

August 30th, 2019

To: Oregon Public Utility Commission and Staff
From: Alexia Kelly--Policy Advisor, Spark Northwest

RE: UM 2005 Investigation into Distribution System Planning: All Stakeholder, Energy Trust of Oregon and Public Utility Commission Staff Surveys

Thank you for the opportunity to provide comments regarding the “Investigation into Distribution System Planning: All Stakeholder, Energy Trust of Oregon and Public Utility Commission Staff Surveys” under Docket UM 2005. Spark Northwest appreciates the Commission’s interest in and commitment to advancing this important conversation related to the future of Oregon’s electricity system through more comprehensive Distribution System Planning (DSP).

Spark Northwest is a regional non-profit organization dedicated to creating communities powered by locally controlled, clean energy. Through our education, policy and technical assistance programs, we help connect people with direct opportunities to participate in and benefit from clean energy.

Distributed energy resources (DERs) can provide important customer choice, energy security and resilience benefits and need to be a central part of Oregon’s energy mix going forward; particularly in rural and underserved areas. As the costs of renewable energy and energy storage continue to fall and the technologies available to integrate distributed resources (including energy efficiency) into grid operations and management become more widely available, the ways Oregon prices, manages and distributes power needs to fundamentally change. As Advanced Energy Economy notes in their 21st Century Electricity System Issues brief:

The U.S. utility sector has entered a period of foundational change, not seen since the restructuring of the late 1990s. Change is being driven by new technologies, evolving customer needs and desires, environmental imperatives and an increased focus on grid resiliency. With these developments come challenges, but also new opportunities to create an energy system that meets the changing expectations of consumers and society for the coming decades. We call this the 21st Century Electricity System: a high-performing, customer-focused electricity system that is efficient, flexible, resilient, reliable, affordable, safe, secure and clean.¹

Spark Northwest recognizes the opportunities that this transition creates for local communities to own, operate and manage distributed energy resources that support local economic development, create good paying jobs, deliver value to ratepayers and to the broader community, and enable Oregon to move to a cleaner, more resilient and more democratic electricity system whose benefits accrue equitably and broadly.

¹ <https://info.aee.net/21ces-issue-briefs>

The principles that the PUC adopts related to DSP should include the following elements:

- **Equity:** Rules that are adopted through the DSP planning process should ensure the ability to participate in the electricity system (in both generation and distribution) by a broad range of stakeholders. In particular rules should seek to encourage and promote participate and direct benefit by communities and populations traditionally left behind in the clean energy “revolution”. Special consideration should be given to rural and historically disadvantaged populations who traditionally bear the highest energy cost burdens and impacts.
- **Transparency:** Transparency should be the bedrock of the DSP planning and implementation process. The existing information asymmetry in Oregon’s market results in an environment that significantly favors the IOUs from a project development standpoint and results in inefficient and costly project siting processes for distributed generation across the state. Decisions taken under the DSP planning docket will have far reaching impacts in supporting a more transparent and equitable energy planning process across the state and in enabling access to local clean energy generation.
- **Resilience:** As climate change driven impacts become more frequent and severe the electricity grid will need to be managed in an increasingly challenging operational and fiscal environment. Ensuring that the electricity system is able to adapt and respond to changes in the frequency, intensity and duration of extreme weather events driven by climate change will be paramount to ensuring reliable and resilient electricity availability. Distributed energy resources, when paired with islanding capability and energy storage, provide a range of back-up power and grid management services. These resources can provide back-up power in the event of grid failures and outages (e.g. in the case of Public Safety Power Shutoffs) as well as grid operations and management services. Rates and planning approaches should consider and value the full range of services and benefits DERs and microgrids can provide.
- **Ratepayer and Community Benefit:** DSP should take into consideration both community and ratepayer benefit when making siting, valuation and planning decisions for DERs. Communities are made up of groups of individual ratepayers. Ratepayers are benefited by community resilience and vice versa. In light of climate change mitigation and adaptation considerations, how ratepayer benefit and costs are calculated should be broadened and expanded.
- **Comprehensiveness:** Rules adopted under DSP should reflect and appropriately value the full range of services distributed energy resources offer: this includes locational resilience benefits, grid operations and services, climate change impacts and effects, etc.



Smart Energy Zones

One approach to accelerate efficient and cost-effective siting of DERs could be through the establishment of “Smart Energy Zones” (SEZ) that are identified through the DSP planning process and would result in areas better equipped to integrate DERs by targeting transmission and distribution upgrades to areas that have good renewable resources, vulnerable communities and/or identified capacity constraints. This approach could be used to “push” DER development in specific areas where there is need and/or favorable generation conditions or to “pull” development in areas where there is existing T&D that has excess capacity.

In these predesignated zones, the standard interconnection study process and technical analyses could be streamlined and simplified, as long as the project meets certain pre-specified and reasonable parameters (to be determined by the Commission in consultation with the utilities and other stakeholders). Interested stakeholders could work together to identify areas where DERs can interconnect easily and at lower cost to all parties. This will ensure optimal use of existing infrastructure and the highest efficiency for ratepayers and project developers, while also supporting the IOUs in meeting specific capacity needs on the grid.

This approach has been used successfully in other parts of the country and in emerging markets as a means of channeling and directing distributed renewable energy development to the places that make the most sense—see the National Renewable Energy Laboratory’s [work on Renewable Energy Zones](#) and The Bureau of Land Management’s [Solar Energy Zones](#). These zones could be centered on areas that have good DER potential such as microhydro sites, areas suitable for wind development, or in communities subject to potential Public Safety Power Shut offs and/or at high risk of wildfire or extended power outages, particularly vulnerable or disadvantaged communities, and critical services clusters, among others.

The Smart Energy Zones approach:

- Enhances transparency and predictability for both utility and project proponents
- Enables non-utility sponsored DERs to be planned for and valued in a more integrated fashion
- Enables utilities and regulators to target T&D system upgrades in a systematic fashion
- Can help direct and support DER development in communities/places that will derive the most benefit

This SEZ study process and ultimate designation as a SEZ would result in agreed:

- Integrated and transparent project siting and interconnection processes for non-utility sponsored projects
- Streamlined/fast tracked interconnection and offtake agreement process for eligible projects
- Potentially preferential rate structures for projects located in priority areas





Spark Northwest looks forward to engaging and supporting efforts to develop a fair, transparent, accessible and more just planning process that enables Oregon to advance a clean and more resilient energy system that benefits all Oregonians.

Sincerely,

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On behalf of Spark Northwest
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