

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 25, 2022**

REGULAR CONSENT EFFECTIVE DATE August 1, 2023

DATE: July 13, 2023

TO: Public Utility Commission

FROM: Kathy Zarate and Peter Kernan

THROUGH: Bryan Conway, and Marc Hellman **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1523/Advice No. 23-11)
Multifamily Residential Demand Response Water Heater Pilot Update.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve Portland General Electric's (PGE or Company) proposed Schedule 4, as described in the Advice Filing 23-11, effective with service rendered on and after August 1, 2023.

DISCUSSION:

Issue

Whether the Commission should approve revisions to Schedule 4, the Multifamily Residential Demand Response Water Heater Pilot.

Applicable Rule or Law

Every public utility must file, "schedules which shall be open to public inspection, showing all rates, tolls and charges that it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it" with the Public Utilities Commission. ORS 757.205. Any proposed change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015.

“[I]n order to produce cost-effective energy savings, reduce customer demand for energy, reduce overall electrical system costs, increase the public health and safety and improve environmental benefits,” electric utilities must, “plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible.” ORS 757.054.

Energy utilities apply for Commission approval of programs designed to promote the acquisition of cost-effective conservation resources pursuant to OAR 860-027-310. The Commission reviews proposed programs and program modifications to consider whether the program includes cost-effective measures, incents cost minimization, is not easily manipulated by the utility, and is predictable and simple. OAR 860-027-310(2). The program must also fairly allocate risks and rewards between shareholders and ratepayers, minimize cross-subsidization by non-participants, and promote rate stability.

Analysis

Background

On June 16, 2023, PGE filed a request with the PUC to revise the Multifamily Residential Demand Response Water Heater Pilot to close the pilot to new enrollments after July 31, 2023; and, to extend the pilot period for an additional two years to July 31, 2025, while the pilot undergoes redesign. This will allow PGE to continue to study existing participants and utilize the existing demand response capacity.

Current Filing

PGE anticipates this two-year extension will allow enough time for the market to respond to CTA-2045 code anticipated to go into effect Summer 2023, increasing availability of CTA-2045 enabled water heaters so PGE can resume installations. CTA-2045 technology is expected to increase the connectivity of the water heaters in multifamily residences (MFR), making them a more reliable and cost-effective demand response asset. The current pilot design’s reliance on connectivity shortcomings of WiFi switches led to poor cost effectiveness results in evaluation. Prior to the launch of the redesign, PGE will engage with OPUC Staff and stakeholders.

Multifamily Residential Demand Response Water Heater Pilot Redesign

The current Schedule 4, states that, “The MFR enrollment period will be through July 31, 2023. PGE will enroll MFRs by contracting with the Multifamily Property Owners or their property manager. Unless this pilot is otherwise terminated, MFRs and participating Residential Customers will be enrolled for the entire pilot term.”

If approved, the new Schedule 4 will provide that, “Enrollment in this pilot will close to new participants after July 31, 2023. Unless this pilot is otherwise terminated, current MFRs and participating Residential Customers will remain enrolled in the pilot.”¹ In other words, enrollment in the pilot will close, but the pilot will continue with its existing participants. For context, PGE forecasted 15,500 connected water heaters by 2023 in the Flexible Load Multi-Year Plan.² As of December 2022, the Company reported 13,433 water heaters enrolled.³ Staff supports ceasing new enrollment to reduce costs while maintaining existing participants so the enrolled demand response capacity is not eliminated.

Conclusion

Staff finds that the proposed revisions reasonable, both in closing the tariff to new participants and extending the pilot for an additional two years. Staff recommends the Commission approve the tariff as filed by PGE.

The Company has reviewed this memo and has stated no objection.

PROPOSED COMMISSION MOTION:

Approve PGE’s proposed Schedule 4, Multifamily Residential Demand Response Water Heater Pilot Update, as described in the Advice Filing 23-11, effective with service rendered on and after August 1, 2023.

ADV 1523

¹ Portland General Electric Company Fifth Revision of Sheet No. 4-2 P.U.C. Oregon No. E-18 Canceling Fourth Revision of Sheet No. 4-2.

² See Docket No. UM 2141. PGE’s Flexible Load Multi-Year Plan Update. September 2022. Page 88. <https://edocs.puc.state.or.us/efdocs/HAD/um2141had163540.pdf>.

³ See Docket No. UM 1827. Application for Reauthorization of Deferred Accounting of Costs Associated with Demand Response Water Heater Pilot. April 2023. Page 2, <https://edocs.puc.state.or.us/efdocs/HAQ/um1827haq143014.pdf>.