



Portland General Electric
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April 17, 2020

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street, S.E.
P.O. Box 1088
Salem, OR 97308-1088

RE: Informal Comments to Advice No. 20-06, Revisions to Rule C on Emergency Curtailment & Updating the Short-Term Emergency Curtailment Plan

Portland General Electric Company (PGE) submits the following informal comments in response to Commission Staff Report as Item No. RA3 in advance of the public meeting on April 21, 2020. PGE appreciates the opportunity to address Staff's concerns outlined in Staff's Report prior to the public meeting.

Introduction

Portland General Electric Company (PGE or the Company) is grateful to Staff of the Public Utility Commission of Oregon (Commission or PUC) for its Report for the April 21, 2020, public meeting (Report) regarding PGE's Advice No. 20-06. PGE proposals include amendments to Rule C regarding emergency curtailments, updates to our Short-Term Emergency Curtailment Plan, along with associated changes to Schedule 689 and some housekeeping. While PGE appreciates Staff's accurate discussion of our proposals, we do not support Staff's recommendation that the proposed revisions be suspended for up to nine months, and we address several arguments in Staff's analysis in support of its conclusion. Staff's primary concerns included:

- "the disparate treatment of [new load direct access] NLDA and long-term direct access (LTDA) customers";
- "the potential failures of the plan to improve system reliability"; and,
- "the potential shift of unwarranted risk to NLDA customers."¹

PGE discusses each of these concerns in turn and demonstrates that they do not support Staff's conclusion. As we explain below, Staff's concerns conflate short-term resource sufficiency issues with long-term resource adequacy. As proposed by Staff, a nine-month investigation could take stakeholders well into the Phase III testimony phase of UM 2024,

¹ Public Utility Commission of Oregon Staff. "Staff Report for Public Meeting Date: April 21, 2020". Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 4. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

undermining the value of the modified curtailment plan as an interim solution to resource adequacy.²

PGE has welcomed the Commission’s notice of its intention that “[...] all system participants contribute tangibly to BA [balancing area] RA [resource adequacy], and that one way or another, NLDA and LTDA customers will be required to support RA – just as all cost-of-service customers are required to support RA.”³ Therefore, PGE recommends that the Commission adopt PGE’s proposals as an interim measure until a longer-term solution to resource adequacy can be determined in UM 2024. We emphasize that curtailment of NLDA loads in an emergency would merely serve to protect cost-of-service customers from the immediate effects of NLDA customers’ lack of sufficient contribution to resource adequacy, noting that curtailment plans alone do not support furtherance of a robust and reliable electric system that is essential to our state’s economic and public well-being.

Finding a solution that ensures all system participants contribute tangibly to resource adequacy is essential, and the sooner that can be achieved in UM 2024 (whether through a specific order or via bifurcating the issue), the shorter the interim solution will be in place. Finally, PGE suggests that our housekeeping proposals should be adopted in the event that the Commission is compelled to suspend our proposals for any period of time.

Resource Adequacy and Resource Sufficiency are Distinct aspects of Reliability

Resource adequacy addresses reliability needs across a one to four year planning horizon and requires PGE to deliberately plan ahead across this time horizon to ensure there are enough resources – generation, efficiency measures, and demand response, including flexible load, to reliably serve loads across a wide range of conditions without the loss of load.⁴ This long-term planning to meet resource adequacy is distinct from meeting current-hour reliability requirements (system balancing), and next-hour and next-day requirements (resource sufficiency). It is imperative that the Commission and all stakeholders come to a mutual understanding of resource adequacy in order to understand that our modified curtailment proposals in Advice No. 20-06 are not a solution to resource adequacy, but rather an interim measure aimed at protecting cost-of-service customers.

The Disparate Treatment of NLDA and LTDA Customers

The Commission condoned differing treatment of NLDA and LTDA customers when it “[...] invite[d] PGE to propose changes to its curtailment schedules applicable to NLDA customers as we consider reliability and resource adequacy (RA) contributions from all

² Public Utility Commission of Oregon. “Ruling.” UM 2024. Public Utility Commission of Oregon. 21 Feb 2020. <https://edocs.puc.state.or.us/efdocs/HDA/um2024hda12440.pdf>

³ Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

⁴ Exploring a Resource Adequacy Program for the Pacific Northwest, E3 for the NWPP, October 2019, p.12 https://www.nwpp.org/private-media/documents/2019.11.12_NWPP_RA_Assessment_Review_Final_10-23.2019.pdf

direct access customers in the docket UM 2024 investigation.”⁵ Staff acknowledges as much in its report.⁶ The basis of Staff’s NLDA-LTDA discrimination concerns are founded upon a conflation of short-term resource sufficiency and longer-term planning for resource adequacy. Staff states that:

- “[...] both sets of customers affect the system in a substantially similar manner”; and
- “[f]ollowing the failure of an ESS to provide sufficient energy to meet a customer’s demand, both types of customers will pose a similar risk to the system.”⁷

Both of these statements focus on the short-term operation of the system and are irrelevant in terms of our interim curtailment proposals aimed at protecting cost-of-service customers from NLDA customers’ lack of contribution to resource adequacy.

First, in terms of long-term resource adequacy, NLDA customers and LTDA customers do not affect the system in a similar manner. LTDA customers pay the fixed costs associated with system generation for only the five years during the transition adjustment period. NLDA customers contribute even less, only paying a twenty percent portion of these fixed costs during the five year transition adjustment period.

Second, describing the risk posed to the system as relating to “[...] the failure of an ESS to provide sufficient energy to meet a customer’s demand [...]” also conflates resource sufficiency and resource adequacy. The ability of an ESS to meet its customers’ demands on a daily or hourly basis has no relation to the long-term planning and investments in physical infrastructure necessary to ensure resource adequacy over the one- to four-year horizon. In fact, it is the very failure of ESSs to demonstrate definitively that they contribute to the long-term resource adequacy of the system that led to the Commission inviting PGE to propose “[...] changes to its curtailment schedules applicable to NLDA customers [...]”.⁸

Staff’s misplaced concern regarding the so-called “disparate” treatment of NLDA and LTDA customers is not based on resource adequacy issues, and so does not support its conclusions or recommendations.

The Potential Failures of the Plan to Improve System Reliability

PGE’s proposals in Advice No. 20-06 are an interim measure aimed at protecting cost-of-service customers from NLDA customers’ lack of contribution to resource adequacy.

⁵ Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020, page 1. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

⁶ Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 2. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

⁷ Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 4. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

⁸ Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020, page 1. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

Our proposals are not intended to improve overall system reliability. Staff itself observed⁹ that the Commission’s aim with the curtailment proposals was that “[...] cost-of-service (COS) customers are less likely to face costs shifts when ESSs supplying NLDA customers fail to perform”.¹⁰ Furthermore, Staff acknowledges that we make our proposals as an interim solution, at the invitation of the Commission, “[...] until a more permanent solution is arrived at in UM 2024.”¹¹

Citing Order 20-002, Staff’s asserts that the “[...] risk to COS customers occurs ‘when ESSs supplying NLDA customers fail to perform’” adding “[...] NLDA customers would only be curtailed when they posed a risk to system RA.”¹² Both of these assertions are based on a conflation of short-term resource sufficiency with longer-term resource adequacy. As has been discussed, an ESS’s “failure” in this context is not related to meeting its customers’ demands, but rather the lack of contribution to the long-term planning and investment in physical resources that leads to resource adequacy. Given this, NLDA customers are posing a risk to system resource adequacy until “[...] all system participants contribute tangibly to BA RA [...]”.¹³

Staff then quotes PGE’s testimony out of context, and in the process further undermines its own arguments supporting its concern regarding the potential failures of the plan to improve system reliability. Staff states that “[i]n opening testimony, the Company argues that ESS scheduling practices are insufficient to identify the ESS’s ability to meet load.”¹⁴ Staff then try to make the argument that “[i]f the Company and ESSs can work together to establish a way of verifying the ability of the ESS to meet its customers’ load in real-time, the mechanism would work better overall and NLDA customers would have their load curtailed less often.”¹⁵ Both the testimonial quote and the suggested solution are related to short-term resource sufficiency concerns, not long-term resource adequacy. Here is the full context of our testimony:

Q. Why didn’t PGE consider whether the ESS’s delivery of energy was sufficient to meet its customers’ loads at the precise time of an Energy Emergency Alert, as the basis for emergency curtailment?

⁹ Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 2. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

¹⁰ Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020, page 8. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

¹¹ Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 2. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

¹² Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 5. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

¹³ Public Utility Commission of Oregon. “Order 20-002.” UE 358. Public Utility Commission of Oregon. 7 Jan 2020. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

¹⁴ UE 358/PGE/100 Frost-O’Brien/11 <https://edocs.puc.state.or.us/efdocs/UAA/uaa104539.pdf>

¹⁵ Public Utility Commission of Oregon Staff. “Staff Report for Public Meeting Date: April 21, 2020”. Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 5. Retrieved from <https://edocs.puc.state.or.us/efdocs/HAU/adv1105hau174056.pdf>

A. As mentioned previously in this testimony, the Commission stated in the UE 358 order that ESS scheduling is an issue best suited for FERC. Moreover, the ESSs scheduled delivery and total load forecast are the same. At present, ESSs do not provide a separate load forecast. Their NERC e-tag serves as both their forecast and scheduled delivery. This means PGE would have no way of knowing if the ESS delivery is insufficient.¹⁶

An ESS's delivery of energy is a scheduling issue related to short-term resource sufficiency, which the Commission has encouraged PGE to address at FERC.¹⁷ The ability of an ESS to meet its customers' load in real-time has no bearing on long-term resource adequacy concerns.

Staff's concern is based upon the incorrect assumption that PGE's proposed plan intended to improve system reliability, when our stated aim to protect cost-of-service customers. Furthermore, Staff's arguments to support this concern are again founded upon short-term resource sufficiency arguments and not long-term resource adequacy. As such, this concern does not support Staff's conclusions and recommendations as they relate to modifications of our curtailment plan to protect cost-of-service customers from the effects of NLDA customers' lack of contribution to resource adequacy.

The Potential Shift of Unwarranted Risk to NLDA Customers

Staff's final primary concern is the potential for unwarranted risk shifting to NLDA customers in the event of a curtailment; however, this misses the point that the proposed curtailment plan is an interim solution to address NLDA customers' lack of contribution to long-term resource adequacy, as currently under investigation in UM 2024. Staff states that, "[...] if the curtailment plan is implemented as proposed, PGE's failure to meet demand puts NLDA reliability at risk [...]"¹⁸ which is at odds with the Commission Order 20-002 which discusses resource adequacy in terms of "[...] when ESSs supplying NLDA customers fail to perform".¹⁹ Staff again conflates meeting demand in the short term, which is related to resource sufficiency, with the longer-term planning and investment necessary to provide resource adequacy. PGE's revised curtailment plan is an interim solution to protect cost-of-service customers from ESSs' lack of contribution to resource adequacy and is not related to PGE's or an ESSs' ability to meet demand in the short-term. Staff's concern of a potential shift of unwarranted risk to NLDA customers in the event of a curtailment is not founded on issues of resource adequacy. Furthermore, it neglects that NLDA customers' lack of contribution to resource adequacy shifts risk to cost-of-service customers. The interim proposals that would curtail NLDA customers before cost-of-service customers (as the Commission invited us to submit) is meant to

¹⁶ UE 358/PGE/100 Frost-O'Brien/11 <https://edocs.puc.state.or.us/efddocs/UAA/uaa104539.pdf>

¹⁷ Public Utility Commission of Oregon. "Order 20-002." UE 358. Public Utility Commission of Oregon. 7 Jan 2020. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

¹⁸ Public Utility Commission of Oregon Staff. "Staff Report for Public Meeting Date: April 21, 2020". Docket No. ADV 1105/Advice No. 20-06. Public Utility Commission of Oregon. 9 Apr 2020, page 5. Retrieved from <https://edocs.puc.state.or.us/efddocs/HAU/adv1105hau174056.pdf>

¹⁹ Public Utility Commission of Oregon. "Order 20-002." UE 358. Public Utility Commission of Oregon. 7 Jan 2020, page 8. Retrieved from <https://apps.puc.state.or.us/orders/2020ords/20-002.pdf>

partially ameliorate that risk. Staff's concerns and the arguments underpinning it do not support Staff's conclusion or recommendation.

Conclusion

PGE is grateful to Staff for accurately explaining our proposal in its Report. However, we do not support Staff's recommendation that PGE's curtailment plan revisions should be suspended and investigated for up to nine-months. Staff's three primary concerns are all based on a conflation of short-term resource sufficiency issues, associated with meeting demand, with longer-term resource adequacy issues which require planning and investment. PGE recommends that the Commission adopt our proposals in Advice 20-06 as an interim measure, consistent with the Commission's direction in Order 20-002. Should the Commission agree with Staff that PGE's proposals be suspended, PGE recommends that any investigation should be short in order to allow the interim measure to be put in place as soon as possible to protect cost-of-service customers. Finally, we recommend that that housekeeping proposals unrelated to NLDA curtailment should be adopted in the event that the Commission is compelled to suspend our proposals for any period of time.²⁰

Please direct any questions regarding these comments to Chris Pleasant at (503) 464-2555. Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com

Sincerely,

\s\ Robert Macfarlane

Robert Macfarlane
Manager, Pricing & Tariffs

cc: UE 358 and UM 2024 service lists

²⁰ Housekeeping proposals: Schedule 689 – clarification on the calculation of customer load, ten business day deadline to return the NLDA service agreement; Rule C – Removal of reference to Willamette Valley/Southwest Washington Area regional standards and replacement with NERC and WECC, changing “Operating Procedures” to Plan, and some grammatical changes