

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 12, 2019

REGULAR  CONSENT  EFFECTIVE DATE March 13, 2019

DATE: March 4, 2019

TO: Public Utility Commission

FROM: Moya Enright *ME*

*JE* THROUGH: Jason Eisdorfer and John Crider *JE*

SUBJECT: PACIFIC POWER: (Docket No. ADV 930/Advice No. 19-005) Revises Index used to price Unscheduled Energy under Schedule 247.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Pacific Power's Advice No. 19-005 and allow the revised version of Schedule 247 to become effective on less than statutory notice on or after March 13, 2019.

**DISCUSSION:**

Issue

Advice No. 19-005 was filed by Pacific Power (PAC) on February 19, 2019. It proposes revisions to Schedule 247 Partial Requirements Supply Service, affecting the pricing of Unscheduled Energy. It has an effective date of March 13, 2019. PacifiCorp's advice filing was accompanied by a request to allow the revisions to become effective on less than statutory notice.

Rule

Under ORS 757.205(1), 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. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0005 and OAR 860-022-0025. Filings that make 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 changes. The Commission reviews tariffs filed under ORS 757.205, ORS 757.220 and 757.210 to determine whether they are fair, just and reasonable.

### Analysis

Staff has analyzed the proposed change to Schedule 247, and although Staff ultimately supports the change, aspects of the process taken to create this change are considered undesirable.

### *Background*

Large Nonresidential Consumers regularly supplying some or all of their load through self-generation greater than 1,000kW, and requiring the equivalent standby electric service from PAC will be affected by the proposed change. Power provided to these customers in excess of their Baseline demand or Scheduled Maintenance Energy is termed *Unscheduled Energy*.

PAC has requested to change the market index used to price *Unscheduled Energy* under Schedule 247. The current version of Schedule 247 requires the use of *Powerdex Mid-Columbia Hourly Firm Electricity Prices Index (Powerdex Mid-C Index)*. The utility proposes to switch to using *Intercontinental Exchange Mid-Columbia Firm Electricity Price Index (ICE Mid-C Index)* for *Heavy Load Hours (HLH)* and *Light Load Hours (LHL)*.

### *Evidence in support*

Both the *Powerdex Mid-C* and *ICE Mid-C* Indices are highly regarded, and have met the requirements set by FERC to be approved for use in jurisdictional tariffs<sup>1</sup>. *ICE* is a major platform for over-the-counter trading in prompt or day ahead markets in North American power, and the *ICE Mid-C Index* is created using prices taken directly from transactions executed with *ICE*<sup>2</sup>. Staff is satisfied that the *ICE Mid-C Index* is a commonly used and reliable source of price data for the Northwest region.

A notable difference between the *Powerdex Mid-C Index* and *ICE Mid-C Index* is that *Powerdex Mid-C Index* provides hourly prices, while *ICE Mid-C Index* provides two daily prices, *HLH* and *LLH*. Staff discovery has shown that under the status quo, hourly consumption is matched to hourly prices from *Powerdex Mid-C Index*. Following the revision to Schedule 247, hourly consumption would be matched to the daily *ICE Mid-C Index HLH* or *LLH* price, in accordance with the time of use.

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<sup>1</sup> See: <https://www.ferc.gov/whats-new/comm-meet/111804/M-1.pdf>.

<sup>2</sup> See: <https://www.eia.gov/electricity/wholesale>.

Due to the nature of Unscheduled Energy, future consumption and cost is always uncertain. Following data requests from Staff, PAC provided comparative analysis of past consumption and billing under the current and proposed regimes. This analysis showed that the proposed change to Schedule 247 would have had a minimal effect on a customer's total energy costs in 2018, amounting to approximately a 0.3 percent change in value.

#### *Undesirable aspects*

A total of six customers will be affected by the proposed changes to Schedule 247. Staff engagement with PAC has revealed that customers were not given advance notice of the company's intent to change the reference index, nor were they given an opportunity to provide feedback on the change. Although such consultation is not obligatory, this lack of consultation is contrary to Staff preference.

In its filing, PAC argues that it will benefit from this change by avoiding the cost of subscribing to Powerdex Mid-C Index. Data requests have revealed that this potential saving is valued at \$17,168, and that no additional costs (e.g., IT investment) are required to complete the change. The company also argues that its customers will enjoy these same benefits. This argument assumes that customers use Powerdex Mid-C Index exclusively for settling Unscheduled Energy, and will incur no additional cost to use ICE Mid-C Index. As the utility did not consult with its customers in advance of the change, Staff is unable to verify the impact on customers.

Discussion between Staff and PAC has revealed that the company terminated its subscription to Powerdex at the end of December 2018. As a result, the Company does not have a means to price Unscheduled Energy used by customers between the end of December 2018 and the effective date of the proposed change. The utility has to date been unsuccessful in its attempt to obtain a short term subscription to Powerdex Mid-C Index, and has asserted that if the appropriate data cannot be sourced that it will absorb the cost of unbilled Unscheduled Energy used during the period.

Staff condemns the lack of foresight of the utility in ending its subscription prior to requesting a change to Schedule 247. In the event that PAC is unable to gain access to Powerdex Mid-C Index data for the period, Staff recommends that the six affected customers are not billed for Unscheduled Energy used during the period.

#### Conclusion

Staff supports the proposed change to Schedule 247, recognizing that ICE Mid-C Index is a reliable price source, and an appropriate replacement for Powerdex Mid-C Index.

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Despite supporting the change, Staff notes that aspects of the process taken to create this change are undesirable.

**PROPOSED COMMISSION MOTION:**

Approve Pacific Power's Advice No. 19-005 and allow the revised version of Schedule 247 to become effective on less than statutory notice on or after March 13, 2019.

ADV 930 (19-005) - FINAL