



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

August 31, 2022

Via Electronic Filing

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

Re: UM 2113 PGE's Application to Reauthorize Deferred Accounting of Costs Associated with the Energy Storage Pilots

Dear Filing Center:

Enclosed for filing is Portland General Electric Company's application for deferred accounting reauthorization of Costs Associated with Energy Storage Pilots.

A Notice regarding the filing of this application has been provided to the parties on the UE 394 and UM 2113 service lists.

Parties who wish to receive a copy of this Application should review the Public Utility Commission of Oregon website.

Thank you for your assistance in this matter. If you have any questions or require further information, please call me at (503) 464-7805 or Stefan Cristea at (503) 464-8033. 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/dm
Enclosure
cc: Service List: UE 394 and UM 2113

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2113

IN THE MATTER OF

PORTLAND GENERAL ELECTRIC
COMPANY

PGE DEFERRAL OF COSTS
ASSOCIATED WITH ENERGY STORAGE
PILOTS

**Application for the Deferral of Costs
Associated with Energy Storage Pilots**

Pursuant to ORS 757.259; OAR 860-027-0300; and Public Utility Commission of Oregon (Commission or OPUC) Order Nos. 18-290 (Docket No. UM 1856), 20-147 (Docket No. UM 1909), and 20-279 (Docket No. UE 370), Portland General Electric Company (PGE) respectfully requests reauthorization to defer costs associated with the Energy Storage Pilots (Pilots) effective September 1, 2022 through August 31, 2023. PGE is currently awaiting Commission action on its prior reauthorization filing made on September 1, 2021.

PGE requests that this deferral be amortized through PGE Schedule 138, which is an automatic adjustment clause (AAC) rate schedule, approved by Commission Order No. 22-129 in PGE's 2022 general rate case, Docket No. UE 394 (UE 394).

In support of this application (Application) PGE states:

1. PGE is a public utility in the state of Oregon and its rates, service and accounting practices are subject to regulation by the Commission.
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize deferral of certain items for later incorporation into rates.

3. Written communications regarding this Application should be addressed to:

Kim Burton
Assistant General Counsel
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Portland OR 97204

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PGE-OPUC Filings
Rates & Regulatory Affairs
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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:

Jaki Ferchland
E-mail: Jacquelyn.Ferchland@pgn.com

I. OAR 860-027-0300(3) Requirements

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

A. Background

In alignment with the State of Oregon's policy direction of decarbonization, PGE is pursuing efforts as a company to decarbonize its energy supply, increase electricity as a share of total energy use, and enhance operational performance and efficiency. PGE's filed Energy Storage Proposal not only complies with Oregon legislation, but also supports PGE's decarbonization, electrification, and performance imperatives.

In accordance with House Bill (HB) 2193¹ and Docket No. UM 1751, PGE filed its Energy Storage Proposal and Final Potential Evaluation² on November 1, 2017. PGE's Energy Storage Proposal was evaluated in Docket No. UM 1856 (UM 1856) and approved through Commission Order No. 18-290, subject to conditions.³ On September 1, 2020, PGE submitted its application to

¹ 2015 Oregon Laws Chapter 312.

² PGE proposed to develop five energy storage pilots: Mid-feeder (Baldock); Coffee Creek Substation; Generation Kick Start (Port Westward 2); Customer and Community Microgrid Resiliency Project; and Residential Battery Energy Storage.

³ See Commission Order No. 18-290, Appendix A, at <https://apps.puc.state.or.us/orders/2018ords/18-290.pdf> for a listing of the stipulated conditions PGE must meet.

defer costs associated with the Beaverton Public Safety Center (BPSC) microgrid storage pilot to initiate Docket UM 2113 (UM 2113). The BPSC deferral was subsequently approved by Commission Order No. 20-370. On September 1, 2021, PGE submitted a deferral reauthorization request and, consistent with Commission Order 20-279, proposed to expand the scope of UM 2113 to include all energy storage pilots as approved in UM 1856 with the exception of Residential Energy Storage, which is being deferred through Docket No. UM 2078. PGE proposed that a docket that encompasses all non-residential energy storage pilots will reduce administrative burden. Additionally, all pilots in this deferral will be amortized through the same cost recovery tariff, PGE Schedule 138 as approved through Commission Order No. 22-129 in PGE's general rate case, UE 394.

Microgrids

PGE aims to create a microgrid program that provides reliability and resiliency to customers while meeting their goals for clean energy solutions. As part of the microgrid program, PGE installed energy storage systems to create two behind-the-meter customer microgrids. The BPSC energy storage microgrid is a 250 kW/4-hour system and the Anderson Readiness Center (ARC) energy storage microgrid is a 500 kW/2-hour system. Both energy storage microgrids include Battery Energy Storage Systems (BESS) and on-site solar photovoltaic generating resources and diesel generators. The overnight capital costs for both the BPSC and ARC are capped at a maximum allowable cost of \$2.0 million (2017 dollars) as approved by Commission Order No. 18-290.

Port Westward 2 Generation Kickstart

Port Westward 2 Pilot is a 5 MW/2-hour BESS installed at the Port Westward 2 generation facility. This 5 MW BESS is coupled with our existing plant control system and operates in

conjunction with the plant's existing reciprocating engines to supply at least 18.9 MW of spinning reserve when called upon. The overnight capital costs for this project are capped at a maximum allowable cost of \$5.3 million (2017 dollars) , as approved by Commission Order No. 18-290.

Coffee Creek Substation:

PGE will develop and build a 17-20 MW/4-hour energy storage system on PGE-owned property adjacent to the existing Coffee Creek Substation. This system will be able to provide capacity, energy and ancillary services to our system during normal operations, as well as mitigate outages caused by asset failure or other system issues during outage conditions. PGE will control and operate the project for system needs and will have the ability to dispatch the system as needed. The overnight capital costs for this project are capped at a maximum allowable cost of \$30.1 million (2017 dollars) as approved by Commission Order No. 18-290.

Baldock Mid-Feeder:

This project will develop and build a 2 MW/2-hour energy storage system adjacent to PGE's Baldock Solar facility and will be interconnected to the Canby-Butteville feeder. The final project energy rating (MWh) will be determined based on the proposal pricing received and space availability.

By implementing these projects, PGE will gain knowledge and experience with planning, installation, operations, maintenance, and informing larger scale BESS deployment.

To address cost recovery, PGE requests approval to defer capital-related costs and certain incremental expenses associated with the Pilots. These costs include but are not limited to: operations and maintenance (O&M – including incremental PGE labor related to the Pilots), income taxes, property taxes, return of and return on investment, and other fees and costs associated with the energy storage pilots. In accordance with Order No. 18-290, however, no

administrative or evaluation costs associated with the entire portfolio of battery storage projects are requested for deferral.

As noted above, PGE will amortize the deferred “investments made in compliance with HB 2193, and approved by the Commission in Docket No. UM 1856”⁴ through Schedule 138, which is an AAC rate schedule as approved in PGE’s 2022 general rate case (UE 394) through Commission Order No. 22-104. More specifically, the AAC and associated deferral will provide cost recovery for all referenced Pilots from their in-service dates until the costs are incorporated in a future PGE general rate case.

B. Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the Energy Storage Pilots. The granting of this Application will minimize the frequency of rate changes and/or match appropriately the costs borne by and benefits received by customers. The approval of the Application will support the use of an AAC rate schedule, which will provide for changes in rates reflecting incremental costs associated with the Pilots.

C. Proposed Accounting for Recording Amounts Deferred.

PGE proposes to record the deferred amount 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 from the Commission, PGE would charge the costs to the applicable FERC accounts.

⁴ See Commission Order No. 20-279, page 8, and Commission Order No. 20-279, Appendix A, page 2.

D. Estimate of the Amounts to be Recorded in the Deferred Account for the 12-month Period Subsequent to the Application.

As noted above, the AAC and associated deferrals will provide cost recovery for all referenced storage projects from their in-service dates until the costs are incorporated in a future PGE general rate case. PGE has included the capital costs for the BPSC, PW2, and ARC energy storage projects in its 2022 general rate case Docket No. UE 394 because the projects were already in service (BPSC and PW2) or expected to come online (ARC) by April 30, 2022. However, the ARC energy storage project, that was initially expected to come online in February 2022, was delayed and is now expected to come online in Q3 2022. Therefore, all costs associated with ARC are in customer rates and the project is no longer subject to deferral.

PGE would only recover via Schedule 138 the incremental costs of the BPSC and PW2 projects, incurred prior to May 9, 2022, the effective date of UE 394, and the incremental costs of the Coffee Creek and Baldock projects, should these projects come online before PGE’s next general rate case effective date.

The following table provides:

1. The actual capital and O&M costs for each project that is subject to the deferral and is operating (i.e., BPSC and PW2 Generation Kickstart).
2. The capital cost cap as established through Commission Order No. 18-290 and estimated annual O&M costs for the projects expected to come online in 2024 and after (i.e., Coffee Creek Substation and Baldock Mid-Feeder).

Name	Achieved/Estimated In-service Date	Actual/Estimated Total Capital Costs (Millions)	Annual O&M Costs (Millions)
BPSC	(Achieved) September 4, 2020	(Actual) \$1.3	\$0.05
PW2 Generation Kickstart	(Achieved) October 2021	(Actual) \$6.3	\$0.15

Coffee Creek Substation	(Estimated) Q2 2024	Capital Cost Cap per Order \$30.1	Estimated* \$0.4
Baldock Mid-Feeder	(Estimated) Post 2024	Capital Cost Cap per Order \$2.5	No estimate at this time

*O&M costs are expected to be higher in year 6 (current estimate \$1.4 million) and year 9 (currently estimate \$0.6 million) due to battery augmentation work.

E. Notice

A copy of the notice of application for deferred accounting treatment and a list of persons served with Notice are attached to the application as Attachment A. In compliance with the provisions of 860-027-0300(6), PGE is serving Notice of Application on the service lists of Docket Nos. UM 2113 and UE 394 (PGE’s 2022 General Rate Case).

II. Summary of Filing Conditions

A. Earnings Review

Cost recovery associated with the Pilots will not be subject to an earnings review since it would be subject to Schedule 138, which is an AAC with no earnings review provision, as approved by Commission Order No. 22-104 in UE 394.

B. Prudence Review

PGE will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilots’ operations.

C. Sharing

All prudently incurred cost and benefits will be collected from customers with no sharing mechanism.

D. Rate Spread/Rate Design

Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.

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 the 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.

III. Conclusion

For the reasons stated above, PGE requests permission to defer the incremental costs associated with the Energy Storage Pilots.

DATED this day August 31, 2022.

Respectfully Submitted,

/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 the Deferral of Costs Associated with the Energy Storage Pilots

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2113

IN THE MATTER OF

PORTLAND GENERAL ELECTRIC
COMPANY

PGE DEFERRAL OF COSTS
ASSOCIATED WITH ENERGY STORAGE
PILOTS

**Notice of Application for the Deferral of
Costs Associated with Energy Storage
Pilots**

On August 31, 2022, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order reauthorizing deferral of incremental costs associated with the Energy Storage Pilots proposed in Docket No. UM 1856.

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 October 1, 2022.

Dated this August 31, 2022.

/s/Jaki Ferchland

Jaki Ferchland

Manager, Revenue Requirement
Portland General Electric Company
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the **Notice of Application for the Deferral of Costs Associated with the Energy Storage Pilots** to be served by electronic mail to those parties whose email addresses appear on the attached service list to those parties on the attached service lists for OPUC Dockets UE 394 and UM 2113.

Dated at Portland, Oregon, this 31st day of August 2022.

/s/Jaki Ferchland

Jaki Ferchland
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OPUC DOCKET UM 2113**

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