OSSIA
OREGON SOLAR + STORAGE INDUSTRIES ASSOCIATION

Public Utility Commission of Oregon
201 High St. SE, Suite 100
Salem, Oregon 97301-3398

February 20, 2026

Re: AR 676 – Performance-Based Ratemaking and Multi-Year Rate Plans

Dear Chair and Commissioners,

Thank you for the opportunity to comment on AR 676 and the Oregon Public Utility Commission's ongoing work on performance-based ratemaking (PBR) and multi-year rate plans (MYRPs). We appreciate the substantial time and effort Commission Staff have dedicated to convening stakeholders and facilitating discussion on these complex issues.

At the outset, we want to underscore that greenhouse gas reduction is a central and explicit feature of the statutory direction underlying this rulemaking, as made clear by the Oregon Legislature in passing Senate Bill 688**.** The bill reflects legislative intent that utility regulation evolve to better align utility incentives with Oregon's climate laws and emissions reduction targets. As this process moves forward, we urge the Commission to keep that directive front and center.

Additionally, we wish to clarify that our understanding of these topics and goals for the rulemaking process continues to evolve as we engage in PUC workshops and with other stakeholders. As such, we reserve the right to change or add to these comments at a later time.

1. **Top goals aligned with OSSIA's vision for Oregon's regulated utility energy system**

GOAL	***OUTCOMES***	***MECHANISM***	***NOTES***
Clean Energy Expansion	• GHG Emission reduction • DER Expansion • Improved RFP process • Functioning PURPA program • Penalties when utilities are not on track to meet clean energy goals • Profits tied to performance rather than capital acquisition	• Targeted PIMs (TBD) • Targeted PIMs penalizing lack of progress towards goals	To achieve these outcomes, we believe targeted PIMs—both rewards and penalties—will be necessary, particularly where utilities fail to make adequate progress toward clean energy requirements.

PO Box 14927, Portland, OR 97293-0927
Email: admin@oseia.org
www.orssia.org

Transparency	• Performance tracking • Data collection and access for stakeholders	• Targeted PIMs rewarding availability of accurate and timely data	Targeted PIMs that reward accurate, timely, and standardized data reporting could meaningfully improve transparency and accountability.
Interconnection	• Efficient and timely movement of projects through interconnection queues • Reduction of gold-plated interconnection requirements	• Metrics based on timelines • Penalties and incentive PIMS for meeting and beating deadlines • TBD	Interconnection reform represents a high-impact opportunity to accelerate clean energy deployment.

2. What Trade-offs and/or Risks Should Be Considered in Developing an MRP and/or PBR Framework?

Risk of Lack of Meaningful Reform

The most significant risk to consider in this process is that PBR and MRP design results in minimal changes that preserve business-as-usual outcomes. To meaningfully alter utility incentives, the framework must be sufficiently weighty, with clear consequences. The process should include a timeline for transitioning away from reactive cost recovery and toward proactive performance-based structures.

The Commission should also carefully consider how capital funding is to be treated in MRPs. If utilities are able to easily acquire funding and are guaranteed to recover all costs associated with it, the cost control aspects of MRP would be undermined and utilities may have no reason to change behavior to achieve PBR and MRP goals.

Further, PBR mechanisms should be thoughtfully constructed to avoid the potential for utilities to "game" the system and take advantage of financial incentives without achieving the intended outcomes of PBR mechanisms. Including Efficiency Carryover Mechanisms described in slide 45 of the December 17th presentation could help ensure that utilities have an incentive to achieve meaningful productivity gains while in MRPs.

Risk of Overcompensating Utilities

We are wary of reconciliation mechanisms that would allow utilities to "true up" utility revenues as they may water down utilities' incentive to improve performance and efficiency. Similarly, "off-

ramps" and "reopeners" should only be allowed in extreme and carefully considered circumstances to truly achieve the policy goals behind MRPs and PBR. Experience in other states demonstrate that these mechanisms are the main way that utilities circumvent MYR and PBR.

Risk of Ignoring the Current Lack of Financial Impetus to Meet Existing Law

While utilities should not be rewarded merely for complying with existing legal requirements, the current regulatory structure often fails to provide financial motivation to meet clean energy mandates. If PBR does not address this misalignment, utilities may continue to face weak or even counterproductive incentives regarding compliance with climate law. Changes must ensure utilities have clear financial reasons to meet Oregon's clean energy requirements.

Risk of Insufficient Transparency

For PBR to work as intended, non-utility stakeholders must have practical, timely, and affordable access to the data needed to track performance, understand outcomes, and propose informed improvements over time. This includes clear expectations around data transparency, standardized reporting, and reasonable timelines for data availability.

In addition, non-utility stakeholders also need transparency into utility system data so that they can compete for project development on a level playing field and get renewable projects developed in a timely way and in accordance with Executive Orders 25-25 and 25-29.

Absent accessible and usable performance data, stakeholders are limited to reacting to utility characterizations of performance and system constraints rather than independently evaluating whether PBR mechanisms are achieving their intended climate, equity, and customer outcomes. We urge the Commission to explicitly address how data access will be structured to support meaningful and ongoing stakeholder engagement.

Risk of Process Imbalance

We are concerned about the disproportionate influence of utility perspectives in recent workshops. Ensuring equitable participation is essential. This process requires substantial effort from advocates and Staff alike, and it must result in reforms strong enough to justify that investment. Ensuring equitable participation is critical to achieving PBR outcomes.

As a preliminary measure, we support the comments submitted on February 9, 2026 by the Energy Advocates and their thoughtful reflections and suggestions from the January workshop. We specifically support their observations about the balance of feedback being given at the workshops so far. To the extent these comments conflict with anything raised by the Energy Advocates, please assume the articulation here is accurate as to OSSIA's position.

3. Which MRP and Other PBR Mechanisms Could Be Valuable Tools?

Targeted PIMs

Targeted PIMs designed to drive utilities beyond minimum statutory compliance could support:

- Accelerated GHG emissions reductions
- Elimination of customer disconnections and reduction of customer debt
- Deployment of local and community-based clean energy resources
- Focus on a resilient system, including generation sited close to load

These PIMs should be structured to influence decision-making in a measurable and durable way.

Mechanisms That Align Incentives with Clean Energy Compliance

PBR should function as a tool to adjust utility financial motivations so that planning and operations come into compliance with existing climate laws and GHG reduction targets. We are particularly interested in how PBR can correct misaligned incentives embedded in current cost-recovery structures. Penalties may be appropriate here or incentives for meeting benchmarks early.

Multi-Year Rate Plans

MRPs may offer stability and planning certainty, but we seek clarity on how they are envisioned to advance PBR goals beyond cost containment. How will MRPs incorporate performance accountability? How will they support emissions reductions, a resilient grid, and system transformation?

We are continuing to develop more specific proposals and look forward to further dialogue.

4. What Is Working Well and Where Are High-Impact Opportunities to Improve?

We anticipate gaining a clearer understanding of how existing regulatory mechanisms interact with PBR after the February 27 workshop focused on current ratemaking structures.

One element that has demonstrated success is Oregon's net metering program, which has supported equitable access to distributed generation and customer participation in the clean energy transition. Programs that are functioning effectively should be preserved.

High-impact opportunities for improvement include:

- Aligning profit incentives with emissions reduction and DER deployment
- Reforming interconnection processes
- Strengthening performance tracking and transparency
- Clarifying how existing "PBR-like" mechanisms interact with new PBR tools

This rulemaking presents a meaningful opportunity to address structural misalignments in Oregon's regulatory framework.

5. Additional Considerations as Oregon Develops Its MRP Framework

PBR as a Compliance and Incentive Alignment Tool

A key question for OSSIA throughout this process has been how, and to what extent, performance-based ratemaking can function as a tool to adjust utility incentives so that utility planning and operations come into compliance with existing climate laws and greenhouse gas reduction targets. We are eager to better understand how the Commission envisions PBR mechanisms being used to reinforce—not merely acknowledge—those legal obligations.

In particular, we ask the Commission to clarify whether PBR is intended to help close the gap between statutory requirements and actual utility outcomes, and how performance metrics and incentives might be designed to ensure measurable progress toward emissions reductions beyond traditional planning assumptions.

Role and Structure of Multi-Year Rate Plans

While affordability is a critical consideration, we are seeking a clearer articulation of how MYRPs are envisioned to advance the broader goals of PBR, including emissions reductions, system transformation, and improved public interest outcomes. We ask the Commission to clarify how MYRPs are expected to interact with performance metrics and incentives to encourage long-term planning decisions that align with Oregon's climate and energy laws, in addition to the cost-containment and efficiency benefits.

Phasing of PIM Development

We also request guidance on whether the Commission anticipates developing all PIMs at once or pursuing a phased approach, such as the "crawl, walk, run" framework suggested by advocates during the January meeting. If a phased approach is contemplated, we ask for transparency around how scope, sequencing, and expansion will be determined.

Procedural Equity

We remain concerned that utility perspectives may be disproportionately shaping discussions, at times shifting educational forums into spaces for prospective utility feedback on matters not yet ripe for broader consideration. Equitable stakeholder engagement is essential to developing a durable and credible framework and we ask Staff to consider restructuring workshops to ensure more equitable engagement and ensuring no one party is overrepresented in their comments and questions.

In closing, AR 676 presents a significant opportunity to modernize Oregon's regulatory structure in a way that advances emissions reduction, transparency, equity, and system transformation. We urge the

Commission to design MRPs and PBR mechanisms that are sufficiently robust to drive meaningful change and align utility incentives with Oregon's statutory climate commitments.

Thank you for your consideration and for the opportunity to comment.

Respectfully submitted,

Angela Crowley-Koch

Executive Director

PO Box 14927, Portland, OR 97293-0927
Email: admin@oseia.org
www.orssia.org