

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2078(5)

In the Matter of

PORTLAND GENERAL ELECTRIC
COMPANY,

Application for Reauthorization to Defer
Costs Associated with the Residential
Battery Energy Storage Pilot.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on June 10, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.



BY THE COMMISSION:

Alison Lackey

Chief Administrative Law Judge

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 10, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: May 22, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
Docket No. UM 2078(5)
Requests reauthorization to defer costs associated with residential battery energy storage pilot in accordance with House Bill 2193.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) approve Portland General Electric Company's (PGE or Company) application for reauthorization of deferral of costs associated with the residential battery energy storage pilot, for the 12-month period beginning April 21, 2025.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application for deferral of costs associated with the residential battery energy storage pilot (Pilot) for the 12-month period beginning April 21, 2025.

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. Specific amounts eligible for deferred accounting treatment with interest authorized by the Commission include:

Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the

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frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.

In OAR 860-027-0300(3), the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Amounts deferred are allowed in rates to the extent authorized by the Commission in a proceeding under ORS 757.210 and subject to the requirements in ORS 757.259.

Based on ORS 757.259, OAR 860-027-0300, and Commission Order No. 18-290 (Docket No. UM 1856) and 20-279 (Docket No. UE 370), Portland General Electric Company requested reauthorization to defer for later rate-making treatment incremental operations and maintenance (O&M) costs associated with the Residential Battery Storage Pilot approved by the Public Utility of Commission of Oregon in Order No. 22-202.

Analysis

Background

The Company states that its filed Energy Storage Proposal complies with Oregon legislation and supports PGE's decarbonization, electrification, and performance in accordance with House Bill (HB) 2193 (2015 Regular Legislative Session)¹ and Docket No. UM 1751. The Company filed its Energy Storage Proposal and Final Potential Evaluation² on November 1, 2017, and the energy storage proposal was evaluated in Docket No. UM 1856 and approved through Commission Order No. 18-290, subject to conditions.³ Pursuant to Commission Order No. 18-290, the Company filed an addendum to the energy storage proposal on January 25, 2019. After subsequent discussions with OPUC Staff, PGE submitted its final Residential Energy Storage proposal on March 12, 2020. The Company submitted operational tariff Schedule 14 and received Commission approval on June 30, 2020, with an effective date of August 1, 2020.

¹ 2015 Oregon Laws Chapter 312.

² PGE proposed to develop five energy storage pilots: Mid-feeder (Bal-dock), Coffee Creek Substation, Generation Kick Start (Port Westward 2), Customer and Community Microgrid Resiliency Project, and Residential Battery Energy Storage.

³ See PGE's Draft Storage Potential Evaluation, UM 1856, Order No. 18-290, Appendix A (Aug. 13, 2018) (Listing the stipulations with which PGE must comply).

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The objective of the five-year Pilot is to install and connect customer-owned behind-the-meter residential energy storage batteries that would contribute up to 4 MWs of energy to PGE in aggregate. The fleet will provide grid services and thereby add flexibility in support of PGE's transition to a cleaner energy future.

PGE continues to learn from the Pilot. In 2023, the Company received approval to revise the Pilot incentive structure based on what had been learned to date.⁴ This revision transitioned the incentive from a flat monthly credit to a credit based on participants' nomination of how much battery capacity is dispatched for grid services. All 25 of the \$5,000 income-qualified rebates have been claimed, while only seven of the \$3,000 rebates intended for customers in the Smart Grid Testbed have been claimed. The revision also increased the incentive for participants within designated areas to \$405 per kWh of nominated capacity. The rebates were capped based on the maximum participation to stay within the allotted budget and have all been allocated.

PGE proposes to amortize this deferral through Schedule 138, which is an AAC rate schedule approved in PGE's 2022 general rate case (UE 394) through Commission Order No. 22-129. More specifically, the AAC provides cost recovery for the referenced Pilot with amounts from the balancing account updated in Schedule 138 rates annually.

PGE's most recent deferral reauthorization for the 2024-2025 period was approved December 31, 2024, in Order 24-472.

Description of the Expenses

The five-year Pilot is to install and connect customer-owned residential energy storage batteries that contribute up to 4 MWs of energy to PGE either individually or in aggregate.

Proposed Accounting

The Company will record the deferral as a regulatory asset in FERC Account 182.3 (Other Regulatory Assets) and credit the appropriate FERC expense accounts. When specific identification of the source of the regulatory asset cannot be reasonably made, then FERC Account 407.4 (Regulatory Credits) will be credited.

Reasons for Deferral

Pursuant to ORS 757.259(2)(e), and for the reasons discussed above, PGE seeks deferred accounting treatment for the Pilot. PGE states that granting this application will minimize the frequency of rate changes and/or match appropriately the costs borne by

⁴ See PGE's Advice No. 22-43, Schedule 14 and Schedule 7 Tariff Updates, ADV 1470 (Feb. 7, 2023) (Approving changes to the Pilot).

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and benefits received by customers. The approval of the application will support the use of an AAC rate schedule, which will provide for changes in rates reflecting incremental costs associated with the Pilot.

Estimate of Amounts

The Company estimates total recoverable costs to be approximately \$1.7 million over the Pilot's five-year period. The estimated cost for 2025 is \$453,665. This residential battery storage pilot cost will be recovered through the AAC and associated deferral.

Residential Battery Storage Pilot Cost Summary (\$)

Category	2020 (Actuals)	2021 (Actuals)	2022 (Actuals)	2023 (Actuals)	2024 (Actuals)	2025 (Forecast)	Total
O&M Costs							
Incentives Paid	1,112	19,102	80,097	111,757	238,294	235,361	685,724
Program Costs	17,700	147,103	104,458	167,662	129,6262	164,591	731,139
Aggregation & Dispatch	44,726	143,050	15,148	15,908	41,636	53,713	314,182
Total Costs	63,538	309,256	199,703	295,327	409,556	453,665	1,731,045

Information Related to Future Amortization

- Earnings Review Pursuant to ORS 757.295(5): Staff continues to support the recovery of costs associated with the Pilot through an automatic adjustment mechanism that is not subject to an earnings review.
- Prudence Review: A prudence review should be performed by the Commission Staff as part of PGE's amortization filing.
- Sharing: All prudently incurred costs are eligible for collection from customers with no sharing mechanism.
- Rate Spread/Rate Design: Applicable costs should be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.
- Three Percent Test: Pursuant to ORS 757.259(6), the amortization of the Pilot's deferred costs will not be subject to the three percent test because this is an AAC.

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Conclusion

Staff concludes that the Company's application for reauthorization of deferred accounting for costs related to its Residential Battery Storage Pilot is consistent with ORS 757.259 and OAR 860-027-0300 and should be approved.

The Company has reviewed this memo and agrees with its content.

PROPOSED COMMISSION MOTION:

Approve PGE's application for reauthorization of deferral of costs associated with the residential battery energy storage pilot under Schedule 14, effective April 21, 2025.