OREGON SOLAR + STORAGE INDUSTRIES ASSOCIATION

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

May 6, 2026

Re: Comments on AR 676 – Follow-Up to Workshop #4

On behalf of the Oregon Solar + Storage Industries Association (OSSIA), we submit these comments in response to the Commission's request for stakeholder input following Workshop #4 in the above-referenced docket. OSSIA appreciates the opportunity to provide feedback and thanks the Commission and Staff for their continued efforts to engage stakeholders and facilitate thoughtful, productive discussions on the design of multi-year rate plans (MRPs) and performance-based ratemaking (PBR) in Oregon.

OSSIA views this proceeding as a critical opportunity to reform Oregon's regulatory framework in a manner that better aligns utility incentives with state law, customer interests, and long-term societal goals. Properly designed MRPs and PBR can help shift utility behavior away from a narrow focus on capital investment and toward outcomes that prioritize affordability, reliability, equity, and decarbonization. This alignment must be intentionally designed through meaningful incentive reform, including well-structured Performance Incentive Mechanisms (PIMs) and enforceable targets.

OSSIA remains concerned that certain utility positions in this proceeding reflect resistance to key elements of PBR and MRPs that would meaningfully reform incentives, particularly those that would reduce the outdated bias toward capital expenditures. Without corrective mechanisms, this bias risks perpetuating over-investment in traditional infrastructure while under-valuing distributed energy resources (DERs), including customer-sited and community-based solar and storage. In addition to the comments below, OSSIA supports and echoes the positions advanced by the Energy Advocates in their joint comments, particularly with respect to clean energy development, distributional equity, system resilience, and the importance of designing a framework that addresses structural incentive misalignment.

I. Importance of Clean Energy in Achieving Affordability and Rate Stability Goals

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While much of the discussion in Phase 1 of this docket has focused on MRPs and cost containment, OSSIA emphasizes that clean energy, particularly distributed solar and storage, must be understood as a central tool for achieving affordability and rate stability, not merely as a component of broader "societal goals."

Solar energy, when deployed efficiently and at scale, represents one of the lowest-cost resources available to the electric system. In particular, distributed solar and storage can reduce the need for costly transmission and distribution investments, mitigate peak demand, and provide system resilience. When these resources are integrated effectively, they can lower total system costs over time and reduce exposure to fuel price volatility and large capital project risks.

In this context, OSSIA encourages the Commission to reconsider how "clean energy development" is framed within the proposed goals and outcomes discussed in Workshop #4. While Staff appropriately identifies clean energy development as part of achieving societal goals, it should also be recognized as a core component of "affordable, high-value service." The distinction has important implications for how utilities prioritize investments and how performance is evaluated.

OSSIA also appreciates Staff's recognition that "efficient procurement and interconnection of the least-cost and lowest-risk resources can ensure development provides the greatest system and customer value." We support this framing but agree with the Energy Advocates that it should be strengthened to reflect the legal obligations established under House Bill 2021. Compliance with Oregon's clean energy mandates is a statutory requirement, and the regulatory framework developed in this docket must ensure that utility planning, procurement, and interconnection practices are fully aligned with achieving those mandates in a timely and cost-effective manner.

II. Support for PIMs to Align Utility Behavior with Clean Energy and Societal Goals

A central purpose of PBR is to align utility financial incentives with public interest outcomes. To achieve this, PIMs must be designed to drive real behavioral change. OSSIA strongly supports the use of PIMs as a core component of the Commission's framework, but emphasizes that their effectiveness depends on both their structure and their enforceability.

First, OSSIA supports the Energy Advocates' recommendation to prioritize "backstop" PIMs that ensure compliance with existing legal and regulatory obligations before layering on additional incentive mechanisms. Utilities should not receive financial rewards for actions that merely reflect compliance with baseline requirements, and they should not be permitted to fall short of those requirements without meaningful consequences. At a minimum, backstop PIMs

should help ensure that utilities meet obligations under House Bill 2021, Oregon's Renewable Portfolio Standard, and the Small-Scale Renewable requirement.

Critically, these backstop PIMs must include real financial consequences for noncompliance. Metrics that simply track performance without financial consequences are unlikely to change utility behavior. To correct the existing capital expenditure bias, utilities must face both upside and downside financial exposure tied to performance outcomes.

In this regard, OSSIA is particularly concerned with utility assertions that they should retain discretion to determine whether and when to meet PIM thresholds or targets. As noted by the Energy Advocates, such positions would fundamentally undermine the purpose of PIMs and PBR more broadly. If utilities can opt out of performance expectations based on their own judgment, the framework will fail to deliver meaningful accountability or incentive alignment.

Beyond backstop mechanisms, OSSIA also supports the development of targeted, affirmative PIMs that encourage utilities to pursue outcomes that are not tied to legal requirements. For example, well-designed PIMs could incentivize the development of microgrids, community-based renewable energy projects, and other distributed solutions that enhance resilience, reduce system costs, and expand access to clean energy.

Such targeted PIMs should be based on measurable outcomes and carefully designed to be weighty enough to influence decision-making. Importantly, they should be designed to complement, not substitute for, strong backstop requirements and should avoid rewarding utilities for doing what they are already required to do by law. Together, these mechanisms can help create a balanced framework that both enforces existing obligations while encouraging innovation where opportunities exist.

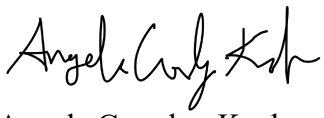
III. Conclusion

OSSIA appreciates the Commission's leadership in implementing PBR and MRPs in Oregon and its commitment to stakeholder engagement. By adopting a PBR and MRP framework that meaningfully realigns utility incentives, the Commission has an opportunity to accelerate the deployment of clean energy resources, improve affordability and rate stability, and ensure that utility performance is fully aligned with state law and public interest goals.

To achieve these outcomes, the Commission should ensure that clean energy development is treated as integral to affordability, that PIMs include enforceable backstop requirements tied to

legal obligations, and that the overall framework corrects for the bias toward capital expenditures. OSSIA looks forward to continued engagement in this process.

Respectfully submitted,



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Workshop #4 Worksheet

Ratemaking Component	Options or Considerations	Recommended Approach
Principles, Goals, and Outcomes	See April 8 pre-read filed in AR 676	Discuss clean energy development as a part of the affordability and rate stability goal in addition to achievement of societal goals. Frame clean energy development as mandatory for compliance with HB 2021, the Renewable Portfolio Standard, the Small-Scale Renewable Requirement, and Climate Protection Program.
Type of MRP (MRP Report, p. 7)	● Index-based cap (revenue or price cap) ● Forecasted MRP	Index-based cap. Forecasted MRPs reliant on utility forecasts run the risk of being based on inaccurate, inflated projections and cause information asymmetry between the utility and stakeholders.
Revenue decoupling (MRP Report, p. 40) or other revenue true-up mechanism	How does the existence of decoupling, or not, relate to MRP type?	

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Ratemaking Component		Options or Considerations	Recommended Approach
Plan duration (stay-out period; MRP Report, p. 14)		3-7 years	
Scope of an MRP (inc. trackers and deferrals; MRP Report, p. 11)		Which costs and revenues are consolidated within the MRP base rates and thus subject to associated cost controls?	Support limited use of trackers and deferrals to create meaningful cost containment pressure.
Going-in rates (MRP Report, p. 17)		● What information determines the revenue requirement? ● Should a historical or forecasted test year be used?	[Determined in a rate case]
ROE (MRP Report, p. 19)		● Do new risks, or mitigants, from the MRP change the ROE? ● What influence does authorized ROE have on MRP incentives?	[Determined in a rate case]
Index-based Adjustments (if applicable)	**Inflation measure (MRP Report, p. 24)**	● GDPPI ● Other inflation measures or composite structures (e.g., regional indices, CPI, etc.)	
	X factor (MRP Report, p. 25)	● How to set (e.g., total factor productivity study)? ● Who conducts the study?	
	Z factor (MRP Report, p. 29)	● What are the criteria to trigger a Z-factor adjustment?	
	Stretch factor (consumer dividend; MRP Report, p. 27)	● Is a stretch factor warranted? ● What is the adjustment value based on?	
Capital funding mechanism(s) (MRP Report, p. 31)		● What projects could be subject to a separate funding mechanism? ● What mechanism design is applicable?	In certain cases where utilities show a lack of non-capital funding options, projects that would further compliance with state climate

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		policy could be subject to separate funding mechanism
Earnings sharing mechanism (MRP Report, p. 20)	● Is it symmetric or asymmetric? ● Are there tiers and deadbands, and of what size?	Asymmetric, where utilities bear risks of under-earning to ensure that utilities have incentives to operate efficiently without being able to pass of consequences to customers
Off-ramp (MRP Report, p. 39)	● What thresholds or criteria could trigger an off-ramp? ● How to make these unlikely, but available when necessary?	Off-ramps and reconciliations should be used sparingly to avoid undermining the purpose of MRPs and PBR. Where available, the Commission should have significant discretion and review authority
Reopener (MRP Report, p. 39)	● What thresholds or criteria could trigger a reopener? ● How to make these unlikely, but available when necessary?	
Rebasing (MRP Report, p. 36)	● When does rebasing occur? Based on what information? ● How to avoid perverse incentives to inflate costs?	
Efficiency carryover mechanism (MRP Report, p. 38)	● Should an ECM be incorporated? ● What structure?	
Capex/opex equalization (MRP Report, p. 36)	● What approach is applicable (e.g., targeted PIMs, capitalization of opex, totex accounting) ● What is relationship or connections to capital funding?	
Metrics and scorecards (MRP Report, p. 40)	● Which outcomes are subject to metric reporting or a scorecard?	Metrics and scorecards should be used to improve transparency into utility behavior and decision making but not in lieu of PIMs with real "teeth" to meaningfully adjust utility behavior.

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Performance Incentives (MRP Report, p. 40-41)	● Which outcomes should be targeted for new or updated performance incentives? ● What performance incentive design is most applicable to each outcome (PIMs, SSM, etc.)? ● How much revenue should be subject to performance incentives?	Backstop PIMs should be used to enforce compliance with state policy and legal requirements. Other targeted PIMs should be used to incentivize utilities to meet societal and clean energy goals including use of microgrids, CBREs. And DERs.
The relationship between planning processes (DSP, IRP, etc.) and MRPs (MRP Report, p. 44-45)	● How do planning processes inform MRP design and revenue requirements? What timing needs to be taken into account? ● How to manage imperfect information or studies subject to later completion?	

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