

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 7, 2023**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** May 15, 2023

**DATE:** January 30, 2023

**TO:** Oregon Public Utility Commission

**FROM:** Eric Shierman

**THROUGH:** Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

**SUBJECT:** PORTLAND GENERAL ELECTRIC:  
(Docket No. ADV 1470/Advice No. 22-43)  
Updates to Schedules 14 and 7 for residential battery energy storage pilot and residential service.

**STAFF RECOMMENDATION:**

Approve Portland General Electric's Advice No. 22-43.

**DISCUSSION:**

Issue

Whether the Public Utility Commission of Oregon (Commission) should approve Portland General Electric's (PGE or the Company) modifications to the incentives for the Residential Battery Energy Storage Pilot in Schedule 14 and remove a condition of residential storage participation in the Peak Time Rewards Program in Schedule 7.

Applicable Rule or Law

Under ORS 757.205(1):

Every public utility shall file with the Public Utility Commission, within a time to be fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls and charges which it has established and which are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable pursuant to 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. OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change, and the resulting change in annual revenue, and the reasons or grounds relied upon in support of the proposed change.

ORS 757.220 and OAR 860-022-0015 require filings that propose any change in rates, tolls, charges, rules, or regulations be filed with the Commission at least 30 days before the effective date of the change. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

## Analysis

### *Background*

On August 13, 2018, the Commission issued Order No. 18-290 in UM 1856, adopting a partial stipulation.<sup>1</sup> This agreement outlined an agreed-upon approach to the development by PGE of five energy storage projects: a residential pilot comprised of numerous behind-the-meter installations at customer residences, an installation at the Coffee Creek substation, a mid-feeder installation at the Baldock solar facility, an installation at the Port Westward generation facility, and a microgrid pilot comprised of two to five new microgrid installations.

PGE's Smart Battery Pilot (Pilot) was first launched in 2020 through UM 1856. The Company's initial plan for the residential battery energy storage pilot was to sign up to 525 residential customers to provide four megawatts of combined capacity after three years. PGE is not on track to meet that goal. PGE has not been able to sign up customers at a rate of 175 per year. After two years, the Pilot has 118 participants.

### *Proposed Changes*

PGE seeks to move the incentive design of this Pilot from a fixed payment to an incentive based on performance. The current incentives are:

- \$20 or \$40 per month
- Up-front rebate of \$3,000 for:
  - Smart Grid Testbed customers

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<sup>1</sup> See Docket No. UM 1856, OPUC, Order No. 18-290, May 22, 2018, p 1.

- Income-qualified customers participating in Energy Trust of Oregon's Solar Within Reach program

PGE proposes to change the Pilot's incentives to reward more performance. PGE seeks to replace the monthly incentives with a per kWh per event payment of \$1.70. Customers will be asked to nominate a maximum amount of energy on an event-by-event basis. PGE seeks to replace the fixed up-front rebate with a rebate paying \$405 per kWh of nominated capacity.

In addition to changing the way these incentives are paid, PGE is also effectively increasing the size of the payout. The Company is using the unspent funds from the remaining budget to increase the overall generosity of the incentives to attract more participation.

The total compensation for program participants is highest for customers in the Smart Grid Test Bed (SGTB). This is because increasing the density of distributed storage in the test bed is a priority for the up-front rebate. PGE will be focused on the SALMON test bed. The Company states: "Project SALMON seeks to achieve a high density of DERs and Flexible Load resources on a discrete section of the grid, with energy storage and solar smart inverters playing a critical role. Successful roll-out of this initiative would allow PGE to leverage resources for multiple purposes, co-optimizing the Smart Battery Pilot and Project SALMON across shared goals."<sup>2</sup>

PGE also seeks to remove a special condition in Schedule 7 for participation in the Peak Time Rebates program (PTR) among customers participating in the Company's Smart Grid Test Best (SGTB). Residential customers that bring battery energy storage to participation in PTR must have the customer's battery directly dispatchable by PGE. PGE has found this to be an unnecessary barrier, given the supply constraints. PGE would rather see more battery storage products eligible for PTR and for customers that prefer to control their own devices to also be given an opportunity to participate in PTR.

PGE filed Advice No. 22-43 on December 12, 2022, which proposes changes intended to increase the supply of acquired residential battery storage, with an effective date of February 8, 2023. On January 18, 2023, PGE filed a supplemental tariff sheet to move the effective date out to May 15, 2023. The Company explained to Staff the reason for the new effective date is to provide a transition time to communicate the change to customers currently participating in the Pilot.

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<sup>2</sup> See Docket No. ADV 1470, PGE, Advice No. 22-43, December 12, 2022, Attachment A, p 7.

### *Stakeholder Feedback*

PGE presented these changes to Staff on October 10, 2022, and then to stakeholders at the October 21, 2022, Flexible Load Advisory Stakeholder (FLASH) workshop. Staff is not aware of any stakeholder opposition to these changes.

### *Staff Review*

Staff finds these changes reasonable for the purposes of the Pilot's level of development. For existing customers, the new incentive structure might increase the supply of capacity beyond Pilot participants meeting the minimum requirements to receive their monthly incentive. Supply curves being upward sloping, the higher incentives may be reasonably expected to attract more customers than a lower payment otherwise would. Though PGE finds the cause of the slower uptake to be due "chiefly to macroeconomic factors such as the COVID-19 pandemic and resultant supply chain issues," PGE has a reasonable expectation that more distributed storage exists in the Company's service territory.<sup>3</sup> These other customers may require more compensation to join PGE's virtual power plant.

### Conclusion

Staff recommends the Commission approve PGE's proposed changes to Schedules 7 and 14. The changes are reasonably expected to increase residential storage participation in this Pilot and PTR from the level of distributed energy storage that would otherwise be acquired, and PGE will remain within the cost-limit of the Pilot budget that the Commission has approved.

### **PROPOSED COMMISSION MOTION:**

Approve Portland General Electric's Advice No. 22-43.

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<sup>3</sup> See Docket No. ADV 1570, PGE, Advice No. 22-43, December 12, 2022, p 2.