

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 24, 2019**

REGULAR CONSENT EFFECTIVE DATE October 1, 2019

DATE: September 19, 2019

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Jason Eisdorfer and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC: (Docket No. ADV 1003/Advice No. 19-16) Updates Schedule 3, Residential Demand Response Water Heater Pilot.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Portland General Electric's (PGE or Company) filing that extends the term and updates the incentives to the Residential Demand Response Water Heater Pilot in Schedule 3, with an effective date of October 1, 2019.

ISSUE:

Whether the Commission should approve PGE's proposed updates to the Residential Demand Response Water Heater Pilot contained in Schedule 3, with an effective date of October 1, 2019.

DISCUSSION:

Applicable Law

The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. See ORS 757.220; OAR 860-022-0020.

Overview

On August 26, 2019, PGE filed Advice No. 19-16, requesting an update to its Residential Demand Response Water Heater Pilot as defined in Schedule 3. The pilot is being conducted by the Bonneville Power Administration (BPA), the Pacific Northwest National Laboratory (PNNL), and PGE. The purpose of the filing is to extend the term of the pilot through September 30, 2020 and to update the incentive offered to customers who remain in the pilot program through the end of the new term.

Analysis

Schedule 3 is an optional program to test the time shift of energy consumption from residential water heaters during times of system peak demand. The objectives of the pilot are:

- 1) To quantify the energy consumption that can be shifted to different times from water heaters equipped with a communication interface that supports Direct Load Control Events;
- 2) To create an effective program design for a water heater demand response program;
- 3) To determine kW load that can be reduced at times of system peak demand;
- 4) To create a business case that justifies a regional market transformation plan for demand response ready (smart) water heaters;
- 5) To integrate and test different technologies, and
- 6) To implement different demand response dispatch strategies.

The initial pilot phase ended March 31, 2019. PNNL obtained additional funding from the U.S. Department of Energy to implement another phase of research to improve the method of water heater control by sending control commands to each individual water heater instead of using a group control command that includes many water heaters in a group. This new phase of research will be offered to the remaining 80 customers in the existing pilot, and would take place from October 1, 2019 through September 30, 2020.

Existing customers choosing to remain in the new research phase through September 30, 2020 will receive a \$150 incentive, reimbursed to PGE by PNNL.

PGE is not seeking cost recovery for expenses incurred in this pilot. The proposed revisions do not impact existing PGE rates or revenues.

Conclusion

Staff reviewed the Company's filing and redline changes to the Company's Schedule 3. Staff is satisfied that the changes are reasonable, and will further the research objectives of the program. Staff recommends the update to Schedule 3 be approved.

PROPOSED COMMISSION MOTION:

Approve PGE's proposed updates to the Residential Demand Response Water Heater Pilot contained in Schedule 3, with an effective date of October 1, 2019.