

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2024

DATE: December 18, 2023

TO: Public Utility Commission

FROM: Ted Drennan

THROUGH: Caroline Moore and Scott Gibbens **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. ADV 1549)
PGE Advice No. 23-21, Schedule 138 Energy Storage Cost Recovery
Mechanism Update.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission) approve the request by Portland General Electric (PGE or Company) to update Schedule 138 prices to recover costs associated with House Bill (HB) 2193. Staff also recommends the Commission direct the Company to hold a workshop to discuss storage pilot projects at one of their Learning Labs meetings in 2024.

DISCUSSION:

Issue

Whether the Commission should approve PGE's proposal to revise its Schedule 138.

Applicable Rule or Law

PGE's filing is made under ORS 757.205, ORS 757.210, and OAR 860-022-0025.

- ORS 757.205 requires that public utilities file all rates, tolls, and charges with the Commission.
- ORS 757.210 requires that public utilities demonstrate that changes to automatic adjustment clauses are fair, just, and reasonable.

- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.

Analysis

PGE is seeking to adjust the rates associated with recovery of two HB 2193 energy storage pilot projects. The costs are associated with projects under the following dockets:

- UM 2078 Residential Battery Storage
- UM 2113 Non-Residential Energy Storage Pilots

PGE's filing reduces the Schedule 138 collection rate to zero percent in 2024 due to a projected balance of \$0.3 million at the end of 2023 from lower than anticipated participation in the pilot during the pandemic. Staff reviewed the filing and associated workpapers and believe everything is accurate and correct. Given the current positive balance, the amortization and recovery of these expenses is projected to result in a decrease of approximately 0.1 percent for applicable Cost-of-Service customers. This is a \$0.12 monthly reduction for a typical Schedule 7 residential customer.

Staff would also like the Company to engage with stakeholders on the storage pilots in the coming year. Staff would like the Company to provide an update on its residential Smart Battery Pilot, specifically on the results of changes implemented in May 2023.¹ Staff would also like the Company to provide an update on the future role and necessity of the non-residential pilots, given the Company's storage procurement in 2023.² Preferably this engagement could occur at one of PGE's Learning Lab meetings in June or July 2024. Staff contacted the Company, and they have agreed that this is a reasonable request and are willing to hold a workshop to address the issues.

Conclusion

Based on the review of PGE's application, Staff concludes that the proposed revisions are consistent with the intent of Schedule 138 and result in rates that are fair, just, and reasonable.

¹ Docket No. ADV 1470, <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23555>.

² Staff understands the Seaside storage project is approximately 200 MW, will be located in Portland and enter service in mid-2025. The Evergreen storage project is approximately 75 MW, will be located in Hillsboro and enter service in 2024, and a third storage project of approximately 200 MW, will be located in Troutdale and enter service in 2024.

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PROPOSED COMMISSION MOTION:

Approve PGE's ADV 1549, Schedule 138 Energy Storage Cost Recovery Mechanism Update, effective for service rendered on and after January 1, 2024, and direct the Company to engage with Staff and stakeholders on energy storage pilot projects at a Learning Lab meeting in 2024.

PGE ADV 1549