



Portland General Electric Company
121 SW Salmon Street • 1WTC0306 • Portland, OR 97204
portlandgeneral.com

November 5, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

Re: UM 1976 PGE's Application for Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot

Filing Center:

Pursuant to ORS 757.259 and OAR 860-027-0030, Portland General Electric Company (PGE) hereby requests authorization to defer operation and maintenance costs associated with PGE's Demand Response Testbed Pilot with an effective date of November 5, 2021.

PGE received initial authorization to defer Demand Response Testbed Pilot costs through Commission Order No. 19-425. A Notice of Application has been provided to the parties on the UE 394 and UM 1976 service lists.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7488, or Alina Nestjorkina at (503) 464-2144.

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
Manager, Revenue Requirement

JF/np
Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1976

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Deferral of Expenses Associated with
Demand Response Testbed Pilot

**Application for Reauthorization of Deferral
of Expenses Associated with PGE’s Demand
Response Testbed Pilot**

Pursuant to ORS 757.259; OAR 860-027-0300, and Commission Order No. 17-386, Portland General Electric Company (PGE) hereby requests reauthorization to continue to defer the operations and maintenance (O&M) costs associated with PGE’s Demand Response (DR) Testbed Pilot (Testbed or Pilot) Phase I.¹ PGE requests this reauthorization be effective November 5, 2021 through November 4, 2022 to avoid any potential gap in PGE’s ability to defer these costs. PGE also proposes that cost recovery associated with the Testbed Phase I continue to be supported by an automatic adjustment clause with amortization through Schedule 135.

Phase I of the Testbed began in July 2019 and will continue into the first quarter of 2022. Additionally, in October 2021, PGE submitted an application for phase II Testbed.

I. Deferral History

In alignment with the policies and requirements of the State of Oregon and the Public Utility Commission of Oregon (Commission or OPUC), PGE developed the DR Testbed Pilot to help address decarbonization goals, assist customers in managing their energy consumption and

¹ The Testbed Pilot proposal and associated tariff, PGE Schedule 13 or Opt-out Demand Response Testbed Pilot, was filed for Commission approval on October 25, 2018 in OPUC Docket ADV 859, PGE Advice No. 18-14.

total energy costs, and enhance operational performance and efficiency. PGE's DR Testbed Pilot not only complies with Oregon's policy directives, but also supports PGE's decarbonization and performance imperatives.

The Commission initially approved PGE's initial DR Testbed Pilot deferral application via Order No. 19-425 on December 6, 2019 and reauthorized the deferral via Order 21-010 on January 13, 2021. Since the last reauthorization filing, PGE's DR Testbed team has been implementing numerous aspects of the Commission approved pilot plan.

Customer Value Propositions (CVPs)

- *Giving Back with Lessons Learned* - The second Giving Back campaign was launched during the 2020/2021 winter season, with an updated strategy that incorporated lessons learned from the initial winter 2019/2020 campaign. As with the prior round, PGE tested whether charitable giving served as a motivator to increase participation in Peak Time Rebates (PTR). In the recent iteration of the campaign, additional enhancements were made to the enrollment process, allowing for a smoother customer experience and improved tracking. The Testbed team also selected neighborhood-based charities in this round, based on feedback from prior participants.
- *Renewables CVP* - Launched during the summer 2021 season, the Renewables CVP tested framing of flexible load program participation in terms of its value in supporting greater integration of renewable generation. In this CVP, PGE tested a range of messaging and treatment effects, including changes in event participation for PTR customers, PTR to thermostat migration for eligible PTR customers, and greater event performance for existing thermostat customers. The campaign ended on

September 30, 2021 and data is still being gathered by the evaluator on the efficacy of the CVP.

Findings from these campaigns will be included in the final Testbed evaluation report, scheduled to be completed by in Q2 of 2022.

Diversity, Equity, and Inclusion (DEI) Work – In-field Personnel

The Testbed DEI Consultants continued their community-based work throughout this period. A major focus of their efforts was the Community Workgroup, a forum created by PGE to gain insights into barriers to entry and participation in PGE’s energy shifting programs with a particular focus on Environmental Justice (EJ) communities.² The group consists of ten individuals that represent and/or serve EJ communities within the Smart Grid Test Bed, including representatives from local government and community-based organizations, who met monthly over a twelve-month period. To support meaningful engagement, the workgroup receives information on energy-related concepts and topics that are discussed during these meetings. The workgroup is then asked to leverage their experience to offer community insights, considerations, and recommendations on how PGE can better serve EJ communities through its pilots, programs, and products. This effort increased accessibility for bidirectional engagement between PGE and EJ communities as well as expanded and enhanced relationships with community-based organizations and non-profits serving environmental justice communities.

Demonstration Projects

- *Telematics-based Electric Vehicle (EV) Charge Management* - In coordination with the Clean Fuels Program, the team is running a telematics-based EV charge

² Environmental justice communities include communities of color, communities experiencing lower incomes, tribal communities, rural communities, frontier communities, coastal communities and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including but not limited to seniors, youth, and persons with disabilities.

management demonstration, which manages charge time and duration by using the vehicle's integrated communications link to the manufacturer's cloud. The demonstration is aimed at understanding how on-board vehicle controls can be used to manage EV charging, supplementing PGE's existing EV Supply Equipment-based DR programs. This work, though funded through the Clean Fuels Funds,³ is being conducted as part of the larger Testbed portfolio. Learnings from this project will be expanded into a follow-on demonstration, that will test additional capabilities, such as load following and time of use optimization.

- *Direct Load Control Demonstrations* – PGE has been working with Commission Staff and the Demand Response Review Committee (DRRC) members to design and launch new direct load control demonstration projects focused on heat pump water heaters and ductless heat pumps. These projects are part of the broader Testbed goal of accelerating the program development cycle. Operation of these demonstration projects is governed by PGE Schedule 13, a modified version of which was approved by the Commission at the October 6, 2020 Public Meeting.

Large Commercial and Industrial (C&I) Customer Work

Testbed and Energy Partner Program teams have continued to coordinate on testing numerous outreach strategies to drive Energy Partner smart thermostat (PGE Schedule 25) participation through direct mail, email, and web campaigns, as well as call center phone banking, business reply cards, and door-to-door canvassing. In addition to standard smart thermostats, the team is deploying ductless heat pump controls to test performance and customer

³ As such, no costs from this project are included within UM 1976.

acceptance. The team is also exploring specialized incentives and new program design concepts with the large C&I element of Energy Partner (PGE Schedule 26).

Evaluation

To maximize the research value of the Testbed Pilot, PGE is working closely with Cadmus on all program activities to identify insights that can be incorporated into projects in near real time. As reported in PGE's previous UM 1976 reauthorization request, interim results from the evaluation tasks are being shared with the DRRC as they become available; a mid-program report was published in January 2021 and a final evaluation will be submitted in the second quarter of 2022.

In the initial UM 1976 deferral filing, PGE planned a two-and-a-half-year timeline for Phase I of Testbed. PGE is planning to run field work through December 2021 and will provide evaluation work for Phase I in the subsequent quarter.

II. The following is provided pursuant to OAR 860-027-0300(3) Requirements

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

See Deferral History above. Pursuant to ORS 757.259(2)(e), PGE seeks continued reauthorization for deferred accounting treatment of the incremental costs associated with PGE's DR Testbed Pilot. PGE requests reauthorization for the effective period November 5, 2021 through November 4, 2022.

b. Reasons for Deferral.

Pursuant to ORS 757.259(2)(e), PGE seeks deferred accounting treatment of the costs associated with Phase I of the Testbed Pilot over a two-and-a-half year period and submitted a Phase II plan in October of 2021. PGE will seek reauthorization of this deferral as well as the inclusion of Phase II costs in future applications. The granting of this Application will minimize

the frequency of rate changes and match appropriately the costs borne by and benefits received by customers.

In addition, PGE proposes that cost recovery associated with the Testbed Pilot continue to be supported by an automatic adjustment clause with amortization through Schedule 135.

c. Proposed Accounting for Recording Amounts Deferred.

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 expense accounts.

d. Estimate of Amounts to be Recorded for the Next 12 months.

PGE estimates the total cost of the Testbed to be approximately \$4.6 million spread over a two-and-a-half-year period. While we are currently estimating a total spend of \$4.6 million, the final cost may be higher depending on customer response to Testbed programs and newly approved activities by the Demand Response Review Committee. For the 12-month period starting on the effective date of this filing, PGE expects to incur incremental Testbed costs of approximately \$375 thousand. Table 1 below, provides a breakdown of estimated costs related to the Testbed Phase I.

Table 1: Testbed Phase I Estimated Costs (\$000s)

Budget Category	Nov 18-Oct 19 Actuals⁴	Nov 19-Oct 20 Actuals	Nov 20- Oct 21 Actual & Forecast⁵	Nov 21- Oct 22 Forecast	Total
Development Costs					
Marketing	\$86.99	\$209.25	\$138.28	\$29.00	\$463.52
Evaluation & Research	\$0.60	\$146.85	\$259.10	\$73.44	\$480.00
Staffing	\$10.96	\$637.53	\$383.29	\$124.02	\$1,155.80
Subtotal	\$98.55	\$993.63	\$780.67	\$226.47	\$2,099.33
Operating Costs					
Materials and Equipment	\$77.12	\$23.11	\$168.21	\$124.23	\$392.68
Program Incentives	\$ -	\$44.89	\$342.46	\$24.51	\$411.87
Subtotal	\$77.12	\$68.00	\$510.68	\$148.75	\$804.54
Testbed Total	\$175.67	\$1,061.64	\$1,291.35	\$375.21	\$2,903.87

Development costs are used to accelerate the implementation of DR as a non-carbon based peak power replacement resource, and operating costs represent costs associated with PGE’s existing DR offerings included in the Testbed, at higher participation rates. In the last forecasted year of Testbed Phase I, costs include: 1) final costs associated with various Direct Load Control demonstrations; 2) incentive costs associated with Peak Time Rebates and Smart Thermostats, and 3) incentives/materials & equipment costs associated with PGE’s Energy Partner program for small and medium businesses as well as large commercial and industrial customers.

e. Notice.

A copy of the notice of application for reauthorization of deferred accounting treatment and a list of persons served with the Notice are attached to this Application as Attachment A. In

⁴ Costs began to incur in July 2019

⁵ Actuals through September 2021

compliance with the provisions of 860-027-0300 (6), PGE is serving Notice of Application on the service list for PGE's current general rate case (UE 394) and the Service List for Docket UM 1976.

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

a. Description of Deferred Account Entries

Please see sections II(a) and II(c) above.

b. The Reason for Continuing Deferred Accounting

PGE seeks approval to continue to defer revenues associated with DR Testbed Pilot between November 5, 2021 and November 4, 2022 for the reasons described in II (b) above.

IV. Summary of Filing Conditions

a. Earnings Review

PGE proposes that cost recovery associated with the Testbed Phase I continue to be supported by an automatic adjustment clause with amortization through Schedule 135 and, consequently, not be subject to an earnings review.

b. Prudence Review

PGE will submit third-party evaluation reports on the Pilot, which will provide cost summaries, estimated curtailment impacts, and results of customer satisfaction surveys. The Commission Staff can also review applicable cost details.

c. Sharing Percentages

All prudently incurred costs are to be recovered by PGE with no sharing mechanism.

d. Rate Spread/Rate Design

The rate spread/rate design will be performed in accordance with Schedule 135.

e. Three Percent Test

The amortization of the pilots' deferred costs will be subject to the three percent test in accordance with ORS 757.259(7) 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.

V. PGE Contacts

The authorized addresses to receive notices and communications with respect to this application are:

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Managing Assistant General Counsel
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(503) 464-7488
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VI. Conclusion

For the reasons stated above, PGE requests permission to defer the expenses associated with the Testbed as described herein.

DATED this 5th day of November 2021.

/s/ Jaki Ferchland
Jaki Ferchland
Manager, Revenue Requirement
Portland General Electric Company
121 SW Salmon St., 1WTC 0306
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Attachment A

Notice of Application for Reauthorization of Deferral of Expenses Associated with PGE's Demand Response Testbed Pilot

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1976**

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Deferral of Expenses Associated with
Demand Response Testbed Pilot

**Notice of Application for Reauthorization of
Deferral of Expenses Associated with PGE's
Demand Response Testbed Pilot**

On November 5, 2021, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission) for an Order reauthorizing deferral of expenses associated with PGE's Demand Response Testbed Pilot.

Approval of PGE's reauthorization application as proposed will 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 Commission website.

Any person who wishes to submit written comments to the Commission on PGE's application must do so no later than December 5, 2021.

Dated: November 5, 2021

/s/ Jaki Ferchland
Jaki Ferchland
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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 Expenses Associated with PGE's Demand Response Testbed Pilot** to be served by electronic mail on those parties whose email addresses appear in the attached service lists for OPUC Docket Nos. UM 1976 and UE 394.

Dated at Portland, Oregon, November 5, 2021.

/s/ Jaki Ferchland
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OPUC DOCKET # UE 394**

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