



Oregon

Kate Brown, Governor

Public Utility Commission

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September 24, 2019



BY EMAIL

Portland General Electric Company

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RE: Advice No. 19-16

At the public meeting on September 24, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1003. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**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.

SCHEDULE 3 (Continued)

ENROLLMENT

The Customer enrollment period may begin prior to the term of the pilot. Customers must enroll in the BPA pilot by August 31, 2017. The extended program is offered to already enrolled customers who choose to remain in the pilot through September 30, 2020. Customers with heat pump water heaters will be notified by mail or email and be provided with an opportunity to enroll in this schedule. Customers with Conventional Electric Resistance Water Heaters will have the opportunity to enroll through notification by a select, trained group of plumbers. PGE expects this notification to occur primarily while a Customer replaces a failed electric water heater. However, qualified Customers that contact PGE, or are informed by another method, may be allowed to participate if they bear the cost of replacing their existing water heater with a Conventional Electric Resistance Water Heater named above. Unless this pilot is otherwise terminated, participating Customers will be enrolled for the entire pilot term.

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INCENTIVE

Participating Customers will receive a \$50 sign-up incentive payment after PGE verifies one month of connectivity to the Customer's Wi-Fi network. A Customer that has participated, as defined in the special conditions, for 12 months will receive a \$100 participation incentive at the end of the pilot. Customers will receive an additional \$100 if they allow PGE to install a logging device on the water heater for the duration of the pilot. The number of logging devices is limited. Existing customers who choose to participate in the pilot will receive a \$150 incentive if they remain in the pilot until September 30, 2020. Incentives are paid to the Customer with a check or gift card. To receive participation payment, the Customer must not move, withdraw, or be removed from pilot during the 12 months.

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SCHEDULE 3 (Concluded)

SPECIAL CONDITIONS

1. The Customer may terminate service under this pilot voluntarily. The Customer will not receive a participation incentive if they withdraw or are removed from the pilot. The Customer must notify PGE if they choose to withdraw from the pilot.
2. PGE has the right to remove a Customer from the pilot at any time, for any reason.
3. If a Customer withdraws or is removed from the pilot, the Customer is not eligible for reenrollment during the pilot.
4. If the Customer moves from the enrolled residence during the term of the pilot, they are no longer eligible for the pilot.
5. The Company is not responsible for any direct, consequential, incidental, punitive, exemplary, or indirect damages to the participating Customer or third parties that result from Direct Load Control Events.
6. The Company or BPA shall have the right to select the Direct Load Control Event schedule.
7. The Customer may activate a 24-hour suspension from the pilot by notifying the Company through a Customer specific log-in page on the PGE website. A Customer may be removed from the pilot if they implement the override option excessively; an example of excessive is override use for more than 100 days, or more than 15 days in any 30-day period.
8. To receive a participation incentive, the Customer must respond to weekly surveys regarding the pilot, administered by the Company.
9. Radio transmitters installed onto the water heater will remain the property of the Company before, during and after the conclusion of the pilot. The customer shall return the device in a pre-paid postage box provided by PGE.
10. The provisions of this schedule do not apply for any time that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company.

TERM

The pilot is active until September 30, 2020.

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08/26/2019

Advice No. 19-16

Issued August 26, 2019

James F. Lobdell, Senior Vice President

Effective for service
on and after October 1, 2019