OSSIA
OREGON SOLAR + STORAGE INDUSTRIES ASSOCIATION

June 3, 2026

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

RE: AR 676 – Oregon Solar + Storage Industries Association's Comments on Staff's Phase 1 Proposal

The Oregon Solar + Storage Industries Association (OSSIA) appreciates the opportunity to provide comments on Staff's Phase 1 Proposal in the AR 676 docket. OSSIA also appreciates the significant effort Staff has undertaken to facilitate stakeholder engagement and develop a comprehensive proposal for the implementation of multi-year rate plans (MRPs) and performance-based ratemaking (PBR) in Oregon.

OSSIA believes Staff's proposal establishes a useful foundation for continued development of an MRP framework. In particular, OSSIA supports Staff's recognition that utility regulation should create stronger incentives for cost containment and achievement of state policy objectives. We also appreciate Staff's acknowledgment that traditional cost-of-service regulation creates incentives for utilities that are at odds with customer interests or broader public policy goals. OSSIA also encourages the Commission to prioritize PIMs that target compliance with Oregon's statutory clean energy goals in Phase 2 given the urgency of the issue and the potential to simultaneously further the affordability and resilience goals of PBR and MRPs.

As the Commission continues to refine the framework during Phase 2, OSSIA encourages the Commission to maintain focus on one of the central objectives of this proceeding: aligning utility incentives with outcomes that further progress on climate goals and provide the greatest value to customers and communities. This includes ensuring that utilities are encouraged to pursue the most cost-effective and climate-friendly solutions, including distributed energy resources, community-based renewable energy, demand response and other Non-Wires Alternatives.

The comments below reflect OSSIA's current understanding and position on these topics, which may develop or change as the rulemaking proceeds.

I. Principles, Goals, and Outcomes

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

OSSIA generally supports Staff's proposed principles and goals. The focus on cost containment, rate stability, investment efficiency, and achievement of state and community goals reflects many of the objectives that motivated HB 3179 and SB 688.

OSSIA supports Staff's inclusion of "efficient clean energy development and emissions reductions" among the proposed outcomes of the framework. However, we encourage the Commission to recognize that clean energy development is not solely a societal objective. The deployment of cost-effective renewable energy resources, including distributed solar and storage, also contributes directly to affordability, resilience, rate stability, and efficient use of utility infrastructure.

Distributed energy resources can reduce peak demand, improve utilization of existing assets, defer certain infrastructure investments, and reduce exposure to fuel price volatility. As a result, the framework should frame clean energy development as both a policy outcome and a contributor to affordable, reliable, resilient and high-value utility service.

II. MRP Scope & Index-Based Revenue Cap Framework

OSSIA generally supports Staff's proposal to utilize an index-based revenue cap structure. A framework that establishes a predictable revenue path while creating incentives for efficient management has the potential to improve accountability and strengthen cost discipline. At the same time, the effectiveness of such a framework will depend heavily on the treatment of exceptions and adjustment mechanisms. OSSIA supports Staff's efforts to maintain a comprehensive scope for the MRP and to limit categories that remain outside the framework.

However, as Phase 2 proceeds, the Commission should carefully evaluate the cumulative effect of adjustment factors, supplemental capital funding mechanisms, reopeners, and other exceptions. For instance, the Wildfire Mitigation Tracker without an earnings test could lead to unchecked spending under the guise of wildfire management. These separately recovered cost categories should be dealt with carefully to ensure that they do not undermine the intent behind MRPs.

III. Revenue Decoupling

OSSIA is interested in the potential for a revenue decoupling tool to be used within an index-based revenue cap MRP to promote cost containment. By reducing the connection between sales volume and utility revenues, decoupling can help utilities focus on delivering desired outcomes rather than maximizing throughput. As the Commission considers decoupling design during Phase 2, OSSIA encourages Staff to ensure that decoupling mechanisms

continue to support operational efficiency and looks forward to seeing how these discussions take shape.

IV. CapEx/OpEx Equalization

OSSIA supports Staff's recommendation to continue investigating capex/opex equalization strategies. Staff correctly identifies that the fundamental challenge of traditional utility regulation is that utility earnings are largely tied to growth in rate base, which can create a preference for capital-intensive investments even when lower-cost alternatives may provide comparable or greater customer benefits.

This issue is particularly important for distributed energy resources. Solar, storage, demand response, community microgrids, and other distributed solutions frequently provide system benefits that compete directly, and potentially at cost advantage, with traditional infrastructure investments. However, because these solutions often involve lower utility capital expenditures, existing regulatory incentives may not fully support their consideration.

OSSIA therefore encourages the Commission to continue exploring approaches that reduce this structural bias and promote greater flexibility to pursue the most cost-effective solutions regardless of whether those solutions take the form of capital investments, operational expenditures, or third-party resources. We believe that there are opportunities for the utility to create customer-facing market signals that would further encourage ratepayer investments into DER, including battery program incentives and Time of Day valuation of customer generation.

While implementation details remain to be developed, continued examination of TotEx concepts and other equalization approaches should remain a priority in Phase 2.

V. Supplemental Capital Funding Mechanisms

OSSIA appreciates Staff's effort to address extraordinary capital needs while preserving the integrity of the revenue cap framework, as this is likely to be an important aspect of meeting state climate and renewable energy goals.

However, any supplemental capital funding mechanism should be narrowly tailored and reserved for circumstances that genuinely cannot be accommodated within the broader MRP structure. Clear criteria for application of the capital funding mechanism will be essential in developing a funding mechanism that allows for clean energy development without allowing utilities to avoid the cost containment intended by an MRP.

VI. Performance Incentive Mechanisms

OSSIA supports Staff's proposal to include Performance Incentive Mechanisms (PIMs) as part of PBR in Oregon. However, we believe that PIMs should urgently play a role in ensuring timely compliance with Oregon's clean energy laws and believe that the Commission should prioritize the development of clean energy focused backstop PIMs in Phase 1.

Utilities have several clean energy related obligations quickly approaching in 2030 which may not be met without additional pressure placed by PIMs. By 2030, utilities are obligated to meet clean energy benchmarks under HB 2021, small-scale renewables requirements, and a transition away from coal-fired electricity resources. These obligations are statutory mandates that cannot be deferred, and it is the investment and planning that utilities are doing right now that will determine whether Oregon meets its climate targets.

Staff proposes penalties in the form of backstop PIMs for reliability, safety, and customer service because these are foundational responsibilities that are baseline expectations for utilities as a condition of being a regulated monopoly providing electric service. OSSIA believes that the same reasoning applies to compliance with Oregon's clean energy laws. Utilities should face financial consequences when their behavior puts the State at risk of falling short of its climate goals. OSSIA encourages the Commission to prioritize backstop PIMs tied to measurable indicators of progress towards compliance with HB 2021 and other clean energy mandates. Importantly, these backstop PIMs should at a minimum establish penalties for noncompliance with the 2030 deadlines for emissions reductions, small scale renewable acquisition, and other targets linked to statutory obligations. OSSIA hopes to move into Phase 2 with a shared understanding that utilities' failure to comply with Oregon's statutory mandates should carry consequences.

With 2030 less than five years away, the urgency of the issue cannot be overstated. It is utilities' actions in the near-term that will determine compliance with 2030 obligations. Accordingly, OSSIA urges the Commission to make clean energy compliance a central focus of PIM development during Phase 1 and to establish penalty-based backstop PIMs that ensure utilities are on track to meet Oregon's clean energy requirements.

OSSIA also supports continued exploration of PIMs related to asset utilization, interconnection, resilience, equity, and community-based renewable energy in Phase 1. These areas are closely tied to the outcomes identified elsewhere in the proposal and may help reinforce utility decision-making that advances customer and community interests. For instance, efficient asset utilization should include things like distributed energy resources, microgrids, community based renewable energy projects, small-scale renewables and demand-response programs. Maximizing these resources will lead to a more efficient use of current grid assets by reducing the need for new transmission and capitalizing on investments made by customers to serve the grid as both as energy suppliers and demand

reducers. In addition, they provide important resilience benefits and may reduce the impacts of outages and emergency or peak-usage events.

Finally, OSSIA emphasizes that PIMs must be meaningful enough to influence utility behavior. Performance metrics and tracking can provide essential transparency, but the primary purpose of PBR is to create stronger alignment between utility incentives and desired outcomes. The Commission should therefore ensure that any adopted PIMs include consequences sufficient to encourage utility action and accountability.

Conclusion

OSSIA appreciates Staff's work in developing the Phase 1 Proposal and believes the proposal contains several promising elements that can support meaningful regulatory reform. As the Commission moves into Phase 2, OSSIA encourages continued focus on aligning utility incentives with customer value, ensuring fair consideration of distributed energy resources and Non-Wires Alternatives, and creating a framework that supports Oregon's affordability, reliability, resilience, and clean energy objectives.

Respectfully submitted,

Angela Crowley-Koch
Executive Director