

Board of Directors

Kevin Banister
POET President
Simply Blue Energy

September 1, 2022

Oregon Public Utilities Commission

Justin Klure
POET Vice President
Pacific Energy Ventures

RE: UM 2225 Straw Proposal Comments

Jason Busch
POET Secretary/Treasurer
Pacific Ocean Energy Trust

Pacific Ocean Energy Trust (POET) appreciates the opportunity to provide input on the staff's roadmap acknowledgement and community lens straw proposals. POET is an Oregon based 501c3 with the mission to support ocean-based climate solutions which includes the responsible development of marine renewable energy. In general, we applaud staff's efforts for inclusive process in this docket as evidenced, in part, by the construction of this transparent straw proposal documenting and incorporating the swath of stakeholder inputs. POET wishes to elevate specific areas of potential strengthening to staff's straw proposal for Oregon's Clean Energy Plans in the areas of:

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- Consideration of the technical and commercial viability of rapidly evolving clean energy technologies including floating offshore wind and renewable hydrogen electrolysis for grid balancing, energy storage and transportation decarbonization.
- Consideration of new and existing, leverageable funding streams for planning, infrastructure and resource development that can extend access to clean technologies and infrastructure while reducing rate payer impacts.
- Modernization of risk evaluation from the ratepayer and community level perspectives with respect to substation level reliability, community energy resilience, and WECC grid reliability via both transmission and non-wires solutions such as strategically located generating and storage assets.
- Clarification of progress toward long term transmission planning, contracting and development milestones essential to meeting our state clean energy goals.
- Synchronizing acknowledgement timelines for efficiencies.

Below we provide comments on staff's proposals for each of the following topic areas reflective of these overarching priorities.

Topic #1: CEP planning and acknowledgement horizons

Staff Proposal:

- *The CEP should include analysis and annual goals over at least 20 years and CEP acknowledgment should focus on the annual goals in the first 2-4 years to align with the IRP analysis and acknowledgment horizons.*



POET agrees with staff's proposal to align the CEP acknowledgement window with that of the IRP process. As IRPs begin to incorporate long lead time resources such as offshore wind, and the associated transmission infrastructure investments, utilities have the ability to request acknowledgement beyond the near-term horizon. This will serve to focus the efforts of commission staff, utilities, and stakeholders on a narrow and well-defined set of key investments that have been prioritized for long lead time acknowledgement. This approach is also consistent with the potential future development of a state energy strategy, which POET supports, and could result in specific long lead time priorities such as offshore transmission infrastructure.

POET supports aligning the CEP analysis horizon with a 20-year transmission planning horizon. In general, transmission planning entities are currently undergoing a shift from a planning horizon on the order of 10-years to one that looks out 20 years. For example, in the Pacific Northwest, the Northern Grid regional transmission planning entity is developing a 20-year transmission planning process. With respect to transmission planning for offshore wind, POET supports participation by Oregon utilities in this process as an essential regional and potentially interregional planning component of yet to be fully defined study processes that are very likely to place a substantial focus on Southern Oregon and Northern California.

Topic #2. Annual goals for actions

Staff Proposal:

- *Annual goals should be provided for all resource actions in each portfolio evaluated in the IRP. Resource actions include, at a minimum: clean energy resources, energy storage, energy efficiency, demand response, resource retirements, changes in system operations, transmission and other supporting infrastructure, community-based renewable energy projects, and resiliency projects.*
- *Annual goals for clean energy resources and storage should differentiate between system resources and resources that the utility expects to acquire through voluntary customer or community programs.*
- *If distribution system upgrades are required for the utility's planned resource actions, these investments should be clearly described, and their costs should be included in the evaluation of the associated actions.*

POET supports staff's proposed set of minimum resource actions for which annual goals should be provided. We provide comments on specific elements that should be included within this set.

Goals for transmission actions should include both specific planning actions, and specific transmission projects, when applicable, that are necessary to integrate a utility's clean energy resource goals. By identifying and including specific



transmission projects, a utility may be able to show that it is on track to plan and procure sufficient transmission assets or transmission service provided by others, or whether corrective actions may be necessary in subsequent planning cycles.

Regional integration is an important opportunity to advance clean energy objectives, lower costs, and obtain maximum benefits for Oregon ratepayers from the substantial resource and infrastructure investments likely to be made in this state in the coming decades. Because achieving efficient regional and potentially interregional integration will be an ongoing and lengthy process, annual resource actions and goals relating to changes in system operations from current and future regional integration activities will be valuable to include.

Transitioning to fuels derived from renewable energy sources, primary electrolytic hydrogen using renewable energy sources should be included within the appropriate resource action(s). When considering the hydrogen production tax credit full value that applies to electrolytic hydrogen, this fuel stands to rapidly displace fossil natural gas used for power generation that is currently imported into Oregon. To the extent that firm generating resources are found to be necessary as a component of a utility resource portfolio, providing for local generation and storage of hydrogen fuel could provide improved reliability and resilience compared with continued reliance on fossil natural gas imports.

Topic #3: Annual metrics measuring the impacts of actions

Staff Proposal:

The utility should report the following information on an annual basis in the CEP for each portfolio evaluated in the IRP:

- *Total greenhouse gas emissions associated with the portfolio based on the DEQ methodology, and broken out by individual fossil fuel resources, market purchases, and market sales.*
- *Estimated average electric rates, calculated as the total revenue requirement for Oregon customers divided by the total retail sales in Oregon.*
- *A set of community impacts and benefits metrics that are developed in coordination with representatives of the communities impacted by the plan, including environmental justice communities. See Chapter 2 for more detailed guidance.*

POET supports the annual reporting of progress for each portfolio evaluated by the IRP as an essential element of a transparent and actionable CEP.

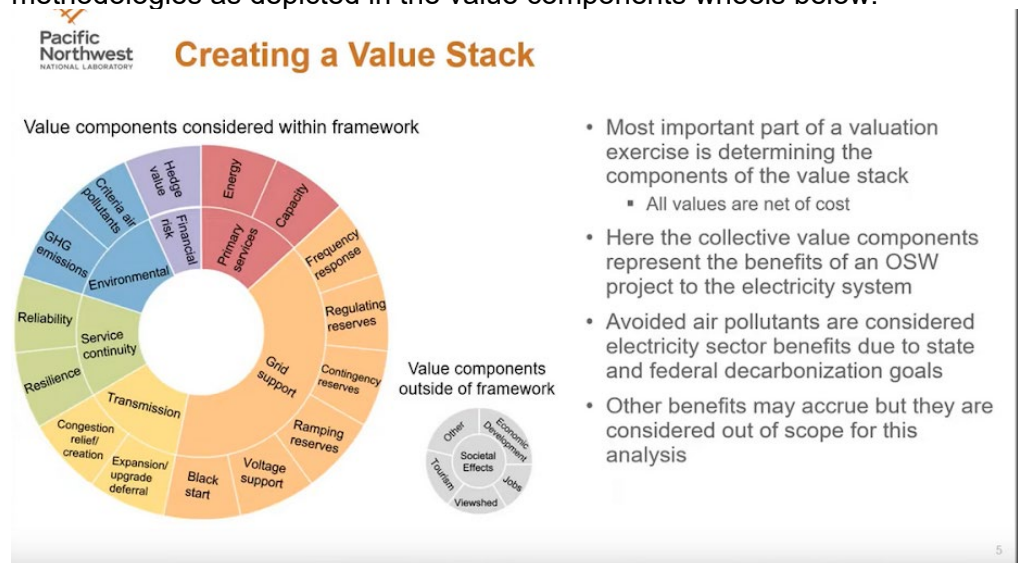
We find it equally essential that estimated average electric rates should include net impacts reflecting both secured and potential leverageable funding streams for new gateway lines in a net transmission cost allocation. This annual reporting of information should demonstrate a thorough evaluation of the impacts of incorporating leverageable third-party funding streams, including those for



interstate and offshore wind transmission, on the net estimated average electric rates.

In recognition of the urgency for our responsible and equitable clean energy transition and given the extensive stakeholder input in the UM 2005 and UM 2011 dockets regarding community lenses on “least risk, least cost”, staff should recommend preliminary community impacts and benefits metrics that are subject to amendment by environmental justice communities once a taskforce has been established and convened.

By way of example, an assessment currently underway, conducted by Pacific Northwest National Laboratories, to strategize scenarios to maximize the grid benefits of the shared offshore wind resource of southern Oregon and northern California has recently contributed a comprehensive overview of grid values that are inclusive of community benefits not currently recognized in IRP valuation methodologies as depicted in the value components wheels below:



Those value components beyond the defined framework of PNNL’s study, including those described above as outside of the study framework, can be considered as a straw proposal for additional elements to be considered by the environmental justice communities in defining a final set of community impacts and benefits metrics.

Topic #4. Greenhouse gas reporting, verification, and compliance in planning

POET agrees with staff’s recommendations and offers no further comment.

Topic #5. Continual progress and IRP cost/risk framework



Staff Proposal (effectuate through Commission waiver and interim guidance):
IRP Guideline 1.c. should be waived for electric utilities on an interim basis, provided the utilities apply the following interim guidance:

- *The primary goal must be the selection of a portfolio of resources that best balances: expected costs and associated risks and uncertainties for the utility and its customers, the pace of greenhouse gas emissions reductions, and community impacts and benefits.*
- *The planning horizon...(see Guideline 1c, Order No. 07-002)*
- *Utilities should...(see Guideline 1c, Order No. 07-002)*
- *To address risk...(see Guideline 1c, Order No. 07-002)*
- *Greenhouse gas emissions should be reported in a manner consistent with the methodology approved by the Oregon Department of Environmental Quality.*
- *Community impacts and benefits should be reported using metrics developed in coordination with representatives of the communities impacted by the plan, including environmental justice communities. See Chapter 2 for more detailed guidance.*
- *The utility should explain in its plan how its resource choices appropriately balance cost, risk, the pace of greenhouse gas emissions reductions, and community impacts and benefits.*

POET appreciates and supports the intent of this proposal though has grave concerns about the efficiency and timeliness of the establishment of environmental justice community advisory boards during this critical initial period of CEP development, acknowledgment, and process. Accordingly, we recommend that staff provide interim community impacts and benefits metrics that reflect stakeholder input in this, and other relevant dockets (UM 2011, UM 2005, UM 2143) related to community impacts and benefits and in consideration of emerging best practices as reflected in the PNPL value stack referenced in our comments to Topic #3.

Topic #6. Considerations in CEP acknowledgement

Staff Proposal (effectuate through guidance to the utilities):
To inform the Commission's acknowledgment decision, utilities should address the following in the CEP:

Whether the plan achieves the clean energy targets set forth in HB 2021:
o The CEP should demonstrate how the IRP Preferred Portfolio achieves the emissions reductions targets set forth in HB 2021, with DEQ verification.

Consistency with the IRP:
o The CEP should explain how it is consistent with the concurrently filed IRP in terms of assumptions, analysis, and planned actions.



o To the extent that an analysis supporting the CEP was conducted in another docket (e.g. the IRP or DSP), the CEP should clearly reference that analysis.

Effectiveness of community engagement:

o The utility should report the following information regarding community engagement in developing the plan: what opportunities were provided for input and how was accessibility prioritized across those channels, what input was received through each channel, how was input incorporated into the IRP/CEP, what input was not incorporated into the IRP/CEP and why was that input not incorporated, and what plans does the utility have for modifying the engagement strategy in future planning cycles.

o The utility should also survey participants who provided input on their experiences participating in the utility's process and their perspectives on how their input influenced the plan. Survey responses must be included with the plan.

POET agrees with staff's recommendations regarding consistency with clean energy targets, IRPs and other analysis including DSP dockets. We concur with the essential aspect of consistency that transcends discrete planning and reporting events. However, this consistency of analysis should not result in limitations to the Commission or stakeholders to withhold or challenge acknowledgement of CEP elements or entirety based on earlier acknowledgement of IRP or DSPs by the commission. CEP acknowledgement should include evaluation of consistencies with the most recent analyses of acknowledged IRPs and DSPs and, as necessary, an explanation of substantiated and reasonable differentiations identified.

Topic #7. Non-acknowledgment, partial acknowledgment, and conditional acknowledgment of the CEP, and interdependencies with IRP acknowledgement

Staff Proposal (effectuate through procedural rules):

IRP and CEP acknowledgement may be considered together in a single acknowledgement

order. The Commission may provide the energy utility an opportunity to revise the IRP or CEP

or both before issuing an acknowledgment order. If the CEP is not fully acknowledged, the

utility must revise and resubmit all or certain elements of the initial filing and the Commission

may then acknowledge the revised elements.

POET supports the intent of staff's recommendation to streamline and synchronize the IRP and CEP processes and acknowledgements. However, it is essential to provide clearly delineated distinctions between IRP acknowledgement, which imbeds legal limitations on stakeholder challenges to analysis and findings, and CEP acknowledgement, which is statutorily intended to



provide the state with a mechanism to transparently evaluate and track the progress of IOUs in meeting our state clean energy targets.

Topic #8. Annual update

Staff Proposal (effectuate through procedural rules):

The utility shall provide the following additional information in IRP Updates that follow CEP

filings:

- *Progress to date relative to each annual goal for resource actions presented in the CEP.*
- *If resources have been secured, the utility should quantify the amount of each resource using the same units presented in the CEP.*
- *Measured impacts across the same metrics that were presented in the CEP, including, at a minimum: greenhouse gas emissions intensity; total greenhouse gas emissions broken out by individual fossil fuel resources, market purchases, and market sales; average electric rates for Oregon customers; and the community impacts and benefits metrics. See Chapter 2 for details.*
- *Any DEQ emissions reports filed since the CEP.*

POET concurs with the list of information to be included in IRP updates following CEP filings and recommends that specific requirements be added to this list that track the utilities progress toward contracting, planning, permitting, developing and/or commissioning new transmission, generation and storage assets required for plan fulfillment.

Respectfully,


Shannon Souza, P.E.
Policy Director