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July 14, 2021

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:

PGE appreciates the opportunity to provide comment following the Staff-convened workshop regarding Benefit-Cost Analysis (BCA) for Transportation Electrification (TE) in the Transportation Electrification Investment Framework (TEIF) docket. PGE attendees found Staff's June 30, 2021 workshop to be a valuable grounding in the various approaches for applying BCA to TE around the country.

Takeaways

PGE identified several key takeaways from the presentations at the June 30 workshop. These include:

- Due to the nature of TE, there is no one-size-fits-all BCA approach that applies to all types of TE activities.
- Within states that are moving most quickly on TE, regulatory treatment of costs and benefits has been specifically considered by the public utility commissions.
- As discussed in the workshop, under managed charging, TE may be beneficial to all utility ratepayers.
- While BCA is informative, it should not be applied similarly across TE programs, infrastructure measures, and activities supporting underserved communities, and should not be the sole determiner on whether and how utility TE activities should be proposed and/or approved.
- There are multiple BCA approaches and perspectives that can be applied to TE, which means using the Ratepayer Impact Measure (RIM) may be a limiting analysis.

For the purposes of these comments, PGE defines benefit cost analysis (BCA) as a process by which to analyze decisions, systems or projects, or determine a value for investments. BCA identifies the strengths and weaknesses of alternatives used to determine options which provide the best approach to achieving a stated set of benefits. PGE describes cost-effectiveness as a test to conduct BCA. BCAs involve a systematic approach for assessing the cost-effectiveness of investments by consistently and

comprehensively comparing the benefits and costs of individual or multiple distributed energy resources under a specific perspective such as policy or economics.

Parallel Activity in PGE's Distribution System Planning

PGE recognizes the evolving nature of BCA, most notably seen with the recent publication of the National Energy Screening Project's 2020 National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM for DERs). PGE's Distributed Resource Planning (DRP) team recently engaged with two third party consultants, Applied Energy Group and Cadmus, to refine our cost-benefit methodologies, assumptions and tools as well as identify new customer and societal costs and benefits. Our consultants will assist us with:

- Reviewing our cost-effectiveness methodology and inputs
- Identifying gap analysis and valuation research
- Refining and developing cost-effectiveness (CE) methodology and inputs
- Providing recommendations on cost-effectiveness model, methodology, and inputs
- Developing a DER cost-effectiveness model and analysis that takes a variety of perspectives

As a critical component of this work, the DRP team is collaborating with key internal stakeholders to ensure we are developing methodologies, assumptions and tools that can be applied consistently and reasonably in all areas of the business (e.g., Integrated Resource Plan, program implementation, and distribution). We aim to complete our work by the end of the year so that we can utilize it to conduct BCA for our products and/or programs. In tandem with this effort, we are developing our first Distribution System Plan (DSP), which will provide critical insights into TE forecasts at the distribution system level, as well as evaluate TE infrastructure investments and impacts as part of our August 2022 filing.

Comments and Recommendations

PGE provides the following comments and recommendations on how the Commission should use benefit/cost frameworks to evaluate TE:

Reviewing TE Portfolios

PGE recommends that TE Plans and DSPs clearly outline the portfolio of *all* activities (including TE programs, TE infrastructure measures, and Clean Fuels Program activities) that the utility proposes to undertake, and how the portfolio supports progress toward state policy goals.

Most importantly, to expedite TE with the urgency expressed in state policy, utilities need clear guidance and known parameters, which we understand is the basis for the development of the TEIF.

Evaluating TE Programs

PGE supports OPUC Staff's position that a single CE test is not the appropriate way to evaluate all TE programs as defined in ORS 757.357 (3). We recommend evaluating TE programs using applicable perspectives and BCA approaches (including environmental, social and equity benefits), and leveraging rate impact analysis as an additional lens.

We also continue to recommend that TE programs be evaluated using BCA at the portfolio-of-programs level as well as the individual program level, informed by feedback from a range of stakeholders with insight into programmatic spending and customer price impacts.

However, PGE does not support the use of BCA as the sole determinant for TE program application success or failure. Like rate impact analysis, BCA is one tool among many that provides information to utilities, regulators, and stakeholders about the potential impact of proposed utility activities. We instead recommend using a combination of perspectives and cost prudency reviews that incorporate considerations of the portfolio of programs, state policy goals, equity, and customer value propositions.

Evaluating TE Infrastructure Measures

As modified in the 2021 Legislative Session and effective September 2021, ORS 757.357 identifies transportation electrification infrastructure measures as a utility service and a benefit to utility customers and guides the Commission on how to evaluate them. Under the new law, infrastructure measures can include, without limitation, investments, rebates, or expenses related to distribution system infrastructure that supports TE, communication and control technologies supporting TE, and behind the meter infrastructure, owned by the electric company or customer, that supports TE. Infrastructure measures will exclude expenses related to TE-related education and outreach or other activities the PUC determines are separate from development of infrastructure, so those important programs are evaluated under ORS 757.357 (6). The actions of the 2021 Legislature provided a clear signal of both the urgency of TE infrastructure investments and the central role of utilities in this work. Like other infrastructure investments that PGE makes to serve customers, transportation electrification infrastructure measures under ORS 757.357 should not be evaluated through BCA and should instead be treated as any other utility service or asset investment for purposes of cost recovery.

It is important to note that under the OPUC's Docket UM 2005, PGE is required to provide the costs and benefits of TE infrastructure impacts and investments in its DSP. Should the Commission determine that additional guidance is required beyond that provided in legislation, PGE recommends the establishment of a consistent process across dockets to determine the general reasonableness principles that should guide a utility's discretion around the deployment of infrastructure measures.[1]

Evaluating Activities Supporting Underserved Communities

Utility transportation electrification activities supporting underserved communities are less likely, on their own and under established methodologies, to demonstrate cost-effectiveness. Indeed, the reason that underserved communities receive special consideration in regulation, legislation, program design, and distribution planning is that these communities are not only historically excluded from transportation equity, they are also least likely to be served by a competitive market. PGE recommends that utility activities designed to serve underserved communities be reviewed by the Commission

[1] Note that the revised ORS 757.357 (4) provides guidance to the Commission in determining cost recovery of TE-related prudent infrastructure measures if they support transportation sector greenhouse gas reductions over time and provide benefit to electric company customers through distribution or transmission management benefits, revenues from charging that offsets utility fixed costs, system efficiencies, and increased customer choice through to increase availability of public and private electric vehicle charging.

through a perspective that recognizes the challenges faced by these communities. Additionally, PGE asks that weight be given to the process by which the utility designed the activity—including consultation with underserved communities and customers, and/or the organizations that represent or serve them.

Near-Term Considerations

The work of the TEIF is complex and is affected by activity in several other areas—including the outcomes of the 2021 legislative session, the DSP docket, and utility TE Plans. While these processes may require rulemaking or further definition, the imperative for utilities to more fully support TE remains time sensitive. The important considerations in the TEIF and potential rulemakings should not delay utility TE activities that are critical to meeting state climate policy goals.

Through the workshop process in this docket, PGE looks forward to a discussion with OPUC Staff and stakeholders of how best to continue the important work of TE as these issues are resolved. This could include a near-term "fast track" pathway for utility TE activities, parallel to any Commission rulemaking, and analyses in the DSP process. PGE envisions this could entail a TE program roadmap and associated spending and BCA, as well as a preliminary discussion of the types of TE infrastructure investment needs that the DSP will identify. Such a package could allow utilities to continue their TE work until the TEIF process concludes and new TE Plans can be submitted and accepted.

Conclusion

PGE recommends that future discussions focus on three key outcomes for the UM 2165 process:

- In the short and long term, utilities are able to move quickly and flexibly toward desired shared outcomes that support transportation electrification;
- Over the next year, important framework processes and potential rulemaking do not slow near-term utility TE activities; and
- Utilities will be able to reach a meaningful scale of activity to support an equitable transition to electric mobility for all customers.

PGE appreciates the opportunity to participate in this workshop process and submit comments. We look forward to the continuation of this discussion.

Thank you,

/s/ Karla Wenzel

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