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December 20, 2018

Email

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

Attn: OPUC Filing Center

Re: UM-1514 PGE's Application for Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response Pilots

Enclosed for filing is Portland General Electric Company's application for reauthorization of deferral of incremental costs associated with Non-Residential Demand Response, with an effective date of January 1, 2019. PGE received the most recent reauthorization pursuant to Commission Order No. 17-429.

PGE originally received permission for deferral of incremental costs associated with Non-Residential Demand Response through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to the OPUC Docket UE 335 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Alex Tooman at (503) 464-7623.

Please direct all formal correspondence, questions, or requests to the following e-mail address: pge.opuc.filings@pgn.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Stefan Brown", written over a white background.

Stefan Brown
Manager, Regulatory Affairs

SB:np
encls.

cc: Service Lists: UE 335 / UM 1514

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1514

In the Matter of the Application of Portland General Electric Company for an Order Reauthorizing the Deferral of Incremental Costs Associated with Non-Residential Demand Response

Application for Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response Pilots

Pursuant to ORS 757.259, OAR 860-027-0300, and Public Utility Commission of Oregon (“Commission” or “OPUC”) Order Nos. 17-105 and 17-429, Portland General Electric Company (“PGE”) hereby requests approval for the continuance of the deferral that is associated with the Non-Residential Demand Response Pilots (“Non-Res DR Pilots” or “Pilots”) and is subject to automatic adjustment clause tariff Schedule 135 and operational tariff Schedules 25 and 26.

I. Deferral History

PGE filed an application for deferral of incremental costs associated with an automated demand response (“ADR” or “Energy Partner”) pilot on December 29, 2010, seeking deferral from January 1 through December 31, 2011. This deferral and cost recovery tariff (Advice 10-29, Schedule 135) was approved by Commission Order No. 11-182 on June 1, 2011.

As discussed in PGE’s report submitted April 28, 2016, with the second ADR evaluation, the pilot in its current form had fallen short of its nomination goal of 25 MW, with only 10.6 MW nominated for the summer of 2017. In addition, PGE’s third-party provider, EnerNOC, informed PGE as of September 30, 2017, they would be terminating their contract to provide the aggregator demand response (“DR”) services under the ADR pilot. In response, PGE reviewed the ADR pilot along with Schedule 77¹ and revised them to create two pilots able to meet PGE’s goals of greater

¹ Firm Load Reduction Program, which has only one customer.

than 27 MW of peak load reduction by 2021 across all nonresidential segments and products. The modification to the Pilots received approval through Commission Order No. 17-249 on October 24, 2017.

PGE filed and received reauthorization for this deferral, as shown in Table 1, below. PGE seeks reauthorization for deferral of incremental costs associated with the revised Non-Res DR Pilots for the period beginning January 1, 2019 through December 31, 2019, and asks that the Pilots continue as currently included in tariff Schedules 25, 26, and 135.

Table 1
UM 1514 Authorizations

Filing Date	Renewal Period	Order No.	Approval Date
12/29/2010		11-182	06-01-2011
12/23/2011	1/01/2012 – 12/31/2012	12-062	02-28-2012
12-27-2012	1/01/2013 – 12/31/2013	13-059	02-26-2013
12-11-2013	1/01/2014 – 12/31/2014	14-019	01-22-2014
12-24-2014	1/01/2015 – 12/31/2015	15-022	01-28-2015
12-18-2015	1/01/2016 – 12/31/2016	16-037	01-26-2016
12-15-2016	1/01/2017 – 12/31/2017	17-105	03-21-2017
09-21-2017	1/01/2018 – 12/31/2018	17-429	10-24-2017

II. Approved Current Program

PGE proposes to continue the Non-Res DR Pilots and associated operational tariffs: Schedule 25, Non-residential Direct Load Control (“Non-Res DLC”) Pilot, and Schedule 26, Non-residential Pricing (“Non-res Pricing”) Pilot. These pilots will continue to be administered directly by PGE to its customers, with support from a program implementer and a technology integrator / demand response management system provider. PGE took this approach primarily to allow us the flexibility to offer a variety of products and potentially adjust those products in the future. PGE will continue to work directly with customers to ensure resilience of the portfolio.

Evaluations

PGE will submit two pilot evaluations to the Commission and stakeholders:

- The first evaluation will be submitted during the third quarter of 2019, after the first three operating seasons under the current structure. This will allow for adequate time and events to provide meaningful results.
- A final evaluation will be submitted in the second quarter of 2021, after the next three operating seasons and the planned end of the Pilots.

Schedule 25

Schedule 25, Non-Res DLC Pilot, provides nonresidential customers with a turnkey, direct load control program, similar to Schedule 5 for our residential customers. This provides an easy opportunity for our commercial customers to participate, while getting the value added services associated with one or more smart thermostats.

More specifically, the direct load control pilot offers incentives to allow PGE to control up to 10,000 qualified thermostats during direct load control events while providing for customer override. Eligible customers must have a PGE network meter and must also have a qualified thermostat connected to the internet and their heating or cooling systems. To participate in winter event seasons, customers must have a ducted heat pump or electric forced air heating. To participate in the summer event seasons, the customers must have central air conditioning or a ducted heat pump.

Schedule 26

Schedule 26, Non-Res Pricing Pilot, resembles Schedule 77, PGE's discontinued curtailable tariff. Schedule 26, however, provides a much greater diversity of participation levels, allowing customers to select differing availability periods, notification times, and maximum event hours. Schedule 26 also allows customers with multiple points of delivery ("POD") the ability to self-aggregate their PODs.

Schedule 26 allows a customer to participate in summer, winter or both seasons. Schedule 26 also makes several firm load reduction options available to customers including: maximum event hours per season, notification periods, and event windows. For each season, the customer chooses one option for maximum event hours per season and one notification period. The customer also chooses whether to participate in each event window (i.e., time period for an event) per season.

OAR 860-027-0300 Requirements

The following is provided pursuant to OAR 860-027-0300(3):

a. Description of Amounts

Pursuant to ORS 757.259(2)(e), PGE seeks renewal of deferred accounting treatment for the incremental costs associated with the Non-Res DR Pilots. Approval of the Application will support the continued use of an automatic adjustment clause rate schedule, which will provide for recovery of the incremental costs associated with the Pilots through tariff Schedule 135.

In accordance with the stipulated AMI Conditions (Docket No. UE 189), PGE has endeavored to develop a demand response program for up to 25 MW of peaking capacity in aggregate among our commercial and industrial customers. The Commission decision in UM 1514 approved PGE's application for deferral of incremental costs associated with the ADR

pilot. Consequently, PGE requests that the deferral be renewed for an additional year beginning January 1, 2019, and continue to be amortized under Schedule 135, subject to Commission Order.

b. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), for the reasons discussed above, PGE seeks to continue deferred accounting treatment for the incremental costs associated with the Non-Res DR Pilots. The granting of this reauthorization application will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

Without reauthorization, the current authorization to defer costs will expire on December 31, 2018. PGE is filing this reauthorization application for the period January 1, 2019 through December 31, 2019.

c. Proposed Accounting

PGE proposes to record the pilots' deferred costs in FERC Account 182.3 (Regulatory Assets), with the offsetting credit recorded to FERC account 456 (Other Revenue). In the absence of deferral reauthorization, PGE would not receive revenues to recover the Pilots' costs. Consequently, PGE would discontinue the pilots and incur no additional costs.

d. Estimate of Amounts

PGE estimates the amounts to be deferred for the Pilots in 2019 to be approximately \$3.1 million.

e. Notice

A copy of the notice of application for reauthorization of the deferred accounting treatment is attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving the Notice of Application on the UE 335 Service List, PGE's last general rate case.

III. The following is provided pursuant to OAR 860-027-0300(4)

a. Description of deferred account entries

Please see section II (c) above.

b. The reason for continuing deferred accounting

Please see Section II (b) above. PGE is seeking approval to continue the approved deferred accounting treatment for incremental Non-Res DR Pilots' costs pursuant to Commissioner Order No. 17-429 as described above.

IV. PGE Contacts

Communications regarding this reauthorization application should be addressed to:

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Associate General Counsel
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In addition to the names and addresses above the following are to receive notices and communications via the e-mail service list:

Alex Tooman, Sr. Regulatory Consultant, Regulatory Affairs
E-mail: alex.tooman@pgn.com.

V. Summary of Filing Conditions

a. Earnings Review

The cost recovery the Non-Res DR Pilots will be subject to an automatic adjustment clause rate schedule and would not be subject to an earnings review under ORS 757.259.

b. Prudence Review

The methodology used to evaluate the Pilots remains sound. PGE will continue to evaluate demand response resources against the supply-side capacity resource alternatives, such as a simple-cycle combustion turbine. This is consistent with the discussion in Commission Order No. 05-584 and is consistent with other PGE analyses for demand-side, capacity resources in recent years.

c. Sharing

Under deferred accounting, all prudently incurred costs are to be recoverable by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

Per Commission Order No. 11-517, tariff Schedule 135 will allocate the costs of the Pilots on the basis of an equal percent of forecast generation revenues.

e. Three percent test (ORS 757.259(6))

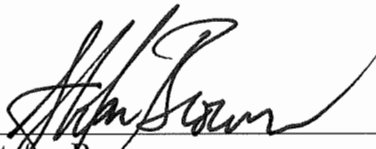
The three percent test limits the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year (exceptions at ORS 757.259(7) and (8)). PGE's deferral amortizations are currently within the 3% limit and this is expected to continue throughout 2019.

VI. Conclusion

For the reasons stated above, PGE requests permission to continue to defer for later rate-making treatment incremental costs associated with the Non-Residential Demand Response Pilots effective January 1, 2019 through December 31, 2019.

Dated this December 20, 2018.

Respectfully Submitted,



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UM 1514
Attachment A

Notice of Application for Reauthorization
Of Deferral of Incremental Costs Associated with
Non-Residential Demand Response Pilots

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1514**

In the Matter of the Application of Portland General Electric Company for an Order Approving the Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response

Notice of Application for Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response Pilots

On December 20, 2018, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (“Commission” or “OPUC”) for an Order reauthorizing the deferral of incremental costs associated with the Non-Residential Demand Response Pilots.

Approval of PGE’s reauthorization application will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the pilot.

Persons who wish to obtain a copy of PGE’s application will be able to access it on the OPUC website.

Any person who wishes to submit written comments to the Commission on PGE’s application must do so no later than January 21, 2019.

Dated December 20, 2018.



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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application for Reauthorization of Deferral of Incremental Costs Associated with Non-Residential Demand Response Pilots** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 335 and UM 1514.

Dated at Portland, Oregon, on December 20, 2018.



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