ITEM NO. RA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 30, 2020

REGULAR X CONSENT ____ EFFECTIVE DATE June 30, 2020

DATE: June 24, 2020

TO: Public Utility Commission

FROM: Garrett Martin

THROUGH: Robin Freeman SIGNED

SUBJECT: Stakeholder Comments on the Public Utility Commission's draft plan to address the directive in Executive Order No. 20-04.

STAFF RECOMMENDATION:

None at this time.

DISCUSSION:

Issue

This memorandum recaps the proposed actions submitted by the PUC in its May 15 report to the Governor on Executive Order No. 20-04 (EO 20-04). It also summarizes written comments from stakeholders responding to the report, and broadly addresses activities and initiatives that will be undertaken as next steps in implementing the directives in the EO.

The full comments submit by each stakeholder are attached to this memo as Appendix A.

Applicable Rule or Law

On March 10, 2020, Governor Brown issued Executive Order No. 20-04, Directing State Agencies to Take Action to Reduce and Regulate Greenhouse Gas Emissions. EO 20-04 sets new science-based greenhouse gas (GHG) emissions goals for Oregon and directs state agencies to identify and prioritize actions to meet those goals. Consistent with the minimum GHG reduction goals set forth in ORS 468A.205(1)(c),

EO 20-04 adopts a standard of a 45 percent GHG reduction from 1990 levels by 2035, and at least an 80 percent GHG reduction from 1990 levels by 2050.

EO 20-04 offers general directives to 16 state agencies and specific directives to a subset of those agencies, including the PUC, to advance their consideration of climate change in agency planning and decision-making. The general directives focus on three areas: GHG reduction goals, expedited agency processes, and agency decisions. Within each area, agencies are required to exercise any and all authority and discretion vested in them by law to help facilitate achievement of the GHG emission reduction goals. Agencies must balance consideration of climate change, climate change impacts, and emission reduction goals into their planning, budgets, investments and policy-making decisions, and are also directed to:

- Prioritize actions in a cost-effective manner,
- Prioritize actions that will help vulnerable populations and impacted communities adapt to climate change impacts, and
- Consult with the Environmental Justice Task Force when evaluating climate change mitigation priorities and actions.

In addition to these general directives, Section 5 of the EO 20-04 directs the PUC to consider several factors and values that are consistent with state law. These directives are prefaced with a statement of public interest and an acknowledgment of the PUC's independence. Section 5(A) first finds that:

> It is in the interest of utility customers and the public generally for the utility sector to take actions that result in the rapid reduction of GHG emissions, at reasonable costs, to levels consistent with the GHG emission goals set forth in [this EO], including transitioning to clean energy resources and expanding low carbon transportation choices for Oregonians.[1]

Section 5(B) next acknowledges and reaffirms Executive Order No. 00-06, issued in 2000 by then-Governor John Kitzhaber, stating that the PUC maintains its independence in decision making as it carries out its regulatory functions.

EO 20-04 then specifically directs the PUC to take action in six areas:

1. Determine whether utility portfolios and customer programs reduce risks and costs by making rapid progress towards reducing GHG emissions.

[1] Executive Order No. 20-04, Section 5(A).

2. Encourage electric companies to support transportation electrification infrastructure that support GHG reductions, helps achieve electrification goals set forth in SB 1044 (2019), and is reasonably expected to result in long-term benefit to customers.
3. Prioritize proceedings and activities that advance decarbonization in the utility sector to reduce GHG emissions, mitigate energy burden experienced by utility customers, and ensure system reliability and resource adequacy.
4. Evaluate electric companies' risk-based wildfire protection plans and planned activities to protect public safety, reduce risks to utility customers, and promote energy system resilience, all in consideration of the recommendations made by the Governor's Council on Wildfire Response 2019 Report and Recommendations.
5. Convene workshops to assist electric companies, consumer-owned utilities, and operators of electric distribution systems to develop and share best practices for mitigating wildfire risk.
6. Partner with Oregon Housing and Community Services to establish a public process to address and mitigate differential energy burden and other inequities of affordability and environmental justice.

Analysis

As required by the Executive Order, the PUC submitted a report on May 15, 2020, outlining proposed actions within the PUC's statutory authority to address the directives. In the report, the PUC identified three themes for actions and discussion with stakeholders: (1) GHG Reduction Activities, (2) Impacted Communities, and (3) Wildfire Prevention and Mitigation.

As a next step, the May 15 report invited stakeholders to submit written comment on the PUC's proposed actions to implement EO 20-04 by June 15, 2020, and oral comments at the June 30, 2020, public meeting. In response to the written comment invitation, the PUC received comments from:

- Avista Corp. (Avista)
- Alliance of Western Energy Consumers (AWEC)
- ChargePoint, Inc. (ChargePoint)
- City of Eugene (Eugene)
- Community Energy Project (CEP)
- Community Renewable Energy Association (CREA)
- Forth
- Green Energy Institute at Lewis and Clark Law School (GEI)
- Fuji Kreider

- Institute for Policy Integrity (IPI)
- Multnomah County (MCOS)
- NewSun Energy (NewSun)
- Northwest and Intermountain Power Producers Coalition (NIPPC)
- Natural Resources Defense Council (NRDC)
- Northwest Gas Association (NWGA)
- NW Natural (NWN)
- Oregon Climate Action Partnership (OCAP)
- Oregon Coast Energy Alliance Network (OCEAN)
- Oregon Solar Energy Industries Association (OSEIA)
- PacifiCorp
- Portland General Electric (PGE)
- Renewable Energy Coalition and OSEIA (REC/OSEIA)
- Renewable Northwest (RNW)
- Rogue Climate (Rogue)
- Small Business Utility Advocate (SBUA)
- Southern Oregon Climate Action Now (SOCAN)

1. GHG Reduction

The PUC identified potential actions in five primary areas related to GHG reductions as well as a discussion of the PUC's intended approach to working in collaboration with the Department of Environmental Quality (DEQ) and the Environmental Quality Commission (EQC).

A. Utility Planning Framework

The PUC's proposed activities to ensure energy utilities are focusing their system-wide resources strategies on making rapid progress to GHG reduction goals, including:

- Considering options to incorporate the social cost of carbon (SCC) into utility Integrated Resource Plans (IRPs) and avoided cost proceedings;
- Updating the IRP guidelines to more explicitly consider the costs and risks of meeting the state's GHG emission reduction targets under the new timelines set forth in EO 20-04;
- Considering utilities' resource procurement activities to determine if non-price scoring criteria appropriately capture the risk of each potential resource's impact on the utility's progress toward meeting the state's GHG reduction goals;
- Exploring pilot and program design and evaluation criteria that measure progress towards GHG reduction; and

- Revisiting the voluntary emission reduction program under ORS 757.539 to determine continuing potential for natural gas utilities to invest in projects that reduce emissions and provide benefits to customers.

Stakeholder Comments
In response to the PUC's proposed actions, stakeholders focused many of their comments on how utility planning can be modified to account for Governor Brown's directive to reduce utility risk and costs by reducing GHG emissions. Eleven of the 26 commenters directly addressed the issue of the PUC incorporating the SCC into IRP, avoided cost, and other economic resource analysis proceedings. Both the comments that directly addressed the use of a SCC figure in resource planning and others that more generally addressed how resource costs should be evaluated in response to EO 20-04 were broadly supportive of more specific and systematic guidance from the PUC on how utilities should incorporate the cost of carbon into their resource cost estimates and decision-making. Additional comments focused on the need for the IRP guidelines to explicitly consider the costs and risks associated with the GHG emissions of utility resource plans.

Fewer comments were received regarding the PUC's proposal to consider the addition of non-price scoring criteria to resource procurement activities, but were generally supportive of the idea. However, PGE's comments on the matter did highlight that non-scoring criteria may not be necessary in many cases if environmental considerations like GHG emission reductions are factored into resource planning early and more holistically.

Six commenters directly supported revisiting the voluntary emission reduction program under ORS 757.539, focusing on the need to streamline the process while also ensuring a transparent and public process.

Five commenters recommended that the PUC work with energy utilities to development a more ambitious suite of pilot programs for each utility focused on innovative approaches to decarbonization as a way to field test programs that, if successful, might play a more central role in utility GHG emission reduction plans.

Multiple commenters recommended reassessing the resource value of solar in light of EO 20-04's directives, incorporate co-benefits into the quantification of different generation resources, accelerate PURPA decision-making to reduce barriers to distributed generation, increase the transparency of the interconnection process, and conduct a transmission analysis to assess how reforms might aid decarbonization efforts.

B. Utility Services and Activities

The PUC proposed exploring five actions to encourage utility services and discretionary activities to drive system-wide change towards meeting GHG emission targets.

- Exploring community-wide green tariffs targeted toward reducing utilities' GHG emissions.
- Considering how to prioritize actions that streamline and modernize safe, reliable methods to connect clean resources, from renewables to demand side management, to the electric and natural gas systems and appropriately value their system contributions.
- Considering how to quantify and incorporate measurable co-benefits beyond energy and financial benefits (e.g., GHG emission reductions, local air quality improvements, health benefits), as relevant to initiatives such as targeted replacement of wood-burning stoves.
- Measuring the GHG reduction impacts of existing customer programs and products, such as voluntary customer renewable energy purchasing programs, to inform work with stakeholders to make recommendations to improve the GHG reduction benefits of the programs.
- Evaluating expansion of demand-side management programs to customers taking only transportation or distribution service from the utility.

Stakeholder Comments
This was the most widely commented on section of the report. Commenters voiced support for the development of green tariffs, including community-wide green tariffs. Comments on the proposal cited its value in delivering a choice to customers and a crucial programmatic offering for communities to meet their climate action plans and goals.

Another subject that was raised by five different commenters was the issue of beneficial electrification, the shifting of energy usage towards electricity and away from other, higher GHG and criteria air pollutant emitting fuels. Beyond the topic of transportation electrification, which will be addressed later in the document, commenters recommended that the PUC investigate the merits of beneficial electrification as an important opportunity to reduce GHG emissions and deliver additional co-benefits to Oregon energy customers. Commenters noted electrification runs at cross purposes to long-standing efforts to reduce electricity consumption through energy efficiency, and because of this, the PUC will need to carefully balance these two types of services, both of which are intended to deliver environmental benefits and reduce consumer energy costs.

Similarly, Avista and NWGA noted that fuel switching to natural gas should also be considered as an option for moving customers away from bulk fuels that have higher GHG and other criteria air pollutant emissions. NWGA also commented that the PUC should maintain fuel neutrality when considering GHG emission reduction actions.

Other comments that focused on utility services focused on generally supporting PUC efforts to increase customer access to clean, safe, reliable energy resources, with specific call out for distributed energy resources and demand-side management opportunities, and prioritizing programs and products that will foster greater GHG emissions reductions.

C. Evolution of Regulatory Framework

The PUC also provided proposed actions on broader institutional changes to the state and regional regulatory framework that could help accelerate GHG reductions, including:

- Accelerating work to understand, consider, and plan for the regional resource adequacy impacts of GHG reductions, so that these changes can be confidently made while supporting system reliability;
- Supporting development of regional electric markets that benefit consumers and reduce GHGs through access to a more diverse range of clean and renewable resources;
- Exploring performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions;
- Working with regulatory counterparts in other Western States to share best practices and encourage consistency in regional approaches to GHG reduction, including through the Western Public Utility Commissions' Joint Action Framework on Climate Change.

Stakeholder Comments
The PUC's proposals in this section received fewer direct comments from stakeholders than other GHG Reduction categories but those received were generally supportive of the PUC pursuing greater partnership within regional initiatives. Commenters supported regional resource adequacy developments, including creating a process for stakeholder engagement on this issue, as well as further exploration of developing and participating in regional electric markets.

Ten of the 26 stakeholders directly expressed support for the PUC pursuing performance-based ratemaking. Most of the commenters on this subject directly

highlighted that utility compensation should be partly tied to their performance on reducing GHG emissions.

D. Transportation Electrification (TE)

The PUC proposed four actions to encourage electric companies to support transportation electrification and promote GHG reductions. The PUC can update and enhance existing TE plans and programs with the following proposed actions:

- Prioritizing appropriate infrastructure investments to approach TE as load within distribution system planning;
- Considering new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior;
- Considering revisions to TE planning guidelines and program requirements to streamline utility processes and clarify cost-recovery criteria; and
- Exploring approaches to assess cost-effectiveness of TE activities, beyond load planning, that promote GHG reduction goals.

Stakeholder Comments
Although many stakeholders offered general support for the PUC continuing to pursue TE initiatives with the utilities that would foster GHG emission reductions from the transportation sector, only a few stakeholders provided more specific comments on the PUC's proposed TE activities. The most extensive comments came from ChargePoint, Forth, PacifiCorp, and PGE. All four stakeholders were in support of the creation of new rate schedules to encourage EV adoption and cost-effective charging behavior. ChargePoint, NRDC, PacifiCorp and PGE provided similar comments recommending that TE planning guidelines provide greater flexibility regarding cost-effectiveness tests to account for the challenges of attributing increases in EV adoption and the resulting electric loads from EVs to particular utility programs.

ChargePoint and Forth also supported the PUC's proposal to factor EV loads into utility distribution system planning. Several stakeholders highlighted the need for the PUC to ensure that utility TE plans were focused on reducing GHG emissions, while other comments highlighted the need for utility TE programs to reduce the barriers to EV adoption and use by communities "disproportionately impacted by GHG emissions and high transportation energy burdens, such as low-income communities, communities of color and rural communities."[2]

[2] OCAP Comments, June 15, 2020.

In addition to the electric-focused comments, Avista, NWGA, and NWN did note that natural gas may be an ideal, low-carbon fuel source for some purposes, such as the medium- and heavy-duty transportation sectors, that can deliver GHG emission reductions as well as reducing emissions of criteria air pollutants when compared with diesel emissions. Pairing the medium- and heavy-duty transportation with renewable natural gas could magnify the GHG benefits even further.

E. Regulatory Activities

The PUC also proposed to take EO 20-04's articulation of the public interest and statement of energy policy into account in ongoing regulatory proceedings, including:

- Considering whether a utility's rate design and rate schedules send appropriate price signals and incentives for reducing GHG emissions;
- Exploring whether a prudency review of a utility investment should include consideration of whether utilities' actions are consistent with EO 20-04;
- Evaluating whether depreciation schedules used for the recovery of utility investments and resource retirements are consistent with EO 20-04;
- Considering whether the GHG reduction impacts play a role in reviewing utility applications for mergers and acquisitions, and also for transactions among affiliated companies, to determine whether the proposed action is consistent with EO 20-04; and
- Exploring changes to utility tariffs that promote GHG emission reductions, such as time-of-use rate offerings.

Stakeholder Comments
The comments of five stakeholders, including PacifiCorp and PGE, supported undertaking public processes to develop more time-of-use (TOU) rates that can help reduce GHG emissions by shifting their electricity consumption to periods when electricity demand is lower and access to low-carbon electricity sources is typically greater.

Four stakeholders (Kreider, MCOS, NRDC, and PGE) supported the PUC's proposal to explore whether a prudency review of a utility investment should include whether the utility's actions are consistent with EO 20-04, while NWN and PacifiCorp cautioned that the PUC statutory authority hadn't changed and the disallowance of costs still needs to be on legally appropriate grounds.

One area where stakeholder comments were directly in opposition to each other, GEI recommended that the PUC not allow accelerated depreciation of fossil fuel facilities to avoid shifting risk onto ratepayers from investments in resources that may be deemed

imprudent along longer time horizons. Meanwhile, NRDC and PGE recommended that the PUC consider allowing modified depreciation schedules for fossil fuel facilities if it results in more rapid decarbonization but did note that the cost implications of any modifications will need to be thoroughly considered.
Several stakeholders also supported the idea that all relevant staff reports should include a section outlining the potential GHG impacts and a grid reliability assessment of proposed Commission decisions.

F. DEQ and EQC Collaboration

The PUC proposed working closely with the Department of Environmental Quality (DEQ) and the Environmental Quality Commission (EQC), on their activities under the EO to reduce GHG emissions from large stationary sources of GHG emissions, transportation fuels, and other liquid and gaseous fuels. Because the utilities that the PUC regulates will interact with all three of these industry sectors, the PUC will need to closely coordinate with DEQ and EQC to effectively integrate and implement PUC and DEQ/EQC programs.

Stakeholder Comments
The few stakeholders who commented on the PUC's proposal to collaborate with DEQ and EQC were supportive of the proposal and heartened to hear that the PUC intended to lend significant time and expertise to helping DEQ and EQC develop its cap-and-reduce and clean fuels programs.

2. Impacted Communities

In the report, the PUC proposed to make structural and business operation changes, including:

- Continuing and expanding our recently-formed internal Low Income Roundtable to help raise PUC employee awareness of issues impacting vulnerable customers and to ensure the agency serves as an effective advocate for all utility customers;
- Creating a Diversity, Equity, and Inclusion (DEI) Outreach Coordinator position to provide a PUC point of contact to lead both internal and external engagement activities; and
- Retaining the services of DEI professionals to initiate efforts to develop an agency DEI Operations Plan to make the PUC a more diverse, equitable, and inclusive organization, and better equipped to serve all customers and the public generally.

The PUC also proposed to increase awareness and build new tools to help inform utility actions and agency decision-making processes by:

- Expanding and enhancing utility reporting of service disconnects and developing a publicly accessible database to inform state actions on energy burden; and
- Quantifying energy burden in Oregon through stakeholder workshops, which would be informed by Department of Labor Statistics and other sources.

Third, the PUC proposed to use the increased awareness, engagement, and knowledge to ensure regulatory actions are fully evaluated in terms of affordability and energy burden and that regulatory actions help protect and benefit impacted communities. The proposed actions included:

- Considering updates to the cost-effectiveness exception policy to allow streamlined approval for measures and programs targeted toward low-income ratepayers, up to a defined percentage of program costs;
- Requiring GHG reduction activities and pilots to include dedicated actions to serve low-income communities;
- Examining rate design options to benefit low-income customers;
- Revisiting rules regarding utility service connection, bill payment arrangements, and disconnection requirements; and
- Exploring utility pilots to deploy advanced technology in low-income settings to provide bill savings and non-energy benefits, such as resiliency during extreme events.

The proposed actions above will support and complement the Governor's specific directive that the PUC engage customers, communities, and partners in government to ensure Oregon's GHG reduction goals provide value for all. These engagement activities include:

- Engaging the Environmental Justice Task Force as a trusted partner in PUC activities to help vulnerable populations and impacted communities;
- Engaging with the Governor's office interagency workgroup to develop strategies to guide state climate actions; and
- In cooperation with Oregon Housing and Community Services (OHCS), conducting a public process to raise awareness of issues impacting vulnerable customers and populations to minimize impacts related to GHG mitigation activities.

Stakeholder Comments
The Impacted Communities section of the report saw the most extensive and varied set of comments from stakeholders. The stakeholders' comments were generally supportive of all the PUC's proposed actions. Stakeholder comments were consistently positive about expanding the internal Low Income Roundtable, establishing and filling a DEI Outreach Coordinator position, and initiating efforts to develop an agency DEI Operations Plan. Additionally, stakeholders consistently requested that the PUC continue to conduct outreach with stakeholders, local government agencies, and affected communities and host workshops ahead of pursuing any regulatory changes that might be necessary to implement EO 20-04 directives. In conjunction with this recommendation, many stakeholders also recommended that intervenor funding be expanded and broadened to allow for more diverse expertise and views to be dedicated to participating in PUC dockets.

A significant number of comments requested that the PUC develop a plan to study and quantify the energy burden faced by low-income and frontline communities through an open and inclusive process followed by devising a plan for reducing excessive energy burdens within the state. Both in connection with and separately from these comments, many stakeholders supported the OPUC prioritizing vulnerable populations and impacted communities when considering the impacts of PUC decisions and GHG emission reduction activities. Several stakeholders commented that GHG reduction activities and pilots should be required to include dedicated actions to serve low-income communities. Similar comments recommended that utilities be required to implement sustained programs focused on deploying advanced technologies in low-income communities using innovative approaches in order to reduce GHG emissions associated with community energy consumption and strengthen the resiliency of utility services to these communities.

Several stakeholders supported the PUC's proposal to modify the cost-effectiveness test requirements around energy efficiency programs targeted low-income communities but the comments noted that this proposal is deceptively complicated and may need further analysis.

3. Wildfire Planning and Collaboration

Building on the direction provided to the PUC in the 2019 Report and Recommendations of the Governor's Council on Wildfire Response, the PUC proposed the following two activities to meet the Governor's wildfire directives:

- Initiate an investigation to formalize electric company wildfire protection and mitigation plans, and to address key questions on data collection needs and community engagement in wildfire planning; and
- Partnering with all the operators of electric systems in Oregon to examine and discuss best practices and help develop and disseminate Oregon appropriate, data-driven solutions in order to equip all utilities across the state to effectively and continuously adapt to changing wildfire risks.

Stakeholder Comments
Comments were broadly supportive of the proposed wildfire mitigation planning process, with many encouraging the PUC to ensure that a robust community engagement process, including local governments and community-based organizations, precedes wildfire mitigation plans being finalized and actions being taken. Additionally, six stakeholders commented that the PUC should incentivize utilities to focus their mitigation and community resiliency efforts on community and customer-centric solutions, like distributed energy resources and energy storage, in order to minimize the potential harm that might result from any public safety power shutoffs that might be necessitated by extreme fire danger.

4. Next Steps:

Since May, the PUC has received 26 letters and emails in response to the PUC's call for written comments on our May 15 report to the Governor on Executive Order 20-04. Comments were comprehensive and thoughtful and came from a diverse set of interested parties offering multiple perspectives on the directives in the EO. The PUC plans to begin reviewing and incorporating stakeholder suggestions and comments into our list of potential actions once the comment period ends on June 30.

Once a comprehensive list of action items has been organized, the PUC will develop work plans and processes to scope and implement the action items, taking into consideration the needs of the public and stakeholders, resource constraints inside and outside the PUC, and the potential sequential nature of some of the proposed actions. The timetable for undertaking these actions has yet to be determined, but the PUC hears and understands the urgency conveyed in many of the comments received that actions need to begin quickly to meet the Governor's EO directives. The PUC will also ensure that, as proposed action items are undertaken, these plans are designed to give ample opportunity for stakeholders and affected communities to provide input on the development of potential regulatory processes, policies, programs, and rules.

Notably, several of the policy suggestions from the PUC's May 15 letter to the Governor build upon activities that are already underway. These activities cover a wide-range of

topics, from transportation electrification to greener customer choices that result in reduced greenhouse gas emissions. As these activities continue to progress, the directives in the EO will be factored into the PUC's considerations, recommendations, and regulatory decisions. These activities are outlined below:

GHG Reduction
The PUC is currently implementing rules to allow for investments in Renewable Natural Gas (AR 632), with explicit goals to reduce GHGs, and is in the early stages of an investigation into the value of capacity (UM 2011), which is anticipated to complement past work on the Resource Value of Solar.

PUC Staff continues to work with electric utilities to develop and expand effective TOU rates and pilot programs that will shift electric load away from peak load hours and reduce GHG emissions. This includes updating our approach to voluntary green tariffs (UM 1020), improving access to the grid (UM 2005, UM 2032, and UM 2099), and expanding demand response offerings.

In recent months, all three electric utilities have submitted and had approved their first bi-annual TE plans. These plans call for pilot programs to encourage the adoption of electric vehicles and their cost-effective charging during off-peak hours. In each case, the PUC has also recommended the utilities return in two years with more transparent, comprehensive, and ambitious TE plans.

The PUC continues to participate in negotiations with electric utilities and local governments regarding potential community green tariffs. The PUC is planning to hold a stakeholder workshop in Q3 that will address methodologies for utility cost recovery of transportation electrification and further advance long-term priorities to streamline the review of EV pilot programs and infrastructure investment. Additionally, during this timeframe, Staff will work with DEQ to inform their Clean Fuels Program as they further reduce carbon intensity of the transportation sector and accelerate generation of clean fuels credits by electric utilities.

Impacted Communities
The PUC Executive Office has developed a new position for a Diversity, Equity, and Inclusion Outreach Coordinator. The position description is being reviewed internally and expected to be posted for recruitment in early July.

In addition, based on the success of the SB 978 stakeholder process in which the PUC actively sought to conduct outreach and take comment from a wide variety of potential stakeholders in Oregon, the PUC have sought to create more educational, inclusive, and dynamic docket processes, particularly around program creation and proposed

rulemakings. Most recently, the workshop and webinar series for developing rules around distribution system planning (UM 2005) has been a notable and ongoing success. Lessons learned in the UM 2005 docket, and others like it, will be carried forward and elaborated upon further in future policymaking processes.

Wildfire Planning and Collaboration
In May 2020, the PUC had all three investor-owned utilities report on their 2020 wildfire mitigation activities. The PUC is on track to take the next step in wildfire mitigation planning with the IOUs by opening a rulemaking on wildfire mitigation plans later in 2020. At the same time, the PUC has begun the process of developing an Oregon Wildfire and Electric Collaborative that will work to share best practices and procedures amongst the state's many investor- and community-owned electric utilities. The collaborative held its first meeting to begin focusing on developing a framework for what the collaborative will look like and how it will function. Discussions and planning are now underway for the first workshop to be held in late July 2020.

Conclusion

The report the PUC filed with the Governor on May 15 was a starting point for the agencies work on the implementation of EO 20-04. Through continued dialogue and engagement with our stakeholders and the Governor's office we will continue to discuss and shape the PUC's approach to implementing these important directives.

PROPOSED COMMISSION MOTION:

No Commission action recommended at this time.

Appendix A

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June 15, 2020

Public Utility Commission of Oregon
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Salem, OR 97301-2551

Re: OPUC Report on Executive Order 20-04

Avista Corporation, dba Avista Utilities (Avista or Company), submits these comments in accordance with the Oregon Public Utility Commission's (Commission) Report on Executive Order No. 20-04 (EO 20-04). Per the report the Commission seeks input from stakeholders regarding the report and PUC's proposed actions to implement EO 20-04.

Avista appreciates the opportunity to participate in a listening session with Commission Staff regarding and to provide initial thoughts on parts of the EO 20-04 that related to the PUC and the distribution of natural gas in Oregon. The Company recommends that the Commission continue to hold listening sessions and workshops to further discuss EO 20-04, the OPUC Report, and comments made by various stakeholders. Hosting a workshop on each of the key themes as a start would be helpful. Avista looks forward to further engaging in the discussion about the role gas utilities can play in reducing greenhouse gas (GHG) emissions and diversifying their product with cleaner fuels.

With the OPUC being an economic regulator, Avista believes central to consideration of proposed actions identified in the report is an economic impact analysis of those actions. The transition to a low carbon future for natural gas utilities must be governed by economic principles, guided by cost-effectiveness and technological feasibility. The potential cost impact for Avista to comply with EO 20-04 could have drastic impacts on our customers, and especially Impacted Communities.

As an example, for Avista to meet a standard of a 45 percent GHG reduction from 1990 levels by 2035, it would be required to offset or replace with cleaner alternative resources approximately 46 million therms. For the standard of an 80% GHG reduction from 1990 levels by 2050, Avista would be required to replace or offset approximately 86 million therms. If renewable natural gas (RNG) is utilized as the primary method to reach these levels, studies conducted by the Oregon Department of Energy have shown that siting the production resources within the state to

produce sufficient quantities within these time frames would be challenging. Additionally, the cost of RNG could bedriven higher by demand from other sectors, including the transportation fuel sector which would be subject to even more stringent clean fuel standards as proposed in EO 20-04. We acknowledge that hydrogen might may be another option for fuel diversification, but there may be barriers for this resource to becoming a cost-effective, marketable solution within these time frames for the required quantities.

Natural gas energy efficiency will likely play a more significant role in meeting the standard of EO 20-04 in the future, but to what extent it can contribute to achieving emission reductions is not yet known. The amount of available cost-effective conservation today is limited. As new technology becomes available and more affordable (i.e., natural gas fired heat pumps) and if the cost of natural gas increases, conservation that is not cost-effective today may be cost-effective in the future and contribute to reducing GHG emissions. Avista will continue to work with the Energy Trust of Oregon and regional partners to explore and pursue all cost-effective natural gas conservation.

Regarding the proposed actions identified in the report, the Company offers the following comments on the theme of GHG Reduction:

A. Utility Planning Framework
   - The Company supports revisiting the voluntary emission reduction program under ORS 757.539. To date the Company is not aware of any utility receiving approval of an emission reduction project under this statute. Easing the application and reporting requirements to get a project approved, along with providing greater incentives for projects per the program, may lead to utilities pursuing projects that reduce emissions and provide benefits to customers.

B. Utility Service and Activities
   - Regarding the conversation on the topic of replacing wood-burning stoves, the focus of the conversation should not be solely on electrification. Natural gas should be a consideration as it is a cost-effective and cleaner alternative heating with wood, and it might be a cheaper option for the customer than electrification.

C. Evaluation of Regulatory Framework
   - No comments at this time.

D. Transportation Electrification
   - For some sectors, natural gas (i.e., CNG or LNG) may be an ideal fuel choice that is cleaner than diesel. The Company suggests including natural gas when exploring approaches to assess cost-effectiveness of transportation activities that promote GHG reduction goals.

E. Regulatory Activities
   - No comments at this time.

F. DEQ and EQC Collaboration

- Avista appreciates the stated intent to work collaboratively with the Department of Environmental Quality (DEQ) and Environmental Quality Commission (EQC) as those agencies initiate their own rulemaking efforts under EO 20-04. As DEQ and EQC have stated in their preliminary report, an intent to have an informal engagement process in the upcoming months as they develop specific emission cap and reduce approaches, it may be helpful to have some joint meetings with the Commission, DEQ and EQC and utilities specifically.

To reiterate, Avista believes the focus of resources during summer 2020 should be dedicated towards additional listening sessions, discussions of economic impacts, and on public workshops to provide further discussions across the broad group of stakeholders. Avista appreciates the opportunity to provide input on the implementation of EO 20-04 and looks forward to further collaboration with the Commission and interested stakeholders on this matter. Please direct any questions regarding these comments to me at 509-495-2782 or shawn.bonfield@avistacorp.com

Sincerely,

/s/*Shawn Bonfield*

Shawn Bonfield
Sr. Manager of Regulatory Policy & Strategy

AWEC

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June 15, 2020

Oregon Public Utility Commission
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Re: Report on Executive Order 20-04

Dear Commissioners Decker, Tawney, and Thompson:

The Alliance of Western Energy Consumers ("AWEC") appreciates the opportunity to submit comments on the Oregon Public Utility Commission's ("Commission") report to the Governor on Executive Order 20-04. AWEC was one of the stakeholders that provided input to the Commission during development of the report and believes its comments have been largely reflected in the report.

AWEC commends the Commission on a thorough report and believes it has identified a suite of processes that further the objectives of EO 20-04. AWEC will participate in these processes to the extent necessary to represent its members' interests. With respect to prioritizing processes, AWEC recommends that the Commission ensure that the reliability of the electrical system and the allocation of costs commensurate with cost-causation inform each of the identified processes.

Additionally, AWEC recommends that the Commission take a broad approach to identifying the benefits and burdens that arise from climate change and the measures in the utility sector necessary to address it. For instance, as PacifiCorp's recent $3.4 million settlement with the Department of Justice to settle wildfire liabilities in Oregon confirms,[1] (as well as Pacific Gas & Electric Company's bankruptcy), customers and shareholders both benefit from wildfire mitigation investments, and the costs should be apportioned correspondingly. Additionally, while AWEC supports measures to mitigate the energy burden assumed by low-income customers, such customers are not the only ones that are disproportionately impacted by energy costs. Electricity and natural gas often represent the single largest cost for many AWEC members, and many of these members are operating on the margin such that continued increases in their energy costs will threaten their ability to remain viable enterprises. Such businesses are also often the single largest employer in the region, and their closure can devastate a community. The Commission, therefore, should also consider the energy burden assumed by these businesses as it undertakes the investigations identified in its report.

AWEC looks forward to further discussions with the Commission and stakeholders on these important issues.

Respectfully,

John Carr

[1] https://www.reuters.com/article/usa-energy-settlement/in-brief-pacificorp-to-pay-34-million-to-settle-us-claims-over-oregon-fire-idUSL1N2DN2SU

COMMUNITY ENERGY PROJECT
Empowering People – One Home at a Time

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Portland, OR 97214

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June 12, 2020

Dear Commissioners,

Community Energy Project (CEP) is a Portland-based nonprofit that has been serving frontline communities for over 40 years. We work with over 1,500 low-income households annually around energy conservation and safety, and we are the Low-Income Facilitator for the Oregon Community Solar Program.

We would like to acknowledge the amount of effort and thoughtfulness that the PUC clearly put into crafting the implementation plan regarding Executive Order 20-04 (EO): Directing State Agencies to Take Actions to Reduce and Regulate Greenhouse Gas Emissions. We are impressed by how far the PUC has come in the last year when it comes to integrating diversity, equity, and inclusion into policy design. While there are many things that CEP supports in this document, we offer the following comments on the plan to highlight those recommendations and expand on them.

Greenhouse Gas Reduction

In 2020, it is well past the time that we begin incorporating the social cost of carbon emission. Incremental progress will no longer solve the climate crisis, we must look at the real cost of business as usual. The science is clear, the longer we wait, the more severe the consequences, and the higher the cost will be. This is not the responsibility of future generations, but ours.

While CEP supports new measurable ways to recognize the co-benefits of efficiency upgrades beyond energy and finances, we recommend that cost-effectiveness measures for low-income specific programs are removed. Health, environmental, and social impacts must be valued. We have long been pushing for a new approach, as have many of the partner agencies who are unable to provide clients necessary, helpful services due to outdated measurements for success.

Impacted Communities

Equity is a complicated issue. We applaud the PUC's willingness to tackle low-income issues, which will only further equip them to address and take action to support other frontline communities disproportionately hurt by climate change. It is very common for programs created with equity wedged in as afterthought. As a result, community-based organizations can struggle to make equity work in a system that is inherently flawed in this regard.

The recent protests and COVID-19 have only further highlighted to new audiences how terrible and deadly institutionalized racism and classism is, with far-reaching impacts. We are all being asked to further challenge ourselves to have new priorities.

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A DEI Outreach Coordinator, dedicated to analysis and working with expert stakeholders, would make the PUC's equity efforts much more effective and powerful, as long as that coordinator has real influence. CEP wholeheartedly supports this recommendation. We also recommend new hiring practices to increase staff diversity, which will strengthen the PUC.

We support the expansion of the "low-income round table", and see the expertise of other community leaders used to guide the PUC on successful paths towards inclusion. CEP would support the expansion of the intervener funding established by SB 978 to enable access to that expertise. Many of these groups will not be able to participate as consultants for free, and their time should be valued and funded in order to get more full participation and provide support to those agencies.

We thank the PUC staff and commissioners for their time.

Charity Fain, Executive Director
Sherrie Villmark, Program Director

Community Energy Project

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June 15, 2020

Garrett Martin, Commissioner Policy Advisor
Oregon Public Utility Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398

Re: 2020 PUC EO 20-04 Implementation Draft Report

Dear Mr. Martin,

As the 2020 PUC EO 20-04 Implementation Draft Report (draft report) notes, "Governor Brown's Executive Order No. 20-04 (EO 20-04) is a significant step forward in Oregon's response to the profound challenge of climate change and its impact on Oregonians." The Public Utility Commission of Oregon (Commission) can play a significant role in helping the state reduce its greenhouse gas (GHG) emissions. ChargePoint welcomes the opportunity to provide comments on the proposed actions related to transportation electrification (TE) in the Commission's draft report responding to EO 20-04.

ChargePoint is the world's largest electric vehicle charging network with more than 113,000 Level 2 electric vehicle (EV) and direct current fast charging spots. ChargePoint's customers include major employers, municipalities, universities, utilities, real estate developers and parking garage facility owners and operators that provide EV charging and related services to EV drivers.

ChargePoint's detailed comments on the proposed TE activities are provided below:

1. Prioritize utility investments in make ready infrastructure and consider TE as load within distribution system planning.

The draft report proposes, "Prioritizing appropriate infrastructure investments to approach TE as load within distribution system planning" (page 7).

ChargePoint applauds the Commission's initiative in engaging the wide range of regulatory issues related to electric vehicle (EV) charging. EVs represent a new and flexible load that should be considered within the distribution system planning process. Jurisdictions around the country are exploring more flexible and resilient regulatory frameworks that support EV adoption, ensure that new load is well-integrated into the grid, establish sustainable and scalable roles for public utilities to advance TE, and support innovation and competition in the EV charging market.

ChargePoint supports considering TE as load within distribution system planning and urges the Commission to encourage utility make ready infrastructure investments to advance TE in the state.

ChargePoint believes that utility programs are most effective when they support customer choice, competition, and innovation in charging stations and network services. To this end, ChargePoint asserts that appropriate support from utilities include 1) rebates for residential and commercial customers to purchase smart, networked chargers, and/or 2) make ready programs that allow the utility to invest in and own the lines, wires, and conduit (collectively known as "make ready") necessary to install a charger.

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In the make ready investment model, the utility directs investments toward installing and maintaining the supporting electrical infrastructure on the distribution side as well as the customer side of the meter up to the connection point of the charging station. By covering this work, a utility prepares a site for installation of the charging station itself, which is purchased and operated by the site host. While utilities have not traditionally owned infrastructure on the customer side of the meter, installing, owning, and maintaining this type of infrastructure are within a utility's core competencies and are the types of activities evaluated in the distribution system planning process.

Both rebates and make-ready accelerate the deployment of charging infrastructure by reducing total project costs for site hosts. Rather than a "one-size, fits-all" solution, these incentives could enable site hosts to choose the EV charging equipment and network that works best for them from a list of pre-qualified vendors. Providing choice supports a sustainable, competitive EV charging market that provides innovative products to meet customers' needs.

ChargePoint notes that the capital cost of installing EV chargers can exceed equipment costs, particularly in older properties and rural areas. These capital costs are largely attributable to trenching and make ready needed to make a parking space ready to install a charging station. Providing incentives for, or investing in, make ready on the customer's side of the meter can help overcome this barrier by lowering the charging station site host's cost of deploying chargers.

ChargePoint believes that the distribution system planning process provides an avenue for utilities and the Commission to plan for new EV load and to evaluate opportunities for utilities to invest in make ready infrastructure to support the growth of this new load. To that end, ChargePoint recommends that the Commission amend the first bullet point under "Transportation Electrification" in the Commission's report to read as follows: "Prioritizing appropriate infrastructure investments to approach TE as load within distribution system planning, including evaluation of utility investments in make ready infrastructure on both the customer side and the utility side of the meter to support EV charging station deployment."

2. Support creation of new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior.

The draft report also proposes, "Considering new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior" (page 7).
ChargePoint strongly supports efforts to ensure that the development of Oregon's EV charging market benefits the grid and all ratepayers. Utility rate design is an effective tool for incentivizing off-peak EV charging and both PGE and Pacific Power have been leaders in tariff design. There is no "one-size-fits-all" alternative to traditional utility rates, and utilities should have flexibility in developing appropriate solutions for customers. It may also be necessary to design tariffs to respond to different customer needs, for example a tariff designed for residential customers may not work well for commercial or fleet charging station operators. At this time, many jurisdictions have developed innovative rate structures that allow utilities to collect sufficient revenues, while at the same time promoting the installation of EV charging infrastructure and beneficial charging of EVs. In addition to the examples already implemented or proposed by Oregon utilities, ChargePoint recommends the Commission consider alternatives to traditional utility rates from other states, including:

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- **Pennsylvania, PECO**: EV DCFC Pilot Rider, which provides a monthly bill credit representing a percentage of the nameplate demand associated with installed charging station's behind a commercial customer's metered service. [1]
- **California, SCE**: TOU-EV-8, which provides TOU rates for the initial 5 years with demand charges phased back in years 6-10.
- **California, SDG&E**: TOU-M, an interim rate that allows site hosts to switch to a rate with a $2.50/kW demand charge and the 40 kW demand cap is waived.
- **Connecticut, Eversource**: EV Rate Rider Pilot (EVRRP), which converts demand charges to an equivalent $/kWh charge.
- **Michigan, DTE:** GS-D3, which waives the 1,000 kW demand cap for this non-demand general service rate for DCFCs through June 1, 2024.
- **Virginia, Dominion**: GS-2, which allows low usage sites to qualify for a non-demand general service rate.

However, the Commission should consider the full range of EV load management options at its disposal to ensure that the increased adoption of EVs leads to beneficial load growth across the grid. Utilities should be motivated to incentivize customers to install networked charging stations, which are capable of "smart" or managed charging and can respond to signals from utilities or system operators, through standards such as OpenADR. These networked stations may be used to achieve the important objective of ensuring charging occurs during periods of grid demand and/or high renewable energy generation. The shifting of charging load can be best effectuated by empowering operators or site hosts of the charging stations using available technology and partnerships with utilities and network service providers, either in response to a tariff, or a demand response or managed charging pilot.

ChargePoint supports the second bullet point under "Transportation Electrification" and suggests modifying it to include "and load management pilots".

3. Support revisions to TE planning guidelines and program requirements to streamline utility processes and clarify cost-recovery criteria.

ChargePoint appreciates this proposal and welcomes the revisions that could enable utilities to propose TE plans and programs and receive Commission review and approval more quickly. We continue to support simple, straightforward utility programs like make ready and rebate programs (discussed above) that can easily be expanded, are widely agreed upon, and which would streamline both the utilities' and the Commission's processes.

[1] *See* EEI, *EV Trends and Key Issues* at 2 (Mar. 2019) ("On December 20, 2018... the Pennsylvania Public Utility Commission approved PECO's five-year EV DCFC Pilot Rider (EV-FC). This rider...will provide a demand credit to the customer's billed distribution demand. The credit...will be equal to 50 percent of the combined maximum nameplate capacity rating for all DCFCs connected to the service. Eligible customers will receive the credit for up to 36 months or until the pilot ends, whichever comes first. (Docket R-2018-3000164).)" at https://www.eei.org/issuesandpolicy/electrictransportation/Documents/EV_Trends_and_%20Key%20Issues_Mar2019_WEB.pdf. *See also* https://www.peco.com/SiteCollectionDocuments/ThirdPartyEV.pdf.

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ChargePoint does not recommend any changes to the third bullet point under "Transportation Electrification" (page 7) in the draft report.

4. Support approaches to assess cost-effectiveness of TE activities, beyond load planning, that promote GHG reduction goals.

ChargePoint encourages the Commission to include the emission reduction benefits of TE programs in the evaluation of cost effectiveness of TE programs[2].

Accordingly, ChargePoint recommends that the Commission consider modifying the fourth bullet point under "Transportation Electrification" (page 7) as follows: "Exploring approaches to assess cost-effectiveness of TE activities, beyond load planning, that promote GHG reduction goals, including consideration of GHG reduction benefits in cost-benefit analyses of TE programs."

ChargePoint welcomes the opportunity to discuss these proposed actions further and looks forward to working with the Commission to support its GHG reduction efforts.

Please feel free to contact me at alexandra.leumer@chargepoint.com if you have any questions.

Sincerely,

Alexandra Leumer
Director of Public Policy
ChargePoint

[2] https://www.ethree.com/e3-finds-up-to-5-billion-in-benefits-from-ev-adoption-in-new-york/

June 15, 2020

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

RE: OPUC Implementation of EO 20-04

The City of Eugene appreciates the opportunity to provide input on the Oregon Public Utility Commission's (OPUC) Report to Governor Brown related to the Implementation of Executive Order 20-04. The City requests increased engagement on the part of OPUC with local governments and impacted communities throughout the summer/fall while designing programs, as well as a new commitment to on-going regular engagement with these stakeholders. This request aligns with the City of Eugene's adopted Climate Recovery Ordinance (CRO) goals, including reducing community-wide greenhouse gas emissions (ghg) and reducing fossil fuel use, and the findings from the Equity Panel of the 2020 Climate Action Plan update.

Background
Local governments have been on the leading edge of climate recovery in Oregon for years. The City of Eugene completed our first community Climate and Energy Action Plan in 2010, adopted the CRO in 2014, and updated the CRO goals in 2016. While we have outlined local actions to reduce ghg and fossil fuel use, many of the large systematic actions are under the authority of state regulatory agencies such as the OPUC.

In 2017, Jacqueline Patterson, the Director of the NAACP Environmental and Climate Justice Program, met with Eugene Mayor Lucy Vinis to discuss climate action and equity. When Mayor Vinis ask Ms Patterson what the most impactful action the city could take related to equity and climate, her answer was to educate communities of color and low-income communities on the utility business model and support opportunities for greater involvement in utility decision making.

Recently, as Eugene has worked on updating our Right of Way Franchise Agreement for the provision of natural gas, it became clear that the city was at a technical and legal disadvantage due to the lack of institutional knowledge and capacity related to advancing our public benefit goals (e.g. ghg reduction and community fiscal stability). If the second largest municipality in the state is experiencing this challenge, what can be said of individual rate payers across the income spectrum?

Action
The City of Eugene is committed to incorporating the voices of marginalized community members into our climate planning efforts. This commitment required an increased level of financial investment, dedicated staff resources, and extension of project timelines. Through the work of the CAP2.0 Equity Panel, we built new relationships with representatives of marginalized community

groups, increased their capacity for future engagement, and gained new insight into how City processes, regulations, and systems helped or hindered those groups. We highly recommend that the OPUC adds a standing Equity Committee to provide input on all major utility decision making process and actions (e.g. IRP, rate cases, or implementation of new programs).

This investment in greater engagement of local governments and impacted communities will be a large transition for the OPUC. Through conversations with current and retired OPUC leadership and commissioners, it is clear that the agency needs to move from the highly technocratic approach and evolve to include input and assistance from a broader spectrum of stakeholders. The typical OPUC rate case or docket is a highly technical matter that requires stakeholders to have advanced knowledge, often legal representation, and an extraordinary understanding of the OPUC process. Those with vested interests and major financial resources are at an advantage to influence outcomes within this process. This is much the case related to the future opportunities for reduction of ghg and increased equity for rate payers.

Request

For this reason, we ask that the OPUC provide increased local government engagement in the near term as you work to develop the programs to implement EO 20-04. Engagement includes, but is not limited to, identifying a local government representative(s) for all workgroups associated with EO 20-04, creating a local government and impacted communities workgroup that will review and provide input on proposed programs, and hosting 'Utility 101 and GHG Impacts' workshops in all regions of the state as a way to raise awareness and educate Oregonians on the work of the OPUC and citizen's opportunities for engagement.

The areas that the City of Eugene will be most interested in participating are: Utility Planning Frameworks, Utility Services and Activities, Evolution of Regulatory Framework, and Regulatory Activities. The items outlined within the Report under these headings have direct impact on the ability for Eugene to reduce ghg's while maintaining reliability and affordability.

The OPUC must transform the ability for communities, where the results of the commission's actions are most prevalent, to participate in the oversight and guidance of investor owned utilities. Communities can have this level of high engagement and oversight with the publicly owned water, electricity, wastewater, and telecommunications utilities operating in their community. As OPUC moves to implement EO 20-04, we request a seat at the table as new programs are designed and existing regulatory processes are evaluated.

Thank you for your work on behalf of all Oregonians.

Sincerely,

Submitted electronically

Ethan Nelson
Intergovernmental Relations Officer

June 15, 2020

Via Email

Chair Megan Decker
Commissioner Letha Tawney
Commissioner Mark Thompson
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

RE: Report on Executive Order 20-04 Comments

Dear Commissioners:

The Community Renewable Energy Association ("CREA") appreciates the opportunity to respond to the Oregon Public Utility Commission (the "Commission") request for written comments addressing how the Commission should implement Governor Brown's Executive Order 20-04. We are particularly appreciative in the process that the Commission has gone through to solicit input from interested parties and stakeholders, and publish a draft with a comment opportunity prior to submittal.

However, having read not only the draft, but also the appendix (which may have been the more interesting document and somewhat informs these comments), CREA regretfully must say that we are somewhat disappointed in the Commission's draft response to the EO. EO 20-04 is a clear expression of the Governor's recognition of the importance of taking immediate steps to reduce the production of greenhouse gas (GHG) emissions in Oregon as soon as possible. By letter and intent, it clearly challenges various state agencies, including the Commission, to utilize their full authority in accordance with the EO and under Oregon law to accept their obligation to drive reductions of GHG emissions. The Governor, through the EO arguably directs and certainly challenges the Commission to think and act creatively, broadly and boldly to implement EO 20-04. CREA believes that in the draft response the Commission is failing to take advantage of the direction and opportunity to do so. Thus, CREA's core recommendation, in addition to specific policies, is that the OPUC more fully and systematically review opportunities to *fully* implement the EO to maximum potential, lest Oregon fail yet again to fulfill government actions seeking to not just promote but *achieve* renewable proliferation and GHG reduction to the maximum extent possible.

Oregonians, through a variety of ways over a significant time frame have continually and consistently expressed a desire for renewable energy, a competitive wholesale generation construct, providing customers the ability to choose renewable / carbon free electricity, a place for smaller, decentralized

generation within the state's generation portfolio, and the ability of customers to individually and collectively develop renewable generation for their homes and businesses. A vigorous implementation of all of these initiatives would have resulted in a generation portfolio which was cleaner, more renewable and economically better for the State today.

- In 1983, the Oregon legislature passed ORS 758.505-555, adopting the Federal PURPA law, which paved the way for independent power production, more competitive wholesale generation markets, and as technology and economics have evolved, created a significant opportunity for the increased development of non GHG emitting renewable energy.

- In 1999 the legislature passed SB 1149, an industry restructuring bill that encouraged customer choice, direct access, energy efficiency, customer choice.

- In 2007 the legislature passed Oregon's first renewable portfolio Standard (RPS) legislation SB 838. In addition to the establishment of RPS goals, the bill had another provision of particular interest to CREA, the so-called 8% provision at ORS 469A.210. It stated:

    - The Legislative Assembly finds that community-based renewable energy projects, including but not limited to marine renewable energy resources that are either developed in accordance with the Territorial Sea Plan adopted pursuant to ORS 196.471 or located on structures adjacent to the coastal shorelands, are an essential element of Oregon's energy future, and declares that it is the goal of the State of Oregon that by 2025 at least eight percent of Oregon's retail electrical load comes from small-scale renewable energy projects with a generating capacity of 20 megawatts or less. **All agencies of the executive department as defined in ORS 174.112 shall establish policies and procedures promoting the goal declared in this section.**

CREA notes that the language of SB 838 calls on all agencies to take action, not unlike the direction contained in EO 20-04. We also note that **20 years after the passage of SB 838 we still don't know if this goal has been met.**

- In 2016 the legislature passed SB 1547 which significantly increased Oregon's RPS. The bill also again addressed the matter of smaller, decentralized renewable projects by calling for:

    SECTION 14. ORS 469A.210 is amended to read: 469A.210. (1) The Legislative Assembly finds that community-based renewable energy projects, including but not limited to marine renewable energy resources that are either developed in accordance with the Territorial Sea Plan adopted pursuant to ORS 196.471 or located on structures adjacent to the coastal shorelands, are an essential element of this state's energy future, (2) For purposes related to the findings in subsection (1) of this section, by the year 2025, at least eight percent of the aggregate electrical capacity of all electric companies that make sales of electricity to 25,000 or more retail electricity consumers in this state must be composed of electricity generated by one or both of the following sources:

    (a) Small-scale renewable energy projects with a generating capacity of 20 megawatts or less; or

(b) Facilities that generate electricity using biomass that also generate thermal energy for a secondary purpose.

- Also in SB 1547 (at § 22) the legislature directed the Commission to establish a community solar program, as follows:

  (2)(a) The Public Utility Commission shall establish by rule a program for the procurement of electricity from community solar projects. As part of the program, the commission shall:
  (A) Adopt rules prescribing what qualifies a community solar project to participate in the program;
  (B) Certify qualified community solar projects for participation in the program;
  (C) Prescribe the form and manner by which project managers may apply for certification under the program; and
  (D) Require, by rule or order, electric companies to enter into a 20-year power purchase agreement with a certified community solar project.

  (b) The commission shall adopt rules under paragraph (a) (A) of this subsection that, at a minimum:
  (A) Incentivize consumers of electricity to be owners or subscribers;

- In 2017 the legislature passed SP 978 which called for:

  SECTION 1. (1) The Public Utility Commission shall establish a public process for the purpose of investigating how developing industry trends, technologies and policy drivers in the electricity sector might impact the existing regulatory system and incentives currently employed by the commission. If warranted, the commission may consider changes to the existing regulatory system and incentives.

  (2) As part of the public process established under subsection (1) of this section, the commission shall investigate the following:
  (a) The obligations of and benefits to electric companies under the existing regulatory system;
  (b) The obligations of and benefits to customers of electric companies under the existing regulatory system, including customers that participate in direct access;
  (c) The current use of regulatory incentives, including but limited to:
  (A) Incentives for electric companies to place capital investment in rate base, paying particular attention to the perception of bias in resource selection;
  (B) Incentives for electric companies to plan for serving all existing and all new electricity loads in electric companies' service territories; and
  (C) **Incentives for electric companies and for customers of electric companies to develop renewable energy resources and purchase renewable energy; and**
  (d) The primary public policy objectives that are promoted by the commission's current statutory authority and by the existing regulatory system and incentives.

  (3) As part of the public process established under subsection (1) of this section, the commission shall identify industry trends, technologies and policy drivers currently developing in the electricity industry, including but not limited to:

(a) **Greater penetration by variable energy resources of electric utilities' electrical systems;**
(b) **Increasing presence and cost-effectiveness of distributed energy resources in electric utilities' electrical systems;**
(c) Greater customer support sophistication and desire for energy service options and energy management tools;
(d) Increasing customer desire for energy service needs to be met by a specific generating resource through **either nonutility owned resources and delivery options or utility owned resources and delivery options;**

Through these and other legislation enactments, Oregon citizens, over 30 years of time, through their elected officials have expressed a clear desire for 1) clean, non-GHG emitting, renewable generation with 2) a portion of that generation being smaller, decentralized and diversified generation, 3) provided to them by a competitive wholesale generation construct, with 4) an element of customer choice.

While CREA is aware (painfully aware at times) of the significant time and effort the Commission has spent determining how to implement these directives, at this juncture it is difficult for CREA not to conclude that the Commission has been at best cautious in its implementation. At worst the Commission has been overly responsive to the historical resistance of the utilities they are to regulate on behalf of the public and their elected representatives to the concepts of greater use of renewable energy provided by a competitive generation regulatory construct, with increased reliance on smaller scale distributed generation and greater customer choice. Further, the Commission continues to rely on a 1992 Department of Justice (DOJ) memorandum regarding its authority to consider external environmental and GHG costs, rather than responding to, and fully leveraging, the legislation enumerated and discussed above. It is not difficult for CREA to imagine a present day that had historically less GHG emissions, more renewables, more distributed generation, and more customer choice had the Commission used the opportunities the legislature has repeatedly given it in a more creative, bold and broad thinking way.

Which brings us to today and EO 20-25. As noted above, while CREA appreciates the outreach the Commission has performed, CREA cannot read the comments and suggestions the Commission received from that process, then read the draft response and not conclude that yet again when given the opportunity to "go big" the Commission intends to "stay small". To be clear, that is not to be overly dismissive of some of the initiative the response outlines. The thinking around the recommendations in the Commission's response regarding utility IRPs generally, and incorporation of the social cost of carbon specifically, re-assessment of the system value of renewables, better incorporation of co-benefits beyond financial and energy in your analysis, improved measurement and evaluation of existing programs to better inform program improvement or expansion, and prudency review modification to incorporate the directions articulated in the EO are all positive things which CREA encourages. We applaud the Commission for putting these ideas on the table.

Our concern is that, when one steps back (to some degree) this Commission and (to a greater degree) previous Commissions have had ample opportunities to do these things and others. But too often the Commission initiates processes that are long and procedurally intensive (and thus expensive) after which decisions are made that are equivocal and ephemeral, subject to change if and when the utilities you are responsible for regulating decide they want a different outcome. The result is a somewhat continual state of regulatory and economic uncertainty for the non-utility / independent power producers and utility customers who are and have been willing and anxious to create businesses or incorporate into their existing business the very outcomes EO 20-04 calls for.

The justification the Commission generally leans on typically center around three areas: concern over increased costs, concerns over cost shifting, or perceptions of the limits on Commission authority. Addressing the latter first, stories about a DOJ opinion from 1992 that outline, and limit the Commission's authority are discussed to this day. Given that the questions around the limits of current authority, recent discussions regarding legislative changes or clarification of the Commission's authority, and now EO 20-04 (which clearly included "back channel" discussions regarding authority issues with the Commission and / or its staff) the public interest calls for a full and transparent discussion of the Commission's current and needed authority to fully implement both the letter and spirit of the EO as well as legislation such as noted above. At times, the authority issue seems to be one that previous Commissions utilized to avoid implementing initiatives they may have not been particularly supportive of. And while the current Commission may be concerned about providing a consistent direction, the past 30 years of legislative enactments since that DOJ memorandum was issued cannot be ignored.

Similarly CREA believes issues associated with costs and cost shifts have been relied upon by previous Commissions to "stay small". CREA believes those rationalizations have not clearly kept pace with the rapidly changing economics of non-GHG / renewable generation or are reflective of consumers' willingness to pay for generation that is non-GHG emitting or provides the co-benefits noted in the Commission's draft response. CREA is aware of representations made by the Commission or its staff of having certain sympathies for issues such as de-centralized generation that provide greater community resiliency or such as the case of small in conduit hydro generation which enhances stream flow and accordingly benefits fish. We are told that the Commission believes these projects are too expensive, (seemingly to implicitly assume the economies of scale argument). Yet CREA knows of no significant effort initiated by this or previous Commissions or staff to transparently evaluate resource costs which is inclusive of what, if any economies of scale exist among various non-GHG emitting generation, and to the extent, if any, that cost differential flows through to individual consumer bills. As the Renewable Energy Coalition noted in footnote 4 of their comments (which should be noted CREA is supportive of) there is growing evidence that the economies of scale arguments specifically and the renewables are more expensive arguments generally that often appear to be "baked in" implicit assumptions in (at least previous) Commission's / staff's thinking do not reflect today's realities. Nor is CREA aware of any public opinion effort or analysis to quantify Oregon's consumers' willingness to pay for the co-benefits delineated in the draft response (as well as others including but not limited to resiliency, Oregon job creation and enhanced rural tax base and economic development). By public opinion effort CREA does not mean simply incorporation of parties' docket testimony in a myriad of proceedings or taking testimony at a public meeting. What CREA means is an effort using (likely contracted) public opinion polling expertise using the best polling and social science techniques available to quantifiably assess the public's willingness to pay for these co-benefits. CREA believes that the combination of more accurate information on renewables costs, including smaller and more decentralized resources, quantification of the economic benefits of these co-benefits, and the public's willingness to pay for them will be an informative and worthwhile endeavor for this Commission.

Finally with that as a fundamental premise CREA would like to conclude with more specific recommendations relating to recent Commission activities that would result in reducing GHG emissions quicker and bigger:

- Quit fighting, and fighting about PURPA and make it work. A stronger PURPA platform will accelerate (within existing OPUC authority) the path to GHG reductions by unleashing the full competitive market to build renewables faster. PURPA has been reasonably described by one

CREA executive committee member as a "hole without a bottom". For years the Commission has allowed itself to be drawn in to a seemingly never ending PURPA debate. CREA supports the PURPA recommendations contained in the Renewable Energy Coalition's comments. And we want to emphasize that once the Commission finally creates a regulatory construct advocated by REC, but more importantly called for in Oregon's PURPA enabling legislation, make it sufficiently durable so as to create an environment where developers can operate.

- Allow Rate-Basing of PPAs - This change would reduce IOU incentives to fight PURPA and help on numerous other fronts, and better unleash the full potential of the market for all GHG-reduction solutions.

- Resolve the interconnection issues. Interconnection is an area rife with the opportunity for utility abuse. The Commission, as the regulator of monopoly service, has a special obligation to recognize the demonstrated problems small and independent developers have had with the IOUs in interconnection. Fundamentally the Commission must recognize the inherent conflicts of interest the present situation creates and allows, and take steps to allow developers to utilize independent, third party expert entities to resolve analytical, engineering and cost disputes.

- Complete the AR 622 rulemaking regarding community based renewable resources. The "eight percent" issue has been around since the passage of the original RPS in 2008 and still has not been resolved. CREA believes that is way too long. We urge you to determine what the compliance is **today** (not based on what the utilities want the Commission to believe it might be in 2025) and then either produce an annual report itself or hand it off to ODOE for inclusion in their periodic reporting in accordance with the Commission's guidance.

- Make Community Solar work. CREA initially spent time on this issue, but sadly and unfortunately determined its limited resources shouldn't be spent on an issue that, quite frankly in our opinion the Commission intended to assure was as least successful as it could be made while still being able to represent itself as responsive to its enabling legislation. CREA believes fundamentally that the Commission was too concerned about the cost shift portion of the legislation and much less concerned about incentivizing consumers to be owners or subscribers. It did so based on what CREA believes to be an inadequate assessment of either the economics of the purported cost shift or consumers' willingness to pay for the co-benefits of community solar.

- To make Community Solar work, the Commission needs to better assess the Resource Value of Solar. This appears to be another area where the Commission might benefit from outside independent expertise. A better, more accurate understanding of the RVOS is a foundation upon which other important decisions rest. CREA supports OSEIA's comments regarding the Community Solar and RVOS issues.

- Specifically assess the co-benefits of in-conduit irrigation generation and how to support the continued operation of existing generation and the construction of new generation. Doing so not only supports GHG reductions, but also supports what has been "the other" significant environmental issue of our time, enhancing fish habitat. Pacific Northwest ratepayers, either through the direct expenditures from their utility provider or through costs borne through BPA have spent huge amounts of money for decades now on fish enhancement efforts. The benefits

to both fish and GHG reductions from in-conduit hydro are clear. Efforts must be made to support these projects.

In these comments CREA hopes you note that we frequently attempt to differentiate or distinguish between "the Commission" and "previous Commissions". That was done with intent. CREA recognizes that this Commission as it is currently constructed is relatively new, from both a staff and Commission perspective. That, in and of itself creates a new opportunity to do better. Executive Order 20-04 provides a clear direction for this Commission to do so. That notwithstanding CREA recognizes that the OPUC, like any institution, develops cultures, ways of thinking, embedded assumptions and perceptions that can drive their thoughts and resultant actions which can survive changes at both the staff and Commission level. CREA also recognizes that the changes of the magnitude called for in EO 20-24 are not easy to accomplish for a myriad of reasons, not the least of which is resistance from the utilities it regulates, organizations with significant political influence and financial resources. CREA would like to recognize that PGE and PacifiCorp have recently embraced some positive directions and have done positive things. But it is not lost on us that policies they may embrace today are policies they were less supportive in the not that distant past. It is important for the Commission to regulate (including regulatory reform, such as performance based regulation) in a way that maximizes the alignment of interest between the utilities and the Oregon's citizens. It is also important to recognize its leadership role in achieving the changes called for in Executive Order 20-04. CREA believes that the Commission's draft response falls short of the moment. It's not a bad response, but it's not a great response. We respectfully suggest that it re-assess the input it received and attempt to meet the moment and opportunity EO 20-04 presents. Choose not to go small, but to go big.

Your consideration is appreciated.

Brian Skeahan
Executive Director,
Community Renewable Energy Association

FORTH
Empowering Mobility

June 15, 2020

Megan Decker, Chair
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

RE: Comments on the 2020 PUC EO 20-04 Implementation Report

Dear Chair Decker,

I write to you today on behalf of Forth, a nonprofit trade association that advocates for and facilitates the advancement of electric, hydrogen, shared, smart, connected, and autonomous mobility. Forth has more than 180 members, including auto manufacturers, electric vehicle charging suppliers, industry partners, utilities, local governments, and non-profit environmental organizations. We are pleased to provide these brief comments on your May 2020 implementation report directed by Governor Brown's Executive Order 20-04.

Overall, we found this report to be a strong endorsement of the Governor's Executive Order, which provides a set of clear guidelines for the evaluation of utility efforts in support of this EO. We wish to thank the Commission and its staff on their thoughtfulness and vision in helping Oregonians meet the goals of this Executive Order. We believe the approaches outlined in the report represent a real step forward for the Commission and can lead to significant advancements in transportation electrification in Oregon.

Forth appreciates and supports the four actions that the PUC has proposed regarding transportation electrification in Section D of the report. As an organization with a strong commitment to diversity, equity, and inclusion that operates consumer awareness and education programs for electric vehicles, we would also like to make the following suggestions and additions for the PUC's proposed TE actions (suggested edits in italics and underlined):

- Prioritizing appropriate utility infrastructure investments to approach TE as *beneficial* load within distribution system planning.
- Considering new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior*, including programs designed to increase TE access for low- to moderate-income utility customers.*
- Exploring approaches to assess cost-effectiveness of TE activities, beyond load planning, that promote GHG reduction goals, *including an evaluation of whether a given TE activity increases access to electrified transportation for low- to moderate-income utility customers.*

- *Incentivizing electric company programs that enhance EV consumer education and awareness.*

Thank you again for the thoughtful, innovative approaches outlined in your report, and for considering our comments on it. Please let me know if Forth can be of further assistance.

Sincerely,

Rhett Lawrence
Pacific Northwest Policy Manager
rhettl@forthmobility.org
503-490-2869

GREEN ENERGY INSTITUTE
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June 15, 2020

Chair Megan Decker
Commissioner Letha Tawney
Commissioner Mark Thompson
Oregon Public Utility Commission
PO Box 1088
Salem, OR 97308-1088
puc.publiccomments@state.or.us

Re: GEI Comments on PUC's Report on Executive Order 20-04

Dear Chair Decker and Commissioners Tawney and Thompson:

The Green Energy Institute at Lewis & Clark Law School (GEI) respectfully submits these comments regarding the Oregon Public Utility Commission's (PUC's) Report on Executive Order 20-04. We applaud the PUC for its forward-looking ideas regarding its possible implementation of Executive Order 20-04 (EO 20-04). As the PUC recognizes, energy decarbonization is critical for effective climate mitigation, and the PUC has the ability to guide and accelerate this decarbonization. Indeed, the PUC's Report identifies several potential actions that it could take to ensure Oregon decarbonizes its energy system swiftly, cost-effectively, and equitably. These comments focus on a few paramount issues raised in the PUC's Report.

I. Proposals Related to Impacted Communities

The PUC has already undertaken several important steps to ensure that impacted communities receive greater consideration in PUC decisions and are adequately represented in PUC proceedings. We support the PUC's commitment to "better ensure that rate proposals and other regulatory actions are fully evaluated in terms of affordability and energy burden." (Report at 10.) Many of the ideas in the PUC's Report, if implemented and adequately resourced, would help prevent the PUC's implementation efforts from disproportionately harming low-income communities. GEI also recommends the PUC take additional actions to ensure Oregon's energy transition is just and inclusive, as follows:

- The PUC proposes expanding utility reporting of service disconnects, developing a publicly accessible database to inform state actions on energy burden, and quantifying energy burden through state workshops. While these are good starting ideas, alternative and/or additional approaches could be more effective and just.
    - First, the PUC should ban utilities from disconnecting service. Electricity and heat are essential services, and nobody should face the dilemma of either paying for their food or paying for the energy to function in today's society. If

customers cannot afford electricity or gas service, the PUC should direct the utilities to contract with social service agencies, local governments, or nonprofit organizations to help devise a solution to remedy the inability to pay. Or, as part of a broader process to redesign the ways that utilities are paid, the PUC should reward utilities for developing sustainable tools for ensuring all customers continue to receive reliable and affordable service.

  - The use of a stakeholder process to calculate and discuss energy burdens could be a time- and labor-intensive process that could result in calculations that might quickly become obsolete. While we believe that the PUC should develop a clearer understanding of energy burdens in Oregon, it would likely be more efficient for the PUC to commission a study of these burdens, require the contractor to engage in extensive community outreach, ensure the underlying information in the study is available for community review, and offer all stakeholders the opportunity to submit oral and written comments on the study.
  - Any analysis of existing energy burdens should be accompanied by a strategy to ensure that energy burdens stay low for lower-income households and users as the energy system decarbonizes. In addition, any assessment of impacts on low-income consumers should go beyond energy burdens and consider the disproportionate environmental and health risks many low-income people face due to exposure to pollutants emitted from fossil fuels.

- The PUC aims to ensure agency proceedings will "help protect and benefit impacted communities." (Report at 10.) Two of the benefits highlighted in the Report are "[r]equiring GHG reduction activities and pilots to include dedicated actions to serve low-income communities" and "exploring utility pilots to deploy advanced technology in low-income settings." (Report at 10.)
  - We encourage the PUC to be more specific and ambitious regarding the implementation of these goals. Many states have recognized the need to ensure low-income communities benefit from clean energy technology and decarbonization projects, but few have delivered so far. The PUC could explore some innovative models used in California, including contracting with community organizations that provide workforce training while developing rooftop solar projects in many low-income communities. Bulk equipment purchases and installation practices, like the Solarize program from nearly a decade ago (https://www.nrel.gov/docs/fy12osti/54738.pdf), also have successfully increased clean energy deployment at affordable rates. Other states have experimented with other successful models for expanding access to clean energy technologies. We encourage the PUC to survey these other models, identify those that worked, and commit to implementing similar models in Oregon.
  - In addition, we encourage the PUC to go beyond "exploring utility pilots." (Report at 10.) While pilot projects can be successful on occasion and may help minimize risks of failure, they are often too limited to have meaningful impacts. Rather than pursue pilot projects for low-income and impacted communities, we encourage the PUC to design, commission, or direct the utilities to develop sustained programs for deployment of advanced technologies in low-income communities. The PUC can mitigate risks

associated with these new, expansive programs by requiring the integration of adaptive management strategies. Through adaptive management, program administrators would regularly measure, monitor, and assess performance and make necessary adjustments. Adaptive management also encourages program administrators and participants to learn from past successes and mistakes, and to apply that learning on an ongoing basis. As program administrators and participants gain more experience from implementing deployment strategies, they will also learn how to become more efficient and innovative.

- The PUC should prohibit the deployment of any new natural gas distribution infrastructure or new customer acquisition by natural gas utilities, particularly in low-income households and impacted communities that already face disproportionate exposure to air pollution. A recent report by the Rocky Mountain Institute and other organizations demonstrates that gas stoves emit harmful quantities of nitrogen dioxide (NO_2) and other pollutants. https://rmi.org/insight/gas-stoves-pollution-health/. In fact, the study showed that indoor NO_2 concentrations in homes with gas stoves were 50-400% higher than in homes with electric stoves. Indoor NO_2 concentrations also exceeded ambient air quality standards for NO_2 (the United States does not have indoor air quality standards). The study also noted that risks of harmful exposure to NO_2 were exacerbated in communities that already face disproportionate exposure to other air pollutants.
    - While the PUC may not be the primary regulator of air quality, EO 20-04 directs all agencies to "prioritize actions that will help vulnerable populations and impacted communities adapt to climate change impacts." (Report at 3.) Climate change will exacerbate the harmful impacts associated with localized air pollution, including asthma. Exposure to indoor air pollution will only worsen these risks in communities that are already disproportionately affected by air pollution.
    - The PUC should also ban new natural gas development to protect low-income and impacted communities that already face economic hardships from additional economic risks. Infrastructure "lock in" is already a major barrier to clean energy development and deployment. Once infrastructure is in place, it will likely be used throughout, and likely beyond, its economically useful life. If natural gas utilities are allowed to expand their distribution networks to new communities, this will limit these communities' access to zero-emitting technologies. Deployment of new natural gas infrastructure will also expose them to greater economic risks. One risk is that, as other natural gas users with economic means replace their natural gas appliances with electric appliances, natural gas prices for the remaining customers will increase. Another risk is that new natural gas customers will need to replace their own appliances prematurely, which low-income customers may not be able to afford. The PUC can mitigate these risks by banning new natural gas infrastructure development in any communities or buildings that face elevated risks of air pollution exposure or that have income levels that fall below the median income levels for the community.

II. GHG Reduction Proposals

The PUC has identified a host of actions it could take to ensure Oregon achieves the GHG reduction goals spelled out in EO 20-04. We commend the PUC for the breadth of these proposals, and we look forward to participating in future PUC processes that would turn these ideas into realities. These comments briefly focus on a few of the mechanisms we consider particularly important to successful decarbonization:

- Integrating risks of climate change into utility planning is a critical near-term step the PUC should take. We encourage early PUC action to require utilities to incorporate the social cost of carbon into utility IRPs and avoided cost proceedings. To the extent the PUC plans to update the IRP guidelines, we encourage the PUC to limit the updates to only those aspects of the guidelines that affect decarbonization; otherwise, there is a risk that broad reconsideration of the guidelines could take an enormous amount of time and resources.
- Adjusting Oregon's ratemaking practices should also be a near-term priority. Rewarding utilities for achieving greenhouse gas reductions, rather than for making capital investments, could incentivize necessary and beneficial behaviors while removing the incentives utilities currently have to exercise monopoly power and limit competition.
- The PUC should adjust its rules and practices to prohibit utilities from accelerating depreciation of fossil fuel facilities. Accelerated depreciation has allowed utilities to evade Oregon's "used and useful" rules and to shift the risks of bad fossil fuel investments onto ratepayers. There will likely be a push to build new natural gas power plants in the near term, but analyses indicate that these plants may operate at only 10% of their capacity by 2050. These analyses, moreover, assume no advancement in zero-carbon technology and are therefore overly bullish on natural gas. It is highly probable that all fossil fuels will be eliminated by 2050. The PUC should ensure that the owners of new gas plants, not ratepayers, bear the full risks associated with a near-term buildup of new gas infrastructure that could become obsolete before the end of its useful life.
- The PUC should prepare or commission a comprehensive analysis of how transmission constraints, transmission planning, and transmission integration practices currently constrain decarbonization efforts and how they could be reformed to facilitate quicker decarbonization. To the extent the PUC believes transmission constraints are a regional, rather than state-specific, concern, it should work with other regulatory agencies to commission a detailed west-wide assessment.

III. Process and Participation

GEI appreciates the PUC's acknowledgment that the procedures it uses to implement EO 20-04 will affect the speed of its work, the efficacy of its programs, and the ability of interested organizations and communities to participate in these very important initiatives. We encourage the PUC to combine and streamline as many of its efforts as possible. Stakeholder participation is a critical aspect of the PUC's processes, but, as the PUC is well aware, many stakeholders lack the ability to participate in myriad dockets and regulatory proceedings. If each proposal is implemented through a separate regulatory or administrative process, there is

a substantial risk that many representatives of low-income and impacted communities will not have the capacity to participate in most processes. In addition, participation will depend, for many groups, on access to intervenor funding and other financial resources.

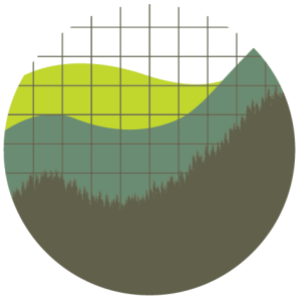
We encourage the PUC to expedite a proposal to ensure that impacted communities and low-income communities receive intervenor funding. We also encourage the PUC to develop an implementation plan that will consolidate many of its decisions into a limited number of separate proceedings. While we realize the PUC must continue to use separate adjudications for many of its decisions and to implement many of its policies, rulemaking proceedings may help streamline some of the PUC's implementation efforts.

IV. Conclusion

The PUC's Report on EO 20-04 provides a ray of hope that Oregon can pursue ambitious, thoughtful, and successful strategies to accelerate energy decarbonization. We appreciate the PUC's efforts to ensure its work is not only effective from a climate mitigation perspective, but socially and environmentally just. We know that much work lies ahead, but we think the PUC's Report is a very positive first step.

Sincerely,

Melissa Powers
Jeffrey Bain Faculty Scholar and Professor of Law
Director, Green Energy Institute



Institute *for*
Policy Integrity
NEW YORK UNIVERSITY SCHOOL OF LAW

June 15, 2020

To: Oregon Public Utilities Commission
Re: Report on Executive Order 20-04

The Institute for Policy Integrity respectfully submits these comments to the Oregon Public Utilities Commission on its report in response to Executive Order 20-04.[1] Policy Integrity is a nonpartisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy. Policy Integrity has written extensively on the general need to monetize the negative externalities caused by greenhouse gases,[2] and the specific role of the social cost of greenhouse gases in state policy.[3]

In March 2020, Governor Brown signed Executive Order 20-04, directing state agencies, including the Public Utilities Commission ("PUC"), to "take actions to reduce and regulate greenhouse gas emissions."[4] Section 5 of the Executive Order directs the PUC to consider the public interest while maintaining its independence and utilizing its "broad statutory authority to reduce [greenhouse gas] emissions.[5]

Accordingly, the PUC issued a report on Executive Order 20-04 in May 2020. The report "identifies proposed actions and activities the PUC can undertake in response" to both the

[1] No part of these comments purports to present the views, if any, of New York University.
[2] See e.g. Institute for Policy Integrity comments to FERC on Lamar County Natural Gas Project (Apr. 17, 2020), *available at*: https://policyintegrity.org/projects/update/comments-to-ferc-on-lamar-county-natural-gas-project.
[3] *See* DENISE GRAB ET AL., OPPORTUNITIES FOR VALUING CLIMATE IMPACTS IN U.S. STATE ELECTRICITY POLICY, POLICY INTEGRITY REPORT (April 2019), available at: https://policyintegrity.org/publications/detail/opportunities-for-valuing-climate-impacts-in-u.s.-state-electricity-policy; see also e.g., Institute for Policy Integrity comments to the Colorado Public Utilities Commission on Electricity Rule Changes (Apr. 10, 2020), *available at*: https://policyintegrity.org/projects/update/comments-to-the-colorado-public-utilities-commission-on-electricity-rule-ch.
[4] Available at https://www.oregon.gov/gov/Documents/executive_orders/eo_20-04.pdf
[5] Executive Order 20-04 §5(3).

general and the PUC-specific directives in the Executive Order. The report focuses on three themes for potential PUC actions: GHG Reduction Activities, Impacted Communities, and Wildfire Prevention and Mitigation. Policy Integrity's comments focus only on activities targeted at reducing greenhouse gas emissions.[6]

Policy Integrity recommends that the PUC use the Social Cost of Carbon developed by the Federal Interagency Working Group, last updated in 2016, to monetize the benefits from avoided greenhouse gas emissions.

These comments also draw upon examples from other states, including Oregon's neighbors Washington State and California, to illustrate how the Social Cost of Carbon has been used in state-level electricity policy.

The PUC Should Use the IWG Social Cost of Carbon to Monetize the Benefits from Avoided Greenhouse Gas Emissions

Executive Order 20-04 directs Oregon state agencies, including the PUC, to reduce greenhouse gas emissions. The PUC report in response to the Executive Order says the Commission will consider "options to incorporate the social cost of carbon into utility Integrated Resource Plans (IRPs) and avoided cost proceedings."[7]

Using the Social Cost of Carbon in Utility Planning Levels the Playing Field for Non-Emitting Resources

Utilities use IRPs to map how they can meet expected energy needs over a certain period of time. The Oregon PUC says IRPs "present[] a utility's current plan to meet the future energy and capacity needs of its customers through a "least-cost, least-risk" combination of energy generation and demand reduction."[8] Oregon's adopted IRP guidelines state that "all resources must be evaluated on a consistent and comparable basis."

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[6] *See* Oregon PUC Report on Executive Order 20-04 (May 15, 2020) at 5 [Hereinafter 'PUC Report"] ("Considering options to incorporate the social cost of carbon into utility Integrated Resource Plans (IRPs) and avoided cost proceedings"); *id.* at 6 ("Considering how to quantify and incorporate measurable co-benefits beyond energy and financial benefits (e.g., GHG emission reductions…"); *id.* at 7 ("Exploring performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions.").

[7] PUC Report at 5.

[8] Oregon Public Utility Commission, Utility Regulation, Integrated Resource Planning, available at: https://www.oregon.gov/puc/utilities/Pages/Energy-Planning.aspx (accessed June 12, 2020); see also Oregon PUC Order No. 07-002 at 2 ("The primary goal [of least cost planning] is least cost to the utility and its ratepayers, consistent with the long-run public interest").

However, because the harms from on greenhouse gases— including sea-level rise, greater incidence of coastal storms and extreme weather events, and human health impacts and mortality from heat-related illnesses—are not typically factored into utility resource planning, cost calculations currently used in IRPs for deploying fossil-fuel resources fail to reflect their true adverse impacts on society, creating a disadvantage for non-emitting resources. Using a monetary value for the harmful effects of greenhouse gases would address this shortcoming.[9] And a monetary value for the costs of greenhouse gas emissions is an effective tool to help identify resource combinations that can reduce greenhouse gas emissions at the lowest cost. By requiring utilities to use a monetary value for the adverse effects of greenhouse gas emissions, the PUC can level the playing field between fossil-fuel generators and non-emitting resources and thus makes them comparable.

The PUC should require utilities to use the social cost of carbon in their IRPs so that these plans reflect the true social cost of different generation mixes. Oregon's electric utilities already account for the projected costs of complying with "any regulation of greenhouse gas emissions,"[10] and have been using a social cost of carbon in their IRPs without being required to by the PUC. PacificCorp uses three carbon price scenarios, which reflect "impacts of potential future federal [carbon] emissions policies"[11] on future prices, and one scenario with a social cost of carbon in its latest IRP.[12] Oregon's other utility, Portland General Electric, also uses three carbon prices as well as a social cost of carbon of about $42 per metric ton in 2020.[13] Because Oregon's two utilities are already using carbon prices, requiring use of the SCC in IRPs ensures that this continues in the future and in a consistent manner across utilities. By requiring utilities to take the SCC into account in their IRPs, the PUC guarantees that utilities end up being transparent about the true costs of different generation mixes.

The IWG Social Cost of Carbon Is the Best Available Estimate

The Social Cost of Carbon ("SCC") is a metric designed to quantify and monetize climate damages, representing the net economic cost of carbon dioxide emissions. In other words, the SCC is a monetary estimate of the damage done by each ton of carbon dioxide that is released into the air. The SCC was developed by the federal government's Interagency

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[9], PUC Order 07-002 at 3.
[10] Order No. 07-002, at 5.
[11] PacificCorp 2019 Integrated Resource Plan, at 38, *available at*: https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/energy/integrated-resource-plan/2019_IRP_Volume_I.pdf [Hereinafter "PacificCorp IRP"]/
[12] PacificCorp IRP at 171, 179.
[13] Portland General Electric 2019 Integrated Resource Plan 76, Fig. 3-2: Carbon Price trajectories utilized in the Carbon Price Futures, *available at*: https://www.portlandgeneral.com/our-company/energy-strategy/resource-planning/integrated-resource-planning

Working Group on the Social Cost of Greenhouse Gases ("IWG"), which operated from 2009-2017,[14] and the work of the IWG remains the best available for SCC estimates, though it is the lower bound of the true costs of climate change.[15] The "central" estimate of the IWG SCC for carbon dioxide for emissions occurring in 2020 is $51 per metric ton.[16] This "central" estimate has been used hundreds of times by federal agencies,[17] and also by a number of states in their electricity proceedings.[18]

Several other states now require utilities to use values based on the IWG SCC in their IRPs or other long-term planning tools. In 2019, both Colorado and Washington State passed laws to this effect after their respective public utilities regulators recommended that utilities do so.[19] Nevada and Minnesota also require utilities to use the SCC in their IRPs.[20] Oregon can learn from decisionmakers in those states as it begins the process of making its own policy.

On the one hand, Oregon can take an approach that reflects its unique vulnerabilities to climate change. For example, Washington State has emphasized an SCC estimate based on a lower discount rate, of approximately $78 per metric ton of carbon dioxide, which reflects a more risk averse approach to mitigating climate change. For example, California requires utilities to use a societal cost test for evaluating DERs that accounts for climate damages. Similar to the case in Washington State with IRPs, California has chosen to focus not only on the "central" estimate but also on the "high impact" SCC estimate, of approximately $123 per metric ton of carbon dioxide, which likewise reflects the state's unique vulnerabilities to climate change. Because of California and Washington's geographic proximity to Oregon, the PUC may wish to take a similar approach if it assumes both states have similar climate risk profiles.

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[14] *See* Interagency Working Group on the Social Cost of Greenhouse Gases, *Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis* https://obamawhitehouse.archives.gov/sites/default/files/omb/inforeg/scc_tsd_final_clean_8_26_16.pdf.

[15] *See* INST. FOR POL'Y INTEGRITY, A LOWER BOUND: WHY THE SOCIAL COST OF CARBON DOES NOT CAPTURE CRITICAL CLIMATE DAMAGES AND WHAT THAT MEANS FOR POLICYMAKERS (2019), https://policyintegrity.org/files/publications/Lower_Bound_Issue_Brief.pdf.

[16] *See* GRAB ET AL. at 9.

[17] JANE A. LEGGETT, FEDERAL CITATIONS TO THE SOCIAL COST OF GREENHOUSE GASES, CONGRESSIONAL RESEARCH SERVICE REPORT (March 21, 2017).

[18] *See* GRAB ET AL. at 1, 3-4, 13-23.

[19] Colo. Sen. Bill 19-236 (passed May 3, 2019) and Wash. Sen. Bill. 5116 (signed by Gov. Inslee on May 7, 2019). For more details, *see also* http://CostOfCarbon.org/.

[20] Nevada Public Utilities Commission, Final Order, Docket Number 17-07020 (August 2018); Minn. Pub. Util. Comm'n, Order Updating Environmental Cost Values, In the Matter of the Further Investigation into Environmental and Socioeconomic Costs Under Minnesota Statutes Section 216B.2422, Subdivision 3, Jan. 3 2018, https://mn.gov/oah/assets/2500- 31888-environmental-socioeconomic-costs-carbon-report_tcm19-222628.pdf.

On the other hand, Oregon may take a less risk averse approach. The Colorado PUC, for example, requires utilities to use a lower range of SCC values that is reflective of the "central" estimate that uses a 3-percent discount rate.[21] Other states, like Nevada, require only that utilities use cost of carbon estimates based on the IWG SCC.[22] The PUC should determine which estimate or set of estimates from the IWG SCC values is more appropriate for the state's circumstances,[23] and should consider the "central" estimate a lower bounds.

The SCC Should Be Used Anytime Emissions Are Monetized

The PUC report in response to the Executive Order addresses not only IRPs but also avoided cost tests.[24] As discussed above, California uses the SCC in a similar context to an avoided cost test: the societal cost test for determining the value of DERs. Again, California has chosen an SCC value that is based on the "high impact" estimates. Moreover, the PUC should use the SCC in any context where it would be useful to monetize the effects of greenhouse gas emissions. For the reasons noted above, the PUC should ensure that in any cost of greenhouse gas emissions it uses is based on the IWG SCC estimates.

Finally, Executive Order 20-04 requires the Department of Environmental Quality and the Environmental Quality Council to establish a cap-and-trade program for large stationary sources. The PUC should be mindful that it can harmonize policies that use the SCC with this market. The PUC will need to consider how to incorporate the SCC accurately while working with a carbon price, such as the price of an allowance in a cap-and-trade scheme, to avoid double counting. States that participate in the Regional Greenhouse Gas Initiative, for example, would use the SCC minus the RGGI allowance price, if they needed to capture the true social cost of carbon.

In short, we strongly recommend that the PUC require utilities to use the SCC to monetize the effects of greenhouse gas emissions.

Sincerely,

Iliana Paul
Policy Analyst, Institute for Policy Integrity

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[21] Colorado PUC, Decision No. C17-0316, at 30, In the Matter of the Application of Public Service Company of Colorado for Approval of its 2016 Electric Resource Plan, Proceeding No. 16A-0396E
[22] Nevada PUC Order to Implement Senate Bill 65, Docket No. 17-07020 Sec 3(5), *available at*: http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2015_THRU_PRESENT/2017-7/32153.pdf
[23] *See* ILIANA PAUL ET AL., THE SOCIAL COST OF GREENHOUSE GASES AND STATE POLICY: A FREQUENTLY ASKED QUESTIONS GUIDE, INSTITUTE FOR POLICY INTEGRITY REPORT (Oct. 2017).
[24] PUC report at 5.

June 15, 2020

To: Public Utility Commission of Oregon (OPUC)

From: Fuji Kreider, public stakeholder

Re: Input on OPUC's EO 20-04 Implementation Report, May 15, 2020

Thank you for the opportunity to comment on your first Implementation Report of Executive Order 20-04. In the spirit of open participation and recommendations from the SB 978 process, this is a commendable effort in engaging non-traditional stakeholders. I am a "non-traditional stakeholder" who has been involved in IRP planning, the SB978 process, and a few of your transmission and distribution workshops. I am 100% volunteer and this work is extremely taxing. I know you are aware of that, and I appreciate the OPUC's efforts thus far in trying to engage the public in more meaningful ways. This is another example.

My comments are also "initial thinking" and as such, please consider them as a broad first reaction. The report is well-organized and clear. I support, in general, all of the principles (as best I understand them) to aggressively act Now to reduce GHE and protect our planet, communities, and way of life (our health, safety, energy resiliency and economic sustainability.) I will make comments in chronological order aligned with the report.

The Oregon PUC:

Thanks for the re-cap of your mandate. While I understand that this report is not about making legislative proposals, I am compelled to remind you that consumer-owned utilities such as Co-ops and PUDs are not regulated and therefore 26% of energy utility customers in the state are not under these directives. Can this be changed or incentivized, so as to create a fully-Oregon implementation of the EO?

The EO 20-04:

I support the EO and it aligns with my values; and at the same time, I appreciate the early highlighting of the OPUC's regulatory independence. This is necessary and critical because we are living in very divisive times. The independent role must be maintained!

The six arenas the EO directs are clear and the implementation of these will be where the rubber meets the road. I believe that the words in this "initial thinking" can be interpreted in various ways, depending on your special interest. Therefore, I urge that your communication be as clear as possible and you continue to further your good work towards inclusiveness through the consultation with the EJ Task Force, through your internal structures (roundtables and committees), and efforts to engage local community organizations, with intervenor funding, in the difficult work of utility and energy regulation.

Specifically the EO addresses 6 areas for the OPUC. A few comments:
In "1. Determine whether utility portfolios and customer programs reduce risks and costs by making

rapid progress towards reducing GHG emissions." Do you envision this statement any different than your current mandate? If so, how?

In "3. Prioritize proceedings and activities that advance decarbonization in the utility sector to reduce GHG emissions, mitigate energy burden experienced by utility customers, and ensure system reliability and resource adequacy." How would this actually be achieved? Are you suggesting that some dockets could be delayed in this prioritization?

In "4. Evaluate electric companies' risk-based wildfire protection plans and planned activities to protect public safety, reduce risks to utility customers, and promote energy system resilience, all in consideration of the recommendations made by the Governor's Council on Wildfire Response 2019 Report and Recommendations. " While this sounds good, it is not clear to me the role that the OPUC plays? Will you be providing input ***to*** the Wildfire Council or are you evaluating ***their*** work and commenting to the Governor? Also, will OPUC have any role in evaluating liabilities in case of utility-caused fire? I noticed how much the CA. PUC had to be involved in liability and settlements in California after their destructive fires.

Outreach

I am very grateful for the efforts to engage people all across the state, as well as the precautions during the Covid pandemic. However, as we experienced at a recent OPUC hearing in Eastern Oregon in April, the current technologies are limited and do exclude some people. This is a huge challenge, I realize. However, any upgrades or transitions to more user friendly—and simple—technologies would go a long way in reaching people in communities with limited bandwidth and/or skills. One example is the use of Zoom whereby people can access your meetings via computer and/or telephone simultaneously.

You said that some of the comments were not included in Appendix A because they could not be summarized in time. I do not understand why they needed to be summarized for an appendix? Couldn't you just have included them straight-away in the appendix?

Proposed Actions

GHG Reductions

A. Utility Planning

Two bullets in this section:

- "…resource procurement activities to determine if non-price scoring criteria…" Please give examples of what you mean by this. What are the current and anticipated criteria?
- "Exploring pilot and program design and evaluation criteria…" In my opinion, this should be stronger than simply "exploring." We need quick action on climate and reduction of GHG; but we cannot do it by excluding Co-ops and PUDs, nor should it be done with only utilities in mind. People, businesses and communities, can and must be participants in piloting and programs which will or could reduce GHG. The OPUC can lead the way in unleashing creative and innovative pilots and programs! Please do not leave this to the ODOE, as they are dependent on developer-funded reimbursements. But, I digress.

Proposed Actions

GHG Reductions

B. Utility Services and Activities

These ideas look really good at face value but we can't participate as Co-op customers. How can the OPUC expand its reach?

Can you also include: CHP or steam capture; micro-grids or campus-sized grids; renewable generation paired with storage, and batteries near substations for grid-balancing interties? Maybe these aren't all "demand-side" but incentives to use existing emissions to create more power ("re-use; recycle") in the context of CHP could be done quickly. It also could provide incentives for the often neglected rural food processing plants in Eastern Oregon. Micro-grids will allow disconnection in case of hacking or natural disasters, and increase our local emergency preparedness for wildfires. Renewables and paired batteries, close to load and near sub-stations would also increase our local resiliency; create jobs for all communities, especially in affected communities and those that you are trying to target.

As you know I am part of the Stop B2H Coalition and these activities align nicely with our vision of "energy democracy" and the future industry trends that we believe will occur with or without regulatory leadership. If the regulatory environment is to align quickly with industry trends, these activities need to be expedited.

C. Evolution of Regulatory Framework

This is a good section but one that I think has different meanings for different stakeholders. Specifics need to be clarified. For example in the first two bullets, are you talking specifically about the mid-C market? The region under the purview of the NW Power and Planning Council? Or, a broader, conceptual development of markets? Considering the resource inadequacy that is anticipated in the mid-C market, prices will likely go up. This will become problematic for EJ communities. Therefore, economic development by way of incentivizing local generation and distribution will create swift and new local markets, feeding local economies and moving us closer to the energy democracy that will come eventually. It is my hope that you have not bought into the idea of centralized, utility-owned transmission as the only way? Or, the EIM as the only way? Americans are resilient and entrepreneurial! I believe that if people are incentivized, we can move much quicker toward energy transformation, than vertically integrated utilities with shareholder interests as their foremost motivation.

The third bullet, "…performance based ratemaking measures…" could be good as long as the public helps design the performance criteria. I trust that the OPUC, given your current efforts toward inclusiveness, will do so; yet, I fear that IOUs will still dominate as they do in most of your proceedings and workshops. These criteria should be developed without the IOUs' conflict of interests. Maybe begin with a series of utility consultations, so everyone can learn; but then let the public work with you to design the criteria. The time has come to remove their conflicts of interest from dominating the regulatory arena.

The last bullet in this section: "Working with regulatory counterparts…" is always good, especially when it comes to sharing knowledge and best practices. However, I urge caution when it comes to any regional planning or aggregations, because sometime it is through rogue independence that we find better solutions.

D. Transportation Electrification

This section also looks good on face value. My only input is the reminder that one size won't fit all in a state like ours. Please consider that rural and urban needs and solutions will necessarily be different.

E. Regulatory Activities

I support the idea of including climate considerations in prudency reviews: what should they have known and when should they have known it? Could this start immediately? What needs to happen to make this so? Do your OPUC Guidelines for reviewing IRPs need to be updated?

The changing incentivize tariffs, such as "time of use ratings" is also a good initiative and should be informed by a workshop scenario like others you do. The public can be part of the solution and this could help with demand-side efficiencies and management programs!

F. DEQ and EQC Collaboration

In general, the less silo-ed state agencies are the better for efficient use of taxpayer dollars and for success. There are times and places where agencies need to remain independent, but in this case, your proposals seem sound.

Impacted Communities

The first section is very good and I appreciate seeing many of the ideas from the SB978 process reflected. Your efforts toward being inclusive and protective of customers' interests and the public, rather than what has been perceived as regulatory capture, catering only to the needs of the IOUs, is a big improvement and in the spirit of SB 978. Thank you.

The second category in this section is a good start but will need elaboration. More stakeholder and EJ discussions would likely expand on these and help create other metrics not envisioned at this time (eg: various public health metrics, air quality metrics, smoke and fugitive dust measures; and possibly in the future, an accounting of grid defections which create further burdens on existing customers.)

In the third section, I appreciate that GHG reduction pilots would also be targeted at low-income communities—and "required." This is very important. However, the last bullet, "exploring the utility pilots to deploy advances technology in low income settings…" should not be exclusive to low income settings. If you are referring to the improved use our AMI infrastructures, everyone should be incentivized to participate. Currently, at least in our Co-op, this advanced technology is only used for identifying outages and billing customers. Once again, we ALL can contribute to cutting the peak loads -- especially during emergencies—which will go a long way at reducing energy load and improving our climate resiliency.

Wildfire Planning and Collaboration

This is extremely important and cannot be under-estimated! While your plan includes convening workshops etc, I hope there will be more "teeth" to force utilities to comply with not only "having a plan" but implementing their plans--including but not limited to investments in upgrading and fire-hardening

current infrastructure (even incentivizing if necessary?) Also greater collaboration with state Fire Marshall, USFS, and others, need to be strengthened, similar to the emphasis of collaboration with the other agencies mentioned above (e.g.: community housing, DEQ, …) Unless I am misunderstood and much of this collaboration is going on at the Governor's Wildfire Council level? Either way, this section seems a bit weak relative to other sections. That said, I realize that wildfire has not been in the OPUC wheelhouse before. I look forward to seeing how your role evolves with further input and attention.

As this report reflects the "initial thinking" of the OPUC, I welcome the opportunity to continue hearing, reading, and commenting on your progress. As you continue to refine your role, activities, and initiatives in implementing EO 20-04, I hope to remain involved. Thank you again for this opportunity to comment and my apologies for late submission.

Multnomah County
Office of Sustainability

June 15, 2020

Chair Megan Decker
Commissioner Letha Tawney
Commissioner Mark Thompson
Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

Re: Public Utility Commission of Oregon's Report on Executive Order 20-04
Multnomah County Office of Sustainability's Comments

Dear Chair Decker, Commissioner Tawney, and Commissioner Thompson,

The Multnomah County Office of Sustainability (MCOS) appreciates this opportunity to respond to the Report on Executive Order 20-04 (the Report) that the Public Utility Commission of Oregon (OPUC) published on May 15, 2020. We thank the OPUC for its thoughtful effort to identify ways to respond to the principles and directions in Executive Order No. 20-04 (EO 20-04).

Our comments are rooted in Multnomah County's mission to protect the most vulnerable in our community. That mission shapes how we at MCOS approach sustainability: based on achieving social, economic, and environmental justice. Our comments are also rooted in the Multnomah County Board of Commissioners Resolutions No. 2017-046 and 2018-108. Resolution No. 2017-046 sets goals to meet 100% of community-wide electricity and energy needs with renewable energy, prioritizes community-based renewable energy infrastructure, and lays out principles for a just transition for Multnomah County. Resolution No. 2018-108 acknowledges the roles of policies and environmental racism in the environmental injustices that continue to impact communities to this day, and affirms the Multnomah County Board of Commissioner's desire to ensure that environmental justice principles are enacted in Multnomah County's work.

We offer feedback in these comments with the goal of helping the OPUC prioritize potential actions its work to meet your goal and directive to advance actions that reduce greenhouse gas ("GHG") emissions and center vulnerable populations and impacted communities. First, we urge the OPUC to center vulnerable populations and impacted communities in your response to EO 20-04 by prioritizing proceedings that impact those communities both with regards to timing and allocation of resources. With that lens, we offer feedback on proposed activities that the Report lists under section "GHG Reductions." We then express our general support for the OPUC's proposed activities under section "Impacted Communities," encourage the OPUC to consider impacts to those communities in proceedings and orders moving forward, and urge a more expansive scope than the Report suggests for the process the OPUC is to undertake with Oregon Housing and Community Services. Finally, we offer the OPUC feedback aimed at ensuring that communities and community-focused solutions are centered in wildfire protection and mitigation actions.

I. The OPUC should center vulnerable populations and impacted communities in its response to EO 20-04.

EO 20-04 recognizes the disproportionate effects that climate change has on impacted communities and the importance of centering those communities in climate action. Specifically, EO 20-04 directs agencies to "consider and integrate climate change, climate change impacts, and the state's GHG emissions reductions goals into their . . . policy making decisions," and to "prioritize actions that will help vulnerable populations and impacted communities adapt to climate change impacts[.]"[1] Additionally, EO 20-04 directs the OPUC to, "[i]n cooperation with Oregon Housing and Community Services, establish a public process to address and mitigate differential energy burdens and other inequities of affordability and environmental justice, including rate design and other programs to mitigate energy burden."[2]

It is crucial for the OPUC to center vulnerable populations and impacted communities in its work. On June 9, 2020, the OPUC convened a Special Public Meeting on the Impact to Residential Utility Customers during COVID-19 Pandemic and Future Recovery. At the meeting, the OPUC heard from multiple stakeholders that, while the hurt and uncertainty that vulnerable populations and impacted communities are experiencing is not new, it is currently exacerbated. The current situation further highlights the urgent need for the OPUC to center vulnerable and impacted communities in your response to the EO 20-04, as well as in other processes.

We urge the OPUC to prioritize vulnerable populations and impacted communities and to explicitly consider the potential impacts that its decisions have on these populations.

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[1] Executive Order No. 20-04 (hereinafter EO 20-04) at 5
[2] *Id*. at 9

Specifically, in responding to EO 20-04, we encourage the OPUC to prioritize, with regards to timing and resource allocation, those proceedings and processes that directly affect impacted communities. We also encourage the OPUC to consider its GHG reduction actions through an environmental justice lens. Finally, we encourage the OPUC to require that effects on impacted communities are specifically identified in future proceedings, related to EO 20-04 and more generally, and to address those effects in its orders moving forward.

II. GHG Reduction

As stated above, we encourage the OPUC to respond to EO 20-04 while centering impacted communities. In evaluating priorities under this section, we encourage the OPUC to take into account that durable efforts to address climate change, including efforts to reduce GHG emissions in the energy sector, must be grounded on environmental justice and designed and implemented in partnership with the communities that are most impacted by climate change. We appreciate seeing some movement in that direction in the Report's Impacted Communities section and the OPUC's proposal to "[r]equir[e] GHG reduction activities and pilots to include dedicated actions to serve low-income communities," and we encourage the OPUC to consider effects on impacted communities in all of its GHG reduction activities.

A. Utility Services and Activities

MCOS supports an exploration of community green-tariffs that builds on the work that local governments have been doing so that we can meet our clean and renewable energy goals and realize opportunities for community-based clean energy resources. We support considering this exploration a priority because many local governments have fast approaching clean and renewable energy goals and because community green tariffs have great potential to result in opportunities for the development of community benefitting energy resources.

MCOS also supports the OPUC prioritizing a proceeding to articulate a holistic approach to quantifying and incorporating measurable project co-benefits in cost effectiveness calculation beyond energy and financial benefits (e.g., GHG emission reductions, local air quality improvements, health benefits). In our response to COVID-19, Multnomah County has identified racialized disparate impacts from the virus due to underlying health disparities. Without a focus on targeted interventions that build community resilience, climate change will exacerbate those and other disparities. This conversation is critical because important opportunities to address public health disparities and protect impacted communities will be left on the table without full consideration of the public health and other co-benefits of energy related interventions.

B. Transportation Electrification

MCOS generally supports some of the ideas outlined in the Report aimed at ensuring that transportation electrification translates to system benefits. However, we encourage transportation electrification proceedings that prioritize maximizing benefits, and eliminating burdens, for impacted communities and vulnerable populations. For example, increasing access to EVs and EV charging infrastructure for those communities is an important element of transportation electrification conversations at the OPUC, as is ensuring that any rate design elements associated with transportation electrification will not negatively impact energy burdened communities.

C. Regulatory Activities

MCOS supports the OPUC's vision of achieving GHG reductions by taking EO 20-24's articulation of the public interest and statement of energy policy into account in its ongoing regulatory proceedings. As we stated above, we encourage the OPUC to also take into account environmental justice principles and effects on impacted communities and vulnerable populations in ongoing and future regulatory proceedings.

Should the OPUC decide to explore rate design, rate schedules, and utility tariffs as potential methods to incentivize GHG emissions reductions, we strongly encourage a focus on ensuring energy burdened communities are not negatively impacted.

Finally, MCOS supports considering whether utilities' actions are consistent with EO 20-04 as part of the prudency review standard for utility investments as well as the evaluation of planned mergers and acquisitions.

III. Impacted communities

We appreciate the OPUC's efforts to identify actions to help increase engagement and awareness from impacted communities.[3] As we stated above, we encourage the OPUC to see its work related to impacted communities and vulnerable populations go beyond a set of activities. Instead, we encourage the OPUC to consider impacts to those communities in its GHG reduction work as part of EO 20-04 and beyond. In responding to EO 20-04, we encourage the OPUC to prioritize proceedings and processes that directly affect impacted communities and vulnerable populations by launching them soon and resourcing them well. More generally, we encourage the OPUC to require that effects on impacted communities and vulnerable populations are specifically identified in future proceedings and to address those effects in its orders moving forward.

[3] Report at 9.

We appreciate learning about the OPUC's plans to make changes to its own structure and operations and see potential in the changes that the Report describes. We similarly appreciate the OPUC's planned efforts to increase awareness and create tools to help inform utility actions and agency decision-making processes, and encourage the OPUC to also include in its reporting requirements moving forward the data on arrearages and other information that stakeholders requested at the June 9, 2020 meeting on COVID-19 impacts.

MCOS appreciates the OPUC's plans to utilize this increased awareness, engagement, and knowledge to better ensure that rate proposals and other regulatory actions are fully evaluated in terms of affordability and energy burden.[4] MCOS strongly supports the four proposed activities listed and encourages the Commission to prioritize them both in terms of timing and resources. Given the current economic and health crises that the OPUC explored at its June 9, 2020 meeting, we place special priority on the activities intended to address cost and risk of disconnection. As mentioned above, we also support the OPUC's proposal to "[r]equir[e] GHG reduction activities and pilots to include dedicated actions to serve low-income communities" and see it as a step in the direction of grounding its GHG reduction work on environmental justice principles. We encourage the OPUC to also consider our other suggestions in this realm.

Importantly, we urge the OPUC to explicitly add to its activities in this section and prioritize efforts to make intervenor funding accessible to community-based organizations for EO 20-04 related activities as well as more generally. We understand that until we have legislation that makes that funding more generally and permanently available, the OPUC's pilot in the SB 978 process may provide a useful model.

Finally, MCOS looks forward to the process that the OPUC is to conduct with Oregon Housing and Community Services. The Report states that the OPUC will cooperate with OHCS to conduct a "public process to raise awareness of issues impacting vulnerable customers and populations to minimize impacts related to GHG mitigation activities."[5] However, EO 20-04 states that the OPUC is to cooperate with OHCS to "establish a public process to address and mitigate differential energy burdens and other inequities of affordability and environmental justices, including rate design and other programs to mitigate energy burden."[6] Due to the current public health and economic crises, the time for action on processes and proceedings related to impacted communities is now. As a result, we urge the OPUC to adhere to a scope for this process that is as expansive and as close to the process outlined in the EO 20-04 as possible.

[4] *Id*. at 10.
[5] *Id*.
[6] EO 20-04 at 9.

IV. Wildfire planning and collaboration

MCOS supports the OPUC's proposed actions on this realm and support other stakeholders' call for the OPUC to ensure that community-focused and benefitting solutions are prioritized in determining actions to mitigate wildfire risks. We encourage the OPUC to consider ways to incentivize utilities to, where possible, rely on community and customer-centric solutions like distributed energy resources and microgrids. Importantly, we also encourage the OPUC to ensure that robust community engagement precedes utility wildfire prevention and risk mitigation actions, and that it includes participation by local governments and community-based organizations.

V. Conclusion

MCOS appreciates your thoughtful work to identify ways to incorporate the principles and directions in EO 20-04, as well as this opportunity to offer feedback as you determine how to advance actions that reduce GHG emissions and center vulnerable populations and impacted communities. We urge you to center impacted communities in your response to EO 20-04 by prioritizing proceedings that impact those communities both with regards to time and resources.

Sincerely,

/s/ John Wasiutynski
John Wasiutynski
Director
Office of Sustainability
Multnomah County

/s/ Tim Lynch
Tim Lynch
Senior Sustainability Analyst
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NewSun Energy
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June 15, 2020

Via E-mail

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398
garrett.martin@state.or.us
cc: Gov. Kate Brown and Kristen Sheeran, Governor's Climate & Energy Advisor

Re: OPUC Report and Next Steps on Executive Order 20-04 (Governor's "EO")

Dear Chair Decker, Commissioner Tawney and Commissioner Thompson, and Staff:

NewSun Energy submits these comments in response to the Oregon Public Utility Commission's (PUC) request for written comments on the OPUC's initial "Report on Executive Order 20-40" (Report) issued on May 15, 2020, as the PUC seeks recommendations as how it should approach the agency's actions to meet the greenhouse gas (GHG) emissions reduction goals detailed in Governor Brown's executive order 20-04.

NewSun Energy's comments highlights key high-impact action areas unique to the OPUC to facilitate maximizing the pace and success of increased renewables and GHG-reduction. These recommendations are the practical perspective of an active, experienced, Oregon-focused energy developer[1] actively engaged in renewables and battery development—and familiar with both OPUC dockets and market, policy, *and infrastructural* challenges which may (and likely will) limit GHG reduction, absent near-term OPUC actions.

First and foremost, the PUC has the ability to prioritize efforts, dockets, and actions that will a) facilitate GHG reductions and b) address related opportunities and issues which might limit the achievable pace of GHG reductions. It should do so. It should format docket schedules and engagement strategies accordingly. Further, it should pursue the following:

High Impact Action Recommendations: These changes and actions will cause more renewables faster – and prevent the OPUC's inaction from inhibiting GHG-reduction unnecessarily.

- 1) **Strengthen OR's PURPA Implementation = Simplest Path to Fastest GHG Reduction**: PURPA projects are GHG-reducing projects. Strengthening PURPA in

[1] NewSun is currently building and energizing several 10 MW solar facilities in Lake and Harney County, has worked with all three OR IOUs, coops, and extensively with BPA. NewSun energized in BPA's first ever direct-connected solar facilities in Dec 2019. NewSun currently has the most permitted ground for solar in the PNW, including 13 CUPs, and several hundred MW of ready-to-go solar which could be energized in 2-3 years, pending power contracting.

Oregon is the fastest path to the most GHG reduction—*and creates a path for the market to out-perform the RPS standards*[2].

The following specific changes would radically improve PURPA viability and investability in Oregon by removing artificial OPUC-governed constraints that impair achievable economies-of-scale for PURPA projects and undo harm from recent OPUC-facilitated utility actions and litigation suppressing the competition the IOUs see in PURPA[3]. (Asterisked items* are simple, fast-track items with out-sized impacts:

i) ****25-Year PPA Term Lengths**:* 25-30 year fixed price PPAs, consistent with typical utility non-PURPA resource procurements (e.g. RFPs) would accelerate GHG-free QF generation construction. Utilities already produce multi-decade avoided cost price forecasts, so very simple to implement. Keeps QFs on par with utility RFP (that avoided costs are based on), instead of shorting them 5-10 years, commensurately improving viability.

ii) ****Larger MW eligibility for Standard PPAs (40 MW)***, to enable better economies of scale, ability to connect to (more common) higher voltage power-lines (inhibited by smaller MW PPAs). Current OPUC 3 and 10 MW limits artificially limit ability to do normal- and cost-effective-sized projects.

iii) ****Improve Non-Standard PPA Policies:*** Non-standard Oregon QF PPA track is broken, as evidenced by their scarcity despite scale advantages. QFs should be able to build "at scale" too, all the way to federal 80 MW limit. Reduce security deposits. Clarify certain items utilities try to impose on non-std PPAs from standard PPA rules inappropriately.

iv) ****Eliminate the 5-mile rule*****,** which artificially impedes the development of projects that are already geographically confined based on the areas of the state with suitable power-line access and adds pointless interconnection and gen-tie cost burdens to QF projects. Land use considerations (and practicality) prefer more compact power development areas, not more sprawling development resultant solely from OPUC policy;

v) ****Fix LEO Rules: Allow QF to execute PPA at any point****, so utility can't obstruct PPA process.* The utility solely "holding the pen" in PPA drafting is wrong. Their being able to refuse (and delay) execution and drafting of PPAs should not be allowed ever. OPUC giving utilities sole control over when a "Legally Enforceable Obligation" exists is thus wrong, especially relative to their *mandatory* purchase obligation. This pointlessly weakens PURPA in Oregon, creating immense and unjust power dynamics which utilities exploit to impede PURPA (and thereby slow GHG reduction).

vi) ***Simpler, faster, non-utility-obstructed PPA process*****:** Utilities use PPA process, length, "discretion", and complexity to impede QF PPAs. Why do in 50-70 pages

[2] Oregon PURPA policies, until recently weakened, caused around $1B of solar QF projects to get built, throughout Oregon, in just 4 years (comprising almost all Oregon solar). This was achieved entirely outside the utilities' own procurement (and in despite of their obstructive anti-competitive efforts).

[3] Because investor-owned utilities always seek to own more assets (rate-based new assets = more profit per guaranteed rate of return), utilities always and naturally seek to suppress competition, such as PURPA. 2016-2020 in Oregon bore this out, with substantial utility-driven and -cause litigation. The OPUC should not facilitate this. It rather should adopt policies reducing their incentives to do and limiting their powers to suppress competition.

(or several months) what can be done in 1-10 pages (and a couple weeks)? PURPA standard contracts should be fill-in-the-blank-and-sign simple, not gauntlets of utility bureaucracy and discretion by a utility seeking to suppress a competitor. North Carolina did it in 1-2 pages.

vii) ***Add Floor on PURPA pricing at Utility Procurement of Same Technology:*** Under no circumstances should utilities being signing PPAs at prices higher (and terms longer) than offered to QFs under PURPA. QFs should be able to build 80 MW "at scale" solar projects and get the same pricing.

viii) ***Remove Ratepayer funding for utility anti-PURPA obstruction*****,** lobbying, and litigation. Ratepayers should not be paying for utilities to crush their competition.

ix) ***Add consequences to the utility for misbehavior on PURPA*****,** including damages to utilities for non-performance in QF PPAs and for obstructing contracting and interconnection. Currently they bill ratepayers for all their mischief, with no consequences ever for *anything*, irrespective of the frivolity, antagonism, or wrongness of their positions. This is asymmetric and wrong and creates perverted incentives to abuse their position (for which ratepayers pay).

x) ***Reform the dispute resolution process*** to provide real relief to QFs in a timely manner and require that utility shareholders, rather than ratepayers, bear the cost of the utility anti-PURPA legal bills;

xi) ***Encourgage QF + Battery Facilities:*** See comments below on capacity shortages. QF's adding batteries will mitigate substantial market risk and ratepayer harm for capacity shortfalls—because they will start today, not wait years for a RA program.

- **2) Fix state-jurisdictional PURPA interconnection issues 1) No NR-only PURPA contracts; 2) Make Network Upgrades Refundable (Like Every Other State/Utility):** These policies comprise unnecessary, and a-market barriers to non-utility-owned generation resources in Oregon (and the PNW). Limiting the utilities' ability to abuse the process to the disadvantage of their own competition. This is an issue for PURPA/QF and non-PURPA projects, adding costs (imposed by utilities incentivized to seek competition suppression) inconsistent with other market (and FERC) practices; and

- **3) Allow utilities to rate base PPAs:** Oregon should eliminate the utilities' perverting primary incentive to want to own *all* the generation. This incentive encourages competition suppression, PURPA obstruction, market impeding, RFP-gaming, and misuse of ratepayer funds to subsidize it. Remove it by allowing utilities to earn a return on PPA-procured resources and transform the market dynamics (including how they will approach RA reforms).[4]

- **4) Require Utilities to Address Transmission Shortages vs. TX Needed for RPS-Goal and GHG-reduction Scenarios:** There is *not* enough transmission to meet current GHG and RPS goals. There are *not* enough power lines. Not even close; certainly not where best solar and wind resources are/remain. There is a shortage *currently* – LTF

[4] The Washington Legislature specifically allowed for a return on equity adder for PPAs in its 2019 Clean Energy Implementation Act legislation. Codified at RCW 80.28.410 https://app.leg.wa.gov/RCW/default.aspx?cite=80.28.410.

transmission with BPA is hard to get already. Much less for 10s of GW of *new clean power* and *required new transmission lines* needed to deliver their power to load in the years and decades ahead.

How will the OPUC then ensure that 5-10 years from now all the RPS goals aren't stymied by failure to plan and think ahead today? Transmission lines take a *decade* to plan and build. You must act today or Oregon will fail tomorrow. NewSun recommends the following:

i) ***Oregon Utilities RPS Tx Planning:*** The OPUC should facilitate and require utilities to study and plan for how they will have sufficient transmission assets to meet i) the current RPS (including Washington CETA 100% carbon free implications/competition/demands) and ii) future Oregon high-RPS scenarios (80%, 90%, 100%, by various dates, 2040, 2050, 2060).

ii) ***Engage Bonneville in RPS-Focused Transmisson Planning Discussion & Effort:*** Bonneville is the backbone of the Pacific Northwest. Either it builds power lines or PGE, PAC, and IPCO do. Or (likely) both. Either way, BPA beginning the same work is critical to successful achievement of GHG reduction (and even current RPS standards). So that power lines are built by 2025-30. OPUC should facilitate (and require IOUs to act).

- **5) Capacity Shortages!! Do Something.** Multi-GW shortages of dispatchable capacity projects shortfall are projected by 2030, and already exists, due to coal retirements and new renewables (just for current RPS, not including *more* renewables).

  Blackout Risk is REAL! Even without likely additional RPS increases. *There currently are not sufficient gas projects (or batteries) in the pipeline at anywhere remotely near the multi-GW scale required to timely solve or prevent this problem.* A dozen new gas plants are needed in the next decade[5]. Ratepayers bear that risk.

  The OPUC must act to address this—to protect its ratepayers as the statutory RPS goals are achieved—to ensure the grid stays on. To ensure RPS mandates don't fail. To ensure ratepayers don't get hosed by blackout replacement energy and economy-impact costs. Especially for foreseeable issues. Top priority recommendations are thus as follows:

  i) **Quantify Blackout Cost Impacts to Ratepayers:** At risk: People *dying* in hospitals that lose power. Ratepayers *paying* costs for short-term replacement power costs: For context, former OPUC Commissioner Ackerman said at NIPPC's 2019 Alderbrook event that California ratepayers paid 3% of CA GDP in 2000-01 for *just* replacement energy (not including productivity losses and other impacts for power being off). Last-minute fast-track "fix it" generation projects will cost way more (than those planned well ahead). Oregon's PUC, knowing shortage are heavily projected, should not let this happen. Quantifying the cost exposures will help scope the problem scaled—as well as contextualize reasonable costs to prevent this, inform urgency of action. Climate change only exacerbates the likelihood of a no-snow winter + hard PNW cold-snap high pressure system combo event—the two key blackout risk conditions one-two

[5] See E3 studies, 8 GW shortfall by 2030.

punch ingredients for catastrophe. (Overlay climate driven wildfire risk on top of this.)

ii) **Investigate the Pipeline of Dispatchable Generation; Define Needs; Require Utility Plans:** It takes 3 to 7 (even 10) years to develop a new gas power plant (and similar for others). Especially for new generation to be sited in already congested (or just plain ol' 'maxed out') grid areas. Is the OPUC aware of this? Relative to the lack of capacity in the pipe? How will it ensure ratepayers don't have blackouts? The OPUC should require the utilities to specifically address these needs *and not to just say "the market" will be available*, which punts the reality of the problem and double counting. The PNW capacity shortage already includes *all* of the PNW market assets. Each utility must have a Plan. (That plan should also assess RPS and GHG scenarios, as above).

iii) **Don't just rely on the NWPP RA planning effort:** While NewSun supports the development of a much-needed, long-overdue robust RA market to ensure the PNW can address capacity shortfall needs… *It is not yet clear, nor reliable, that the NWPP will succeed at all, much less robustly, to have a binding RA program sufficient to avoid PNW blackout exposures.* The OPUC would be neglectful of its ratepayer responsibilities to sit and wait and "hope" that NWPP happens to get it done and get it right. The OPUC's responsibility is that *its* regulated utilities (and the market serving them) have plans, assets, and means to *ensure* there will be dispatchable capacity—Timely and At Scale—sufficient to address the needs.

iv) **Climate Risk Assessment Docket:** The OPUC could start a climate risk assessment docket addressing all these issues, as well as looking at related reliability risks, such as wildfire and critical infrastructure back-up systems, and infrastructure investment needs.

- **6) Directing PUC Staff to include a GHG impact section in each staff report**, detailing the GHG impacts of Staff's recommendation, which would be a procedural requirement and not necessarily mandating a particular outcome;

- **7) OPUC Staffing: Evaluate and Address the Current and Future Staffing Needs and Solutions.** The OPUC staff is already over-tasked relative to the immense scope of responsibilities they have in the Oregon power markets—to protect ratepayers from the abuses of utilities granted monopoly franchise privileges—and to ensure reliability and other statutory obligations are met. RPS increases and GHG reduction goals will only compound these stresses, as well as the consequences of employee turnover. In order to better inform the PUC itself, and Governor's office, as to what is required in order fully equip the PUC to meet its current responsibilities as well as likely future needs to meet GHG reduction goals and increased RPS targets, the OPUC should evaluate its own additional needs, as well as changes to hiring practices, pay (increases), and work policies, to improve retention and long-term expertise development of the critically important OPUC staff.

Finally, NewSun supports the comments of NIPPC and CREA.

Thank you for your attention to these practical-reality-focused recommendations. We trust your consideration of what is both achievable and imperative, as well as what may have greatest

impact will be informed by these suggestions, borne of several years of hands-on Oregon/PNW market experience and OPUC process participation.

Sincerely,

Jake Stephens
NewSun Energy

June 15, 2020

Northwest & Intermountain Power Producers Coalition's Comments on the Oregon Public Utility Commission's Implementation of Executive Order No. 20-04

The Northwest & Intermountain Power Producers Coalition (NIPPC)[1] appreciates the opportunity to submit written recommendations to the Commission in response to the potential Commission actions in its May 15 Report with respect to Governor Brown's Executive Order No. 20-04.

As a general matter, NIPPC believes that independent power entities are better positioned than incumbent utilities to identify, develop, and deliver the highest quality and least-cost generating resources to decarbonize Oregon's electric power system while maintaining the integrity of the system.

NIPPC supports the Commission taking some of the selective steps outlined in its report in order to reduce greenhouse gas (GHG) emissions in Oregon, a critical goal that NIPPC shares with many market participants and stakeholders in the state.

NIPPC's comments here are limited to reacting to the Commission's May 15 report. As the report describes on page 4, the Commission's schedule did not permit it to fully consider written comments submitted subsequent to stakeholder listening sessions in April. I therefore refer the Commission to comments NIPPC submitted on May 8 for more details on specific potential actions recommended by NIPPC. These actions relate to:

1) engaging more deeply with the Northwest Power Pool's Resource Adequacy (RA) initiative;
2) facilitating the ease of initiating and completing state-jurisdictional interconnections under the Public Utility Regulatory Policies Act (PURPA);[2]

[1] NIPPC represents competitive power participants in the Pacific Northwest. NIPPC members include owners, operators, and developers of independent power generation and storage, power marketers, and affiliated companies. Collectively, NIPPC represents over 4,500 megawatts of operating generation and an equal amount permitted or under development.

[2] Nearly all new PURPA projects being developed in Oregon are carbon-free. Supporting PURPA development, both interconnections and contract terms, can therefore accelerate GHG reductions.

3) reconsidering the 1992 Oregon Department of Justice memorandum with respect to "Commission Authority to Consider External Environmental Costs";
4) removing the perverse incentive in Oregon for electric utilities to build and own generation resources;
5) expanding customers' options to accelerate decarbonization through the Direct Access program; and
6) revising the Commission's mission statement with an explicit focus on environmental outcomes, including carbon reductions.

NIPPC is most encouraged by the following three potential Commission actions grouped under the heading "Evolution of Regulatory Framework" on pages 6-7 of the May 15 report. NIPPC urges the Commission to prioritize these activities.

"Accelerating work to understand, consider, and plan for the regional resource adequacy impacts of GHG reductions, so that these changes can be confidently made while supporting system reliability"

NIPPC believes that exploring the GHG reduction opportunities of a regional RA program, depending on the design of such a program, deserves consistent Commission attention in the coming months. NIPPC does not propose that such a program be based principally on GHG reductions, given the importance of RA for ensuring a reliable electric power system under all operating conditions and emission profiles. Nevertheless, a regional program could be a key tool for states seeking to decarbonize at the lowest cost by relying on a diverse geographic footprint of reliable resources, competitive mechanisms for allocating RA obligations, and clear price signals to developers of new resources.

Planning, financing, and constructing new resources to replace the existing dispatchable thermal resources scheduled to shut down in the region will require at least several years of lead time. The Commission's accelerated engagement with the creation of a regional RA program will help support new resource development that will provide system reliability in the future.

Similarly, transmission projects, even more so than generation and storage resources, often require over a decade to complete. In the context of an RA program, as well as more broadly, NIPPC encourages the Commission to consistently evaluate upcoming transmission needs. Analysis of power deliverability, transmission congestion, and other system constraints under low carbon scenarios within Oregon and across the region should become a standard part of utility and Commission planning, including for a regional RA program.

Specific PURPA-related actions the Commission could undertake include increasing the term length of power purchase agreements (PPAs) and increasing the standard PPA size eligibility threshold.

"Supporting development of regional electric markets that benefit consumers and reduce GHGs through access to a more diverse range of clean and renewable resources"

NIPPC strongly agrees with this potential action. Regional diversity of resources and competitive price signals are a powerful combination to decarbonize faster and at a lower cost. The pursuit of GHG reductions limited to actions within a single state's borders is an ineffective and expensive way to decarbonize. In this respect, the expansion of the Western Energy Imbalance Market and, potentially, the Day-Ahead Market operated by the California Independent System Operator, are directionally positive developments in Oregon. The experiences of NIPPC's members with developing, marketing, and firming renewable energy, as well as wheeling power across interstate transmission lines, have all reinforced the value of state regulators in the West engaging with likeminded counterparts to forge new and larger regional markets. Reducing carbon emissions in Oregon should be inseparable from these actions.

"Exploring performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions"

As a general matter, NIPPC strongly supports the Commission undertaking performance-based ratemaking. The Commission can facilitate moving Oregon away from the long-standing utility business model that merely encourages more power sales and more capital expenditures. This model creates a perverse incentive in favor of utility resource ownership and is ill-suited to accelerate the development of clean, reliable, and renewable resources. Basing utility financial incentives on performance outcomes would be a welcome departure. As a participant in the Senate Bill 978 process in 2018, NIPPC notes the stakeholder record developed in that process that supported, among other potential actions, a commitment by the Commission to pursue performance-based ratemaking.

Other topics

Apart from these Commission actions to evolve the regulatory framework in Oregon, to the extent the Commission chooses to open proceedings to accelerate electrification of Oregon's transportation infrastructure, NIPPC believes this is an underdeveloped policy area that is ripe for further Commission action.

In general, as the Commission starts considering selective actions to reduce GHGs, NIPPC encourages the Commission to direct staff to include a section in each relevant staff report that describes the potential GHG impact of a recommended action and any relevant implications for maintaining the integrity of the electric power system.

Finally, NIPPC encourages the Commission to consider seeking an increase in the size of its staff commensurate with the challenge of implementing the actions above. An appropriate place to start would be an identification of likely staffing needs and

measures the Commission could implement to continue attracting experienced personnel with relevant expertise.

Thank you again for the opportunity to comment on the Commission's May 15 report and potential actions to implement Executive Order No. 20-04.

Sincerely,

Spencer Gray
Executive Director
Northwest & Intermountain
Producers Coalition

MEMORANDUM

TO	Megan Walseth Decker, Chair Letha Tawney, Commissioner Mark Thompson, Commissioner Kristen Sheeran, Energy and Climate Advisor, Office of the Governor
FROM	Angus Duncan, Natural Resources Defense Council (NRDC)
SUBJECT	Oregon Public Utility Commission Response to EO 20-04
DATE	June 15, 2020

NRDC submits the following comments to the OPUC Proposed Actions in response to Governor Brown's Executive Order 20-04[1]. We concur generally in the potential directions and actions identified by the OPUC from its discussions internally and with stakeholders but believe they will benefit from greater specificity. Our comments below suggest priorities and add such needed specificity, and so would allow expeditious incorporation into agency policy.

A. Utility Planning Framework

Social Cost of Carbon: NRDC supports employment of the Social Cost of Carbon (SCC) as a carbon screening tool for the OPUC and other State agencies where decisions, rule adoptions and/or investments (including utility investments recoverable from ratepayers) can thereby internalize the carbon consequences of such decisions that are often not fully reflected in current market costs or other metrics. We note the EO directs agencies to integrate carbon emissions and climate effects into their decision-making[2]. There are different ways to create such screens, but the SCC

[1] NRDC has found merit in, and also signed onto comments submitted by other interested parties. We encourage OPUC attention to these as well.

[2] ". . . agencies shall consider and integrate climate change, climate change impacts and the state's GHG emissions reduction goals into their planning, budgets, investments and policy making decisions." Paragraph 2C, EO 20-04, March 10, 2020.

provides a consistent quantified measure useful across multiple decision-making circumstances and platforms. It can be used in binding fashion or as providing another reference point for decisions that must balance multiple such criteria. We urge the OPUC to rely on the SCC as it obtained at the close of the Obama Administration (changes effected under the current Administration have purposefully undermined the intent and effects of the SCC); and to rely on the lowest available discount rate as most fairly reflecting intergenerational equity.

Gas Utility Emissions (also addressed under ***C. Evolution of Regulatory Framework***): The OPUC should set performance criteria that hold gas utilities accountable for the emissions resulting from the combustion of their product, especially when this creates a risk of stranded assets for which utility customers could be liable. *Voluntary* emissions reductions should be converted to required performance standards for both gas and electric utilities, and recovery of costs for new investments such as gas line extensions should be contingent on meeting those reduction targets. New mandatory carbon caps to be set by the Department of Environmental Quality (ODEQ)[3] will result in greater gas utility risk, which should be shared equitably across shareholders and ratepayers. These recovery issues also involve gas utility investment prudency questions (raised in OPUC Response / ***E. Regulatory Activities***).

D. Transportation Electrification (TE)

TE Planning Guidelines and Cost Recovery Criteria: As the OPUC structures utility planning and cost recovery criteria for TE activities, it should prioritize and enable utility flexibility in meeting the still-emerging needs of this sector[4]. Utility investments in charging infrastructure should reflect the sector's need for flexibility and access to charging that supports customer confidence in that availability. A critical customer consideration is the confidence that "refueling" is widely accessible, whether the customer has an immediate need for it or not. Recharging facilities need to be broadly distributed, accessible, and supporting reasonably rapid fueling performance. Thus cost recovery should be designed to be system-wide and not facility-specific, since some facilities will be used more frequently and other less so but both can be equally important to customer confidence. Investments in fast recharging (Level 3 and up) at public facilities should be encouraged to assure customers that such refueling will be reasonably convenient, and competitive with gasoline and diesel refill stops. Public facilities outside a utility's service territory may nonetheless be used and useful to that utility's customers whose driving needs are not limited to one service territory's boundaries.

TE Integration into Utility Systems: Although Vehicle-To-Grid (V2G) integration options are not yet widely applied, the enabling technologies are emerging rapidly and present

[3] . . . and potentially by either the Oregon Legislature or a new national Administration, or both, in 2021 and beyond.

[4] Multiple studies have found net benefits to all ratepayers from aggressive electric utility actions to grow their electric vehicle loads; see - https://www.nrdc.org/experts/max-baumhefner/electric-vehicles-are-driving-rates-down

substantial added value opportunities to utilities, grid operators and customers. OPUC policies should actively encourage testing and demonstration of these by its regulated companies, and deployment at scale as soon as availability and reliability are sufficiently established.

E. Regulatory Activities

Prudency Review: Generally the OPUC should signal, in its reviews of utility investment and resource acquisition decision-making (e.g., IRPs, etc.) that actions which fail to reduce utility reliance on fossil fuels and associated greenhouse gas emissions will bear a heavier burden of prudency proof. Actions that affirmatively reduce such reliance and emissions should get a prudency benefit of the doubt when being weighed with other pertinent considerations.

Depreciation Schedules: The OPUC should be receptive to, and encourage, utilities to propose modified depreciation schedules that enable earlier-than-planned exits from fossil fueled facilities. Since an accelerated recovery schedule can place upward pressure on rates, earlier exit decisions should be encouraged that allow prudent continued cost recovery after plant termination. If the OPUC feels additional statutory authority is required for departures from "used and useful" requirements, it should consider seeking narrowly structured legislative authority to extend recovery periods beyond the facility termination date when doing so would enable earlier reductions in the utility's carbon emissions footprint.

Impacted Communities

NRDC supports the stronger focus with which the Commission proposes to include low-income households and disadvantaged communities in its proceedings. Because GHG-reduction activities are often capital- and technology-intensive, and can have near-term cost consequences for cashflow-challenged households, these activities are sometimes mischaracterized as at cross-purposes. Any casual student of climate change and the distribution of its effects appreciates that the same low-income populations suffer disproportionately from adverse climate impacts. They have a corresponding interest in active climate policies including those that better enable low-income households to access – and afford – investments and technologies that lead to greater carbon efficiencies. Not all EVs are luxury vehicles; not all heat pumps are – or should be – out of the reach of these households. Public policy, including OPUC regulatory policy, must actively afford cost-effective access: to lower-cost EVs and home-charging equipment; to financing for home weatherization and heat pump heating/cooling and water heating. The Commission should be encouraging both utilities and Oregon's Energy Trust to look across the meter to investment opportunities on the customer side. The OPUC EO Response partially acknowledges this with its reference to "Exploring utility pilots to deploy advanced technology in low-income settings (p 10)." But there is no reason this reach should be limited to "utility pilots" and not be incorporated into the utility's new, carbon-cognizant business-as-usual. We urge the Commission to be more energetic in

seeking such expanded opportunities for low-income households to benefit from emerging technologies and carbon-efficient products.

Fuel Switching. In addition to the above comments, we note that the Commission's May 15 response to the EO does not appear to contemplate the substantial carbon reduction merits of fuel-switching loads from fossil gas to electricity where such action is possible and would result in lower GHGs[5] (). Nor does it raise the question of the Energy Trust of Oregon, which it supervises, being authorized to advise and enable fuel switching by utility customers[6]. Avoiding such an obvious opportunity for emissions reductions calls into question the seriousness of the State's commitments to climate action. It also artificially reduces the incentives for utilities and customers both to reduce their reliance on fossil fuels. It slows the market pull on both non-fossil gas fuels and on more efficient and cost-effective heat pump technologies. The OPUC's unwillingness to weigh in on the merits of fuel switching away from fossil sources was never defensible public policy. It is even less so now with the costs of building electrification technologies continuing to fall, and the ever-intensifying threat of climate change continuing to rise.

We hope these comments will be helpful to the Commission as it resets its utility regulatory and customer support policies to better align with the imperatives of reducing greenhouse gas emissions and preparing for the climate changes already baked into our future.

[5] Half of residential space heating loads and two-thirds of such commercial loads are served from natural gas. Water heating needs are served from gas in 86% of commercial buildings, as are many industrial processing loads (e.g., food processing) – Biennial Energy Report Chapter One, Oregon Department of Energy.

[6] Current ETO policy appear to allow assistance to a customer that affirmatively desires such a switch, but does not allow ETO personnel to affirmatively advise a customer on the relative merits.

June 15, 2020

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Re: Oregon Public Utility Commission (OPUC) Report on Executive Order (EO) 20-04

Dear Chair Decker and Commissioners Tawney and Thompson:

The Northwest Gas Association (NWGA) represents the three natural gas utilities and two transmission pipelines that provide warmth and comfort to over 2 million Oregon residents (772,000 households), and productive energy for more than 85,000 Oregon businesses, industries and institutions.

NWGA members support and are actively engaged in reducing regional greenhouse gas emissions (GHGs). We maintain that there is and will continue to be a meaningful role played by smartly utilizing 30,000 miles of existing energy infrastructure represented by the natural gas transmission and distribution systems in Oregon.

The *OPUC Report on Executive Order 20-04* notes that Section 5 of EO 20-04 directs the PUC to consider several factors and values that are consistent with state law. These directives are prefaced with a statement of public interest and an acknowledgment of the PUC's independence. Section 5(A) finds that:

> *"It is in the interest of utility customers and the public generally for the utility sector to take actions that result in the rapid reduction of GHG emissions, at reasonable costs, to levels consistent with the GHG emission goals set forth in [this EO], including transitioning to clean energy resources and expanding low carbon transportation choices for Oregonians."*

As an economic regulator, we are confident that the OPUC will carefully analyze and consider the economic impacts of various actions and policy options contemplated under EO 20-04 on natural gas providers and consumers. Safeguarding "reasonable costs" for energy consumers of all types and across all fuels is a primary obligation for the OPUC. Actions taken by the OPUC to comply with EO 20-04 must ensure access to cost effective and reliable energy, preserve customer choice and competitiveness, while paying special attention to the impacts on vulnerable communities.

The listening sessions hosted by the OPUC were a good start to ensuring that the energy needs of Oregonians will continue to be met safely and affordably with equitable treatment of all fuel sources This type of informal information gathering yields a strong foundation of knowledge from which informed decisions can be made and we encourage more of the same.

As the OPUC continues to engage stakeholders on this issue, we ask that it provide adequate opportunities for input by natural gas providers and consumers, including local distribution companies (LDCs), pipeline companies, as well as industrial, commercial and residential gas users. All of these entities have different, and equally valid, concerns regarding changes to the regulatory environment concerning energy and natural gas specifically. To that end, the OPUC may wish to consider various sector specific sessions to supplement broader stakeholder conversations.

Maintaining energy choice and the viability of a diverse, safe, reliable and affordable energy delivery system in Oregon is a paramount duty. Therefore, we encourage the overarching principle of fuel neutrality as the OPUC considers GHG Reduction actions like those identified in its report to the Governor. OPUC actions should not disadvantage one energy source over another but should instead extract the greatest benefits possible from each.

Utility Planning Framework: A discussion regarding the conditions under which a social cost of carbon might be included for planning purposes is warranted. NWGA members agreed to a similar policy in Washington State in 2019. In addition, we support and encourage revisiting the voluntary emission reduction program under ORS 757.539. The policy concept of SB 844 was good. The rule implementing it, however, should be reconsidered under EO 20-04 to meet the policy goals of the program by exploring more streamlined approaches for review while ensuring that the requisite transparency and public process is achieved.

Utility Services and Activities: Prioritizing actions that streamline safe, reliable connections to clean energy resources makes sense, particularly in light of SB 98. It is important for the OPUC to consider the contributions that can be made by natural gas as it considers particular initiatives such as the targeted replacement of wood burning stoves.

This is especially true of rural Oregonian households on fixed or limited incomes whose weatherization or bill assistance options are limited due to the use of wood, or other bulk fuels. Switching these households to natural gas is the best cost option in many cases, and opens up additional services to these households.

Evolution of Regulatory Framework: The OPUC should consider the indirect but substantial "but for" impact that the direct use of natural gas has on electric resource adequacy. The region is already confronting resource adequacy concerns without policy-driven electrification of building space and water heat. The direct use of natural gas for space and water heat in buildings (all Oregon homes and businesses that use natural gas, excluding industrial processes) makes up less that 7% of Oregon's total greenhouse gas emissions (GHGs).[1] We will also productively engage in a discussion around alternative forms of regulation.

Transportation Electrification: The OPUC should consider approaches that unleash the potential for utilities to supply medium and heavy-duty transportation applications with renewable and conventional natural gas. In addition to GHG benefits, these applications yield

[1] Oregon Dept. of Environmental Quality, *1990-2017 Oregon GHG Sector-Based Inventory Data,* accessed here.

tremendous public health benefits by reducing criterion pollutants (NOx, SOx) 90% or more compared to Diesel. The GHG benefits are magnified by the use of renewable natural gas.

In conclusion, natural gas, particularly direct-use appliances, are highly efficient and offer lower lifecycle GHG impacts than many other sources of energy. The 30,000 miles of existing natural gas infrastructure in Oregon represents billions of dollars of investment in a safe, efficient and well-maintained energy delivery system that keeps Oregonians warm and provides essential (in some cases irreplaceable) productive energy to tens of thousands of Oregon employers.

The NWGA looks forward to working with the OPUC as it pursues its obligations under EO 20-04 and its twin statutory mandates to "balance the interests of the utility investor and the consumer in establishing fair and reasonable rates."

Sincerely,

DAN S. KIRSCHNER
Executive Director

cc: Avista Utilities
Cascade Natural Gas Corp.
NW Natural
TC Energy GTN System
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June 15, 2020

VIA ELECTRONIC FILING

Chair Megan Decker, Commissioner Letha Tawney, and
Commissioner Mark Thompson
Public Utility Commission of Oregon
Attention: Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97308-1088

RE: Report on Executive Order 20-04—NW Natural Comments

Dear Chair Decker, Commissioner Tawney, and Commissioner Thompson:

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), appreciates the opportunity to provide these comments on the Public Utility Commission of Oregon's ("Commission") report on Executive Order No. 20-04 ("EO 20-04") addressing climate change. NW Natural agrees that more must be done to reduce greenhouse gas ("GHG") emissions, and welcomes the Commission exploring what actions it can take to help achieve these reductions.

NW Natural's Role in State GHG Reduction Efforts

NW Natural is committed to playing an important role in reducing GHG emissions and leading among natural gas utilities in achieving such reductions.

Environmental stewardship is a core value at NW Natural, and we have a long history of leading on environmental issues among natural gas utilities:

- In 2003, NW Natural became one of the first utilities in the country to establish a decoupling mechanism, which fully aligns the interests of NW Natural and our customers in reducing energy use and its impact on the environment.

- In 2007, NW Natural launched our Smart Energy program, becoming the first stand-alone gas utility to offer our customers a voluntary carbon offset program. We have approximately 58,000 customers enrolled in the program, and over the life of the program, our Smart Energy customers have funded over one million tons of emission reductions.

- We worked closely with the Commission and our stakeholders to develop constructive regulatory mechanisms that allowed our Company to accelerate the replacement of all of our older bare steel and cast-iron pipe that could cause safety issues and potential increased leakage of methane in the atmosphere. Through this accelerated replacement, we now have one of the tightest pipeline distribution systems in the country.

- In 2019, we incorporated metrics of carbon intensity levels of our natural gas suppliers into our gas purchasing practices from publicly available Environmental Protection Agency data.

- We strongly supported Senate Bill 98, which removes several barriers that prevented natural gas utilities from purchasing renewable natural gas, and we have been deeply involved in the rulemaking process to implement that law at the Commission. The recitals of EO 20-04 recognize that "transitioning the natural gas supply to renewable natural gas can significantly reduce GHG emissions," and NW Natural intends to lead that transition.

In short, NW Natural is a willing partner in moving the state toward its GHG reduction goals.

Overarching Comments on the Commission's Report

NW Natural believes that, overall, the Commission's report on EO 20-04 provides a reasonable roadmap for actions the Commission could take under its existing authority to further reduce GHG emissions in the state. In NW Natural's view, moving state energy policy goals forward has been an important Commission focus for some time, and the report appropriately articulates areas for exploration.

Importantly, NW Natural does not interpret EO 20-04 as a document that is intended to undermine this Commission's primary duty of ensuring that Oregonians have access to safe, reliable utility service at fair and reasonable rates.[1] NW Natural would therefore strongly encourage the Commission to evaluate each action it proposes to take in response to EO 20-04 in light of its statutory obligations to ensure that Oregonians have access to affordable utility service across all fuel sources.

The remainder of NW Natural's comments will focus on the potential actions that the Commission identified to satisfy its EO 20-04's directives. Given that this is a tentative list of potential actions, the Company's comments are not exhaustive and represent its initial reactions to some of the policy ideas presented in the report. As these ideas are explored more fully, NW Natural will have more detailed comments.

[1] ORS 756.040.

NW Natural has organized its comments in the same manner as the Commission's report. First, the Company will discuss "GHG Reduction Activities." This is further broken up into: 1) "Utility Planning Framework," 2) "Utility Services and Activities," 3) "Evolution of Regulatory Framework," 4) "Transportation Electrification," 5) "Regulatory Activities," and 6) "DEQ and EQC Collaboration." Second, the Company will discuss "Impacted Communities." Finally, the Company does not have any comments on "Wildfire Planning and Collaboration."

GHG Reduction

Utility Planning Framework

As a general matter, NW Natural believes the utility planning process is a reasonable place to focus on strategies for GHG reduction. Planning tools and planning exercises can ensure utilities are continually evaluating the landscape and remain prepared to develop and act upon cost-effective GHG reduction measures.

- The first action identified by the Commission to accelerate potential GHG reductions is the possibility of using the social cost of carbon in utility Integrated Resource Plans ("IRPs") and avoided cost proceedings. NW Natural has evaluated the impact of the social cost of carbon in its last two IRPs, and agrees that consistent review of various carbon reduction scenarios in utility resource planning is a valuable exercise. As noted above, using various carbon-reduction planning scenarios in the IRP planning process ensures that utilities are prepared to develop and act upon cost-effective options for reducing GHG through smart, forward-thinking resource acquisitions. NW Natural would be interested in further discussing and developing this issue to bring more clarity to the utility planning process.

- NW Natural is willing to engage in discussions about "updat[ing] the IRP guidelines to more explicitly consider the costs and risks of meeting the state's GHG emission reduction targets under the new timelines set forth in EO 20-04." Any such discussions should include how the state's overall GHG emissions reduction targets fit into a utility's IRP from a legal perspective.

- NW Natural does not oppose a review of non-price scoring criteria in resource procurement activities, but would caution that any such review should provide ample opportunity for stakeholder input, and that any implementation should be consistent with existing limits on the Commission's authority.

- NW Natural supports the Commission's interest in exploring pilot program and design criteria that measure progress toward GHG reduction goals. We believe that Oregon can be a leader on new technological innovations, such as new efficient end use equipment, gasification, power to gas, and other innovations that are gaining traction in other countries. Oregon can and should lead on these issues.

- Finally, NW Natural supports the Commission's proposal to revisit the voluntary emissions reductions program under ORS 757.539.

Utility Services and Activities

The Commission should prioritize exploring green tariffs targeted toward reducing utilities' GHG emissions and the potential compliance obligations associated with those emissions. As customers become more interested in their carbon footprints, voluntary actions by motivated customers can present a significant opportunity for the state to achieve meaningful GHG reductions. NW Natural would be interested in exploring opportunities in this space, and it believes its customers would be interested, as well.

The Commission's report states that it intends to explore green tariffs on a "community-wide" basis. However, as a practical matter, NW Natural is also interested in proposed green tariffs for its large customers or for compressed natural gas for vehicles before offering similar green tariff options to its other customers. We look forward to taking this meaningful first step in 2020.

Evolution of Regulatory Framework

Many of the items in this section appear to be directed at electric utilities, such as the development of an organized regional electric market and regional resource adequacy. Nevertheless, natural gas utilities have a role to play in advancing these discussions as well.

Natural gas markets are a key component of any electricity market, and regional resource adequacy should be viewed comprehensively. For example, the direct use natural gas system delivers more energy during the electric system's peak than the electric system itself. As such, natural gas utilities should participate in any discussions around an organized regional capacity market to minimize the cost impact of meeting Oregon's greenhouse gas reduction goals while maintaining safe and reliable energy service.

NW Natural is also interested in further exploring performance-based ratemaking to further incentivize utilities to pursue GHG reductions, and encourages the Commission to investigate performance-based ratemaking for natural gas utilities. Further, NW Natural expects to bring forward a proposal related to its geographically targeted energy efficiency pilot that includes performance-based ratemaking that incentivizes non-pipeline solutions. We look forward to working with the Commission and stakeholders on this first-of-its-kind program.

Finally, while NW Natural is supportive of the Commission's working with regulatory counterparts in other western states to share best practices and encourage consistency in regional approaches to GHG reduction, NW Natural believes it is important for the Commission to be mindful of regional differences that can yield different best-practices

in different areas. For example, Oregon is a winter peaking state, unlike some others in the west. Therefore, policies in Oregon should be driven by analytical work that is derived from analyzing Oregon's energy system.

Transportation Electrification

The transportation sector is Oregon's largest source of GHG emissions. While this section of the Commission's report focuses on electrification, NW Natural would note that vehicles fueled by compressed-natural-gas (CNG) can provide meaningful GHG reductions in the transportation sector. In addition to focusing on transportation electrification efforts, NW Natural would encourage the Commission invite proposals that utilize CNG.

Regulatory Activities

NW Natural agrees that the Commission should consider the EO's articulation of the public interest and statement of energy policy in its ongoing regulatory proceedings. In fact, NW Natural believes this has been Commission policy for some time now, given other statewide expressions of interest in GHG reduction that coexist with the Commission's own statutes.

As a general matter, NW Natural supports the Commission's interest in exploring and evaluating how various regulatory activities could move state energy policy forward. Exploring rate design and innovative tariff structures, for example, have the potential to yield positive results.

NW Natural would express caution, however, about proposals that may not be supported under the Commission's statutory framework. While the Commission may have authority to explore "whether a prudency review of a utility investment should include consideration of whether utilities' actions are consistent with EO 20-04," it should take care to ensure that it continues to impose or disallow costs on legally appropriate grounds[2] since EO 20-04 does not substantively modify the Commission's statutory authority.[3]

DEQ and EQC Collaboration

NW Natural is pleased to see that the Commission will be collaborating with DEQ and EQC on the cap-and-reduce program and the Clean Fuel Standard. NW Natural continues to believe that the Commission's proactive participation will provide important

[2] Senate Bill 978 (SB 978) Report on Actively Adapting to the Changing Electricity Sector, available at: https://www.oregon.gov/puc/utilities/Documents/SB978LegislativeReport-2018.pdf, at 13 ("The Commission's current statutory authority does not allow it to impose on the utility, directly or indirectly, environmental costs that the utility is not otherwise legally required to bear.").
[3] *Id.* ("[S]tatutes require regulation of the cost of providing energy to consumers, rather than the environmental consequences of providing energy to consumers.").

context on how utilities are regulated and how compliance with the programs will impact customers' rates.

Impacted Communities

NW Natural also supports the Commission's plans to increase its focus on issues affecting impacted communities. NW Natural applauds the Commission taking such actions as hiring a Diversity, Equity, and Inclusion ("DEI") Outreach Coordinator, retaining the services of DEI professionals to initiate efforts to develop an agency DEI Operations Plan, and continuing and expanding its recently-formed internal Low-Income Roundtable. NW Natural is strongly in favor of the Commission emphasizing and prioritizing these very important activities.

We look forward to partnering with the Commission and our stakeholders to explore opportunities to develop policies that focus on the needs of low-income Oregonians. NW Natural supports the Commission's interest in expanding awareness of disconnect reporting and quantifying the energy burden on low-income Oregonians. While the Commission's authority to address these issues is limited in some respects, increasing the breadth of voices that come to the table is critical to ensuring the Commission is able to exercise its regulatory authority in a way that maximizes its impact on these important issues affecting communities across our state.

Thank you again for the opportunity to comment on the Commission's report. NW Natural looks forward to working with the Commission and other stakeholders to further develop these potential policy actions. If you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Zachary Kravitz

Zachary Kravitz
NW Natural

June 15, 2020

Megan Walseth Decker, Chair
Letha Tawney, Commissioner
Mark Thompson, Commissioner

VIA EMAIL: Comments regarding Oregon Public Utility Commission Response to EO 20-04

Dear Commissioners,

The collective signing organizations, representing clean energy organizations, consumer and community advocates, appreciate the considerable work you and PUC staff (staff) contributed to the Oregon Public Utility Commission's (PUC) implementation plans regarding Executive Order 20-04 (EO). Achieving greenhouse gas (GHG) emissions reductions by meeting the state goals outlined in the EO, and improving regulatory processes to involve and ensure reduction of burdens and increase of benefits to impacted communities, are critically important to all of our organizations.

We offer the following comments on the PUC report (report) on the EO,[1] issued May 15, 2020 to Governor Brown. The comments herein follow the organization of the PUC report, discussing recommendations for each of the three themes.

GHG Reduction

We are encouraged by the numerous aspects of utility planning, regulatory framework and activities, including the forward-looking approach to transportation electrification contained in this section in the initial report. What remains is to prioritize between many demands on staff's time to ensure the actions with the maximum benefits for impacted communities and GHG reduction happen first.

We agree that the EO will require new approaches and thinking in many of the ongoing processes and proceedings. We urge considerable thinking about how the PUC will provide guidance to signal the changes that will be necessary in each area: Is rulemaking necessary? Do guidelines need to be reviewed or issued? How will the PUC ensure robust public participation to generate ideas and input from customers and other stakeholders in order to develop changes that will work for everyone, with a special emphasis on impacted communities?

We have identified the following common priority areas:

- Exploring **community green tariff programs**. Local governments have been leading the way by developing community-based climate plans, which require clean energy investments from regulated utilities. Developing programs that support these climate plans is essential to their success.
- Mandating that **future utility planning processes meet the EO's GHG targets**, and potentially incorporating the social cost of carbon.
- Opening a proceeding immediately to **adopt performance-based incentives**, as was called for in the final SB 978 process report. As this process was called for previously and underlies other agency processes, we recommend this process start as soon as practicable.
- Initiating an investigation to update **energy efficiency rules and programs**, including:
    - Pursuing updates necessary to the guidance provided to utilities in UM 551.
    - Identifying program options to encourage the discontinuation of bulk fuels where other more efficient and less emitting options exist.
    - More actively exploring energy efficiency options for natural gas transport customers.

[1] Oregon PUC. "Report on Executive Order 20-04" p. 1, accessed May 15, 2020, https://www.oregon.gov/gov/Documents/2020%20PUC%20EO%2020-04%20Implementation%20Report.pdf.

- Ensuring **transportation electrification (TE) dockets** are robust and diverse enough to meet the EV goals in SB 1044, remove market barriers to TE for all customers, and efficiently and affordably integrate growing electric transportation load. This will include expecting submission of, and approving, more ambitious TE program portfolios from utilities. Program portfolios should be designed to meet the directives in EO 20-04 and include programs that provide direct and indirect benefits to customers who are disproportionately impacted by GHG emissions and high transportation energy burdens, such as low-income communities, communities of color and rural communities.
- Opening a docket to explore the opportunities for, and benefits of, electric utility investment in **beneficial electrification**, including reducing GHG emissions, reducing indoor and outdoor air pollution, reducing costs to customers, leveraging the built environment to fill resource adequacy needs, and other utility system benefits.
- Closely scrutinizing any proposals for expansion of natural gas applications and infrastructure (transportation or otherwise) to ensure customers are avoiding responsibility for fossil fuel infrastructure becoming **stranded assets**.

Impacted Communities

While income designations are one way to define impacted communities, the EO and the report recognize that there are many ways to identify these communities. While some of the issues the PUC will need to address are specific to low-income customers, we encourage staff to take a broad view that incorporates all forms of diversity. To do this successfully, the PUC will have to make every effort to encourage a significant amount of new participation from customers and the groups that represent them. We thank the PUC for its internal work on these matters, and strongly encourage the steps outlined in the report to continue.

Additionally, we appreciate that the report acknowledges the need for resources to help organizations participate. We encourage immediate action on this topic so that participation diversification can happen from the beginning of the EO implementation process. Moreover, we would caution against beginning other complicated proceedings before addressing barriers to participation, and before beginning the energy burden process described below, since impacted community protections and equity efforts must occur within, rather than separate from or after, other PUC processes.

Distributed energy resources, storage and resilience are particularly important for impacted communities, who are underrepresented in policy processes, hit worst by natural and health-related disasters, and often reached last in relief and recovery efforts. We urge the PUC to prioritize processes and methodologies that make these life-saving, wealth-building measures possible for impacted communities.

We have identified the following common priority areas:

- Per the EO's mandate, establishing "a public process to address and mitigate differential energy burdens and other inequities of affordability and environmental justice, including rate design and other programs to mitigate energy burden."[2] We recommend that the PUC scope the necessary components of the process immediately, with the intent to begin the process as soon as practicable.
- Expanding the intervenor funding pilot established in the SB 978 process to enable organizations representing diverse customer segments to participate in the energy burden process and other elements of EO implementation.

[2] Office of the Governor, State of Oregon. "Executive Order No. 20-04: Directing State Agencies to Take Actions to Reduce and Regulate Greenhouse Gas Emissions" p. 9, accessed June 15 2020 from https://www.oregon.gov/gov/Documents/executive_orders/eo_20-04.pdf.

Wildfire Planning and Collaboration

We applaud the PUC's recognition of the urgency of this issue, and the need to address community engagement in wildfire planning. Broadly, we are supportive of plans that mitigate risk, but are also wary of capital bias. We urge the PUC to approach mitigation in a manner that benefits communities and customers, rather than solutions that rely on large utility investments, where possible. Distributed resources, microgrids and other small-scale, customer-centric investment may often yield the least-cost, least-risk resource, and utilities should be incentivized to seek out these solutions.

Within community engagement around wildfire, we specifically recommend ensuring the presence of communities that are most affected by wildfire at workshops to establish best practices for mitigation. This participation can and should include local government and community-based organizations. Moreover, utilities should be required to conduct meaningful community participation processes to inform their wildfire protection and mitigation plans.

Process, Public Engagement, and Next Steps

Finally, we offer some thoughts on process, public engagement and next steps. We are broadly supportive of staff's recognition that implementation "will involve new ways of thinking about the PUC's role, objectives, and regulatory authority."[3] The process of engagement used in SB 978 illustrates how to conduct broader public engagement in EO implementation. Additionally, because much of the implementation will be woven throughout existing PUC processes and proceedings, we encourage thinking about how communications, particularly the PUC web-interface, can facilitate easier accessibility around ongoing proceedings and how those things link back to the EO.

Regarding next steps, we recommend the PUC create a work plan and publicly accessible timeline for EO implementation. We look forward to working with staff and a broad array of stakeholders to ensure a robust and innovative implementation process.

Sincerely,

350 Deschutes
350 Eugene
350 Salem
350 Washington County
Beyond Toxics
Climate Solutions
Community Energy Project
Community for Earth, First Unitarian Church of Portland
Douglas County Global Warming Coalition
Environmental Caucus of the Democratic Party of Oregon
Multnomah County Office of Sustainability
Natural Resources Defense Council
NW Energy Coalition
OLCV Metro Climate Action Team
Oregon Citizens' Utility Board
Oregon Environmental Council
Oregon League of Conservation Voters
Our Climate
Renewable Northwest
Rural Oregon Climate Political Action Committee
Southern Oregon Climate Action Now
Sustainable Northwest

[3] Ibid., p. 12.

O C E A N

Oregon Coast Energy Alliance Network

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

June 13, 2020

Dear Chair Decker, Commissioner Thompson and Commissioner Tawney,

Oregon Coastal Energy Alliance Network (OCEAN) is a cross-cultural community-based organization with the initial mission to explore the opportunities and challenges of floating offshore wind energy (OSW), and to support the responsible development of advanced energy technology for the benefit of the planet, the people, the coastal communities of Oregon, now and for generations to come. OCEAN hereby submits the following comments regarding the Public Utility Commission's (PUC) May 15th, 2020 report to Governor Brown on her Climate Executive Order.

OCEAN welcomes the opportunity to continue working with the commission to achieve the state's greenhouse gas reduction goals in ways that prioritize frontline communities. These comments address the proposed actions in the order they appear in the report.

OCEAN strongly supports the inclusion of a social cost of carbon in IRPs, Distribution System Planning non-wires alternatives portfolio considerations and avoided cost proceedings, in addition to updating the IRP guidelines. This is one of the best ways of ensuring that the as of yet unmonetized values of GHG reduction are fully explored and accounted for at both the utility and distributed generation scales. We encourage the Commission to investigate emerging methodologies for evaluating societal costs of carbon and consider collaborative efforts with other states and commissions in developing science based economic models through our national labs or other third party resources. Furthermore, we call for the reflection of a community's geographic, economic and social exposure to climate change in said modeling to quantify and recognize the growing, proportionate societal costs of Green House Gas emissions on our frontline communities.

OCEAN also supports examining the procurement activities and non-price scoring criteria as well as revisiting the voluntary emission reduction program for natural gas utilities.

Pilot programs designed to expedite scalable progress toward meeting GHG reduction goals are essential. We encourage consideration of the full suite of renewable energy generation and technology solutions available as well as the complimentary values of paired renewable and storage resources to maximize renewable generation and lower reliance on fossil fuels.

OCEAN encourages the commission's reexamination of all programs to explore ways to facilitate faster and responsible adoption of renewables. In particular, we recognize the opportunities for transitional efficiencies in the areas of:

- resource valuation,
- data availability (at the interconnection, transmission, and distribution levels),
- and the integration of IRP, DSP and Transmission planning processes informing one another at both the state and regional levels.

OCEAN is encouraged to see the word "community" attached to green tariffs. The green tariff program should encourage adoption of renewables at all levels and in all ownership models. Increasing adoption of distributed generation and storage increases Oregon's resilience to the impacts of climate change, including public safety power shut-offs in the face of increasing wildfires. Green tariff programs should encourage open market and community level investments in renewable energy and storage assets located in Oregon. This enables leveraging climate mitigation with community and state energy security and long term economic benefits for Oregonians.

OCEAN strongly supports prioritizing actions that streamline and modernize interconnection.

OCEAN strongly supports the inclusion of co-benefits in consideration of GHG reducing initiatives. We further encourage the PUC to look beyond initiatives and examine co-benefits for all programs and areas that reduce GHGs. In particular, formalizing alignment between IRP and DSP processes would result in cohesive planning efforts that allow for the identification of the highest and best use of our collective financial, renewable energy, and storage resources.

OCEAN also supports evaluating existing customer programs and products, including demand-side management, to improve GHG reduction benefits. We further support incorporating a monetized recognition of any given program or products ability to simultaneously provide meter and community level hardening against in the increasing frequency of climate related risks in our front-line communities.

Accelerating work on resource adequacy and GHG reductions is essential. The current process is heavily centered around utilities and does not consider all inherent values when it comes to increasing renewables and storage. With supportive policy and available technologies, such as floating Off Shore Wind (OSW), renewables and storage are capable of meeting existing and projected demands in the Northwest. There is an acute need to center GHG reduction and protection of vulnerable communities in the resource adequacy process and we encourage the PUC to bring this view to the process.

OCEAN strongly supports the development of regional electricity markets to encourage large scale renewable energy and storage development in Oregon as a significant contributor to a more robust and resilient west coast electricity grid. In addition to meeting our own state GHG objectives, the prospect of Oregon OSW poises our state for a future pivot from energy importer to a clean energy exporter supporting the GHG goals of our regional neighbors.

Performance-based ratemaking developments should incorporate learnings from California's time-of-use efforts to ensure that performance-based ratemaking is equitable among all types of renewables and will simultaneously encourage utility scale, community, commercial and residential renewables and storage. Including a social cost of carbon in this effort is essential. Especially in the face of public safety power shut-offs, it is important that distributed generation and storage remain competitive and have increased adoption.

OCEAN commends PUC staff on the format of proceedings in the UM 2005 Docket. This approach has, thus far, resulted in stakeholders, commissioners, PUC and IOU staff gaining exposure to best and emerging practices from around the nation to better inform our efforts toward improving our own DSP protocols. We encourage the PUC to employ this method as it proceeds with other investigations related to expediting GHG reductions.

OCEAN supports the potential actions put forward for transportation electrification provided that new load from the transportation sector is met with renewable energy. Further, we encourage consideration of the locational value in generation and storage to meet these growing transportation loads. As the transition to an electrified transportation sector matures so will our reliance on the source of that electricity. In alignment with federal and state resilience planning objectives, OCEAN urges the PUC to consider the use of community isolation islands, as will be defined for our state and published by the office of Home Land Security later this year, in balancing our growing reliance on electricity with locally accessible generation. This, or a similar geographically informed approach, would mitigate the inherent risks of increased reliance on electricity currently imported to isolated communities through catastrophe prone supply lines.

OCEAN requests that the PUC institute processes and procedures that ensure that both GHG reduction and equity are at the center of every process and program at the PUC.
We strongly support all of the proposed actions for impacted communities, especially the creation of a DEI outreach coordinator. We also encourage equity to explicitly include geographic equity as well as those traditionally accepted elements of economics and demographics. Actions to support impacted communities should be a priority in the agency's plan to accomplish the Executive Order. We encourage the PUC to see the new DEI position as part of a larger agency-wide infusion of equity considerations, as opposed to requiring this new position to take on the entirety of PUCs equity work.

While OCEAN supports the plans for wildfire planning, we are disheartened that this section did not include any mention of renewable generation plus storage. During times of public safety power shut-offs due to wildfires, renewable generation paired with storage is a safe and reliable way for communities to continue to receive power, as evidenced by the Blue Lake Rancheria microgrid during the mega fire season of 2018. This is not only important for public emergency, health, and safety buildings, but also for community centers, individuals, and businesses in maintaining functionality and reducing the need for subsequent recovery efforts. Renewable generation plus storage should be an essential tool in addressing wildfire planning.

OCEAN encourages the PUC to include three additional items not specifically mentioned in the action plan:

1. Integration of transmission planning with resource and distribution planning is critical to increasing the deployment of clean energy generation. The existing protocol of mutually exclusive planning processes does not allow for accurate evaluations of otherwise financially viable solutions nor the identification of the best return on ratepayer investments in each of these three (now discrete) essential components of our public electricity grid.
2. The present Resource Value of Solar (RVOS) should be revised. It neither allows for maximizing GHG reductions, nor is it inclusive of SB 978 findings of societal values for clean energy, equitable access, and customer options for rapid progress toward reducing GHGs. Oregon's RVOS methodology does not give the appropriate weight to GHG reductions and is not in line with other state's protocols. OCEAN urges consideration of an independent 3rd party Resource Valuation for solar and all renewable energy that is reflective of the full, weighted, suite of rate payer values.
3. Historically, PURPA has been a successful way to accelerate GHG reduction in the electricity sector but appears to have stalled out. OCEAN requests that the PUC accelerate actions on existing PURPA dockets.

Thank you for your earnest and open-minded work toward implementation of the Governor's Executive Order. We look forward to working with you on this transformative effort toward a thriving, resilient Oregon coast contributing to a clean, robust regional energy network.

Respectfully,

Shannon Souza, PE
Program Manager

OCEAN
Oregon Coastal Energy Alliance Network
shannon@solcoast.com

Oregon Solar Energy Industries Association

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

June 15, 2020

Dear Chair Decker, Commissioner Tawney and Commissioner Thompson,

Oregon Solar Energy Industries Association (OSEIA) submits these comments regarding the Public Utility Commission's (PUC) May 15th, 2020 report to Governor Brown on her Climate Executive Order. OSEIA looks forward to working with the commission to maximize its existing authority in order to address the urgent moral obligation of the state to achieve the state's greenhouse gas reduction goals in a way that prioritizes frontline communities.

OSEIA's priorities for improving the PUC's Climate Action Plan:

1. Focus on improvements and transparency in the interconnection process. Improving interconnection will result in increased adoption of solar of all types.
2. Additional transmission is needed in order to make our GHG reduction goals and work on that should be started as soon as possible.
3. Battery storage paired with renewables needs to be a larger part of the PUC's climate action plan, with special attention paid to the wildfire pieces of the plan.
4. Include the social cost of carbon in IRPs and in all PUC proceedings
5. Include co-benefits – especially resiliency and benefits to low-income ratepayers - in all PUC proceedings
6. Create a stakeholder process within the PUC for Resource Adequacy
7. Create performance-based ratemaking that encourages distributed generation
8. Hiring a Diversity, Equity and Inclusion outreach manager in addition to making DEI a focus of every staff members' work
9. Strengthen the Community Solar Program by releasing additional capacity
10. Create a new Resource Value of Solar that includes a social cost of carbon, among other factors, that will more accurately reflect the value of solar in GHG reduction
11. Improve PURPA implementation

Detailed comments on the proposed actions are below in the order they appear in the report.

OSEIA strongly supports the inclusion of a social cost of carbon in IRPs, Distribution System Planning non-wires alternatives portfolio considerations and avoided cost proceedings, in addition to updating the IRP guidelines. This is one of the best ways of ensuring that GHG reduction is fully explored and accounted for at both the utility and distributed generation (DG) scales. We encourage the Commission to adopt the broadest definition of the social cost of carbon in order to adequately account for climate change impacts on vulnerable communities, the economy and the environment.

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OSEIA also supports examining the procurement activities and non-price scoring criteria in addition to revisiting the voluntary emission reduction program for natural gas utilities.

A pilot program design and criteria to measure progress toward meeting GHG reduction goals is essential. As the PUC considers these measures, we encourage consideration of storage and the complimentary values of paired renewable resources as ways to maximize renewable generation and lower reliance on fossil fuels. OSEIA encourages the commission to examine all programs and explore ways to facilitate faster and easier adoption of renewables. For example, interconnection currently remains one of the largest hurdles to utility solar adoption while distribution system upgrades triggered by DG installations of as small as 15 kW threaten the market for Oregonians choosing to invest in our collected clean energy assets. Focusing on the interconnection pieces of the various programs and criteria would be one way to enhance meeting GHG reduction targets while simultaneously leveraging rate payer investments and strengthening our grid resource security.

OSEIA is encouraged to see the word "community" attached to green tariffs. The green tariff program should encourage adoption of solar at all levels, including community solar, residential and commercial installations of behind the meter solar. Increasing adoption of distributed generation and storage increases Oregon's resiliency to the impacts of climate change, including public safety power shut-offs in the face of increasing wildfires.

While OSEIA is encouraged to see the report discuss prioritizing actions that streamline and modernize interconnection, we believe a stronger emphasis should be placed on interconnection. Interconnection continues to be one of the biggest barriers for solar adoption and should be one of the top priorities for the PUC to address in order to reduce GHGs. From high costs, delayed timelines, and lack of transparency, there are many critical issues to address in this area and lessons learned from other states that Oregon can incorporate in our regulations. For example, having a color-coded map like some California utilities have that shows current load and strain on the grid would go a long way to solving interconnection problems. Other practices to consider include integration of system capital investment planning reflecting distributed and capacity generation forecasts and levelized interconnection fees based on the specified capacity of the generating source. All of these practices increase transparency and certainty in processed designed to accommodate non-IOU investments in achieving our state wide GHG goals. Since interconnection problems affect utility scale, community, commercial and residential solar, OSEIA strongly encourages the PUC to prioritize action in this area.

The inclusion of co-benefits is strongly supported. OSEIA encourages the PUC to look beyond examining co-benefits just for initiatives and look at co-benefits for all programs and areas that reduce GHGs. For example, eliminating interconnection challenges allows for more investments in solar and storage which increases solar employment for Oregonians, strengthens grid security and may result in eliminating or postponing wire based solutions for meeting the PUCs mandate of reliability, safety and affordability. As another example, consideration of alignment between IRP and DSP processes would result in a cohesive planning efforts that allow for the identification of the highest and best use of our collective financial and renewable energy resources.

OSEIA also supports evaluating existing customer programs and products, including demand-side management, to improve GHG reduction benefits. However, these actions should be of a lower priority than addressing existing problems, such as interconnection, or new areas, such as storage, which can have a greater impact on GHG reduction than fine-tuning existing programs.

Accelerating work on resource adequacy and GHG reductions is essential. The current process is heavily centered around utilities and does not consider all inherent values when it comes to increasing renewables and storage. Stakeholder involvement in such an important process has been extremely limited and the assumption that the plan will recommend more natural gas in Oregon's power mix is very concerning. Renewables and storage are meeting demand all over the world and there is no reason the same cannot happen in the Northwest. As such the Commission should direct the utilities to engage in a stakeholder process to study their current and future resource adequacy needs, quantify the costs for resource adequacy, and develop a plan for maintaining resource adequacy under current projections, as well as in alternative increased GHG-reduction and RPS-increase scenarios. There is an acute need to center GHG reduction and protection of vulnerable communities in the resource adequacy process and we encourage the PUC to bring this view to the process.

OSEIA strongly supports the development of regional electric markets in order to allow increased access to renewables. Oregon is behind in this area and we strongly support a move in this direction.

OSEIA supports performance-based ratemaking but great care must be taken so that it doesn't disincentivize distributed generation, but rather it should encourage it. Distributed generation can facilitate greater reductions in GHG emissions more quickly and effectively than simply relying on utility procurement. The PUC should look to lessons learned from California's time-of-use efforts to ensure that performance-based ratemaking is equitable among all types of renewables and will encourage community, commercial and residential solar and storage. Including a social cost of carbon in this effort is essential. Especially in the face of public safety power shut-offs, it is important that distributed generation and storage remain competitive and have increased adoption.

As has been mentioned several times in these comments, working with other states is extremely important to increase the pace of reducing GHGs. We applaud recent proceedings in the UM 2005 Docket which resulted in stakeholders, commissioners, PUC and IOU staff exposure to best and emerging practices from around the nation to better inform our efforts toward improving our own DSP protocols.

OSEIA supports the potential actions put forward for transportation electrification. However, it will be important moving forward to ensure that new load is met with renewable energy, not an increase of fossil fuel usage. The report does not mention a focus on this and we strongly encourage the PUC to include goals or requirements that new load be met by clean energy. As a specific measure, OSEIA recommends that the PUC consider requiring that DSP and IRP processes reflect a goal for localized generation to occur within community isolation islands as will be described and published by the office of Homeland Security later this year. This map, inclusive of all communities in the state of Oregon, will identify locations of anticipated transportation network failures and the population of Oregonians residing on these "islands" after catastrophic transportation failure. By ensuring that sufficient

renewable generation and storage is available to meet the electric vehicle needs of each island within said island the PUC could make meaningful progress toward our GHG reduction goals, climate change adaptation for communities hit first and hardest and increasing our state wide levels of resilience.

OSEIA supports the actions proposed by the PUC under "Regulatory Activities" but urges caution when exploring time-of-use as mentioned above. The effort must be taken in a way that encourages, not discourages, distributed generation and storage.

OSEIA strongly supports all the proposed actions for impacted communities, especially the creation of a DEI outreach coordinator. We encourage the PUC to see the new DEI position as part of a large agency-wide effort to increase equity, as opposed to requiring this new position to take on the entirety of equity work. Every staff person at the PUC needs to accomplish their work with an equity lens, not just the equity coordinator. OSEIA would like to see an expansion of Community Solar be included as an action to increase benefits for impacted communities. Releasing additional capacity for community solar would give more certainty for these projects to be developed and built quicker. Actions to support impacted communities should be a priority in the agency's plan to accomplish the Executive Order.

OSEIA requests that the PUC institute processes and procedures that ensure that both GHG reduction and equity are at the center of every process and program at the PUC. Examples are including sections in every staff report and every order about GHG reduction and equity and setting time aside in each proceeding for an examination of these two issues. In addition, the PUC should evaluate its current and likely future staffing needs in order to accomplish these goals. The Governor and other stakeholders should be made aware of what resources are necessary to carry out the executive order or any potential future legislation that requires the same, so that the PUC can be adequately equipped to handle any new responsibilities. While this may be challenging in the current and 2021-2023 biennium, it is critical that the PUC lay out its true staffing needs to accelerate GHG reduction. It is time for a change in the way the PUC operates every day in order to focus on climate and equity.

While OSEIA supports the plans for wildfire planning, we are disheartened that this section did not include any mention of solar plus storage. During times of public safety power shut-offs due to wildfires, solar when paired with storage is a safe and reliable way for communities to continue to receive power, as evidenced by the Blue Lake Rancheria microgrid during the mega fire season of 2018. This is not only important for public emergency, health, and safety buildings, but also for community centers, individuals, and businesses that need to keep their medicine refrigerated or their grocery storage open. OSEIA understands there is interest at the PUC of creating a value of storage; we urge caution in this area. Creating a value of storage is a new area of research and missing the mark could have negative consequences. In addition, there is no need to wait for a value of storage to begin work promoting storage in order to increase public safety. Storage must be a key part in all discussions of wildfire planning.

OSEIA encourages the PUC to include three additional items not mentioned in the action plan. First, increased transmission is critical to increasing the deployment of clean energy generation. To date transmission planning and investment has been too slow and has not adequately anticipated future

needs. This must change if we are to seriously increase renewable energy on the grid. Therefore, the Commission should also direct the utilities to engage stakeholders in a process to quantify both current and future transmission needs to meet both the current RPS and possible increased GHG-reduction and RPS-increase scenarios. The Commission should also request that Bonneville Power Administration engage in a similar effort to plan and study transmission needs. Second, the existing Resource Value of Solar (RVOS) should be revised, as the current methodology does not allow for maximizing GHG reductions, nor is it inclusive of SB 978 societal values for clean energy, equitable access or customer options for rapid progress toward reducing GHGs. Oregon's RVOS methodology does not give the appropriate weight to GHG reductions and is therefore not in line with other states. Other states rely on independent 3rd party Resource Valuation that is reflective of the full, weighted, suite of rate payer values. The Executive Order underscores the need for a new RVOS, or at a minimum for the existing RVOS to be permanently shelved. Third, PURPA has been a successful way to accelerate GHG reduction in the electricity sector in the past as most projects are carbon free but has been slow recently. OSEIA requests that the PUC accelerate action on existing PURPA dockets and look for ways to accelerate projects.[1] OSEIA is a signatory to Renewable Energy Coalition's comments in regard to PURPA improvements.

Thank you for your consideration, we look forward to working closely with you as you work to implement the Governor's Executive Order.

Sincerely,

Angela Crowley-Koch
Executive Director

[1] Specific actions the Commission can take to accomplish these E.O. GHG goals include, but are not limited to: increasing PPA term lengths; increasing the standard PPA size eligibility threshold; and allowing projects to be sited closer to each other.

PACIFIC POWER
A DIVISION OF PACIFICORP

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June 15, 2020

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398

Re: PacifiCorp Comments on PUC Report on Executive Order 20-04

Thank you for the opportunity to comment on the Report on Executive Order 20-04 (Report) issued by the Public Utility Commission of Oregon (Commission).

Governor Brown issued Executive Order 20-04 Directing State Agencies to Take Actions to Reduce and Regulate Greenhouse Gas Emissions (Executive Order) on March 10, 2020. The Executive Order provides direction to the Commission primarily with respect to decarbonization, transportation electrification, wildfire mitigation planning, customer energy burden, and environmental justice. The Commission's Report, issued on May 15, 2020, identifies a number of potential actions that could be taken in response to the Governor's directives. As the next step, the Commission invited written comments on the proposed actions identified in the Report. The Commission welcomed recommendations on how to prioritize public processes for wildfire planning, impacted communities, and greenhouse gas (GHG) emissions reductions in existing and new regulatory proceedings. In particular, the Commission invited feedback on how it should balance and focus resources in the near term for summer 2020.

PacifiCorp, dba Pacific Power (PacifiCorp or Company) appreciates the Commission's thoughtfulness in developing a comprehensive list of approximately 40 different potential actions, as well as the process the Commission has established for working with stakeholders to implement the Executive Order. In our comments, we identify those activities we believe should be prioritized in the near term. We suggest that to the extent possible, these issues be addressed in pending cases under existing schedules, since the Commission has a full slate of rate cases, dockets, and other proceedings underway, and many of these issues are already teed up for timely resolution.

At the outset, the Company wishes to emphasize that during this time of economic uncertainty for many Oregon customers, it is important to achieve the balance for rapid action with ensuring affordability and avoiding increased energy cost burdens, as articulated in the Executive Order.[1] One of the reasons to address potential actions in existing dockets rather than in more generic proceedings is to ensure that the Commission has a record and direct line of sight on cost-benefit trade-offs for Oregon customers. For example, while shortening depreciable lives of utility plant

[1] Executive Order 20-04 at 5 (directing agencies to "[p]rioritize actions that reduce GHG emissions in a cost-effective manner[.]"); *id.* at 8 ("It is in the interest of utility customers and the public generally for the utility sector to take actions that result in rapid reductions of GHG emissions, at reasonable costs[.] . . ."). *See also* Report at 3.

further than what is required by SB 1547 could potentially reduce GHGs, it may also create significant cost increases and reliability issues.

Significantly, the Executive Order does not modify the Commission's existing duties and authority to regulate public utility rates and service. Governor Brown has instead directed agencies to exercise the existing "authority and discretion invested in them by law" to help the state achieve its GHG reduction goal.[2] Because of the urgency expressed in the Executive Order, potential changes to fundamental regulatory doctrines like the prudence standard or cost of service ratemaking, such as the adoption of performance-based ratemaking for instance, could exceed the legal standard of this directive and will in any event require lengthy and substantial deliberation. For these reasons, we suggest that fundamental changes to the current regulatory paradigm not be prioritized in the near term.

GHG Reduction Activities

Utility Services and Activities:

- **Proposed Activity:** Explore community-wide green tariffs targeted toward reducing utilities' GHG emissions

PacifiCorp is currently engaged with its customers and communities on strategies to reduce system emissions and believes addressing community-wide renewable energy additions is a high priority and is best addressed initially through workshops or stakeholder meetings.

- **Proposed Activity:** Consider how to prioritize actions that streamline and modernize safe, reliable methods to connect clean resources, from renewables to demand side management, to the electric and natural gas systems and appropriately value their system contributions.

These issues are being addressed in existing dockets, namely, Dockets UM 1910, UM 2000, UM 2005, and UM 2032. Related dockets include Net Metering and Storage interconnection protocols related to IEEE1547-2018 updates. As there are a sufficient number of open dockets that have their own timelines to address these activities, PacifiCorp would not propose any additional prioritization beyond those proceedings.

- **Proposed Activity:** Consider how to quantify and incorporate measurable co-benefits beyond energy and financial benefits (e.g., GHG emission reductions, local air quality improvements, health benefits), as relevant to initiatives such as targeted replacement of wood-burning stoves

This is a medium priority issue that could be addressed in Docket UM 1893 for energy efficiency avoided costs, and to a lesser extent, in Docket UM 1910 for the Resource Value of Solar element. PacifiCorp recommends following the timelines established for those proceedings.

[2] Executive Order 20-04 at 5.

Transportation Electrification:

- **Proposed Activities:**
  - Prioritize appropriate infrastructure investments to approach transportation electrification as load within distribution system planning
  - Consider revisions to transportation electrification planning guidelines and program requirements to streamline utility processes and clarify cost-recovery criteria
  - Explore approaches to assess cost-effectiveness of transportation electrification activities, beyond load planning, that promote GHG reduction goals

These proposed activities are high priority issues that should be addressed together. There is no need to initiate a new docket, as these issues can generally be considered in the utilities' existing transportation electrification plan dockets (UM 2033, UM 2035, and UM 2056) or the investigation into electric utility participation in clean fuel programs (UM 1826) and on a case-by-case basis as programs are proposed.

Allowing utilities to address load addition funding methodology within their filings for new programs could increase timeliness. PacifiCorp recommends that the Commission allow new program proposals to include funding justifications based on load building principles. In the near term, being able to move ahead with incorporating a new funding methodology into new program proposals this year would ensure we can keep momentum going in the market as transportation electrification pilot programs are reaching their end.

As an emerging market, the regulatory approach to transportation electrification must remain flexible enough to ensure that utility programs can serve as many electrification use cases as possible, including additional focus on rural and economically disadvantaged communities. It is important for PacifiCorp to be able to support customers and their communities wherever they are on the transportation electrification adoption spectrum.

Regulatory Activities:

- **Proposed Activities:**
  - Consider whether a utility's rate design and rate schedules send appropriate price signals and incentives for reducing GHG emissions
  - Explore changes to utility tariffs that promote GHG emission reductions, such as time-of-use rate offerings
  - Consider new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior
  - Examine rate design options to benefit low-income customers

Investigating rate structure options under existing authorities that encourage transportation electrification, reduce GHG emissions, and help low income customers are high priority issues that should be addressed collectively. While a separate collaborative process to discuss these issues may be appropriate, the forum for enacting new rate structures is a ratemaking proceeding like a general rate case.

PacifiCorp is already actively pursuing rate structures that encourage GHG reductions and transportation electrification. It is important to ensure that rates that encourage energy efficiency are properly balanced with encouraging beneficial electrification. Rate structures that incentivize transportation electrification should be based upon sound economic principles and should not be limited to end use. It is important to set rates that encourage transportation electrification adoption simultaneously with encouraging a wise and efficient use of the Company's system.

DEQ and EQC Collaboration:

- **Proposed Activity:** Oregon's Department of Environmental Quality (DEQ) and the Environmental Quality Commission are tasked with expanding the Clean Fuels Program (CFP). This expansion could result in more credits flowing to the utilities as aggregators for residential customers and, therefore, provide more utility funds to accelerate GHG reductions in the transportation sector. Although the Commission has not asserted formal regulatory oversight over utility funds generated from the CFP, it has provided a forum for stakeholder engagement and asked for regular reporting due to the need for complementary interactions between CFP-funded and ratepayer-funded transportation programs. For EO 20-04, the Commission may be asked to collaborate with DEQ on any changes to the CFP that require expertise in regulated utilities or energy markets.

This is a high priority issue that is underway through stakeholder meetings, so no additional docket or process is needed at this time.

Impacted Communities

Increase awareness and build new tools to help inform utility actions and agency decision-making processes

- **Proposed Activity:** Expand and enhance utility reporting of service disconnects and developing a publicly accessible database to inform state actions on energy burden

This is a high priority action, as addressing data issues will support the development of new approaches and increase transparency. A separate docket is unnecessary, as this can be addressed through the existing low-income work group with a broad range of representation.

- **Proposed Activity:** Quantify energy burden in Oregon through stakeholder workshops, which would be informed by Department of Labor Statistics and other sources

There is a need to improve data sources and understanding of energy burdens generally. PacifiCorp does not collect customer income and household information and therefore does not have the ability to determine or quantify energy burden. PacifiCorp is open to stakeholder workshops but as explained further below, work is already underway that is expected to help quantify the energy burden in Oregon.

The Company encourages the Commission to consider other resources such as non-profit agencies and/or community action agencies that deliver low income programs. Oregon Housing and Community Services uses a portal that tracks funding sources for the Low Income Home Energy Assistance Program and the Oregon Energy Assistance Program, and it should be explored whether that portal could be utilized in this process as well. Additionally, OHCS has contracted with APPRISE to conduct an evaluation of the Oregon Energy Assistance Program and Low Income Home Energy Assistance Program. This work is expected to include a review of energy burden in Oregon and the results are expected to be available later this year or early 2021. While this is a high priority it will take some time to complete. PacifiCorp recommends not duplicating the agency's efforts.

Utilize increased awareness, engagement, and knowledge to better ensure that rate proposals and other regulatory actions are fully evaluated in terms of affordability and energy burden. These actions will also help inform and prioritize PUC regulatory actions in current or new agency proceedings to help protect and benefit impacted communities

All customers receive high quality service and have access to non-discriminatory service offerings. Oregon's utilities need to bring everyone along in the transition to a clean and modern grid. It is important to PacifiCorp that the expectations/guidance the Company receives reflects the fact that creating equal access means changing how we deliver and price services. PacifiCorp appreciates the potential activities that have been identified in the Report as a starting point. At the outset, however, the Company recommends a workshop, to define the problem and the goals and prioritize clear actions to ensure consistency among various actions.

- **Proposed Activity:** Consider updates to the cost-effectiveness exception policy to allow streamlined approval for measures and programs targeted toward low-income ratepayers, up to a defined percentage of program costs

This is a medium priority issue that likely will require revisions to the cost effectiveness guidance developed in the 1990s in Docket UM 551. PacifiCorp is concerned, however, that merely expanding the exception policy and setting a defined percentage may make cost-effectiveness determinations more complicated. An alternative could be to evaluate program- or portfolio-level cost-effectiveness and add other metrics to programs related to participation.

- **Proposed Activity:** Require GHG reduction activities and pilots to include dedicated actions to serve low-income communities

This is a medium priority issue. This seems to be a part of active proceedings already underway such as Community Solar (UM 1930). As new programs or pilots are developed or existing programs or pilots are revised, guidance on expectations for addressing accessibility and benefits for low income customers would be helpful. For example, such guidance could include clarity on the meaning of "dedicated actions" and how any incremental costs should be allocated.

- **Proposed Activity:** Explore utility pilots to deploy advanced technology in low-income settings to provide bill savings and non-energy benefits, such as resiliency during extreme events

This is a medium priority issue, as it will provide greater clarity with respect to the bounds of cost effectiveness, cost allocation and quantification of benefits. Potential examples where a low-income element may need to be incorporated include community resiliency and any future generic storage program.

Wildfire Planning and Collaboration

- **Proposed Activity:** Initiate an investigation to formalize electric company wildfire protection and mitigation plans, and to address key questions on data collection needs and community engagement in wildfire planning

This is a high priority issue. Formal wildfire protection and mitigation plans should be addressed through proposed rulemaking. In the near term, PacifiCorp anticipates submitting a report at the end of July that provides a more detailed description of the Company's wildfire mitigation activities in 2020, as an update to the Company's presentation at a special public meeting on May 21, 2020. In addition, PacifiCorp has included a request for funding to support these activities in its pending general rate case in Docket UE 374, in the form of a wildfire cost recovery mechanism.

- **Proposed Activity:** Partner with all the operators of electric systems in Oregon to examine and discuss best practices and help develop and disseminate Oregon appropriate, data-driven solutions in order to equip all utilities across the state to effectively and continuously adapt to changing wildfire risks

  This is a longer-term issue that should be addressed through collaborative workshops.

Please contact Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934 if you have any questions.

Sincerely,

Michael Wilding
Director, Net Power Costs and Regulatory Policy

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June 15, 2020

VIA EMAIL
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Attn: Filing Center

RE: EO 20-04 – PGE's Comments on OPUC Report on Executive Order 20-04

Portland General Electric Company (PGE) appreciates the opportunity to provide these comments to the Public Utility Commission of Oregon (Commission) regarding the Commission's Report on Executive Order 20-04. In response to Governor Brown's Executive Order, the Commission's Report included 37 proposed activities to explore means to address climate change and means to decrease greenhouse gas emissions in Oregon. Specifically, in its report, the Commission asked that comments focus on the general proposed public process about EO 20-04, and how the Commission should prioritize initiating the two wildfire-related and the twelve impacted communities public processes, and moving forward with consideration of the twenty-three activities related to emission reductions, in existing and new regulatory proceedings.

PGE recognizes the need to prioritize given limited bandwidth at the Commission and among stakeholders, given the PUC's existing workload and challenging times for our state. PGE recommends the Commission focus on decarbonization through the integrated resource planning process, advancing transportation electrification programs, reducing differential energy burdens, and formalizing electric company wildfire protection and mitigation plans. Given the full agenda of dockets, rate cases, and other proceedings underway at the PUC, we suggest that the Commission implement the executive order and its proposed actions through existing processes and dockets wherever possible.

The Commission identified three themes for action and discussion with stakeholders: (1) GHG Reduction Activities; (2) Impacted Communities; and (3) Wildfire Prevention and Mitigation. We offer general and specific comments on the proposed actions in each theme.

GHG Reduction Activities

PGE appreciates the Commission's range of proposed actions to address decarbonization. While we support many of these actions, we urge the Commission to prioritize decarbonization through integrated resource planning and transportation electrification.

We support many of the Commission's proposed actions to address decarbonization directives in the executive order. We believe it is reasonable to incorporate criteria and design elements to measure progress toward GHG reduction in relevant pilots and programs, and to consider how to measure the GHG benefits and co-benefits of customer programs, though there may be other agencies that have begun this work for some programs. We also support exploring tariffs to promote GHG emissions reduction, such as residential time of use prices and peak time rebates, demand response programs, transportation electrification programs, and community green tariffs.

PGE also supports Commission and Staff efforts in support of regional electricity markets, since the development and integration of renewable resources at the scale required in the coming decades will depend on improved coordination across the West. PGE took an important step in this direction in 2017 by joining the Western Energy Imbalance Market (EIM). Going forward, PGE will identify and evaluate opportunities to improve regional coordination.

We offer specific feedback on some action items below.

A. Utility Planning Framework

Proposed Activity:
Considering options to incorporate the social cost of carbon into utility Integrated Resource Plans (IRPs) and avoided cost proceedings.

> **Comment:**
> PGE's current practice within the IRP is to incorporate estimates of future GHG prices based on the best available information at the time and in consultation with stakeholders and Staff so that long-term plans consider risks associated with the potential for future GHG regulations. PGE is supportive of more direct approaches to considering GHG emissions within the IRP process, including but not limited to consideration of the social cost of carbon within evaluation of potential costs and risks. However, PGE continues to believe that it is important for all customers to contribute to meeting the state's GHG policy goals and that any applications of the social cost of carbon should carefully consider and, if possible rectify, issues related to the allocation of these policy-driven costs to electricity customers in the state. For example, a direct application of the social cost of carbon to PURPA avoided costs under today's constructs would place a disproportionate share of the burden on cost of service customers versus direct access customers for meeting the state's

GHG policy goals. The directives in Executive Order 20-04 remind us that GHG policy cannot be pursued in isolation and without intentional work to avoid inequitable outcomes. As we consider opportunities to apply the social cost of carbon, PGE advocates for a more robust discussion of how it can best be applied in a manner that supports both the state's GHG goals and equitable outcomes.

Proposed Activity:
Updating the IRP guidelines to more explicitly consider the costs and risks of meeting the state's GHG emission reduction targets under the new timelines set forth in EO 20-04.

Comment:
Given the urgency of the climate crisis, the cadence of planning cycles, and the time and process required to make modifications to the IRP Guidelines, PGE recommends pursuing a dual track of updating the IRP Guidelines to comport with EO 20-04 and application of EO 20-04 as part of PGE's next IRP. Specifically, PGE plans to include the GHG emissions reduction targets set forth in EO 20-04 in its next IRP.

Proposed Activity:
Considering utilities' resource procurement activities to determine if non-price scoring criteria appropriately capture the risk of each potential resource's impact on the utility's progress toward meeting the state's GHG reduction goals.

Comment:
PGE recognizes that the application of non-price scoring criteria within a competitive solicitation may provide an opportunity to recognize the benefits or risks that specific procurement actions may have on meeting GHG state policy objectives. In many instances, applying non-price scoring criteria related to GHG policy may be unnecessary should eligibility requirements (already acknowledged in a resource plan) ensure procurement consistent with meeting GHG goals. In other instances, the use of economic analysis – rather than non-price scoring – can capture the benefits and risks related to meeting GHG objectives. However, the use of non-price scoring criteria within a competitive solicitation remains an important means to recognize the benefits or risks of procurement actions not otherwise reflected in economic analysis. Future use of non-price scoring criteria may be a useful way to recognize the effect that specific procurement actions have in meeting defined elements of the state's GHG policy.

B. <u>Utility Services and Activities</u>

Proposed Activity:
Exploring community-wide green tariffs targeted toward reducing utilities' GHG emissions.

Comment:
Several of the municipal governments within PGE's service territory with climate action goals are also interested in community-wide clean energy tariffs. We appreciate the Commission's interest in exploring community-wide clean energy tariffs to meet our municipal customers' interest in rapid decarbonization, and we recognize that this effort may require authorizing legislation.

Proposed Activity:
Considering how to prioritize actions that streamline and modernize safe, reliable methods to connect clean resources, from renewables to demand side management, to the electric and natural gas systems and appropriately value their system contributions.

Comment:
PGE supports this proposal. PGE believes that the Commission can leverage UM 2005, Distributed System Planning, which PGE is actively participating in, to assist in prioritizing distribution investments to facilitate Distributed Energy Resources and Demand Side Management.

Proposed Activity:
Evaluating expansion of demand-side management programs to customers taking only transportation or distribution service from the utility.

Comment:
PGE supports expansion of demand side management programs to direct access customers and welcomes a discussion on program design and eligibility criteria, as these are customers for whom we do not plan in our IRP (which sets the demand response goal) and who do not take PGE supply. We know from the experiences of other utilities in states without direct access or in organized markets, that large electricity users present significant cost-effective DSM opportunities. In addition, we note that demand side management is a legislative mandate that all customers should contribute to.

C. Evolution of Regulatory Framework

Proposed Activity:
Accelerating work to understand, consider, and plan for the regional resource adequacy impacts of GHG reductions, so that these changes can be confidently made while supporting system reliability.

Comment:

PGE is an active participant and leader in efforts to explore a regional resource adequacy program through the Northwest Power Pool (NWPP). These efforts are being driven by several member utilities of the NWPP and include engagement with the public as well as a stakeholder advisory committee on which the Commission has a seat. This effort involves the creation of detailed program design for a regional, multi-state resource adequacy program, which will include metrics for assessing the capability of various resource types to contribute to resource adequacy requirements. The aspirational target date for implementation of such a program is 2022. However, the regional RA effort is resource neutral and is not focused on any specific GHG reduction policy. While the regional resource adequacy work is progressing, there remain important questions for resource adequacy that must be answered by the Commission in its pending docket in UM 2024. A critical question for that docket that is also critical for the regional effort is for the Commission to clarify that all load-serving entities have a resource adequacy obligation. In addition, the regional effort will take time. There is a need for a resource adequacy program in Oregon that fairly allocates resource adequacy obligations until such time as a regional program can be established. Both efforts must be harmonized and coordinated to ensure that no irreconcilable differences are created.

Proposed Activity:
Exploring performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions.

Comment:
PGE supports the Commission's interest in exploring performance-based ratemaking measures that encourage customer behaviors to accelerate GHG reductions while also providing utilities the opportunity to earn an appropriate rate of return. PGE welcomes the opportunity to participate, along with other interested stakeholders, in the Commission's exploration, whether through workshops, public meetings or other fora.

Proposed Activity:
Working with regulatory counterparts in other Western States to share best practices and encourage consistency in regional approaches to GHG reduction, including through the Western Public Utility Commissions' Joint Action Framework on Climate Change.

Comment:
There is significant work underway among EIM Entities to determine an appropriate methodology for REC and GHG accounting within the EIM and potentially expanded regional markets. There are several potential financial, operational, and environmental consequences that could result if market and state greenhouse gas policy design are not harmonized. If the market cannot enable accounting of specific resources to specific loads

consistent with a particular state's methodology, participation in the market may be deterred. Differing accounting methodologies for different state programs could also lead to under-utilization of existing resources or unnecessary over-build of required procurement types. If market optimization cannot accurately reflect the entity's costs associated with complying with each state's policy, the fuel types and emissions reductions those policies are designed to encourage may not be incentivized by the market.

PGE believes that working with other parties, whether regulatory counterparts, University staff or non-governmental entities, to share which institutional changes may best accelerate GHG reduction would be valuable in finding those approaches that may be most effective. The Center for New Energy Economy has also engaged utilities, regulators, and state policymakers in a discussion regarding the interaction of state clean energy and GHG reduction standards and expanded energy markets. PGE will be engaging is these discussions and welcomes further discussion with Commission staff on these topics.

D. Transportation Electrification

Proposed Activity:
Prioritizing appropriate infrastructure investments to approach Transportation Electrification (TE) as load within distribution system planning.

Comment:
PGE appreciates the Commission's plans to approach TE as load within distribution system planning and its actions are already advancing that work. PGE believes that the Commission could further encourage TE infrastructure through its review of proposals in a stream-lined regulatory processes. As identified in PGE's 2019 Transportation Electrification Plan, charging adequacy is a major challenge for widescale electrification. PGE agrees that tools like the TE Plan, and potentially Distribution System Plan, can be helpful in prioritizing such infrastructure investments.

Proposed Activity:
Considering new rate schedules that encourage transportation electrification and cost-effective electric vehicle charging behavior.

Comment:
PGE agrees with the need to consider new rate schedules that encourage cost-effective electric vehicle charging. TE load is different – it moves and materializes at many locations across residential (home), business, and public charging locations; chargers often require capital outlay by entities different than the end consumer; and load from a single EV may

show up across multiple rate classes. Rate schedules and utility line extension policy should encourage transportation electrification and cost-effective charging behavior; it is essential that demand is well managed as this new load comes on the grid. Rate design can help achieve that end.

Proposed Activity:
Considering revisions to TE planning guidelines and program requirements to streamline utility processes and clarify cost-recovery criteria.

Comment:
While PGE would welcome streamlining and clarifying TE planning guidelines, we are cautious about new regulatory requirements and processes for the unintended effects they may have in prolonging or adding regulatory process and delaying programs that support customers. PGE recognizes that the current construct of a TE Plan and the resultant pilots and programs that have been offered piece-meal, can be improved. Updated TE planning guidelines, clarified cost recovery, and streamlined processes should make TE investments part of the normal course of utility business, rather than the piece-meal approach of standalone proposals. Such streamlining, however, should not come at the cost of equity considerations (see Commission proposed activities for impacted communities).

Proposed Activity:
Exploring approaches to assess cost-effectiveness of TE activities, beyond load planning, that promote GHG reduction goals.

Comment:
PGE is in favor of viewing the cost effectiveness of TE activities and investments on a portfolio basis as opposed to on an individual program or proposal basis. We believe taking a portfolio view with clear guidelines on cost shift and GHG accounting could empower utilities to move faster and streamline processes. This proposed activity seems to be a subset of the above proposed activity.

E. Regulatory Activities

Proposed Activity:
Considering whether a utility's rate design and rate schedules send appropriate price signals and incentives for reducing GHG emissions.

Comment:
PGE considers pricing design using structures such as time of use pricing and peak time rebate helpful to send the right signals. These should be balanced with other objectives

(Bonbright Principles, for example) and consider options such as demand response and customer sited renewable generation. PGE recommends combining this activity and the possible revision of rate schedules to encourage TE (above).

Proposed Activity:
Exploring whether a prudency review of a utility investment should include consideration of whether utilities' actions are consistent with EO 20-04.

Comment:
In furtherance of our decarbonization strategy, when seeking prudence determinations PGE will voluntarily report its consideration of EO 20-04 when proposing resource actions.

Proposed Activity:
Evaluating whether depreciation schedules used for the recovery of utility investments and resource retirements are consistent with EO 20-04.

Comment:
PGE is interested in exploring how depreciation schedules, and associated accounting orders, may be modified to accelerate retirement of carbon emitting resources while allowing for recovery of utility investments consistent with EO 20-04. Accelerating depreciation schedules to accelerate GHG reduction will need to consider the impacts on customer prices and reliability.

Impacted Communities

PGE supports the Commission's goals to expand its internal understanding of diversity, equity, and inclusion and to better engage disadvantaged communities. We are supportive of the Commission's efforts to create a more diverse, equitable, and inclusive workforce and agency operation. PGE shares the belief that a commitment to diversity, equity, and inclusion (DEI) is essential to a thriving and successful community.

PGE recommends the Commission prioritize work to reduce differential energy burden. We support exploring options to address this outside of traditional energy assistance and have been learning about best practices in other states and considering potential program designs. Further, PGE also supports discussions with the Commission and stakeholders to review Division 21 rules regarding bill payment and disconnection. We will continue to support legislation to give the Commission authority to address differential energy burden and look forward to joining stakeholder conversation on this issue. We are also interested in engaging in discussions of how GHG actions can include actions to serve low income communities.

We offer specific comments on selected proposed actions below.

Proposed Activity:
Expanding and enhancing utility reporting of service disconnects and developing a publicly accessible database to inform state actions on energy burden.

Comments:
PGE is supportive of conversations to understand the desired outcome of disconnection reporting to help ensure the right information is being provided. PGE worked closely with the Commission and other stakeholders to implement quarterly disconnection reporting through AR 602 in June of 2018. Before expanding or enhancing utility reporting, PGE would like to work with the Commission and other stakeholders to understand how that reporting is being used today and how additional reporting will help to inform state actions. With respect to a publicly accessible database, PGE believes that leaving this data unprotected and generally available for public consumption could result in abusive use of the information through predatory practices by groups looking to take advantage of communities with higher disconnection rates.

Proposed Activity:
Quantifying energy burden in Oregon through stakeholder workshops, which would be informed by Department of Labor Statistics and other sources.

Comments:
Our understanding is that this work has been done and is kept current by Oregon Housing and Community Services (OHCS). They have developed a sophisticated energy burden assessment tool that is publicly available. OHCS staff reports that with the latest updates the data can be broken out by census tract, race and utility service territory. The Commission should leverage the existing and ongoing energy burden work by OHCS, particularly since the EO calls for the two agencies to work together on these issues. It would be valuable for the two agencies to make sure the tool and its data are more widely understood and accessible.

Proposed Activity:
Considering updates to the cost-effectiveness exception policy to allow streamlined approval for measures and programs targeted toward low-income ratepayers, up to a defined percentage of program costs.

Comments:
PGE agrees that it is appropriate to tailor programs to expand access for low-income customers. This should include coordination between taxpayer and PGE customer funded

entities providing low income service, programs and solutions. The Commission should provide guidance which allows the utilities and the Energy Trust to make investments in low-income solutions even when doing so might violate the cost effectiveness scoring.

Proposed Activity:
Exploring utility pilots to deploy advanced technology in low-income settings to provide bill savings and non-energy benefits, such as resiliency during extreme events.

Comments:
Through our Smart Grid Test Bed PGE is actively exploring not only smart enabling technologies for low-income customers, but also how best to engage and communicate with and enable diverse communities. PGE has hired and embedded three specialists in the communities participating in our three Smart Grid Test Beds. These employees are reaching out to traditionally underserved communities to help us better understand the needs of the community. These activities are helping inform our customer solution approaches. Our Peak Time Rebate program allows all customers to participate without penalty. Our direct install thermostat pilot reaches customers who might not participate due to the cost of the enabling technology. Our multifamily water heater pilot demonstrates that all customers can participate in flexible load programs. PGE will continue to coordinate our customer solutions offers with the Energy Trust of Oregon with the belief that coordination between the two entities will save customers money and perhaps enable a broader suite of cost-effective solutions. However, the present strict application of cost effectiveness scoring does limit how broadly and deeply our solutions can assist these communities.

Wildfire Planning and Collaboration

PGE appreciates the Commission's planned actions regarding wildfire planning and encourages the Commission to prioritize opening an investigation to formalize electric company wildfire protection and mitigation plans. Utility wildfire mitigation planning was the subject of substantial stakeholder and legislative discussion during and before the 2020 Legislative Session. Much of the difficult policy development work on this issue has been completed, and we recommend the Commission adopt as much of the approach outlined in Sections 1-8 of Senate Bill 1536B (2020) as possible.

In June 2019, PGE presented its wildfire mitigation plan to the Commission, and on May 21, 2020 presented updates to its wildfire mitigation plan to the Commission for the 2020 fire season. PGE supports workshops with the Commission that allow for collaboration, learning, and sharing of best practices. PGE also supports sharing best practices across electric system operators in Oregon. This work should also help inform what is included in the electric company wildfire

protection and mitigation plans. PGE participated in the May 28, 2020 initial workshop scoping meeting and looks forward to future collaboration sessions.

Conclusion

PGE appreciates the opportunity to opportunity to respond to the Commission's report that addressed Governor Brown's Executive Order 20-04. In general, we support the Commission's proposed actions and the direction the Commission is going in examining opportunities to create incentives to accelerate GHG reductions in Oregon, looking for opportunities to address the disproportionate effect of climate change on traditionally underrepresented communities, and the increased emphasis on wildfire mitigation efforts.

Should you have any questions regarding these comments, please contact me at (503) 464-7002.

Please direct all formal correspondence and requests to the following email address pge.opuc.filings@pgn.com.

Respectfully submitted,

/s/ *Jay Tinker*

Jay Tinker
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June 15, 2020

Via Email

Chair Megan Decker
Commissioner Letha Tawney
Commissioner Mark Thompson
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RE: Report on Executive Order 20-04 Comments

Dear Commissioners:

I. INTRODUCTION

The Renewable Energy Coalition (the "Coalition") submits these comments responding to the Oregon Public Utility Commission (the "Commission") request for written comments addressing how the Commission should implement Governor Brown's Executive Order 20-04 ("EO 20-04"). EO 20-04 recognizes that there is limited time to act to avert catastrophic climate change and that various state agencies, including the Commission, have both the authority and the obligation under Oregon law to drive reductions in greenhouse gas ("GHG") emissions. The Coalition appreciates the opportunity to provide its take on these important issues. The Coalition respectfully requests that the Commission think broadly and act boldly to implement EO 20-04. The Coalition views the Commission's draft report as a step in the right direction, but there is still a long way to go. The Commission should prioritize taking steps that improve the

Commission's implementation of the Public Utility Regulatory Policies Act ("PURPA"), which has untapped potential to significantly reduce GHG emissions.

PURPA is highly relevant to this discussion of EO 20-04, because PURPA exists to foster cleaner sources of generation. The federal PURPA has always aimed to reduce use of fossil fuels by increasing development of renewable hydro, wind, solar, biomass, waste, or geothermal resources, as well as efficient cogeneration facilities.[1] The statute specifically requires the Federal Energy Regulatory Commission to promulgate regulations "to *encourage* cogeneration and small power production" including regulations that "require electric utilities to offer to . . . purchase electric energy from such facilities."[2] FERC's regulations in turn require state regulators to further this goal. Similarly, Oregon's PURPA aims to "[p]romote the development of a diverse array of permanently sustainable energy resources using the public and private sectors to the highest degree possible."[3]

The Coalition and its members offer these comments from their shared perspectives as experts on the problems and possibilities in PURPA implementation. The Coalition is comprised of nearly forty members who own and operate over fifty large and small qualifying facility ("QF") projects throughout the region. The majority of the Coalition's members have been pioneers in the renewable industry, establishing some of the first PURPA contracts and fighting to maintain their right to sell renewable energy, primarily to monopoly investor owned electric utilities ("IOUs"), ever since. Together, they established the Coalition in 2009. The Coalition's mission is to support all kinds of QFs with technical and regulatory expertise needed to navigate PURPA. Much of the Coalition's focus is on regulatory activism at the state level and assisting

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1 *FERC v. Mississippi*, 456 U.S. 742, 750-51 (1982).
2 16 U.S.C. § 824a-3(a) (emph. added).
3 ORS 758.515(2)(a).

new and existing QFs in negotiating their power purchase agreements ("PPAs") and interconnection agreements with regulated IOUs.

EO 20-04 provides a timely opportunity for the Commission to recognize the rising threats of climate change as well as monopoly power. IOUs currently own the majority of existing renewable generation, and are poised to own, the majority of the new renewable generation in and serving Oregon because of their reluctance to purchase power from independent power producers like REC's members. Oregon's rules and policies implementing PURPA have also been a significant obstacle. For example, while QFs in Oregon generally provide lower cost and more beneficial electricity than the IOUs,[4] they are not adequately compensated for their electricity sales. Similarly, the inability to obtain fair, just and reasonable interconnection service is limiting independent power producers' market operations. In short, competition in the energy sector is at risk. This warrants the Commission's careful consideration.

[4] The utilities often argue that QFs are more expensive. While there have been brief periods of time in which this is true, over the history of PURPA and most periods of time, this is false. *Qualifying Facilities Rates and Requirements; Implementing Issues Under PURPA*, FERC Docket Nos. RM19-15-000 & AD16-16-000, Comments of the Northwest and Intermountain Power Producers Coalition, Community Renewable Energy Association, Renewable Energy Coalition, and Oregon Solar Energy Industries Association at 32 (December 3, 2019) ("the all-in costs approved by the Idaho PUC for Idaho Power's non-QF generation plants to the average annual costs actually paid to QFs under such long-term contracts in a recent year, and demonstrates that the costs of the PURPA facilities are lower than the approved costs for all but one of those non-QF plants."); The Community Renewable Energy Association's Testimony in Support of HB 2857 and HB 3274 Oregon Small-Scale Renewable Facilities and Strengthening the Public Utility Regulatory Policies Act at 5 (March 26, 2019, House Energy and Environmental Committee) (showing that PGE's contemporaneous Schedule 201 prices were lower than PGE's Biglow 1, Biglow III and Tucannon wind resources.).

How the Commission responds could affect not only Oregon but the region. In the Coalition's experience before utility commissions throughout the West and Northwest, Oregon's direction tends to have a ripple effect throughout the region.

In these initial comments, the Coalition recommends that the Commission take a hard look at the farthest extents of its legal authority. The Coalition believes there are many actions to reduce GHG emissions that are well within the Commission's legal authority. More fully implementing PURPA is one area in which the Commission's authority and obligation are clear, which makes prioritizing it a logical choice.

II. COMMENTS

A. The Commission Should Think Broadly and Boldly about Potential Actions

EO 20-04 calls upon the Commission and other agencies to exercise "any and all authority and discretion vested in them by law."[5] To comply, the Commission must stretch its jurisdictional limits. The EO does not ask the Commission to do only what is *clearly* within its authority but to do *all* that it is authorized to do, and the Commission has broad authority to act.

Oregon courts have recognized that the Commission's enabling statutes are broad and are to be liberally construed.[6] These statutes include Oregon Revised Statute ("ORS") 756.040, which outlines the Commission's general powers and calls upon the Commission to "supervise and regulate every public utility and telecommunications utility in this state, and to do all things

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5 EO 20-40 at 5.

6 *E.g., Gearhart v. Pub. Util. Comm'n*, 356 Or 216, 244, 339 P.3d 904, 921 (2014) ("the PUC's statutory authority is phrased in sweeping terms"); *see also Springfield Educ. Ass'n v. Springfield Sch. Dist. No.19*, 290 Or 217, 230, 621 P.2d 547, 556 (1980) (recognizing the legislature could have provided the Commission with a specific and limited mandate but instead "empowered [the Commission] to regulate and, in so doing, to make delegated policy choices of a legislative nature within the broadly stated legislative policy").

necessary and convenient" to do so.[7] The Commission's overarching mandate is to protect customers and to balance the interests of regulated utilities and customers.[8] Other statutes, such as ORS 758.515, make clear that this mandate includes the following: 1) promoting the development of a diverse array of permanently sustainable energy resources; 2) allowing for diverse ownership of generation; 3) increasing the marketability of electric energy produced by qualifying facilities; and 4) creating a settled and uniform institutional climate for qualifying faculties.[9] In short, the Commission exists to ensure customers receive adequate services at reasonable costs by promoting competition, renewable energy and the independent ownership of electric generation.

The Coalition understands that the Commission has limited resources with which to fulfil its mandates, such as implementing EO 20-04.[10] The Coalition urges the Commission to think broadly about how the energy sector could evolve to reduce its carbon footprint.[11] Many scholars view the historical purpose of regulatory commissions as to substitute for the competitive forces that, if present, would pressure utilities to provide adequate service at reasonable rates.[12] The Commission has the statutory mandate to go beyond simulating competitive forces, and to actively promote them. As the Commission considers various ways to implement EO 20-04, the Commission may benefit from recognizing where competitive forces

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7 ORS 756.040(2).

8 *Id* at (1).

9 *See* ORS 758.515.

10 Or. Pub. Util. Com'n, *Report on Executive Order 20-04* at 12 (2020).

11 The Coalition notes some of this thinking and stakeholder engagement has already been done in prior discussions of SB 978. *See generally* Or. Pub. Util. Com'n, *SB 978 Actively Adapting to the Changing Electricity Sector* (2018).

12 *See generally* J. Lazar, Regulatory Assistance Project, *Electricity Regulation in the US: A Guide* (2nd Ed.) at 3-7 (2016), available at https://www.raponline.org/wp-content/uploads/2016/07/rap-lazar-electricity-regulation-US-june-2016.pdf.

could themselves act to realize the goals of EO 20-04. In turn, then, the Commission's task needs not be to achieve those goals but instead to facilitate and drive competition towards realizing the goals. Where the commission has opportunities to foster competition, the Commission can both reduce its administrative workload and fulfil its mission.

The Coalition does not attempt to cover in these initial comments all of the opportunities to foster competition that the Commission could pursue. Instead, the Coalition focuses its recommendation of priority actions specifically on fostering competition through improving the Commission's implementation of PURPA.

B. The Commission Should Prioritize its Implementation of PURPA

For decades, PURPA has provided an avenue for facilitating the development and operation of clean and affordable energy resources. PURPA is the only federal statute that mandates competition in the electric industry and has been most important historic tool in lowering electricity costs in the modern era by creating independent power producers. While there are additional opportunities to sell power to utilities today, PURPA remains relevant today because of monopsony utility purchasers, which is especially for small scale developers.

Both the federal and Oregon PURPA statutes require utilities to procure clean power from QFs at no more than the utilities' avoided-cost prices.[13] The Commission is one entity responsible for ensuring compliance, yet there are few new QFs in Oregon and existing QFs are struggling. The Commission could improve its implementation of PURPA and so facilitate market forces that drive carbon reductions in accordance with EO 20-04. While there are numerous areas for improvement, the Coalition highlights two areas in which significant changes

[13] PURPA, Pub. L. 95–617, 92 Stat. 3117, § 210(f); 16 USC § 824a-3(f); ORS 758.505 to 758.555.

could dramatically help meet the Governor's climate goals: 1) improving the interconnection process for all QFs; and 2) ensuring that existing QFs are paid for the capacity value that they provide utilities. These changes would help more renewable energy facilities come online and keep operating.

One barrier to the market that limits the entry of new QFs is restrictions on interconnection service, which may be the most important long-term issue. At a high level, interconnection service involves: 1) studying a new or an existing QF's proposed operations relative to existing IOU operations; 2) identifying equipment and technology necessary to enable the QF's operations to contribute to the IOU's operations; 3) and constructing and installing that equipment and technology. In Oregon, interconnection service is virtually a monopoly service, available only from the IOUs with few exceptions. Unfortunately, interconnection issues have become extremely controversial and major impediment to the development of non-utility owned renewable energy in Oregon. Interconnection customers are entitled to all the same statutory protections related to fair, just, reasonable and non-discriminatory rates as other customers. However, interconnection deserve greater attention because, while IOUs need retail customers to sell power to, the IOUs are competing against and can operate without the existence of independent power producers like QFs.

The Commission could significantly improve interconnection service by making portions of the service itself competitive and by changing the IOUs' pricing for non-competitive portions. While utilities will need to contribute their system data, the engineering studies, analyses, and construction are not tasks which only an IOU is capable of performing. Third-party consultants and contractors are available and ready to step into the IOUs' shoes to provide these portions of interconnection service. Therefore, the Commission can solve many interconnection issues by

fostering competition and reducing the need for interconnection customers to take service from a monopoly.

There are some aspects of the interconnection process that must be performed by the utility, but these aspects are not priced in a fair, reasonable, just, or non-discriminatory manner. On the contrary, many QFs suffer from recurring issues, including cost overruns, the gold-plating of services, and inaccurate (and untransparent) cost estimates. Interconnection and power deliveries are becoming more expensive and complicated, and prohibitive is certain circumstances. These issues associated with ever increasing interconnection costs could be mitigated or resolved if the Commission adopted new avoided cost pricing policies.

Existing QFs have the benefit of already entering the market, but they remain susceptible to inaccurate and unfair pricing policies. The first step in achieving the Governor's and this state's climate policies is ensuring that already operating renewable energy generators can continue to operate. All QFs are entitled by law to be paid the utilities' avoided-cost rates for all energy and capacity provided by the QFs. However, existing QFs are not currently compensated for all of the capacity they provide to the system. Under Oregon's standard QF policy, utilities pay QFs capacity payments for years in which the utility recognizes a capacity need, called a utility's "deficiency period." Over time, utilities' deficiency periods change. It is rare, if not impossible, for a QF to execute a PPA and receive a capacity payment in the early years of the PPA.

As a result, existing QFs typically receive capacity payments when their PPAs terminate, execute new PPAs, and do not receive capacity payments for several years. Stable cashflows are necessary to enable existing QFs to continue operations, undertake critical maintenance, and invest in efficiency upgrades. Unlike new QFs who have some limited flexibility to align the

start of their operations with the start of utility deficiency periods, existing QFs cannot adjust their existing contract termination dates. This problem threatens the viability of all existing QFs. Whether or not they will receive capacity payments could be the determining factor for whether a QF decides to renew its PPA or not. This could result in a perverse outcome where a capacity need could emerge specifically because existing capacity is not adequately compensated. The Coalition has been raising this issue since early 2013, and despite the Commission issuing some favorable orders over the years, the pricing paid to QFs continues to not include full capacity payments for existing QFs.[14]

The Commission should adopt clear requirements for utilities that ensure existing QFs that renew their PPAs are fully compensated for the services they provide, including capacity contributions. There are a number of ways in which this could occur, including but not limited to extend the prior capacity payments, and paying existing QFs for capacity if they commit to sell their electricity to their utility prior to contract termination. While it would not fully pay existing QFs for the capacity value they provide, the Commission could implement a levelization policy that brings forward higher payments in later contract years. This will at least allow existing QFs to avoid significant increases and decreases in their cashflows due to factors outside of their control.

III. CONCLUSION

The Coalition thanks the Commission and all of the stakeholders involved in this important process and looks forward to seeing the Commission's revised and expanded action

[14] In contrast, the Idaho Commission requires full capacity payments for existing and operating QFs, and the Washington Commission recently required full capacity payments for QFs in all years for utilities with a capacity need, including PacifiCorp and Puget Sound Energy.

plans for implementing EO 20-04. Compliance will require the Commission to act boldly, potentially in areas new to the Commission. As an initial priority, the Commission should focus on fostering competition, which is clearly within its jurisdiction. Specifically, the Commission should improve its implementation of PURPA, which has the potential to reduce GHG emissions. Authorizing third-party vendors to offer interconnection service and requiring IOUs to pay capacity payments to existing QFs are two improvements that would have significant benefits, both for the climate and for Oregon.

Sincerely,

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RENEWABLE NORTHWEST

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June 15, 2020

Re: Oregon Public Utility Commission's May 5, 2020 Report on Executive Order 20-04

Dear Chair Decker, Commissioner Tawney, and Commissioner Thompson:

Renewable Northwest is grateful for the opportunity to comment on the Oregon Public Utility Commission's May 15, 2020 Report on Executive Order 20-04 ("the Report"). The Report reflects considerable engagement with a range of stakeholder feedback solicited during the lead-up to its release, and we appreciate both the breadth of options the Commission presented for implementation of Executive Order 20-04 ("EO 20-04" or "the EO") and the Commission's interest in additional stakeholder engagement regarding implementation. As a backdrop for these comments, Renewable Northwest recommends the Commission bear in mind a key clause of EO 20-04:

> *[G]iven the urgency and severity of the risks from climate change and ocean acidification, and the failure of the Legislature to address these immediate harms, the executive branch has a responsibility to the electorate, and a scientific, economic, and moral imperative to reduce GHG emissions and to reduce the worst risks of climate change and ocean acidification for future generations, to the greatest extent possible within existing laws[.]*[1]

The scientific, economic, and moral imperative is indeed clear, and Renewable Northwest urges the Commission to act as swiftly and boldly as it is able to maximize greenhouse gas emission reductions and to do so in a way that reflects the priorities of all of Oregon's citizens, including those who have not traditionally had meaningful opportunities to engage in regulatory processes.

Turning to the Commission's May 15 Report, in establishing the present opportunity for comment, the Report "welcome[s] comments on priorities and recommendations on how the PUC should balance and focus its resources during summer 2020."[2] The Report notes that "[c]omments should focus on the general proposed public process about EO 20-04, and how the PUC should prioritize initiating the required wildfire and impacted communities processes and moving forward with consideration of emission reductions in existing and new regulatory

[1] EO 20-04 at p.3.
[2] Report at 13.

proceedings."[3] And the Report concludes that stakeholder comments will help the Commission to "determine next steps, from scheduling additional public processes specific to implementation of EO 20-04 or directing Commission Staff or our Executive Office to develop straw proposals for the next process steps."[4]

In the leadup to the Report, Renewable Northwest participated in a Commission listening session on April 23, 2020 and filed comments with the Commission on May 5, 2020. Our May 5 comments identified several key actions the Commission could take to implement EO 20-04. First, we recommended establishing a more inclusive process, "encourag[ing] the Commission specifically to solicit the impact of community-based organizations as early as possible in all Commission proceedings, in order to design processes and achieve substantive outcomes that truly reflect the priorities and interests of affected communities."[5] Second, we recommended that the Commission open a new docket to investigate "performance-based regulation of utilities under the existing Alternative Form of Regulation ("AFOR") statute as a complement to the existing regulatory structure."[6] Third, we recommended that the Commission prioritize a number of existing dockets and regulatory processes with the potential to drive particularly robust greenhouse gas ("GHG") emission reductions.[7] Fourth and finally, we recommended that the Commission incorporate the EO's policy considerations into all ongoing Commission dockets and processes.[8]

In these comments, we will revisit those recommendations and others that have come up in conversations with other Commission stakeholders, applying the process lens presented in the Report. We will begin by identifying priority actions to effectuate EO implementation, then attempt to resolve those priority actions into recommended next steps. Rather than repeat our May 5 comments, we will cite those comments liberally here. And again, in reviewing these recommendations we suggest the Commission bear in mind the Governor's invocation of this moment's "scientific, economic, and moral imperative to reduce GHG emissions … to the greatest extent possible within existing laws."[9]

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[3] *Id.*
[4] *Id.*
[5] Renewable Northwest's May 5, 2020 Comments at 2 (hereinafter "RNW May 5 Comments," attached as Exhibit A).
[6] *Id.*
[7] *Id.* at 3-4.
[8] *Id.* at 4.
[9] EO 20-04 at 3.

Priority Actions

1. **Establish and fill the proposed Diversity, Equity, and Inclusion Outreach Coordinator position.** In the Report, the Commission proposes to "[use] existing PUC resources to establish a Diversity, Equity, and Inclusion (DEI) Outreach Coordinator position to provide a PUC point of contact to lead engagement activities."[10] This proposal squares directly with our recommendation that the Commission add staff to help foster broader stakeholder engagement, we appreciate its inclusion in the Report, and we support it as a priority action.[11]
2. **Explore additional intervenor funding options.** In our May 5 comments to the Commission, we noted that "expanded intervenor funding may be necessary" to achieve the EO's equity-related directives to the Commission.[12] In the long term, statutory change may be necessary to achieve this result; in the interim, however, we recommend that the Commission explore expanded use of the pilot intervenor-funding mechanism that increased opportunities for stakeholder engagement in the SB 978 process.
3. **Build on current efforts to improve accessibility and create meaningful engagement opportunities for a broader set of Commission stakeholders.** Renewable Northwest appreciated the Commission's March 5, 2020 training for Commission stakeholders. We recommend that the Commission consider holding additional trainings and identify other ways to make Commission processes more accessible to more stakeholders. The Commission's proposal to "[r]etain[] the services of DEI professionals to initiate efforts to develop an agency DEI Operations Plan" may help the Commission to implement this priority action.
4. **Investigate and mitigate differential energy burden.** Renewable Northwest supports the Commission's proposal to better understand energy burden through utility reporting on service disconnects and holding a series of stakeholder workshops; we further support the Commission's proposal to "ensure that rate proposals and other regulatory actions are fully evaluated in terms of affordability and energy burden."[13]
5. **Revisit the scope of the Commission's legal authority.** In the SB 978 process, Renewable Northwest noted that the Commission's legal mandate goes beyond just economic regulation to include supporting public policy goals such as greenhouse gas emission reductions.[14] We "encourage[d] the Commission to bear in mind the Oregon Supreme Court's observation that 'the PUC's statutory authority' to regulate IOUs in the public interest 'is phrased in sweeping terms' and to consider exercising this sweeping power to better implement Oregon's full suite of energy-policy goals."[15] In our next round of SB

[10] Report at 9.
[11] RNW May 5 Comments at 2.
[12] *Id.*
[13] Report at 10.
[14] SB 978 Comments of Renewable Northwest at 3 (Apr. 20, 2018).
[15] *Id.* at 8 (quoting *Gearhart v. Public Utility Comm'n of Or.*, 339 P.3d 904, 918 (Or. 2014)).

978 comments, we explained that "[t]he Commission has traditionally held a view of its own power that is constrained as much by historical practice as by the bounds of its legislative authority" and suggested that "SB 978 represent[ed] an opportunity for the Commission to reassess the bounds of its statutory authority and—after SB 978's comprehensive, transparent public process—adopt new ways of using its existing authority."[16] Specifically, we recommended that the Commission explore ways "to include greenhouse gas emissions as a core element of the Commission's regulatory processes."[17] With EO 20-04, Governor Brown has provided additional support for the proposition that the Commission has untapped legal authority to facilitate greenhouse gas emission reductions and climate mitigation. Following on both the SB 978 process and the EO, we encourage the Commission to revisit the scope of its legal authority and specifically to examine how it might move beyond economic regulation to drive additional greenhouse gas emission reductions.

6. **Continue incorporating the EO into existing processes.** Renewable Northwest has been encouraged by the extent to which the Commission has already begun incorporating EO 20-04 into ongoing regulatory processes. For example, the Commission's orders acknowledging PGE's[18] and PacifiCorp's[19] 2019 Integrated Resource Plans ("IRPs") both expressly contemplate how the EO can inform both IRP acknowledgement in general and the utilities' specific IRPs as well. We recommend that application of the EO to existing regulatory processes continue to be a Commission priority. Our May 5 comments set forth a list of priority dockets not only that could help achieve the EO's greenhouse gas emission reduction goals but also that could benefit from explicit consideration of the EO within each docket.[20]
7. **Open an investigation into Performance-Based Regulation.** Renewable Northwest appreciated the Commission's proposal to "[e]xplor[e] performance-based ratemaking measures that achieve GHG reductions by incentivizing and enabling utility behaviors aimed at accelerating GHG reductions."[21] As Renewable Northwest noted in our May 5 comments, an investigation into performance-based regulation has been on the

[16] SB 978 Comments of Renewable Northwest at 3 (Jul. 10, 2018).
[17] *Id.* at 6.
[18] Oregon Public Utility Commission, Docket No. LC 73, Order No. 20-152 at 20 (May 6, 2020) (providing, e.g., that "our IRP guidelines describe 'public interest' as including state and local policies and we recognize and support decarbonization as a goal of the State of Oregon, as expressed in legislative policy and executive order").
[19] Oregon Public Utility Commission, Docket No. LC 70, Order No. 20-186 at 19 (Jun. 8, 2020) (noting that "if the all-source RFP results in a shortlist that contains materially higher greenhouse gas emissions than the preferred portfolio of mostly renewable, storage, and demand-side resources, this ... would need to be examined to determine if it runs counter to Oregon policy and Governor Brown's Executive Order 20-04").
[20] RNW May 5 Comments at 3-4.
[21] Report at 7.

Commission's agenda since the SB 978 Report in 2018.[22] We recommend that the Commission treat this investigation as a priority in implementing EO 20-04.

8. **Open an investigation into beneficial electrification.** Renewable Northwest appreciated the Commission's focus on "updat[ing] and enhanc[ing]" transportation electrification activities in the Report.[23] The Commission's transportation-electrification proposals square with our May 5 comments that "aligning transportation electrification with the transition to renewable energy offers the potential for dramatic emission reductions."[24] On discussion with additional stakeholders, however, we now recommend that the Commission open an investigation into beneficial electrification beyond just the transportation sector, as electrification of other end uses may raise some of the same policy implications as transportation electrification while driving still deeper emission reductions.

Recommended Next Steps

1. **Priority Action 6** (Continue incorporating the EO into existing processes) is already occurring and will remain active for the foreseeable future; we appreciate the Commission's immediate attention to considering the EO in regulatory processes going on now.
2. **Priority Actions 1-3** (Establish and fill the proposed Diversity, Equity, and Inclusion Outreach Coordinator position; Explore additional intervenor funding options; Build on current efforts to improve accessibility and create meaningful engagement opportunities for a broader set of Commission stakeholders) are essential to meaningfully accomplish the rest of the identified Priority Actions, and Renewable Northwest recommends that the Commission undertake these actions immediately. In particular, the Commission's success undertaking Priority Action 4 (Investigate and mitigate differential energy burden) is contingent on success in implementing Priority Actions 1-3.
3. **Priority Action 5** (Revisit the scope of the Commission's legal authority) is perhaps the most internally-facing item on the priority action list and, while stakeholder feedback may be helpful as the Commission explores the bounds of its legal authority, can likely be undertaken while the Commission is working on expanding access to a broader set of stakeholders.
4. **Priority Actions 7-8** (Open an investigation into Performance-Based Regulation; Open an investigation into beneficial electrification) are investigations that would take time to translate into discrete programs; given this longer lead time, we recommend that these investigations be initiated as soon as practicable.

[22] RNW May 5 Comments at 2.
[23] Report at 7.
[24] RNW May 5 Comments at 3.

Thank you for considering our comments and for undertaking the work of implementing the Governor's EO. Renewable Northwest looks forward to continued engagement with the Commission and Commission Staff throughout the implementation process and the many dockets that we hope will be positively influenced by the Governor's policy directive.

Sincerely,

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EXHIBIT A

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May 5, 2020

Dear Chair Decker, Commissioner Tawney, and Commissioner Thompson:

Renewable Northwest is grateful for the opportunity to comment on the Oregon Public Utility Commission's implementation of Governor Brown's Executive Order EO 20-04 Directing State Agencies to Reduce and Regulate Greenhouse Gas Emissions. The EO presents an opportunity for the Commission to initiate new work, prioritize existing dockets, and apply a consistent policy lens to all of its processes and actions in order to accelerate the transformation of Oregon's energy system in response to the climate imperative.

EO 20-04 has three elements of particular importance to the Commission. First, the EO establishes greenhouse gas emission reduction goals of 45% below 1990 levels by 2035 and 80% below 1990 levels by 2050. Second, the EO directs sixteen state commissions and agencies -- including the Public Utility Commission -- to "exercise any and all authority and discretion vested in them by law" to achieve the goals, as well as to "consider and integrate climate change, climate change impacts, and the state's GHG emissions reduction goals into … planning, budgets, investments, and policy making decisions." And third, the EO sets forth specific direction to the Commission "to consider … factors and values" including "the interest of utility customers and the public generally for the utility sector to take actions that result in rapid reductions of GHG emissions, at reasonable costs, to levels consistent with the GHG emissions reduction goals set forth in … this Executive Order, including transitioning to clean energy resources and expanding low carbon transportation choices for Oregonians." Each of these general directives is followed by a breakout of certain specific means of accomplishing the overall directives.

Renewable Northwest appreciates the Commission's focus on identifying high-impact actions bounded by existing statutory authority in implementing the EO. We have consistently noted in our advocacy to the Commission that the regulatory space offers the potential to drive the dramatic change that climate scientists tell us is necessary to avoid the worst impacts of climate change, and that we can make significant progress now using the Commission's currently untapped legal authority. The EO offers the opportunity to explore that untapped legal authority and take bold action.

In undertaking this work, it is also important for the Commission to consider the EO's focus on equity and inclusion. Specifically, the EO:

- Directs all agencies to "[p]rioritize actions that will help vulnerable populations and impacted communities adapt to climate change impacts";

- Directs all agencies to "[c]onsult with the Environmental Justice Task Force when evaluating climate change mitigation and adaptation priorities and actions";
- Directs the Commission to "prioritize proceedings and activities … that … mitigate energy burden experienced by utility customers"; and
- Directs the Commision to "establish a public process to address and mitigate differential energy burdens and other inequities of affordability and environmental justice, including rate design and other programs to mitigate energy burden."

To "help vulnerable populations and impacted communities" and "address and mitigate differential energy burdens" will require much more robust engagement of a much broader set of stakeholders than typically engage at the Commission, as well as a meaningful opportunity for those stakeholders to affect the outcomes of Commission processes. These goals cannot be attained without meaningful opportunities for participation by affected communities at all procedural stages.

On this point we encourage the Commission specifically to solicit the impact of community-based organizations as early as possible in all Commission proceedings, in order to design processes and achieve substantive outcomes that truly reflect the priorities and interests of affected communities. Additional Commission Staff dedicated to access and outreach -- as well as trainings for current Staff -- may be necessary to accomplish this outcome; expanded intervenor funding may be necessary as well.

Against that backdrop, we offer the following thoughts on: (1) new work we recommend the Commission initiate; (2) existing dockets to prioritize; and (3) how to incorporate the policy established by the EO into the Commission's processes and decisions.

1. **Undertaking New Work**

Renewable Northwest recommends that the Commission initiate an investigation into performance-based regulation of utilities under the existing Alternative Form of Regulation ("AFOR") statute as a complement to the existing regulatory structure. Performance-based regulation offers significant potential to identify actions utilities could take to achieve decarbonization goals (for example, peak shaving, load shifting, or deployment of smart technology) without investing in new capital assets, and to compensate utilities for undertaking those actions provided they can demonstrate measurable progress toward identified goals. The Commission has already identified performance-based regulation as a priority in its SB 978 Report to the Legislature and committed to undertaking an investigation. The EO offers the perfect opportunity to follow through on that commitment.

2. **Prioritizing Existing Dockets**

Renewable Northwest recommends that the Commission prioritize dockets that can drive significant greenhouse gas emission reductions. We identify some of these dockets and briefly explain our thinking on how each docket can have significant impacts.

- **Integrated Resource Plans:** The EO's timing is perfect for ensuring that its policy direction is incorporated into the next round of utility integrated resource plans. This is especially true given the Commission's recent discussion, e.g. in deliberations regarding acknowledgment of Portland General Electric's 2019 IRP, that existing Commission guidance for IRP acknowledgment may not be fully consistent with a rapidly modernizing operational paradigm that is facilitating accelerated retirement of fossil-intensive resources and relies on the opportunistic acquisition of carbon-free resources to deliver customer value and support decarbonization.
- **Transportation Electrification Plans:** The transportation sector is a significant contributor to Oregon's greenhouse gas emissions, and aligning transportation electrification with the transition to renewable energy offers the potential for dramatic emission reductions. For that potential to be realized will likely require both that new loads attributable to electrification are met with renewable energy and that utilities have the tools necessary to use electric vehicles to shift load in time and possibly even as distributed energy storage resources.
- **UM 2011 (General Capacity):** Elsewhere in the country, traditional concepts of capacity have driven new greenhouse-gas intensive fossil resource development; the Commission's General Capacity Investigation offers the opportunity to avoid that outcome in Oregon and explore how renewables, storage, and demand-side resources can facilitate accelerated retirement of existing fossil resources without corresponding development of new fossil resources, and still fully meet our capacity needs.
- **UM 2005 (Distribution System Planning):** Similar to transportation electrification, distribution system planning offers the opportunity to shift load in time through smart technology and unlock the full potential value of distributed energy generation and storage, all of which can integrate renewable energy generation and contribute to system decarbonization.
- **UM 1953 (PGE Green Tariff):** This program supplies large customer loads with specific renewable resources, effectively displacing the more greenhouse gas-intensive overall utility resource mix for customers who wish to play an active role in reducing Oregon's greenhouse gas emissions.
- **UM 1930 (Community Solar):** This program supplies smaller customer loads with specific solar resources, again displacing the more greenhouse gas-intensive overall utility resource mix for customers who wish to play an active role in reducing Oregon's greenhouse gas emissions -- with more emphasis on inclusion of and participation by diverse communities.

- **AR 610, 616, and 617 (Renewable Portfolio Standard Implementation):** It is unclear whether current RPS practices are driving incremental renewable energy additions or greenhouse gas reductions, but re-aligning RPS implementation policy with the goal of driving additional renewable resources could help Oregon to achieve its greenhouse gas emission-reduction goals.

3. **Incorporating Policy**

Perhaps most importantly, Renewable Northwest recommends that the Commission "consider and integrate climate change, climate change impacts, and the state's GHG emissions reduction goals" into its current processes and decisions as the EO directs. In some proceedings -- IRPs, for example, -- there may be several ways to center greenhouse gas emission reduction goals, including forcing models to achieve reductions in line with the EO's goals of 45% GHG reduction by 2035 and 80% by 2050, relative to 1990 levels. Additionally, expanding the traditional concepts of cost and risk to include new elements such as the social cost of carbon and the risks associated with climate impacts may be appropriate -- each is essentially an economic consideration that is likely not fully captured by existing analytical methods.

Oregon's utilities are poised to make faster strides toward decarbonization -- in its last IRP cycle PGE, for example, modeled and reported significant customer benefits from a much more robust near-term renewable procurement than it ended up pursuing. Those strides will be especially important as Oregon continues to move toward beneficial electrification of the transportation and building sectors and utility loads grow. Adopting greenhouse gas reduction goals as a core element of utility regulation in Oregon will help the state live up to its reputation as a national leader on climate policy.

Thank you for considering our comments and for undertaking the work of implementing the Governor's EO. Renewable Northwest looks forward to continued engagement with the Commission and Commission Staff throughout the implementation process and the many dockets that we hope will be positively influenced by the Governor's policy directive.

Sincerely,

Max Greene
Regulatory & Policy Director
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RogueClimate
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June 15, 2020

Dear Chair Decker, Commissioners Tawny and Thompson:

Under Governor Kate Brown's May 15th Executive Order 20-04 (EO) Report, the Public Utility Commission (PUC) has been directed to prioritize community outreach and engagement in utility wildfire planning and to protect vulnerable populations from the dangers and burdens of wildfire and its mitigation in relation to our energy systems.

Rogue Climate was founded in 2013 in the Rogue Valley of southern Oregon with the mission to empower Southern Oregon communities most impacted by climate change, including low-income, rural, youth, and communities of color, to win climate justice by organizing for clean energy, sustainable jobs, and a healthy environment. We are writing to encourage the PUC to expand its breadth of collaboration with community-based organizations, especially those in wildfire risk areas to generate more accessible methods for community involvement, to mitigate energy burden experienced by utility customers, and to ensure that communities are protected from the impact of wildfire on energy systems.

Recommendations regarding community involvement and accessibility:

- Public participation should be broader and more accessible than previous PUC processes, especially for impacted communities who will be directly affected by the decisions made by the agency regarding EO implementation.
- Public accessibility to decision-making includes shifting docket language away from jargon and towards common language, improving the PUC website for easier navigation, and having multi-lingual resources so the breadth of public involvement and information sharing is expanded. The use of jargon does not create an atmosphere in which a diversity of communities can participate in these processes.
- Meaningful participation must include:
    - Notice in the local papers and local radio stations, notice on social media, and on community social media pages, direct outreach to community-based organizations, and notice in people's electric utility bills in multiple languages.
    - Meetings should have food, activities for children, and be language accessible in the languages most used in the communities where outreach is being conducted.

    - The PUC should implement multiple ways of collecting information from communities that will be impacted by proposed plans by utilities to mitigate the impact of wildfires including power shut off zones, including family friendly listening sessions and educational forums.
- Utilities should be required to be publicly transparent on the 'who', 'when', and 'how' of their community engagement plans.
- Staff and public meeting facilitators would also benefit from trainings on anti-oppressive meeting design and facilitation to manage public involvement with an equitable frame.

We acknowledge and appreciate the efforts that incorporated Rogue Climate's recommendations for the May 15th EO 20-04 report, such as, establishing a Diversity, Equity and Inclusion Coordinator to ensure meaningful participation and outreach that incorporates cultural competency and accessibility. We are also supportive of the PUC efforts to implement strategies to reduce energy burden in low-income communities and look forward to participating in future proceedings and activities regarding this.

We are supportive of science-based and climate-smart plans that mitigate wildfire risk to utility infrastructure in an attempt to reduce the risk of utility caused catastrophic fires like were experienced in Paradise, CA. However, we see this as being part of critical infrastructure upgrades that should be the sole responsibility of utilities to pay for. The costs of upgrading utility infrastructure to the best available standards must not be passed along to consumers.

The science has been clear for multiple decades that climate change fueled by the burning of fossil fuels and years of fire suppression in southern Oregon will lead to more intense and more regular wildfires that endanger the utility infrastructure and the health and wellbeing of surrounding communities. Rate payers should not be responsible for shouldering the cost of these critical upgrades that utilities are only now beginning to implement.

Recommendations regarding the evaluation of electric companies' wildfire protection plans:

- There should be procedural inclusion throughout the evaluation process of stakeholders and community-based organizations who specifically live and work in or nearby wildfire risk zones. The process should explicitly include non-utility and non-industry participation, prioritizing representation from environmental justice communities.
- There should be evaluation of power shutoff implications for rural communities, and especially high-risk communities, such as residents with medical needs that are dependent on consistent and reliable energy.
- In communities where IOU's are incorporating Power Shutoff Zones as part of their wildfire mitigation strategy, IOU's must provide back-up energy sources like solar with

battery storage to critical public infrastructure (ex. fire stations and community centers) and also to low-income households that depend on consistent and reliable energy for their medical needs.

- The PUC must ensure that costs are not passed on to customers for upgrading utility infrastructure to withstand increased wildfire danger.

Thank you for your time and consideration in reviewing these recommendations and considering them throughout the implementation process. Rogue Climate looks forward to future conversations and involvement in the Executive Order implementation at the PUC.

Sincerely,

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Energy Justice Organizer, Rogue Climate

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June 23, 2020

Public Utility Commission of Oregon
Attn: Garrett Martin
Garrett.martin@state.or.us

Greetings Mr. Martin,

Please accept these comments of Small Business Utility Advocates ("SBUA") regarding Governor Brown's Executive Order 20-04 ("EO-20-04") due from the Oregon Public Utilities Commission ("Commission"). SBUA, a 501(c)(3), advocates for fair electricity rates for small business, getting value for the cost the small business utility customer pays, and educating the small businesses, utilities, and the government on small business electricity behavior and needs. As part of our mission, SBUA also recognizes the importance of environmental stewardship. This activity includes reducing and mitigating human-caused climate change the purpose of the EO-20-04.

According to the Oregon Secretary of State and other government entities, small businesses make up a significant part of Oregon's economy such that 99.4% of Oregon businesses and small business employees make up 55% of Oregon employees.[1] The impact of small business and small commercial customers, specifically, on greenhouse gas emissions can be better ascertained through better use of tools existing within the State of Oregon and also applying tools applied elsewhere.

The EO 20-04 asks the Commission to determine whether utility portfolios and customer programs make progress towards the greenhouse gas emission reduction goals. SBUA supports

[1] Id.

this directive and has expressed in other proceedings including comments submitted for SB 1574 and SB 978.

SBUA has represented this electric utility class of small commercial customers for several years and from this experience SBUA offers two observations. First, there is not enough known about this customer class and its carbon emissions. Second, it is possible to learn much more about this customer class's energy use behaviors and impact through the process of implementing the EO 20-04 and using existing tools and also tools perhaps new to Oregon's small commercial customers, but not new to the utility sector generally. The following are some of the examples of process which could ameliorate the problem where small commercial customers have been as a class underrepresented in giving input in the energy sector and in receiving information from their electricity and other energy providers.

The Commission could recommend that the larger classes of customers be specifically represented in the interagency workgroup identified in the EO 20-04 and at least one representative specifically representing the small business perspective. The interagency efforts could include high level conversation and collaboration among Oregon's departments including the Business Oregon, Secretary of State Corporation Division, the Employment Department, and the Oregon Public Utility Commission ("OPUC"), and some others[2] in order to arrive at a better way to measure impacts of small business on greenhouse gas emissions.

SBUA recommends the Commission understand more regularly and specifically the impacts of utility portfolios and customer programs on all customer classes including the small commercial utility consumers. The extent to which tools are made available by utilities to small business to reduce carbon emissions, to inform and educate small business customers, and other small business specific tools vary greatly in different parts of Oregon.

The Commission might focus on implementation of ORS 183.336 on its processes to obtain more value from this compliance tool already applied in Commission rulemaking. Also, in collaboration with other agencies, the Commission might find a path to measure the impact of energy project work on COBID businesses. More outreach specific to small businesses across the

[2] SBUA would be pleased to make other specific recommendations on this and any other ideas included in these comments.

state could be conducted. As the Commission has already explored in the UM 2005, tools applied in other states may also be implemented in Oregon.

The EO 20-04 directs the Commission to encourage electric companies to support transportation electrification to reduce GHG emissions. SBUA observes that often transportation electrification infrastructure is concentrated in areas with low foot traffic to small businesses. SBUA supports Commission programs like PGE's DriveChange that enables businesses to not only participate but to innovate in this sector in ways that fit small businesses. Innovative small businesses are an important part of Oregon's success in achieving energy policy aims.

Lastly, the EO 20-04 directs the OPUC to establish a public process to address and mitigate energy burden and other environmental justice issues. Small commercial customers have energy burden, too. SBUA suggests the Commission take this into consideration independently of other commercial customer classes it its decisions.

SBUA supports including carbon reduction in current and future regulatory proceedings. And in doing so, SBUA suggests that for a successful implementation of the policy expressed by EO 20-04, it is essential to include small business, and at a minimum, the small commercial customer class, regularly in the public process. SBUA thanks the Commission for considering these comments.

Sincerely,

s/ Diane Henkels

Diane Henkels
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/s/ *Adelaide Hardwick*

Adelaide (Ellie) Hardwick
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From: Alan Journet <alanjournet@gmail.com>
Sent: Sunday, June 14, 2020 4:10 PM
To: CONSUMER PUC <PUC.Consumer@puc.state.or.us>
Subject: PUC response to EO 20-04

I have read the PUC report REPORT ON EXECUTIVE ORDER 20-04 and find it largely positive and agreeable.

I am, however, concerned about one element.

I note the only mention of fossil (natural) gas is really here:

Utility Planning Framework

- Revisiting the voluntary emission reduction program under ORS 757.539 to determine continuing potential for natural gas utilities to invest in projects that reduce emissions and provide benefits to customers

I realize that Northwest Natural Gas Company, Cascade Natural Gas, and Avista Corporation are major players in the utilities arena and would push back mightily at the following idea, but I recall from SB1530 that several sections pertaining to fossil gas seemed to have been written by this sector. This was suggested by the clear switch in reference in SB1530 from greenhouse gas emissions to carbon emissions in these sections. The reality is that natural gas should be universally phased out of the utility arena so the PUC should be exploring ways of encouraging electrification of buildings (new and old alike) and phasing out gas. This would eliminate both the fugitive emissions resulting from the extraction, processing, and transmission of fossil gas, and the combustion emissions of that gas at the delivery site.

Respectfully submitted

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