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May 22, 2018

Public Utility Commission of Oregon
201 High St. SE, Suite 100
P.O. Box 1088
Salem, OR 97308-1088

Via: email

RE: AR 614 New Load Direct Access - Comments of Portland General Electric Company

Filing Center,

Portland General Electric Company (PGE) respectfully submits these comments to the Public Utility Commission of Oregon in advance of the public meeting scheduled for May 22, 2018. These comments are in response to the Staff Report circulated to stakeholders on the afternoon of May 17, 2018, which contained Staff's draft of New Large Load Direct Access Program Rules.

PGE looks forward to working with Staff and stakeholders to craft rules that are easy to understand and operationalize.

Please direct all formal correspondence and requests to the following email address:
pge.opuc.filing@pgn.com.

Respectfully,

A handwritten signature in black ink, appearing to read "Karla Wenzel". The signature is written in a cursive, flowing style.

Karla Wenzel
Manager, Pricing and Tariffs

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON.**

AR 614

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Rulemaking: New Load Direct Access

**COMMENTS OF PORTLAND
GENERAL ELECTRIC
COMPANY**

Portland General Electric Company (PGE) respectfully submits these comments to the Public Utility Commission of Oregon (Commission) in advance of the public meeting scheduled for May 22, 2018. These comments are in response to the Staff Report circulated to stakeholders on the afternoon of May 17, 2018, which contained Staff's draft of New Large Load Direct Access Program rules (program rules). PGE has had an inadequate amount of time to fully assess the implications of the draft proposed program rules, which tackle a significantly complex issue, and we reserve the right to submit additional comments and identify additional issues in this rulemaking process.

PGE does appreciate Staff's work in drafting rules and providing the opportunity to comment on Staff's report and program rules, contemporaneous with the proposed rules being considered for formal rulemaking by the Commission. For purposes of the May 22nd public meeting, PGE recommends that the Commission allow sufficient comment period so that this docket is not unduly rushed. While we recognize the need to expedite the rulemaking, Staff's publication of draft rules on a Thursday afternoon, requesting that stakeholders comment by the following Monday creates unnecessary rush. PGE is concerned that ample time to review and

comment was not provided. Following the opening of the formal rulemaking process, PGE would like an additional Commissioner workshop to further discuss the draft program rules. PGE supports this first phase of the approach.

Introduction

As PGE has stated in previous comments, in establishing Oregon Administrative Rules (OAR) for a New Load Direct Access program (NLDA), it is imperative to balance the development of a competitive market and unwarranted cost shifts to Cost-of-Service (COS) customers.¹ In addition, during the Commission workshop and discussions with the stakeholders, it was acknowledged that the rules should be simple, easy for customers and stakeholders to understand and for utilities to implement. The proposed program rules provide a level of prescription, specificity, and complexity that appears inconsistent with the existing OARs for Long Term Direct Access (LTDA). PGE has a number of questions regarding the draft rules' interpretation, policy choices made, new definitions, word choice, and why certain approaches were chosen—examples include existing load shortage transition adjustment calculations and return to cost of service provisions. Consistent with existing LTDA OARs, PGE recommends a two pronged approach: Commission rules and utility tariff provisions to implement the program. Utilities would adopt reasonable conditions in utility filed tariffs (tariff) that detail the program offerings and prevent the gaming of the eligibility criteria. In this vein, PGE strongly recommends the following be included in tariff language and should be removed from the proposed OARs (in no particular order):

- Verification and validation customer meets threshold size eligibility

¹ Senate Bill 1149 (Chapter 865 Oregon Laws 1999), Section 8 directs the Public Utility Commission to ensure that direct access programs not cause unwarranted cost shifting to other retail customers of the electric company.

- Participation cap with NO sunset provision
- Methodology for calculation of the transition adjustment
- Notice to return to COS

At a high level PGE agrees that the program areas best addressed in OARs include:

- Definition of new customer load-which is key to prevent gaming for eligibility purposes
- Threshold size eligibility requirement
- Early and binding notice and commitment provisions

Additionally, the draft program rules failed to include the same no-coal-by-wire provisions contained in SB 1547.

1. OAR-038-0700 Definitions—The definition of New Large Load, appropriately includes 10MWa requirement. PGE has a number of questions regarding the draft rules' inclusion of new definitions and their interplay with definitions in the existing OARs for Direct Access. One example is there is already an existing definition for Site in OAR 860-038-0005 (59).

2. OAR 860-038-0730-New Large Load Eligibility Requirements—PGE fully supports the requirements: (1)(a) load is separately metered; and (1)(c) notice and commitment should be required to declare binding intent to opt out of COS. This binding notice must be in writing. If the customer later determines they wish to return to COS pricing, the new load customer would be subject to the same notice

and return provisions under the current LTDA program. Under (3), if the actual load of a facility served under the New Large Load Direct Access Program is less than 10 MWa, then the consequence should be enrollment in LTDA program during the LTDA enrollment window with transition adjustments for the full period (currently for PGE, 5 years). Alternatively, the customer could be served with market supply and provide notice to PGE to return to cost of service and return after 3 years notice, which is the current requirement.

3. OAR 860-038-0720- Transition rates –Staff’s draft program rules include a prescriptive methodology for the calculation of transition rates for new 10MWa loads. The level of specificity in the draft program rules is not consistent with the existing OARs for LTDA. Therefore, PGE recommends the Commission remove OAR 860-038-0720 in its entirety, and allow utilities to develop the methodology and timeframe of recovery in a NLDA tariff. Policy guidance may be provided in rule that the utilities develop transition adjustments in a tariff schedule and those adjustments should prevent cost shifting from participants to cost of service customers who have supply from PGE. Such tariff schedules would be reviewed by the Commission when filed as advice filings.

4. OAR 860-038-0750- Program participation cap –Staff’s draft program rules include the calculation of program cap to be separate and distinct from the existing LTDA program cap. The rules include a sunset provision, which has the effect of removing the program cap five years after the NLDA program has been in place. The level of specificity in the draft program rules is not consistent with the existing OARs for LTDA, therefore PGE recommends the Commission remove

OAR 860-038-0750 in its entirety, and allow utilities to develop the methodology and timeframe of recovery in a NLDA tariff. The NLDA program should be included under PGE's existing LTDA cap of 300 MWa. The description of the cap should be contained in the utility specific tariff and existing utility tariff descriptions should be expanded to include NLDA. Absent this rulemaking, the new customer load would be subject to this cap.

5. SB 1547 no-coal-by-wire— The draft program rules failed to include the same no-coal-by-wire provisions contained in SB 1547, which is the legislature's directive to remove coal as a resource serving load by 2030. Inclusion of the coal-by-wire provision was requested by the Commission at the public workshop. The legislature's direction would be undermined if coal-by-wire, instead, were allowed to supply direct access customers beyond the relevant dates. The rules should include this same provision to ensure a level playing field.

Additionally, under DA the Electricity Service Suppliers (ESS) become the Load Serving Entity (LSE), therefore, PGE recommends additional OARs be adopted that contain specific transaction requirements to minimize cost shifts and risks to existing COS customers: the firmness of the power supply, the firmness of the transmission, demonstration of resource adequacy and demonstration of inclusion the DA load in long-term planning consistent with the integrated resource planning process the utility would otherwise undertake as the LSE for COS customers.

6. Provider of Last Resort—PGE appreciates the opportunity, in tariff, to establish an appropriate system reliability charge to compensate COS customers for their increased risk of emergency curtailment should direct access load suddenly or

abruptly return to cost of service and there not be sufficient energy or available capacity to meet loads.

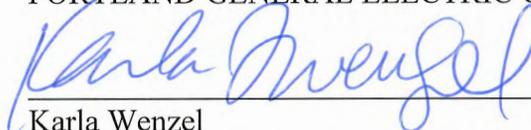
Conclusion

PGE looks forward to working with Staff and stakeholders to craft rules that are easy to understand and operationalize. While we recognize the need to expedite the rulemaking, PGE would like ample time to review and comment as the Staff memo did not indicate the amount of time open for the notice and comment period. Following the opening of the formal rulemaking process, PGE would like an additional Commissioner workshop to further discuss the draft program rules. We are confident that a NLDA program can be designed with sufficiently clear and defined parameters to protect COS customers from unwarranted cost shifting.

DATED this 22 day of May, 2018.

Respectfully submitted,

PORTLAND GENERAL ELECTRIC COMPANY



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