



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

September 1, 2021

***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 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 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](mailto:pge.opuc.filings@pgn.com).

Sincerely,

*/s/ Jaki Ferchland*

Jaki Ferchland  
Manager, Revenue Requirement

JF/np  
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 BEAVERTON  
PUBLIC SAFETY ENERGY STORAGE  
MICROGRID PILOT COSTS

**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, 2021 through August 31, 2022.

PGE requests that this deferral be subject to an automatic adjustment clause as proposed through PGE Schedule 138 in Advice No. 21-18.

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:

Loretta Mabinton  
Managing Assistant General Counsel  
Portland General Electric Company  
1WTC1301  
121 SW Salmon Street  
Portland OR 97204  
(503) 464-7822  
loretta.mabinton@pgn.com

PGE-OPUC Filings  
Rates & Regulatory Affairs  
Portland General Electric Company  
1WTC0306  
121 SW Salmon Street  
Portland OR 97204  
(503) 464-7805  
pge.opuc.filings@pgn.com

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) 2193<sup>1</sup> and Docket No. UM 1751, PGE filed its Energy Storage Proposal and Final Potential Evaluation<sup>2</sup> 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.<sup>3</sup> On September 1, 2020, PGE submitted its application to

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<sup>1</sup> 2015 Oregon Laws Chapter 312.

<sup>2</sup> 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.

<sup>3</sup> 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. PGE now proposes 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. 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 proposed in PGE's general rate case, Docket No. 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 will install 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 will include Battery Energy Storage Systems (BESS) and on-site solar photovoltaic generating resources and diesel generators. The overnight capital costs are capped at a maximum allowable cost of \$2.0 million for both the BPSC and ARC as approved by Commission Order No. 18-290.

### ***Port Westward 2***

Port Westward 2 Pilot entails the installation of a 5 MW/2-hour BESS at the Port Westward 2 generation facility. This 5MW BESS will be coupled with our existing plant control system and will be operated 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 are capped at a

maximum allowable cost of \$5.3 million for this project, as approved by Commission Order No. 18-290.

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 PGE labor), 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 also proposes for an AAC to recover the deferred “investments made in compliance with HB 2193, and approved by the Commission in Docket No. UM 1856.”<sup>4</sup> More specifically, 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.

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 automatic adjustment clause rate schedule, which will provide for changes in rates reflecting incremental costs associated with the Pilot.

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

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, with a credit to FERC account 456, Other Revenue. In the absence of a deferred accounting order from the Commission, PGE would charge the costs to the applicable FERC accounts.

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 all three projects in its 2022 general rate case Docket No. UE 394 since they will be in service by April 30, 2022. The following table provides the capital and O&M costs for each project.

Name	In-service Date	Total Capital Costs	Annual O&M Costs
BPSC	September 4, 2020	\$1,284,126	\$50,000
Port Westward 2	October 2021	\$6,218,515	\$150,000
ARC	February 2022	\$1,114,381	\$50,000
	Total	\$8,617,022	\$250,000

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 Pilot will not be subject to an earnings review since it would be subject to an automatic adjustment clause.

### B. Prudence Review

PGE will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilot's 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 September 1, 2021.

Respectfully Submitted,

*/s/ Jaki Ferchland*

Jaki Ferchland,  
Manager, Revenue Requirement  
Portland General Electric Company  
121 SW Salmon St., 1WTC 0306  
Portland, OR 97204  
Telephone: 503.464.7805  
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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 BEAVERTON  
PUBLIC SAFETY ENERGY STORAGE  
MICROGRID PILOT COSTS

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

On September 1, 2021, Portland General Electric Company (PGE) filed an application with the Public Utility Commission of Oregon (the Commission or OPUC) for an Order authorizing 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, 2021.

Dated this September 1, 2021.

*/s/Jaki Ferchland*

**Jaki Ferchland**

Manager, Revenue Requirement  
Portland General Electric Company  
121 SW Salmon St, 1WTC0306  
Portland, OR 97204  
Telephone: 503.464.7805  
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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 1<sup>st</sup> day of September 2021.

*/s/Jaki Ferchland*

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