



Portland General Electric Company
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December 29, 2023

Via Electronic Filing

Public Utility Commission of Oregon
P.O. Box 1088
Salem, OR 97308-1088

**Re: UM 1514 PGE's Application for Reauthorization of Deferral of Incremental Costs
Associated with Non-Residential Direct Load Control Pilot**

Filing Center,

Enclosed for filing is Portland General Electric Company's (PGE's) application to reauthorize deferred accounting of incremental costs associated with its Non-Residential Direct Load Control Pilot (PGE Rate Schedule 25), also known as the Energy Partner Smart Thermostat pilot, with an effective date of January 1, 2024. PGE received the most recent reauthorization pursuant to Public Utility Commission of Oregon (Commission or OPUC) Order No. 23-451.

PGE originally received authorization for deferral of incremental costs associated with this docket through Commission Order No. 11-182. A Notice of Application regarding the filing of this application has been served by electronic mail to OPUC Docket Nos. UE 416 and UM 1514 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call Ben Orndoff at (541) 973-4304.

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

Sincerely,

/s/ Jaki Ferchland

Jaki Ferchland
Senior Manager, Revenue Requirement

JF/dm

Enclosure
cc: Service Lists: UE 416 and UM 1514

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1514

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Incremental Costs
Associated with Automated Demand Response.

**APPLICATION FOR
DEFERRAL
REAUTHORIZATION**

Pursuant to Oregon Revised Statute (ORS) 757.259, Oregon Administrative Rule (OAR) 860-027-0300, and the Public Utility Commission of Oregon (Commission or OPUC) Orders No. 22-115 and 23-451, Portland General Electric Company (PGE) hereby requests approval to continue to defer the incremental costs for the Non-Residential Direct Load Control (DLC) Pilot (Pilot), also known as the Energy Partner Smart Thermostat pilot. The Pilot is subject to the automatic adjustment clause tariff Schedule 135 and operational tariff Schedule 25. PGE requests this reauthorization be effective January 1, 2024, through December 31, 2024. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the Pilot.

Docket No. UM 1514 previously contained two pilots: this Pilot operating under Schedule 25 and the non-residential demand response pilot (also called the Energy Partner Demand Response program) operating under Schedule 26. These two pilots were separated into standalone pilots with separate evaluations for each under Order No. 21-421. In Order No. 22-115, the Commission approved PGE's Flexible Load Multi-Year Plan to include Schedule 26 while keeping Schedule 25 separate in this Docket No. 1514.

I. Deferral History

In alignment with the State of Oregon and Commission policies and requirements, PGE developed the Pilot to help address decarbonization goals, assist customers in managing their energy consumption and total energy costs, and enhance operational performance and efficiency. The Pilot complies with Oregon’s policy direction and supports PGE’s decarbonization, electrification, and performance imperatives.

On November 8, 2021, the Commission issued Order No. 21-421 to approve reauthorization of the deferral for the Pilot as a standalone pilot and noted that the Pilot would be redesigned. On April 15, 2022, PGE filed Advice No. 22-07 to revise the Pilot. The Commission approved the advice filing on May 31, 2022, extending the Pilot through May 31, 2025.

PGE has 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 Pilot for the period beginning January 1, 2024, through December 31, 2024.

Table 1
UM 1514 Authorizations

Filing Date	Deferral Period	Order No.	Approval Date
12/29/2010	1/01/2011 – 12/31/2011	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
12-20-2018	1/01/2019 – 12/31/2019	19-151	04-23-2019
12-26-2019	1/01/2020 – 12/31/2020	20-259	8-11-2020
11-13-2020	1/01/2021 – 12/31/2021	20-479	12-22-2020
05-28-2021	6/01/2021 – 05/31/2022	21-421	11-8-2021
05-31-2022	6/01/2022 – 05/31/2023	22-485	12-13-2022
06-05-2023	06/01/2023 – 12/31/2023	23-451	11-28-2023

The Pilot has been consistently administered directly by PGE, with additional support from third-party vendors. PGE adopted this approach primarily to oversee and enhance the customer experience while granting flexibility to offer a diverse range of products, with the potential for adjustments in the future. This method has proven instrumental in acquiring valuable insights and lessons, which will guide our approach as we embark on transitioning this pilot.

The Pilot presents a turnkey, direct load control program, mirroring aspects of PGE's Schedule 5 (Residential DLC pilot) designed for residential customers. The Pilot's framework offers a straightforward avenue for active participation of PGE's nonresidential customer base, accompanied by added value of services associated with one or more smart thermostats. Participants in the Pilot are incentivized to permit PGE to manage their qualified thermostats during direct load control events, with the flexibility for customers to opt out during such occurrences. To qualify for the Pilot, customers must be enrolled in a qualified rate schedule and possess a PGE network meter, a compatible thermostat connected to the customer's internet, and a heating or cooling system meeting specific criteria. For eligibility during the winter event season, customers must have either a ducted heat pump or electric forced air heating. To be eligible for the summer event season, the customer is required to have central air conditioning or a ducted heat pump.

During the most recent deferral period, spanning from June 1, 2023, to December 31, 2023, PGE successfully integrated 145 new thermostats into its program (as of December 1, 2023), resulting in a cumulative total of 2,250 thermostats. Throughout this deferral period, PGE strategically slowed the growth of the pilot, prioritizing the establishment of a robust foundation for future program stability, cost-effective expansion, and accurate measurement of demand response capacity values during direct load control events.

With a more stable foundation now in place, PGE is redirecting its focus towards growth in 2024. Noteworthy efforts include ongoing collaboration with an additional demand response management system software vendor and the introduction of a new qualified thermostat model, the Honeywell VisionPro 8000, into the Pilot. Market research underscores Honeywell's substantial market share in the target customer audience, and PGE anticipates that this new thermostat option will drive increased enrollment, particularly among commercial customers who may have initially applied for the residential smart thermostat program. To help with this, installer referrals targeting customers with existing installations of the Honeywell model will open a new avenue for leads to enroll in the Pilot.

As PGE delves deeper into our analysis, there will be an intentional strategic shift from prioritizing new installations to adopting a broader enrollment strategy aimed at reducing costs and leveraging existing customer equipment. Adapting to the evolving industry landscape, PGE plans to incorporate industry knowledge, pathway enablement, and process assessment while minimizing enrollment friction points and implementing new marketing strategies to reach eligible customers.

The forecast for 2024 includes increased marketing and outreach efforts with an expectation of elevated total enrollment. Understanding the drivers and motivators for thermostat adoption and product enrollment from our customers will inform adjustments to the product's design and delivery. The insights gained from evaluations will be implemented to enhance program performance metrics, and collaboration with stakeholders will ensure efficiency savings are appropriately claimed, contributing to the attainment of organizational program goals. In early 2024, essential tariff adjustments will be introduced to align the program with expanded

recruitment efforts, including the introduction of a Bring Your Own Thermostat channel to this Pilot.

II. OAR 860-027-0300 Requirements

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

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Deferral

PGE seeks reauthorization to defer the expenses associated with the Pilot. Without reauthorization, this deferral will expire on December 31, 2023. The continuation of the deferral will minimize the frequency of rate changes and match appropriately the costs borne by and benefits received by customers. The reauthorization will continue to support the use of an automatic adjustment clause rate schedule, which will provide for changes in prices reflecting incremental costs associated with the Pilot.

c. Proposed Accounting for Recording Deferred Amounts.

PGE proposes to record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited. In the absence of a deferred accounting order, the costs would be debited to the appropriate cost accounts.

d. Estimate of Amounts to be Recorded for the Twelve Months of 2024.

PGE estimates the amounts to be deferred for the Pilot over the twelve months of 2024 to be approximately \$1.7 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 OAR 860-027-0300(6), PGE is serving the Notice of Application on the UM 1514 Service List and the UE 416 Service List.

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

a. Description of Utility Expense for Which Deferred Accounting is Requested.

See Deferral History above.

b. Reasons for Continuation of Deferred Accounting

See Reason for Deferral above.

III. PGE Contacts

The authorized addresses to receive notices and communications in respect to this Application are:

Kim Burton
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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:

Ben Orndoff, Regulatory Analyst
E-mail: ben.orndoff@pgn.com

IV. Summary of Filing Conditions

a. Earnings Review

Cost recovery for the Pilot will be subject to an automatic adjustment clause rate schedule and will not be subject to an earnings review under ORS 757.259.

b. Prudence Review

A prudence review should be performed by the Commission Staff as part of their review of this deferral's annual reauthorization filing or application to update Schedule 135.

c. Sharing

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

d. Rate Spread/Rate Design

The deferred costs for this Pilot as recovered through Schedule 135 will be allocated to each schedule using the applicable schedule's forecasted energy based on an equal percent of generation revenue applied on a cent per kWh basis to each applicable rate schedule or in a manner approved by the Commission.¹

e. Three Percent Test (ORS 757.259(6))

The amortization of the Pilot's deferred costs will be subject to the three percent test in accordance with ORS 757.259(6) and (8), which limits aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year.

¹ Special Condition 1 of Schedule 135.

V. **Conclusion**

For the reasons stated above, PGE requests permission to continue to defer the incremental costs associated with the Pilot effective January 1, 2024.

Dated this December 29th, 2023.

Respectfully Submitted,

/s/ Jaki Ferchland

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UM 1514
Attachment A

Notice of Application to Reauthorize Deferred Accounting of Costs Associated
with the Non-Residential Direct Load Control Pilot

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

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Deferral of Incremental Costs
Associated with Automated Demand Response.

**NOTICE OF APPLICATION FOR
DEFERRAL
REAUTHORIZATION**

On December 29, 2023, 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 Direct Load Control Pilot (Pilot).

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 29, 2024.

Dated December 29, 2023.

/s/ Jaki Ferchland

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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing **Notice of Application to Reauthorize Deferred Accounting of Costs Associated with the Non-Residential Direct Load Control Pilot** to be served to those parties whose e-mail addresses appear on the attached service lists for OPUC Docket Nos. UE 416 and UM 1514.

Dated at Portland, Oregon, on December 29, 2023.

/s/ Jaki Ferchland

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