Chair Decker and Commissioners,

Thank you for the opportunity to provide public comment on the workshop for Docket No. UM 2165 – Transportation Electrification Investment Framework. Cascade Policy Institute is a nonpartisan, nonprofit research and education organization that is committed to protecting Oregon ratepayers from excessive electricity rates.

Three questions were posed during the presentation. Our comments will tackle each in turn.

1. **How should the Commission use the benefit-cost framework to evaluate transportation electrification?**

It is imperative that the Commission uses well-established evidence when evaluating benefit-cost tests for transportation electrification. The Commission should ensure it uses best practices when doing so.

For example, during the June 30th workshop Tim Woolf stated that macroeconomic and job benefits should be included in a societal cost test. This would be a mistake. Such benefits should not be included in a societal cost test unless software is able to offer a net assessment for estimates of employment. Estimates of job impacts tend to commit what is known in economics as the Broken Window Fallacy. This fallacy is used to illustrate that an event that appears to be beneficial for those immediately involved can have negative consequences for others. This would give the Commission and utilities a skewed and incomplete view of a transportation electrification program's real impacts to society.

The Commission should also pay close attention to how the cost of transportation electrification impacts ratepayers who are unable to benefit from the program. Transportation electrification will have disparate impacts on low-income ratepayers. Funds taken from all ratepayers will pay for electric vehicle (EV) infrastructure used predominantly by wealthier Oregonians. It's no surprise that the most popular EV owned in Oregon is a Tesla, a cost that's out of reach for most drivers.

Yet the cost of building the infrastructure and subsidizing electric vehicles will have a greater impact on those least able to afford it. In May 2021, nearly 300,000 utility customers were in arrears totaling $94 million dollars. It's important the Commission understand fully the cost that transportation electrification will have on those unable to make use of the investments.

2. **Have existing benefit-cost frameworks used by the Commission overlooked any costs and benefits that are reasonably associated with transportation electrification?**

The Commission failed to present the clear, consistent, and well-established methods of the California Standard Practice Manual. With this measurement, the Commission can include externalities without cherry-picking the components that go into a test in order to achieve a

predetermined policy outcome. The CSPM includes tried and true cost-effectiveness tests that can be reasonably associated with transportation electrification.

The Total Resource Cost (TRC) Test is one of four tests included in the CSPM (the other perspectives are Participant, Ratepayer Impact Measure, and Program Administrator Cost Test). The TRC measures the net costs of a program as a resource option based on the total costs of the program, including both participant and utility costs. This test is applicable to conservation, load management, and fuel substitution programs. For fuel substitution, the test measures the net effect of the impacts from the fuel not chosen versus the impacts from the fuel that is chosen as a result of the program in place.

One variant of the TRC is the Societal Test. This test takes into account the effects of externalities (such as environmental or security impacts), excludes credit benefits, and uses a societal discount rate. By using the TRC and Societal Test, the Commission can estimate the combination of the effects of transportation electrification on both partificants and ratepayers not participating in the program. This is important as not every Oregonian will own or use an electric vehicle.

Additional costs and benefits for the TRC could include:

Benefits	Costs
● Avoided supply costs ● Reduction in transmission, distribution, generation and capacity costs ● Avoided device and avoided supply costs for equipment not selected by a participant in a fuel substitution program	● Program costs paid for by both the utility and participants ● Increase in supply costs for period when load is increased ● Equipment costs ● Installation ● Operation ● Maintenance ● Cost of removal ● Administration costs ● Supply costs for the utility providing the fuel selected as a result of a fuel substitution program

The results of the TRC can be expressed as Net Present Value, Benefit-Cost Ratio, Levelized Cost, or a Societal Test. The Societal Test takes into account a number of externalities beyond what the TRC considers. Externalities include the benefit of avoided environmental damage, the benefit of avoided transmission and distribution costs (reduced peak demand), the benefit of avoided transmission and distribution costs, benefit of avoided generation costs, the benefit of increased system reliability, saved water, reduced waste streams, fuel diversity, and the avoided costs of risk exposure and risk management.

One of the Commission's primary goals is to ensure fair and reasonable customer rates. As mentioned in the workshop, "Utilities shall plan for and pursue all available cost-effective energy efficiency." The key term here is cost-effective. It is essential the Commission use a benefit-cost test so that ratepayers know they are receiving the greatest benefit for their hard-earned dollars. If the costs of a transportation electrification program outweigh the benefits, it is no longer a good deal for ratepayers and should not be allowed to continue.

3. **As Staff plans additional workshops this summer, what additional topics would you recommend, and why?**

Cascade Policy Institute recommends the Commission address two topics for upcoming workshops. The first is how to accurately assess added capacity costs to the utilities' system given the metric is often in flux.

The second recommendation is to address how transportation electrification and other DSM programs impact grid reliability and resource adequacy. The most important thing the Commission can focus on right now is grid reliability, given blackouts across the country and a high loss of load probability for our region in the years 2022-2025 that is projected to be around double the 5% threshold. Electricity is life and without it many Oregonians will die.

Thank you again for the opportunity to provide comments on these topics.

Sincerely,

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