Company, at its discretion, initiates a Load Reduction Event by providing the participating Customer with the appropriate notification consistent with the Customer's selected Firm Load Reduction Option. The Customer reduces its Demand served by the Company, for each hour of the Load Reduction Event to achieve its Committed Load Reduction. Each Load Reduction Event will last from one to five hours in duration and the Company will call at least one event per season.

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The Company initiates Load Reduction Events during the Events Season.

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**SCHEDULE 26 (Continued)**

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**EVENT NOTIFICATION**

The Company notifies the participating Customer of a Load Reduction Event using a mutually agreed upon method at the time of enrollment. The Company's notification includes a time and date by which the Customer must reduce the committed Demand for each period of the Load Reduction Event.

The Customer is responsible to notify the Company if the Customer's contact information specified at the time of the enrollment changes as soon as such change occurs.

**FIRST-TIME PARTICIPANT OPTIONAL COMMISSION TEST**

A commissioning test is available to Customers who are participating on this schedule for the first time. Interested participants will work with the Company to learn the details of this process.

**SPECIAL CONDITIONS**

1. Customers cannot use on-site diesel, pipeline natural gas or propane or other carbon emitting generation equipment for load reductions to meet load reduction commitments under this tariff.
2. Customers that choose to take service under Schedules 86, 485, 489, 490, 532, 538, 549, 575, 583, 585, 589, 590, or 689 will be withdrawn from this program.
3. Firm Load Reduction by Schedule 75 Customers will not exceed the Customer's baseline Demand as specified in the Agreement between the Customer and the Company. Customer cannot use purchases under Schedule 76 to meet load reduction commitments under this tariff. In the case of Customers participating on Schedule 76R – Partial Requirements Economic Replacement Power Rider – at the time of the event, the energy imbalance will not apply during event hours and for the event energy amount.
4. The Company is not responsible for any consequences to the participating Customer that results from the Firm Load Reduction Event or the Customer's effort to reduce Energy in response to a Firm Load Reduction Event.
5. This tariff is not applicable when the Company requests or initiates Load Reduction affecting a Customer SPID under system emergency conditions described in Rule N or Rule C(2)(B).
6. The Company will not cancel or shorten the duration of a Firm Reduction Event once notification has been provided.
7. Participating Customers are required to have interval metering and meter communication in place prior to initiation of service under this schedule. The Company will provide and install necessary equipment which allows the Company and the Customer to monitor the Customer's energy usage.

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**SCHEDULE 26 (Concluded)**

SPECIAL CONDITIONS (Continued)

8. If the Customer experiences operational changes or a service disconnection that impairs the ability of the customer to provide the Firm Load Reduction as requested under this schedule, the agreement will be terminated.
9. If the Company is not allowed to recover any costs of this program by the Commission, the Company may, at its option, terminate service under this agreement with 30-day notice.
10. The Customer may pre-schedule four opt-out days per season as indicated in the Agreement. If the Company calls a Load Reduction Event on a pre-scheduled opt-out day, the Customer is exempt from providing load reduction and receives no Firm Energy Reduction Payment, whether or not they choose to operate. The Customer will receive the Reservation Payment if otherwise eligible. An opt-out day will not be included in the calculation of the Baseline Demand profile.
11. Customers who opt for this Schedule may be placed on a calendar monthly billing cycle.

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