

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 9, 2019

REGULAR _____ CONSENT X EFFECTIVE DATE April 10, 2019

DATE: April 2, 2019

TO: Public Utility Commission

FROM: Thomas Familia and Mitch Moore

THROUGH: Jason Eisdorfer and JP Batmale

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 943/Advice No. 19-08) Requests update to Schedule 5 tariff, Residential Direct Load Control Pilot.

STAFF RECOMMENDATION:

The Commission approve Portland General Electric's (PGE or Company) Advice No. 19-08, effective for service rendered on and after April 10, 2019, on less than statutory notice.

DISCUSSION:

Issue

Whether the Public Utility Commission of Oregon (OPUC or Commission) should approve, on less than statutory notice, PGE's Advice No. 19-08, which updates the existing tariff and earlier filing by: 1) extending the term of the tariff 2) increasing the participant cap and 3) incorporating the direct installation of a thermostat option into the tariff.

Applicable Law

- ORS 757.205 requires that public utilities file all rates, rules, and charges with the Commission.
- ORS 757.210 establishes a hearing process to address utility filings and requires rates be fair, just and reasonable.
- ORS 757.689 sets forth requirements for including the costs of energy conservation measures in rates of electric companies, other than those acquired through ORS 757.612.

- OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff.
- 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 November 17, 2015, the Commission approved PGE's Schedule 5, Direct Load Control Pilot Rider. The Direct Load Control Rider is a demand response pilot for eligible residential customers. This pilot offers cash incentives to customers to reduce peak loads during select events by allowing the Company to control a customer's NEST smart thermostats. The purpose of the pilot is twofold. First, the pilot seeks to gauge customer interest in demand response. Second, the pilot gathers cost-effectiveness data, determining if the avoided costs justify the value of the incentives and helping to establish cost-effectiveness for other demand response pilots and programs.

In August 2017 the term of the Schedule 5 tariff was extended to December 31, 2018.¹ In addition the pilot's participation cap was raised from 5,000 to 12,000 customers. Eligible participation was doubled to account for the inclusion of customers with non-NEST thermostats, such as Honeywell and Ecobee.

PGE was granted reauthorization to defer costs associated with this pilot in October 2018 with Commission Order 18-381.

This filing updates PGE's Schedule 5 tariff to: 1) extend the term of the tariff to June 30, 2022; 2) increase the participant cap from 12,000 to 60,000 customers; and 3) incorporate the direct installation of a thermostat option into the tariff.

As the current tariff expired on December 31, 2018, PGE acknowledged to Staff that it had inadvertently missed updating the tariff terms in a timely manner, and filed this application with a request for less-than-statutory notice waiver in order to bring the tariff into compliance as soon as possible.

¹ See Docket No. ADV 588/Advice No. 17-12, PGE Updates Schedule 5, Direct Load Control Pilot Rider.

The Company submitted this filing on March 18, 2019, pursuant to ORS 757.205, ORS 757.210, OAR 860-022-0025(2), and OAR 860-022-0030(1) with an effective date of April 10, 2019.

PGE explains that the purpose of extending the Schedule 5 term to June 30, 2022 is to coincide with the term of the proposed Schedule 13, PGE's Demand Response Testbed. The Company further explains that increase of the participant cap to 60,000 is necessary to: 1) account for an increase in the projected customers enrolled in the program that will result from incorporating a direct-install option; 2) accommodate the current 14,300 enrolled customers that exceed the current "cap" of 12,000; 3) align with potential growth in the Testbed Pilot; and 3) support PGE's 2019 Integrated Resource Planning goals.

The increase in participant enrollment forecast is supported by the budget for this program that PGE submitted in its deferral application UM 1708, approved by the Commission at the October 9, 2018 public meeting.² In that filing, the Company projected a program cost estimate of \$2.1 million in 2018 and \$2.7 million in 2019.

PGE's proposal to extend the term of the pilot tariff appears reasonable to Staff for two reasons:

- 1) Strong enrollment growth in the Rush Hour Rewards and "Bring Your Own Thermostat" (BYOT)
- 2) Uncertainty of customer participation in the direct install of thermostat installation component of the pilot launched in September 2018.

The Direct Installation Expansion incentive structure differs from the seasonal incentive structure employed in both the Rush Hour Rewards and BYOT phases of the DCLT pilot, in that direct install participant incentives will instead cover the cost and installation of the thermostat.

Staff supports PGE's proposed changes to Schedule 5. Expanding the pilot's participation should enable a more comprehensive evaluation and also support any additional growth in Schedule 5's offerings due to the DR testbed.

Because this filing represents PGE's second extension of the tariff's term and an increase of the cap from the original customer enrollment cap of 5,000 customers to 60,000 customers, Staff recommends evaluating the possibility of the Direct Load Control Pilot maturing towards a program in rates prior to June 30, 2022.

² See Order No. 18-381.

Docket No. ADV 943
April 2, 2019
Page 4

Bill Impacts

The proposed revisions to Schedule 5 will not change existing rates or impact Company revenues. PGE will seek amortization of expenses incurred by this program in a future rate adjustment of Schedule 135.

Conclusion

Based on its review of PGE's Advice No. 19-08, Staff concludes that the revisions to the tariff proposed by the Company are appropriate. Staff recommends that the Commission approve the proposed tariff.

PROPOSED COMMISSION MOTION:

Approve Portland General Electric's Advice 19-08 updating the language in Schedule 5, Direct Load Control Pilot effective for service rendered on and after April 10, 2019, on less than statutory notice.

PGE ADV 943 Schedule 5 Residential DLC