

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1460

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

ORDER

Staff Recommendation to Use Oregon Electricity
Regulators Assistance Project Funds from the
American Recovery and Reinvestment Act of
2009 to Develop Commission Smart Grid
Objectives for 2010-2014.

DISPOSITION: INFORMATION REQUESTED

I. BACKGROUND

The Public Utility Commission of Oregon (Commission) opened this investigation during a public meeting on December 8, 2009. The stated purpose of the investigation was to develop “smart grid” objectives and action items for the next five years. Specifically, we adopted Commission Staff’s recommendation to establish “near-term objectives and mileposts to set regulatory expectations and guide utility decision making on smart grid advancement” at the customer, distribution system, and regional transmission system levels.¹

On October 21, 2010, Staff submitted a straw proposal for utility smart grid planning. Staff proposed that utilities submit three detailed smart grid plans over the next seven years, as well as annual plan updates. Staff proposed specific and extensive planning guidelines, and proposed that the Commission would review and acknowledge the smart grid plans in the same manner as it reviews and acknowledges integrated resource plans.²

Staff; the Citizens’ Utility Board of Oregon; Portland General Electric Company (PGE); PacifiCorp, dba Pacific Power (Pacific Power); Idaho Power Company; the Oregon

¹ See Staff Report for December 8, 2009 Public Meeting (Dec 3, 2009).

² See Order No. 89-507 (Apr 20, 1989) and Order No. 07-002 (Jan 8, 2007).

Department of Energy; the Northwest Energy Coalition; and Smart Grid Oregon filed opening comments regarding Staff's straw proposal on November 16, 2010. Staff, PGE, Pacific Power, Idaho Power, Smart Grid Oregon, and Grid Net filed closing comments in December 2010. The commenting parties generally supported the idea of utility smart grid planning, but some parties argued that the planning requirements were premature, too detailed, and too prescriptive.

II. DISCUSSION

At the outset, it is important that the Commission, Staff, utilities, and stakeholders have a common understanding of what we consider to be a "smart grid" investment. We define smart grid investments as utility investments in technology with two-way communication capability that will (1) improve the control and operation of the utility's transmission or distribution system, and (2) provide consumers information about their electricity use and its cost and enable them to respond to price signals from the utility either by using programmable appliances or by manually managing their energy use. Smart grid technologies include sensors and remote control switches at the distribution system level, synchrophasors and flexible AC transmission system devices at the transmission level, and information displays and appliance control circuits at the consumer level.

In general, the Commission believes that smart grid investments are not materially different from any other utility investment made to provide service. The Commission's core regulatory responsibility, and the utilities' primary responsibility as electric service providers, is to ensure "adequate service at fair and reasonable rates."³ Smart grid investments must therefore assist the Commission and the utilities in meeting this responsibility. We think that smart grid investments have the potential to improve the quality and reliability of utility service, give customers options to manage their energy use, and lower the utility's overall cost of service. The Commission expects utilities to consistently evaluate developing smart grid strategies and technologies, and to seek out those smart grid investments that will enhance service and produce a benefit to customers.

Although we agree with Staff and the parties that smart grid planning is useful, we find that the guidelines developed in this docket are too detailed and too prescriptive given the early stages of smart grid development. We also find that further information will assist this Commission in developing appropriate planning guidelines. The purpose of this interim order is to establish a process for Staff and the parties to develop the information that the Commission believes is necessary to establish useful planning guidelines and make suitable policy decisions.

To develop the necessary information, we first direct PGE, Pacific Power, and Idaho Power to file a report on the status of their current and planned smart grid investments, projects, and activities. The reports must be filed within 120 days of the date of this order, and the utilities must present this information to the Commission at a workshop

³ ORS 756.040.

scheduled by Staff. The workshop must be held no later than 150 days from the date of this order. At a minimum, the reports must address the following:

- What smart grid investments has the utility made in the areas of transmission, distribution, communications, and all other utility operations?
- What smart grid investments does the utility plan to make in the next three to five years? What other smart-grid-related activities does the utility plan to undertake in the next three to five years?
- How is the utility organized to plan for and assess smart grid investments? Who at the utility is responsible for smart grid planning and development? How does the utility ensure consistency between assessing smart grid investments and integrated resource planning?
- Describe the new smart grid investments that the utility is considering. Describe the evaluations of potential smart grid investments the utility has completed or plans to perform over the next three to five years.
- Describe the results of evaluations made to date and the decision made as a result of those evaluations.

Second, we direct Staff to develop an inventory of smart grid investments that may be made in the next three to five years that could benefit Oregon utility customers. This inventory must include smart grid investments being made by utilities nationwide. Staff must submit its draft inventory to stakeholders and utilities for review and comment, and must conduct a public workshop to discuss the inventory. The Commission intends to use this inventory of current and potential smart grid investments for two purposes: (1) to inform our decision about what planning requirements and guidelines, if any, to establish later in these proceedings; and (2) to begin to identify the smart grid investments that utilities should consider and evaluate on an ongoing basis.

Third, we direct Commission Staff to organize workshops to focus on particular smart-grid-related issues that would inform a later Commission decision on smart grid guidelines. Workshops topics should include the following: (1) privacy issues and standards;⁴ (2) cyber-security issues; (3) interoperability requirements; (4) the role of utilities in home energy management initiatives; and (5) any other topics the parties deem necessary or useful to address. Workshops on all topics should be held within 120 days of entry of this order. Staff will present a report on the results of these workshops during the workshop held to present the utilities' smart grid reports, as described above. We will provide further direction on the development of smart grid planning guidelines after the last workshop.

⁴ In discussing privacy standards, the parties may find that OAR 860-032-0510 and OAR 860-032-0520 provide a useful starting point.

Finally, we direct Staff to address issues related to pricing and rate design in docket UM 1415. It is possible, however, that any smart-grid-related pricing guidelines developed in docket UM 1415 will be implemented in the smart grid planning requirements if appropriate.

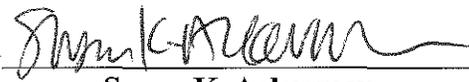
III. ORDER

IT IS ORDERED that:

1. Within 120 calendar days of the date of entry of this order, Staff of the Public Utility Commission of Oregon must develop an inventory of existing and potential smart grid investments, including smart grid investments being made by utilities nationwide, and must hold a public workshop to discuss the inventory, as described in this order.
2. Within 120 calendar days of the date of entry of this order, Staff will hold focused workshops on the smart-grid-related topics identified in this order.
3. Within 120 calendar days of the date of entry of this order, Portland General Electric Company, PacifiCorp, dba Pacific Power, and Idaho Power Company must submit the informational filing described in this order.
4. Within 150 days of the date of entry of this order, Staff of the Public Utility Commission of Oregon must conduct a workshop with the Commissioners to report the results of the focused workshops described in this order. In addition, Portland General Electric Company, PacifiCorp, dba Pacific Power, and Idaho Power Company must present their informational filings at this workshop.

Made, entered, and effective MAY 25 2011


John Savage
Commissioner


Susan K. Ackerman
Commissioner

