Rye Development

830 NE Holladay St. Portland, OR 97232

April 26, 2022

Via Electronic Filing

Oregon Public Utility Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398

RE: Comments of Swan Lake on Community Lens Questionnaire
Staff HB 2021 Investigation Into Clean Energy Plans
OPUC Docket UM 2225

The companies working to develop the Swan Lake pumped hydro storage project (the "Project") appreciate the opportunity to provide these comments ("Comments") on the Community Lens Questionnaire contained in Staff's Work Plan, which was announced in this docket on April 4, 2022.[1]

As laid out in greater detail below, the Project provides these Comments in an attempt to answer some of the questions set out by Staff in the Community Lens Questionnaire. Overall, the Project emphasizes that any analysis of Community-Based Renewable Energy ("CBRE") projects, as required by HB 2021, should be conducted on an individualized basis—that is, the Project emphasizes that what constitutes a CBRE for one community (*e.g.*, an urban area like Portland) may not necessarily be a good fit as a CBRE for a different community (*e.g.*, a rural area like Klamath Falls, OR).

As further explained below, different communities within Oregon will likely have different interests, objectives, and needs when considering what should qualify as a CBRE, meaning it is incumbent on Staff to develop sufficiently flexible rules that can consider these diverse needs and interests.

I. Comments on the Community Lens Questionnaire

These Comments are organized into three categories, based on the questions laid out in the Community Lens Questionnaire. Specifically, the subsections below each focus on one (or more) of the specific questions Staff laid out in the Community Lens Questionnaire.

A. Question 1, Subpart a – How should the PUC define resiliency for the purposes of this analysis?

In considering how a Clean Energy Plan will meet the requirements of HB 2021—which incorporates a requirement to "include a risk-based examination of resiliency opportunities"[2]—

[1] *See Investigation into Clean Energy Plans – Work Plan Announcement* at Attachment B, Docket UM 2225 (April 4, 2022), available at: https://edocs.puc.state.or.us/efdocs/HAH/um2225hah91948.pdf.
[2] *Id*. at 15.

Staff has posed a series of questions about how resiliency opportunities should be defined. In particular, Staff asks how the OPUC should define resiliency for the purposes of the HB 2021 analysis?[3] The Project responds to this question by emphasizing that any Clean Energy Plan developed pursuant to HB 2021 should take into account the resiliency issues associated with supply chain limitations for certain types of resources. The Project encourages the Commission and Staff to consider—to the best of their ability—future potential constraints posed by international raw material supply chains and competing domestic supply chains for the clean transition of the transportation sector. More pointedly, resiliency should take into account not just making Oregon resilient now, but long into the future.

The Project also emphasizes that resiliency should consider risks to ratepayers, both in terms of reliability and costs associated with future clean energy development. If Clean Energy Plans focus too much on one type of clean energy technology, these plans could subject ratepayers to enormous cost increases, supply-chain risks, and attendant reliability concerns. Thus, diversification of resource types increases resiliency, so it is important that Clean Energy Plans not be limited to one type or size of resource (*e.g.*, not just behind-the-meter or distributed resources and, similarly, not primarily focused on a single technology).

Resiliency should also account for how a particular CBRE project addresses the growing capacity needs to achieve the requirements of HB 2021. For example, in order to achieve the mandates in HB 2021, Oregon will need renewable projects that generate clean energy, an ability to store excess generation from these renewable projects (*i.e.,* storage capacity, which will be particularly important during times when that renewable energy is not needed), and the ability to deliver renewable energy to load. Projects like Swan Lake are uniquely capable of providing enormous storage capacity to the system, thereby allowing greater integration and development of other renewable resources, ultimately providing Oregon a critical benefit in its effort to achieve 100% clean energy. As a result, Staff's assessment of resiliency should take these types of benefits into account, too.

B. Question 2, Subpart a – How should opportunities be defined? Does "opportunities" include all the benefits associated with community-based renewable energy? If so, which benefits and to whom?

The Community Lens Questionnaire also looks at how a Clean Energy Plan will meet the requirement in HB 2021 to "examine the costs and opportunities [for] offsetting energy generated from fossil fuels with [CBRE]."[4] As part of examining this issue, Staff has posed questions such as: (1) how opportunities should be defined; (2) whether 'opportunities' include all the benefits associated with CBRE; and (3) if so, which benefits and to whom?[5]

The Project responds to the questions laid out above by emphasizing that opportunities and benefits should be broadly defined. As noted above, an opportunity, and the associated benefits, that may be the best fit for an urban environment (like Portland), may not be the best fit in a rural community

[3] *Id*.
[4] *Id*. at 16.
[5] *Id*.

(like Klamath Falls, OR, where Swan Lake is located). In urban, denser environments, small-scale storage, demand response, and similar types of projects may be the best solution to provide community-based benefits. In contrast, there may be less need/justification for these types of facilities in a rural area with limited load. Rather, in such rural locations, large projects that provide tax revenue, well-paying jobs (in coordination with organized labor and the Oregon Building Trades) and offer a long useful life, provide greater benefits to the community. Thus, the Project suggests that, in some cases, a large project like Swan Lake may actually be a better, CBRE resource than some of the types of resources that might be considered in a more urban environment.

When considering benefits of a CBRE project, the Project also suggests that Staff consider how a project fits the needs of the specific locality where it is located, particularly from an electrical system perspective. For example, taking out the Klamath Dams near Klamath Falls, OR will significantly decrease the amount of capacity resources in that part of the state. From an electrical system perspective, replacing these large capacity resources with another large capacity resource like Swan Lake will provide both community and resiliency benefits to the electric system in the area.

Based on the above, the Project requests that Staff consider location-dependent analyses for what might constitute an appropriate opportunity and in defining the types of benefits a particular project might provide.

C. Question 3, Subpart a – Which community benefits should be considered in utility planning?

To address the HB 2021 requirement(s) that the Commission consider in its acknowledgement "any reduction in greenhouse gas emissions that is expected through the plan, and any related environmental or health benefits…,"[6] Staff has posed questions about how a Clean Energy Plan would reflect these considerations through incorporation of community benefits into a Clean Energy Plan.[7] More specifically, Staff asks, "Which community benefits should be considered in utility planning?"[8]

Again, the Project suggests that benefits be broadly defined and the full suite of benefits of a potential project be considered and incorporated into the Clean Energy Plans, which could then be used to assess (and/or be incorporated into) utility's IRPs. Examples of the types of benefits that should be considered in Clean Energy Plans include: use of union labor and benefits to a local community (*e.g.*, job creation); contribution to tax revenues in local communities (particularly those communities disproportionately suffering from job and tax revenue losses); whether a project is "renewable-enabling" (*i.e.,* whether a project facilitates greater additions of renewable energy onto the system, thereby providing a multiplying effect for Oregon by both providing clean energy and enabling further deployment of renewable resources onto the grid); ability of a project to enable secondary jobs (such as a renewable-enabling project providing secondary renewable energy jobs through greater renewable build out and penetration); and an evaluation of the relative

[6] *Id*. at 17.
[7] *Id*.
[8] *Id*.

costs and benefits to a community of a CBRE project, taking into consideration potential land use requirements to achieve the relative benefits provided by a particular CBRE project. The Project suggests that the benefits the PUC considers should also account for the full life-cycle costs of a project, and provide greater support for those projects that have the least, total environmental costs (*i.e.*, the greatest overall benefits in terms of both providing clean energy and least possible, additional harm to the environment).

As referenced in the preceding paragraph, projects like Swan Lake that are "renewable-enabling" provide significant community benefits because they integrate oversupply of renewable energy output from resources like wind and solar, thereby making further, widespread development of these resources feasible (despite potential oversupply concerns). By enabling further development of renewable energy resources, large storage projects like Swan Lake provide community benefits to both the community where they are located (*e.g.*, jobs associated with Swan Lake construction and operations) as well as other communities around the state (*e.g.*, greater deployment of renewable energy resources, which assists the state in achieving the 100% clean mandates set forth by HB 2021).

Finally, as mentioned above, the Project requests that benefits be defined individually, by community, rather than imposing a single set of benefits across all types of communities (urban, rural, suburban, etc.). The types of benefits provided by particular projects and to particular communities are not uniform, meaning what is best for one type of community (*e.g.*, Portland) is likely not the best for another (*e.g.*, Klamath Falls, OR). When benefits are considered on a community-by-community basis, as the Project suggests, the CBRE project that best meets the requirements of HB 2021 is likely to be vastly different and could include both small, distribution-level projects as well as large, grid-scale projects like Swan Lake.

II. Conclusion

The Project appreciates the opportunity to provide these Comments on the Community Lens Questionnaire. As noted above, the Project would like to emphasize through these Comments that community-based benefits should be defined by community-type, and not be limited to a particular technology or "one-size-fits-all" approach. Instead, community benefits should be broadly defined to consider the differing characteristics of the many communities throughout Oregon. In doing so, the Project suggests that, in some settings, the most beneficial CBRE projects for a community may range from a small, distribution-level project to a large, grid-scale project like Swan Lake.

If you have any questions, please contact the undersigned.

Sincerely,

/s/ Michael Rooney

Michael Rooney
michael@ryedevelopment.com