



Portland General Electric

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Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
PO Box 1088
Salem, OR 97308-1088

Re: UM 2165, Investigation into a Transportation Electrification Investment Framework

Filing Center:

Portland General Electric (PGE) appreciates the ongoing opportunity to participate with Public Utility Commission of Oregon (OPUC or Commission) Staff and stakeholders in UM 2165 workshops, and to provide comments following the thought-provoking discussion at the July 28, 2021 session, including the Oregon Citizens' Utility Board's (CUB) presentation as well as the round-up of utility transportation electrification (TE) activities from PGE, Pacific Power, and Idaho Power. We remain enthusiastic about the activities undertaken in the TE space to date by utilities with the support of the Commission and our customers, and we look forward to continued progress as the investment framework envisioned in this docket takes shape.

As we and most participants in this process have acknowledged, the pace of our collective effort on TE is not moving at the speed of the climate crisis. Federal, state, and local policies intended to drive dramatic, rapid greenhouse gas emissions reductions in response to climate change will require more than the incremental implementation steps often encouraged by traditional regulation - a point driven home by the Intergovernmental Panel on Climate Change's latest report¹, announced this week, that the impacts of climate change are already widespread, rapid, and intensifying. The Biden Administration's recent announcement setting a target for half of all new cars and light-duty trucks sold in 2030 to be zero-emission vehicles - made in concert with major automakers and echoing Oregon's own (SB 1044, 2019) light-duty zero emission goals - highlights the fact that, together, we must move much, much faster if we are to be ready for this transformational change. This collective urgency means the UM 2165 process should result in a pragmatic, streamlined process for TE infrastructure deployment and program expansion.

In this context, as PGE looks to the business of UM 2165, we are encouraged by concepts presented by Bob Jenks of CUB in his presentation regarding portfolio budgeting for TE. While we acknowledge, as Mr. Jenks did, that deeper analytical work is required to turn the broad outlines he described into a working regulatory model, we believe his approach is promising and look forward to further discussion along these lines with CUB, Staff, and the other participants in these proceedings.

¹ Intergovernmental Panel on Climate Change, Working Group I report: *Climate Change 2021: the Physical Science Basis*, approved by IPCC member governments on August 6, 2021. The report is the first installment of the IPCC's Sixth Assessment Report, which will be completed in 2022. It is available online at <https://www.ipcc.ch/report/sixth-assessment-report-working-group-i/>.

Specifically, CUB's outline is consistent with several points PGE has made in previously filed comments in this docket:

- PGE supports CUB's concept of a grid integration allowance, which would assign a load-based value to each EV registered in a utility's service area and sum those values to establish the revenue benefit of EVs to that utility. This approach can be backward-looking (to acknowledge the value EVs on the road today have brought to utility customers) and forward-looking based on adoption forecasts (enabling the deployment of charging infrastructure in advance of the vehicles the charging infrastructure will support). Establishing these revenue benefits should not be to the exclusion of other benefits of transportation electrification including greenhouse gas emissions reduction, distribution system benefits, or other benefits that may be proposed under ORS 757.357.
- PGE maintains that, like other infrastructure investments we make to serve customers, TE infrastructure measures (as defined in ORS 757.357) should not be evaluated through benefit-cost analysis (BCA) and should instead be treated as any other utility service or asset investment for purposes of cost recovery. CUB's grid integration allowance concept seems consistent with this and reflects broad agreement on the leading role utilities must take in EV infrastructure development, though questions must be addressed regarding the cost of additional elements required to install infrastructure, such as program management, marketing, outreach and education, technical assistance.
- PGE appreciates that CUB's outline is forward-looking over a five-year horizon with biennial reviews, allowing utilities to develop a budget and invest in a portfolio of charging services. This is consistent with our recommendation that utility TE Plans and DSPs clearly outline the portfolio of all TE-related activities the utility proposes to undertake and how that portfolio of activities supports progress toward state policy goals.
- Separately from the budget and prudence review of infrastructure measures, PGE continues to recommend that the regulatory process examine the cost effectiveness of a utility's overall portfolio of TE programs, rather than hold each individual proposal to a cost effectiveness test. This approach allows regulators to evaluate expected contributions toward state policy goals, market transformation, equity outcomes, portfolio diversity and other measures while guiding utilities toward the most efficient investments.
- Finally, PGE believes this kind of multi-year, portfolio budgeting approach within the framework of an approved TE Plan and DSP - with clear Commission guidelines and criteria for program evaluation - can also provide greater flexibility to help address previously identified concerns about the need for agile program development and Commission approval in response to emerging market requirements.

With respect to the specific questions Staff posed to guide comments following the July 28 workshop, PGE offers the following:

1. *How would you characterize the manner in which the PUC currently reviews TE investments, and what are its strengths and weaknesses?*

Please see PGE's prior comments under UM 2165 for additional observations and recommendations.

- a) *Should some aspects of the current process be preserved?*

Yes, certainly. PGE welcomes the collaboration, guidance, and stakeholder engagement inherent in the OPUC's regulatory processes. We believe our TE Plan, Clean Fuels Program Plan, and upcoming Distribution System Plan and Flexible Load Multi-Year Plan are

strengthened by the public review and input provided in these processes, as well as the shared expectations and understanding that emerge from them. Thus, we fully support continued operation within these frameworks, as we do the continued exercise of our Integrated Resource Planning processes. The UM 2165 process itself is another good illustration of how OPUC processes can help utilities, regulators and stakeholders gain a better mutual understanding of the issues at hand and possible mechanisms to address them.

The challenge, as always, is to allow enough time and provide robust review processes to encourage thoughtful consideration of utility proposals, while also expediting responsible program development and implementation for the benefit of utility customers and the public.

b) Are there existing processes used by the PUC that could be useful in this context?

As noted above, we believe the existing TE Plan, Distribution System Plan, Clean Fuels Program Plan, and Flexible Load Multi-Year Plan processes are valuable and should be continued. Along with the adoption of a multi-year portfolio approach to budgeting and program evaluation, we recommend that TE planning processes incorporate clear criteria, guidelines, prudence review standards, and benefit tests to allow “fast-track” approval of pilots and programs in response to emerging market needs without the potential years-long wait entailed by requiring a full cycle of specific inclusion in a TE Plan, plan approval, program filing and approval, and program implementation.

c) Can you provide examples from other states to support your recommendations?

We note that Staff pointed to activity and useful examples in other states as part of the opening presentations in the first workshop in this docket, from John Shenot of RAP and Tim Woolf of Synapse Energy Economics. The Alliance for Transportation Electrification is also an excellent source of information regarding work being done in states across the country in this area.

One specific example worth noting would be [Xcel Energy's work on TE](#), which is widely recognized as leading in the field.

2. Obligation to serve is defined as a utility's requirement to provide service to anyone willing to pay its set rates. What is the utility's obligation to serve as it relates to TE?

There are multiple dimensions to the need to expand utilities' obligation to serve to include TE. One of these is simply that this is where the market is going, as reinforced by the recent 2030 goal announcement from the Biden Administration: Manufacturers, fleets and consumers are all preparing for the TE transformation, and utilities need to be well-positioned to serve and manage that load effectively and efficiently as part of their core business. Associated with this is the tremendous potential of managed EV charging as an asset to the smart grid and not just a source of load, or at worse, exacerbating load peaks. This makes support for TE a utility obligation in our role as grid operator as well as a provider of service to customers and means utility TE investments can be viewed as ways to capture opportunity as well as to mitigate risk.

More generally, the establishment of transformational goals for EV adoption at both the state and federal level, the relationship between EV adoption and the availability of EV charging infrastructure, and the fact that EV charging is inherently dependent on the ability of the electric service provider to accommodate it all mean the utility's obligation to serve must expand to include support for TE. This is now also reflected in ORS 757.357, which tells us, in Legislative Findings, that “Widespread transportation electrification requires that electric companies increase access to the use of electricity as a transportation fuel.”

At this stage in the TE transformation, utilities are debating specific, small scale pilots and concepts involving residential, public, and fleet charging infrastructure and how best to decide which to

pursue first, how to pay for them, and how to maximize their benefit to customers. Ultimately, if Oregon is to reach its TE goals along with the greenhouse gas emissions reductions and other benefits that underlie those goals, then TE infrastructure and charging facilities will have to be as ubiquitous as poles, wires, and transformers are today. Like those building blocks of the energy distribution system, the regulatory processes that guide the utility will have to incorporate support for TE as a core element of our base business and our responsibility to serve within the regulatory compact.

3. *What do people think of setting a portfolio budget and then using that to establish budgets for specific projects?*

PGE supports this approach, in line with our comments above regarding CUB's presentation at the July 28 workshop as well as our comments filed earlier in this docket. We believe the portfolio approach to budgeting and project/program development is very promising. It offers an avenue for the OPUC to appropriately consider the full range of costs and benefits to customers associated with TE initiatives, provide clear guidelines and criteria to utilities for program development and proposals, and establish processes to allow agile responses to market needs without undue regulatory lag.

It is important to note, however, that utility TE portfolio budgets will not be implemented in isolation from other utility investments and expenses. Utilities, regulators and stakeholders share a keen awareness of the impact of price increases on customers - especially customers from disadvantaged and/or underserved communities. With that in mind, it is important to remember that TE portfolio budgets will still need to be reviewed internally by utilities and compared against other priorities to assess customer impacts as we evaluate our overall operations and request price-setting actions from the Commission.

4. *Should policies for multi-family housing include elements of non-discriminatory pricing?*

Yes. Please see PGE's June 9, 2021 comments in UM 2165 regarding an equitable transition to electric mobility, as well as our July 14, 2021 comments regarding evaluating activities supporting underserved communities.

Multi-family residence dwellers should not have to pay more than single-family residential customers to charge their EVs. Solutions like nearby direct-current fast-charging (DCFC), or public Level 2 (L2) charging are not price-comparable to a residential rate. Even L2 at multi-family residences can be more expensive, due to the demand charges and data/software fees that are required to track each resident's usage as well as the increased capital costs to install EV charging at scale in a centralized parking location.

This is an area that illustrates the fact that traditional cost-effectiveness measures may not capture the full benefit of programs intended to serve this market. Policies for multi-family housing must take this into account in determining pricing.

Conclusion

PGE believes that the presentations and discussion thus far in UM 2165 have provided valuable insights and are beginning to point to useful approaches for the Commission in establishing a framework for utility TE investments.

- We remain supportive of the value of regulatory planning, evaluation, and approval processes for TE planning.
- We believe the grid integration allowance suggested by CUB deserves further exploration and development and could provide a framework as well to allow more timely review and approval of TE infrastructure measures in response to market needs.

- We continue to advocate a framework that allows for expedited Commission processes and has clear guidelines for TE portfolio budgets, with clearly identified policy targets and customer benefits.
- We reiterate our view that the utility obligation to serve must expand to include TE charging infrastructure and facilities if the state is to achieve its desired EV and climate goals, as reflected now in ORS 757.357.

We value the opportunity to participate in this workshop process, engage with Staff and stakeholders in a continuing dialogue on this topic, and submit comments.

Thank you,

/s/ Karla Wenzel

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