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Public Utility Commission of Oregon
201 High St. SE, Suite 100
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Re: Docket No. LC 73 – Multnomah County's Comments on Portland General Electric's IRP and Staff's Public Meeting Memo

I. Introduction

Multnomah County thanks the Oregon Public Utility Commission ("OPUC" or the "Commission") for this opportunity to comment on the 2019 Integrated Resource Plan ("IRP") that Portland General Electric ("PGE") filed with the Commission on July 19, 2019 and on the Public Meeting Memo that OPUC Staff ("Staff") filed on February 27, 2020. In these comments, we argue that 1) Oregon electric utilities must plan to significantly decarbonize their system; 2) PGE's focus on decarbonization is reasonable and PGE should continue to develop its decarbonization strategy; 3) PGE's plan to issue a request for proposals ("RFP") seeking renewables is reasonable and warrants Commission acknowledgement; 4) PGE should accelerate its plan to exit Colstrip; 5) PGE should build on its existing framework and explore how community-based resources can contribute to its system needs; and 6) PGE should integrate local renewable energy goals in future IRPs.

We submit these comments because local governments are well positioned to express the will of the community as local government officials are directly accountable to their community members. We have heard loud and clear that decision makers, including utilities and their regulators, are not moving far enough or fast enough to address the greatest threat to current and future generations: the threat of the climate crisis.

The climate crisis is not an academic threat. Instead, climate change is a public health emergency that is already impacting the well-being of communities in Multnomah County, throughout Oregon, and around the world.[1] These impacts will fall first and worst on the most vulnerable members of our communities,[2] the same community members it is Multnomah County's core mission to protect. Avoiding the worst impacts of climate change requires a dramatic reduction of greenhouse gas ("GHG") emissions in Multnomah County and across the state, including through 1) significant investments in conservation; 2) eliminating greenhouse gases from our electricity supply; and 3) electrifying as many of our energy uses as possible. We must take each of these actions through an equity/justice lens to ensure that frontline and vulnerable community members are not harmed and instead lead and thrive through a just energy transition.

With the adoption of the 2015 Portland/Multnomah joint Climate Action Plan, the County and City set a goal to reduce GHG emissions across the County by 80% below 1990 levels by 2050. Currently, 28% of greenhouse gas emissions in Multnomah County come from the use of electricity, making the transition away from emitting resources a critical climate strategy. Multnomah County and the City of Portland also jointly adopted a goal of having 100% of our electricity needs supplied with renewable energy by 2035. We expect that our recommendations in these comments would better set PGE on a trajectory to achieve our local energy goals and policies.

The IRP process provides a critical opportunity to shape the short, medium and long term commitments of our utility partners towards these goals. With this in mind, Multnomah County is eager to participate in this and future deliberations at the OPUC. We thank you for your consideration of these comments.

II. Oregon electric utilities must plan to significantly reduce GHG emissions

Addressing the climate crisis requires collective action to rapidly reduce GHG emissions, including through minimizing electric sector emissions. Indeed, the Intergovernmental Panel on Climate Change ("IPCC") reported that "limiting global warming to 1.5° C would require rapid and far-reaching transitions in energy."[3] In this context, it is imperative that electric utilities' resource planning processes accurately account for the full costs associated with GHG emissions and that they do not continue to underestimate the economic risks to their customers associated with emitting resources in their fleet.

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[1] Multnomah County, *Public Health leaders call on lawmakers to take action to curb climate change* (Feb. 4, 2020), https://multco.us/multnomah-county/news/public-health-leaders-call-lawmakers-take-action-curb-climate-change
[2] *Id*.
[3] Intergovernmental Panel on Climate Change, *Special Report: Global Warming of 1.5°C*, Summary for Policy Makers at 15 (Oct. 8, 2018), https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf.

Electric utilities resource planning efforts and the regulatory process that oversees them should reflect the urgency that the climate crisis warrants. Specifically, to accurately account for the costs associated with GHG emissions, Oregon electric utilities should rely on the social cost of carbon in portfolio construction and selection. GHG emissions pose an economic risk to customers beyond what traditional IRP modeling can capture.[4] As a result, utilities should also prioritize GHG emission reductions in their resource planning and procurement to avoid underestimating the economic risk to customers associated with emitting resources.[5] As expressed by Bob Jenks, Executive Director of the Citizens Utility Board of Oregon, "inherently, every ton of carbon emissions we can get rid of has economic value to the customers."[6]

III. PGE reasonably focuses on decarbonization and should continue to build on its decarbonization strategy

The 2019 IRP reflects a recognition of both the need to act in the face of the climate crisis and the environmental and economic risks that GHG emissions represent for PGE's customers. Indeed, PGE took specific steps during the 2019 IRP process to focus on decarbonization while minimizing costs and risks to customers. Those steps include the commission of a decarbonization study and the use of scoring metrics that reflect portfolio performance in a carbon-constrained future.[7] Consequently, the 2019 IRP places PGE on a trajectory consistent with Oregon's GHG reduction goals.[8]

We value the steps that PGE has taken to focus on decarbonization in resource planning and want to see PGE continue to build on its decarbonization strategy. For example, and as we outline below, PGE should establish a process to remove Colstrip from its portfolio earlier than currently scheduled to avoid continuing to expose Oregon customers to the environmental and economic risks associated with continued reliance on that plant. Also, as PGE pursues cost-competitive agreements for existing capacity in the region, we strongly encourage PGE to commit to only procuring non-emitting resources. Planning a timely removal of Colstrip from its portfolio and avoiding the addition of emitting resources to its resource mix should be part of PGE's decarbonization strategy.

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[4] *See* Bob Jenks, Remarks at Commission Workshop in Docket LC 73, at 1:55 (Oct. 31, 2019) (available at https://oregonpuc.granicus.com/MediaPlayer.php?view_id=2&clip_id=435).
[5] *See Id*.
[6] *Id*.
[7] PGE 2019 IRP at 24 (Jul. 19, 2019).
[8] *Id*. at 34-35.

IV. We support PGE's plan to procure renewables

PGE's 2019 IRP action plan includes a proposal to issue an RFP seeking renewable energy resources (the "Renewables RFP"). This proposal is consistent with PGE's IRP analysis showing that adding renewables by 2022 would benefit customers while meeting the utility's energy and capacity needs,[9] anc confirmed by PGE's subsequent analysis after the extension of the production tax credit.[10] PGE's proposal also includes mechanisms intended to reduce cost and risks to customers,[11] and PGE has subsequently proposed additional mechanisms to further reduce risk to customers.[12] Importantly, PGE's proposed Renewables RFP is consistent with the preferred portfolio that places PGE on a GHG emissions reduction trajectory consistent with the emission reduction goals set by the State of Oregon, Multnomah County, and the City of Portland. The Renewables RFP is also part of PGE's decisive actions to engage in the energy system transformation that we need in response to the climate crisis. We encourage the OPUC to acknowledge PGE's proposal to issue a Renewables RFP because it makes environmental and economic sense.

V. PGE should accelerate its plan to exit Colstrip

PGE should evaluate the costs and the economic and environmental risks associated with continued reliance on Colstrip and should exit the plant as soon as reasonable. Although PGE's IRP analysis found that removing Colstrip units 3 and 4 from its portfolio in 2027 would reduce emissions and cost,[13] as well as overall risk for customers,[14] PGE did not evaluate exiting Colstrip in the 2019 IRP Action Plan window.[15] PGE decided not to do so because of the uncertainty in future operating costs and carbon regulation, the limited options available to PGE due to its agreements with other owners of Colstrip Units 3 and 4, and the need to consider cost recovery and rate impacts.[16] Some of those uncertainties have since been resolved,[17] and the costs and risks associated with continued ownership appear to be on the upswing. In this context, PGE should actively work on accelerating its plans to exit Colstrip.

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[9] *Id*. at 216.
[10] PGE Final Comments at 29 (Jan. 17, 2020).
[11] *Id*.
[12] PGE's Final Comments at 6-7.
[13] *Id*. at 209-210.
[14] *Id*. at 209, Table 7-10 (Showing that both Colstrip Sensitivities would result in deductions to the cost and severity metrics, while the Colstrip Sensitivity A results in a slight increase to the variability metric and the Colstrip Sensitivity B results in a decrease to the variability metric).
[15] *Id*. at 210.
[16] *Id*.
[17] PGE's Final Comments at 32.

During the 2019 IRP process, the risk proposition associated with PGE's continued ownership of Cosltrip Units 3 and 4 appears to have continued to deteriorate. The owners of the Colstrip plant are Puget Sound Energy("PSE"), PacifiCorp, Talen Montana, PGE, and Avista Corporation.[18] Most of the owners have signaled their intention to exit Colstrip earlier than PGE. For example, under Washington law, PSE, PacifiCorp, and Avista must get out of coal by 2025, so PSE is seeking to sell its share of Colstrip Unit 4 to Northwestern Energy and Avista plans to accelerate depreciation of its share by 2025.[19] Additionally, PacifiCorp plans to depreciate its share by 2027.[20] PGE, on the other hand, is still on track to depreciate its share of Colstrip by 2035.[21] This is concerning for a number of reasons, including that, as Staff points out, PGE customers could be among the last left responsible for a stranded asset.[22]

The cost proposition associated with PGE's continued ownership of Colstrip Units 3 and 4 also appears to be deteriorating. According to PSE, Colstrip Unit 4 needs repairs significant enough to warrant PSE's consideration of whether investing in the facility is prudent.[23] Additionally, PSE told its regulators that the next coal contract for Colstrip would come with a significant increase in price.[24] This is all happening at a time when Montana stakeholders are expressing concern about the risks and costs that Northwestern Energy's customers would take on if their utility buys PSE's share of Colstrip Unit 4.[25] In light of these developments, we are concerned with the seemingly increasing costs and risks that PGE's customers would face due to PGE's continued ownership of Colstrip.

PGE should accelerate its plans to exit Colstrip as part of its decarbonization strategy and response to the climate crisis and because continued ownership is concerning from a traditional regulatory perspective. We appreciate PGE's proposal "to conduct an enabling analysis into the potential customer rate impacts of options related to Colstrip Units 3 and 4, including, but not limited to, modified depreciation schedules."[26] We also support Staff's recommendation that

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[18] Catherine Morehouse, *As Puget Sound Energy moves to sell Colstrip share, critics say Northwestern desperate to keep coal plant online*, Utility Dive (Feb. 26, 2020), https://www.utilitydive.com/news/as-puget-sound-energy-moves-to-sell-colstrip-share-critics-say-northwester/572968/.
[19] *Id*.
[20] *Id*.
[21] *Id*.
[22] Staff Report for the March 16, 2020 Special Public Meeting at 58 (Feb. 27, 2020).
[23] Tom Lutey, *NorthWestern files proposal to buy more of Colstrip for $1 with regulators*, The Billings Gazette (Feb. 7, 2020), https://billingsgazette.com/news/state-and-regional/govt-and-politics/northwestern-files-proposal-to-buy-more-of-colstrip-for-with/article_f9e5945e-1cef-5e56-9a26-3807a75c0121.html.
[24] *Id*.
[25] Press Release, Montana Environmental Information Center, *NorthWestern Energy Doubles Down on Expensive Coal Plant* (Feb. 5, 2020), https://meic.org/2020/02/press-release-northwestern-energy-doubles-down-on-expensive-coal-plant/
[26] PGE's Final Comments at 34.

PGE provides quarterly updates on this process.[27] PGE should engage in a comprehensive analysis that evaluates the implications of removing Cosltrip from its portfolio by various dates before 2035, including by 2025, while recognizing that traditional modeling tools will not fully capture the economic risk to customers associated with continued reliance on Colstrip. PGE should perform that analysis soon, and no later than by its IRP Update. We encourage the Commission to include in its order for this proceeding specific and clear guidance to PGE regarding the timing and type of analysis that PGE should perform to fully assess the seemingly increasing risks of continued ownership of Colstrip.

VI. PGE should build on its existing framework and explore how community-based resources can contribute to its system needs.

In addition to decarbonization, "customer decision" was another key theme that PGE focused on in its 2019 IRP. As a result, PGE commissioned a Distributed Energy Resources ("DER") study looking at different scenarios of customer DER adoption and participation in distributed flexibility programs.[28] PGE also tested different levels of participation in voluntary programs.[29] We appreciate PGE's efforts to enhance how it considers DER in integrated resource planning, and encourage PGE to build on that work to start capturing in the IRP how community-based resources can contribute to PGE's system needs.

We recognize that community-based resources have not traditionally been considered in integrated resource planning. However, as the distribution system planning docket proceeds, PGE and other Oregon utilities should explore how to better capture the potential value of distribution-level resources and solutions and incorporate that analysis in the integrated resource planning analysis. An appropriate analysis would recognize the unique value that community-based resources bring, like system reliability, which would be enhanced through localized resources such as grid integrated microgrids that can island in the event of power disruption. This value is especially important for Portland General Electric's system given the prolonged power disruption that would result from a Cascadia seismic event.

VII. PGE should integrate local renewable energy goals in future IRPs

While we are encouraged that the 2019 IRP puts PGE on a trajectory consistency with our GHG emission reduction goals, PGE is not on track to meet Multnomah County's and the City of Portland's goal of meeting 100% of our electricity needs with renewables by 2035. Multnomah County and other communities in the state are eager to work with PGE to develop a pathway for

[27] Staff Report at 58.
[28] PGE 2019 IRP at 24.
[29] *Id.*

meeting specific community renewable energy targets through strategies that include the development of new renewable resources.

Multnomah County is a proud participant of Green Future Impact. We see that program as a pathway for communities to transition to renewable energy in a way that ensures a level of additionality, recognizes the system value of the resources customers are sponsoring, supports local community and workforce benefits, and leverages the purchasing power of large users to achieve renewable energy goals in a cost effective way. We are confident that through strong utility partnership and regulatory support, and with intentional dialogue with a wide range of community partners, we can collectively accelerate a just clean energy transition while minimizing cost and risk to all customers.

XI. Conclusion

Multnomah County thanks the OPUC again for considering our comments on PGE's 2019 IRP. PGE should continue to strengthen its decarbonization strategy and accelerate its plans to exit Colstrip. We are encouraged by the improvements in PGE's approach to resource planning that we saw both in the PGE's 2019 IRP and the process that preceded it. PGE should build on those improvements so that its IRP process centers rapidly reducing its GHG emissions, including by transitioning to renewable resources in a manner that is rooted in community values and priorities. Multnomah County is eager to continue working with PGE, the OPUC, community-based organizations, and other key stakeholders to realize this vision through the process and outcomes of this and future IRPs.

Respectfully submitted this 6th day of March, 2020.

Sincerely,

Deborah Kafoury

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Multnomah County Chair