

ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 22, 2020**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** October 1, 2020

DATE: September 10, 2020

TO: Public Utility Commission

FROM: Michelle Scala

THROUGH: Bryan Conway and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1181/Advice No. 20-27)
Requests Extension of Nonresidential Direct Load Control Pilot Term,
Schedule 25.

STAFF RECOMMENDATION:

Approve Portland General Electric Company's (PGE or Company) request to extend the Nonresidential Direct Load Control Pilot, Schedule 25, tariff term from September 30, 2020 to December 31, 2020, to align the tariff term with the deferral reauthorization application.

DISCUSSION:

Issue

Whether the Commission should approve PGE's request to extend the Nonresidential Direct Load Control Pilot term from the original September 30, 2020 expiration date to December 31, 2020, in order to align the Schedule 25 tariff term with PGE's cost-recovery mechanism for costs incurred for demand response pilot programs in 2020.¹

¹ UM 1514; In the Matter of Portland General Electric Company Application for Deferral of Incremental Costs Associated with Automated Demand Response.

Applicable Law

ORS 757.205(1) provides that a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time. Under ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable.

ORS 757.220 provides that no change shall be made in any schedule, except upon 30 days' notice to the Commission prior to the time the changes are to take effect.

OAR 860-022-0025 sets forth requirements for filing tariffs or schedules changing rates. The utility must file either an entirely new tariff or revised sheets referring to the sheets on file and submit a statement indicating the nature of the change to the rate, charge, toll or rules and regulations, the number of customers affected and resulting change in revenue, and a detailed statement addressing the reasons for the proposed change.

Analysis

Background

The Nonresidential Direct Load Control pilot (Pilot) is a demand response option for eligible nonresidential customers filed under PGE's operational tariff Schedule 25. The Pilot offers participating customers incentives to allow PGE to control thermostats during direct load control events while providing advance notice and a customer override.² The Pilot's customer incentives include free installation of multiple qualified thermostats and fixed payments per thermostat for each summer and winter event season (summer and winter) in which the customer meets minimum participation requirements. The Commission approved the Pilot to replace the original Automated Demand Response (ADR) Pilot, filed under PGE's Schedule 77, Firm Load Reduction Program, with two nonresidential demand response pilots, Schedules 25 and 26, collectively known as "Energy Partner".³

Schedule 25 offers a simple demand response option with a flat-rate incentive for heating and cooling load reduction. Schedule 26 offers a more robust set of customer participation options with payments for both energy and capacity resulting from curtailment of process loads. Commission approval of the Energy Partner pilot included additional reporting requirements recommended by Staff, and the tariffs went into effect on December 1, 2017. Energy Partner is intended to enhance the Company's demand response portfolio and create a program able to meet PGE's goals of greater than 77 MW of peak load reduction by 2021 and 27 MW of nonresidential peak load.

² Portland General Electric Company, PUC Oregon No. E-18, Original Sheet No. 25-1.

³ Docket No. UM 1514(7); Order No. 17-429.

The Pilot launched in 2019, and the first event season was summer 2019, during which PGE called several events and reduced cooling load by controlling enrolled thermostats. PGE presented interim Pilot results to Staff and other stakeholders at its Demand Response Advisory Group meeting on May 12, 2020. The Pilot's results from the summer 2019 and winter 2019-2020 event seasons will be included in the next Energy Partner evaluation, expected later this month. The Energy Partner evaluation will comprise process and impact evaluations of demand response pilot activity under both Schedules 25 and 26. While Schedule 26 is mature and expected to transition from pilot to program in 2021, Schedule 25 is still new to the market and early in its maturity. Therefore, the Pilot is expected to continue in 2021.

Deferred Costs

Since the Pilot's effective date, PGE has deferred costs associated with ADR pilots through its Demand Response Cost Recovery Mechanism (Schedule 135). This deferral and cost recovery tariff authorizes the company to defer costs associated with demand response in the 12-month period from January 1 through December 31 of the applicable year. The Commission originally approved the deferral and cost recovery mechanism in Order No. 11-182 on June 1, 2011. Schedule 135 tariff sheets have since been revised and deferred costs reauthorized annually in Docket No. UM 1514, the most recent filing receiving Commission approval on August 11, 2020.⁴ PGE will apply for reauthorization to continue to defer incremental costs associated with ADR for the 12-month period beginning January 1, 2021, in November 2020. At this time, the Company will also file to expand the Pilot term beyond 2020.

Prudence Review

Staff's prudence review focused on verifying PGE's assertions that the proposed revision would not have an impact on existing rates or impact revenues. Staff requested and reviewed redlined versions of the program tariff for any material changes. Finding none, Staff affirms that revisions to Schedule 25 proposed in PGE Advice No. 20-27 are limited to the term extension and housekeeping items that provide clarity and consistency to the tariff sheet's language, definitions, and concepts.

Staff also reviewed the Company's submitted reports associated with Order No. 17-429 and Schedule 135 deferral reauthorization for the purposes of evaluating Pilot performance and compliance. PGE has made available all required documentation and continues to provide updates on Energy Partner metrics per UM 1514, most recently affirmed in Commission Order No. 20-259.

Impact to Rates

⁴ Docket No. UM 1514(9), Order No. 20-259.

Eligible Nonresidential customers participating in the Pilot remain on their base rate schedule and may qualify for incentives based on the criteria outlined in Schedule 25. The proposed revisions to Schedule 25, Nonresidential Direct Load Control Pilot, do not increase, decrease, or otherwise change existing rates, or revenues other than a de minimis impact. Costs associated with the Pilot continue to be deferred in UM 1514, subject to separate analysis, for later ratemaking treatment.

Staff anticipates that PGE will make another filing before December 31, 2020, to extend the Schedule 25 pilot through 2021. Staff intends to evaluate the Pilot at that time to determine whether it recommends it should continue for an additional 12-month period. For now, Staff finds it is appropriate to continue this pilot through the end of 2020, along with the Schedule 26 pilot, and address the future of these pilots after Staff and stakeholders have had opportunity to review the Energy Partner evaluation expected later this month.

Conclusion

The extension requested in Docket No. ADV 1181/Advice No. 20-27 is consistent with the PGE and Staff communications to align the Schedule 25 Nonresidential Direct Load Control Pilot term with the Schedule 135 Demand Response Cost Recovery Mechanism. Staff has reviewed the revisions submitted by the Company and determined that the impacts do not materially change the Pilot program in application. Staff concludes the proposed revisions to Schedule 25 should be adopted and the Pilot term be extended to December 31, 2020.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric Company's request to extend the Schedule 25 Nonresidential Direct Load Control Pilot to December 31, 2020, as described in ADV 1181/Advice No. 20-27, effective October 1, 2020.