

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT**

**PUBLIC MEETING DATE: November 21, 2017**

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE December 1, 2017

DATE: November 9, 2017

TO: Public Utility Commission

FROM: John Fox *JF*

THROUGH: *J* Jason Eisdorfer and *Jc* John Crider

**SUBJECT:** PORTLAND GENERAL ELECTRIC: (Docket No. ADV 646/Advice No. 17-23) Compliance Filing of New Schedule 25- Nonresidential Direct Load Control Pilot and New Schedule 26 Nonresidential Demand Response Pilot.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Portland General Electric Company's (PGE or Company) Schedule 25 Non Residential Direct Load Control Pilot and Schedule 26 Non Residential Demand Response Pilot Program as described in ADV 646/Advice No. 17-23, effective for service on or after December 1, 2017.

**DISCUSSION:**

Issue

Whether the Commission should approve proposed tariffs implementing two new demand response pilot programs for non-residential customers.

Applicable Law

Under ORS 757.205(1), 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. The Commission may approve tariff changes if they are deemed to be fair, just and reasonable. (ORS 757.210.) Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make 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 changes. (ORS 757.220.)

### Analysis

On October 24, 2017, the Commission considered PGE's proposal to implement two non-residential demand response pilots to replace the current Auto-Demand Response Pilot and PGE's Schedule 77, Firm Load Reduction Program. Staff recommended approval of the proposed pilots, subject to certain requirements, in connection with recommending that the Commission approve PGE's request to defer the associated costs. The Commission adopted the Staff recommendations in Order No. 17-429. Under Order No. 17-429, PGE must submit updates to Commission Staff in the following general categories:

- Updates required before submittal of Schedules 25 and 26 for Commission approval.
- Updates required subsequent to program roll-out.
- Updates required within one year of program approval.

PGE was also required to submit with its proposed tariffs implementing the pilot programs:

- Draft copies of the marketing material and customer engagement protocols to be used by PGE and its program implementers.
- A detailed discussion of the baseline methodology to be used in the program, and thorough discussion elucidating how PGE defines and will use "the last typical operational days" in their baseline calculation methodology, complete with demonstrative examples.

The Company submitted this Advice Filing on October 27, 2017, to establish the pilot programs addressed by the Commission in the October 24, 2017 Public Meeting. PGE's Advice Filing includes revisions to existing tariff sheets to remove language that implemented the nonresidential Schedule 77 programs that are being replaced and new tariff sheets establishing the two new pilot programs: Schedule 25 Nonresidential Direct Load Control Pilot and Schedule 26 Nonresidential Demand Response Pilot program.

The Staff Report addressing PGE's request for authority to defer costs associated with the Schedule 25 and Schedule 26 programs includes Staff's review of the reasonableness of the proposed programs. As noted in that Staff Report, PGE's new pilots are based on the results of the Energy Partner evaluations conducted by Itron, market research from Hansa customer interviews, focus groups, and a Navigant report.

PGE intends that the new pilots will meet PGE's goal of greater than 27 MW of peak load reduction by 2021 across all nonresidential segments and products. <sup>1</sup>

PGE will administer the new programs with support from a program implementer and technology integrator/demand response management system (DRMS) provider. Staff noted that the DRMS investment made here will augment the program and can be utilized for additional demand response programs. Also, Staff believes that PGE acting as the administrator will provide PGE flexibility to cross-market the program with other offerings such as energy efficiency, renewables, storage, and dispatchable standby generation. <sup>2</sup>

### Conclusion

The Company has provided the information required under Order No. 17-429 in attachments A and B to the current Advice Filing. Staff has reviewed the attachments and finds the Company has complied with the requirements of Order 17-429 with respect to Schedules 25 and 26. Staff has also reviewed supplemental calculations provided by the Company supporting the incentives and reservation payments to be provided. Staff concludes the proposed programs should be implemented and will result in just and reasonable rates for ratepayers.

Finally, the Company has stated that Schedules 25 and 26 do not increase, decrease or otherwise change existing retail rates or have anything other than a de minimis impact on revenues.

### **PROPOSED COMMISSION MOTION:**

Approve Portland General Electric Company's (PGE or Company) Schedule 25 Non Residential Direct Load Control Pilot and Schedule 26 Non Residential Demand Response Pilot Program as described in ADV 646/Advice No. 17-23, effective for service on or after December 1, 2017.

CA4.ADV 646.PGE Non Residential Direct Load and Demand Response Pilots

---

<sup>1</sup> Docket No. UM 1514, October 10, 2017 Staff Report, p 5.

<sup>2</sup> Docket No. UM 1514, October 10, 2017 Staff Report, p. 6.