ORDER NO. 26-398

ENTERED Oct 28 2026

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 2078(6)

In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, Application for Reauthorization to Defer Costs Associated with the Residential Battery Energy Storage.	ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on October 27, 2026, 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 appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA11

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 27, 2026

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

DATE: October 7, 2026

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: PORTLAND GENERAL ELECTRIC:
Docket No. UM 2078(6)
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, starting April 21, 2026, and ending December 31, 2026.

DISCUSSION:

Issue

Whether the Commission should approve PGE's application for deferral of costs associated with the residential battery energy storage pilot (Pilot).

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 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.

Analysis

Background
House Bill 2193 (2015) required PGE to submit to the Commission a proposal to develop energy storage systems and procure any authorized projects by January 1, 2020. The storage systems must have the capacity to store at least 5 MW of energy, and the total capacity acquired may not exceed one percent of an electric company's peak load in 2014, unless a project has statewide significance. HB 2193 also requires that each energy storage proposal be accompanied by the electric company's evaluation of storage potential in its system. In accordance with Oregon's decarbonization policy and in compliance with House Bill (HB) 2193 (2015) and Docket No. UM 1751, PGE submitted its Energy Storage Proposal and Final Potential Evaluation on November 1, 2017. This proposal underwent assessment in Docket No. UM 1856 and received approval through Commission Order No. 18-290, with certain conditions.[1]

As of April 2026, there are more than 670 customers enrolled and 3.06 MW of nominated capacity, with continued growth and enrollment driven by the automated enrollment system that PGE established. Under this system, customers with eligible batteries are automatically sent information and invitations to join the pilot once their batteries obtain Permission to Operate (PTO) from PGE's interconnection approval process.

The pilot program has expanded its list of qualified battery brands over the past year, now including seven brands that represent 94 percent of the residential devices

[1] PGE's proposed Residential Battery Storage Pilot at: https://edocs.puc.state.or.us/efdocs/HAD/um1856had151844.pdf.

installed. Currently, 26 percent of all residential customers with a battery are participating in the pilot.

PGE's Schedule 138 is an automatic update adjustment clause under which PGE recovers costs associated with the HB 2193 pilot programs. Under Schedule 138, PGE files an annual deferral to capture the variance between revenues collected under Schedule 138 and costs incurred for implementation and administration of the pilot program, which are eligible for amortization under Schedule 138.

PGE states that at the expiration of this deferral on December 31, 2026, PGE will include the Smart Battery Pilot in UM 2234 in order to consolidate the UM 2141 programs under one deferral. This memorandum addresses only PGE's request to defer costs through December 31, 2026.

Reasons for Deferral
PGE is requesting deferred accounting treatment for incremental operations and maintenance (O&M) costs of the Pilot program and asserts that approval of this application will reduce the number of rate adjustments and/or better align the costs incurred with the advantages gained by customers.

Proposed Accounting
PGE proposes to 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 particular source of the regulatory asset cannot be reasonably made, then FERC account 407.4 (Regulatory Credits) will be credited.

Estimate of Amounts
PGE estimates total recoverable costs to be approximately $1.8 million over the Pilot period. The estimated cost for 2026 is $389,834. This residential battery storage pilot cost will be recovered through the AAC and associated deferral.

Also, PGE will amortize this deferral through Schedule 138, which is an AAC rate schedule as approved in PGE's 2022 general rate case (UE 394) through Commission Order No. 22-129.

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. The mechanism does not contemplate a earnings test associated with amortization.

- Prudence Review: A prudence review should be performed by the Commission Staff as part of PGE's amortization filing.

- Sharing: All prudently incurred incremental 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: Amortization of any of the amounts in this deferral request will be subject to the three percent test.

Conclusion

Staff conclude 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 has stated no objection.

PROPOSED COMMISSION MOTION:

Approve PGE's application for reauthorization of deferral of costs associated with the residential battery energy storage pilot under Schedule 14, for the period April 21, 2026 through December 31, 2026.