



Oregon

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Public Utility Commission

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September 22, 2020



BY EMAIL

Portland General Electric Company

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RE: Advice No. 20-27

At the public meeting on September 22, 2020, the Commission adopted Staff's recommendation in this matter docketed as ADV 1181. 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

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.

Received
SEP 16 2020
Administrative Hearings Division
Public Utility Commission

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.

DOCKETED

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.

**SCHEDULE 25
NONRESIDENTIAL DIRECT LOAD CONTROL PILOT**

PURPOSE

This Direct Load Control Pilot is a demand response option for eligible nonresidential Customers. The Direct Load Control Pilot offers incentives to allow the Company to control thermostats during Direct Load Control Events while providing a customer override. The Company provides advance notice to participating Nonresidential Customers for Direct Load Control Events. The Pilot is expected to be conducted from December 1, 2017 through December 31, 2020. (T)
(T)
(C)
(T)
(C)

DEFINITIONS

Central Air Conditioning – Air conditioner tied into a central ducted forced air system. (T)

Direct Load Control – A remotely controllable switch that allows the utility to operate an appliance, often by cycling. In terms of this pilot, direct load control allows the Company to change the set point or cycle the Nonresidential Customer’s heating or cooling through the Customer’s Qualified Thermostat in order to reduce the Customer’s energy demand. (T)
(C)

Direct Load Control Event – A period of time in which the Company will provide direct load control. (T)

Ducted Heat Pump – Heat pump heating and cooling system hooked into a central ducted forced air system. (T)

Electric Forced Air Heating – An electrical resistance heating system tied into a central ducted forced air system. (T)

Event Notification – The Company will issue a notification of a Direct Load Control Event to participating Customers. Participating Nonresidential Customers must choose at least one method for receipt of notification. Notification methods may include email, text, auto-dialer phone call, on thermostat display screen, or via mobile app notification. Notification may also be available on the Company’s website. (T)
(C)

Event Season – The pilot has two event seasons: the Summer Event Season and the Winter Event Season. (T)

Holidays – The following are holidays for purposes of the pilot: New Year’s Day (January 1), Martin Luther King Day (third Monday in January), President’s Day (third Monday in February), Independence Day (July 4), Labor Day (first Monday in September), Thanksgiving Day (fourth Thursday in November), and Christmas Day (December 25). If a holiday falls on a Saturday, the preceding Friday will be designated the holiday. If a holiday falls on a Sunday, the following Monday will be designated the holiday. (C)
(C)

Received

Advice No. 20-27
Issued August 31, 2020
James F. Lobdell, Senior Vice President

Filing Center
AUG 31 2020

Effective for service
on and after October 1, 2020

SCHEDULE 25 (Continued)

DEFINITIONS (Continued)

Summer Event Season – Includes the successive calendar months June through September. (C)

Winter Event Season – Includes the successive calendar months November through February. (C)

Qualified Thermostat – Thermostats that are Company-approved have been integrated with Company's demand response management system for event calling. (C)

AVAILABLE

In all territory served by the Company.

APPLICABLE

To qualifying Nonresidential Customers served under Schedules 32, 38, 47, 49, 75, 83, 85, 89, and 90. The Company will limit participation to 10,000 Qualified Thermostats. Nonresidential Customers will remain on their base schedule and will be eligible for the incentives described in this schedule. (C)

ELIGIBILITY

Eligible Nonresidential Customers must have a Network Meter. Nonresidential Customers must have a Qualified Thermostat connected to the internet and the heating or cooling system at their expense, except as provided in the Incentives section of this schedule. To participate in the Winter Event Season, the Nonresidential Customer must have a Ducted Heat Pump or Electric Forced Air Heating. To participate in the Summer Event Season, the Nonresidential Customer must have Central Air Conditioning or a Ducted Heat Pump. (C)

DIRECT LOAD CONTROL EVENT

Direct Load Control Events occur for one to five hours. The Company may call two events per day but will not exceed five cumulative hours for the day. During Direct Load Control Events the Customer may allow the Company to control their thermostat for the duration of the event. The Customer has the option not to participate by overriding via the thermostat. The Company initiates Direct Load Control Events with Event Notification. The Company will call Direct Load Control Events only during the Event Seasons. Direct Load Control Events will not be called on weekends or Holidays. Reasons for calling events may include, but are not limited to: energy load forecasted to be in the top 1% of annual load hours, forecasted temperature above 90 or below 32, expected high generation heat rates and market power prices, and/or forecasted low or transitioning wind generation. The Company will call no more than 150 event hours per Event Season. (T)
(C)
(C)
(C)

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Filing Center
AUG 31 2020

SCHEDULE 25 (Continued)

ENROLLMENT

The Customer may enroll at any time but must participate for the minimum number of hours described in the incentive section.

INCENTIVE

Participating Customers receive a Qualified Thermostat for signing up for the Direct Load Control Pilot. A Customer may receive multiple Qualified Thermostats for separate spaces subject to verification by the Company. In addition, Customers receive up to \$60 per Qualified Thermostat for each Event Season they participate. A Customer participating in all Event Seasons receives up to \$120 per Qualified Thermostat per Pilot year. Incentives are paid to the Customer with an automated clearing house (ACH,) check, bill credit, or generic gift card. To receive payment for an Event Season, the Customer must participate in at least 50% of the event hours for which the Customer is eligible to participate in that Event Season. (T)
(T)
(T)
(T)
(C)

SPECIAL CONDITIONS

1. Customers that reenroll in the program are not eligible for a second Qualified Thermostat for signing up. A Customer continuing service at a new location is not considered a new enrollment.
2. If the participating Customer moves to a different location, the Customer may continue participation if the new location meets the eligibility requirements.
3. The Company will defer and seek recovery of all pilot costs not otherwise included in rates.
4. 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 Air Conditioning Cycling or changing the thermostat set point. (T)
5. The Company shall have the right to select the cycling schedule and the percentage of the Customer's heating or cooling systems to cycle at any one time, up to 100%, at its sole discretion.
6. The provisions of this schedule do not apply for any period 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. The provisions of this schedule will not affect the calculation or rate of the regular service schedule and associated charges.

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Filing Center
AUG 31 2020

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SCHEDULE 25 (Concluded)

SPECIAL CONDITIONS (Continued)

7. PGE has the right to remove a Customer from the pilot when good cause is shown including, but not limited to, for poor customer responsiveness, consistent customer non-participation in called events, or issues with customer equipment that impact customer's participation.

TERM

This pilot term is December 1, 2017 through December 31, 2020.

(C)

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