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June 10, 2022

Via Electronic Filing

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

Re: UM 2225 Investigation into Clean Energy Plans; PGE Responses to Staff Roadmap Acknowledgement Questionnaire

Dear Filing Center:

Enclosed for filing in the above captioned docket are Portland General Electric Company's (PGE or Company) comments on the Public Utility Commission of Oregon (OPUC) Staff's Roadmap Acknowledgement Questionnaire posted to UM 2225 on May 20, 2022.

Please direct questions or comments regarding this filing to Sam Newman at (503) 464-2112.

We look forward to further engagement with Staff and stakeholders on these topics.

Sincerely,

/s/ Jay Tinker

Jay Tinker
Director, Rates & Regulatory Affairs

Introduction

On May 20, 2022, OPUC Staff requested feedback on a questionnaire posted to UM 2225 concerning Clean Energy Plan (CEP) acknowledgement standards. PGE appreciates the opportunity to provide perspectives on how CEPs should be considered, as well as how CEP acknowledgement should serve to streamline the planning process, avoid duplication with existing processes, and recognize the need for potential process evolution in the future in pursuit of the HB 2021 goals.

Question 1: What should be the planning and acknowledgement horizon for the annual goals for action and clean energy targets in the Clean Energy Plan (CEP)?

PGE recommends a bifurcated planning and acknowledgement horizon within the CEP—the CEP should include a 10-year forecast of carbon emissions reduction that aligns with the integrated resource plan (IRP) preferred portfolio, with annual goals for actions over a timeline that aligns with the IRP action plan (i.e., 2-4 years).

PGE recommends the bifurcated timelines to allow for a meaningful mid-to-long-term assessment of utility progress toward carbon emissions reduction, and a ten-year view would provide sufficient insight into the plan for compliance with Section 3 of House Bill 2021 (HB 2021). As the CEP is consistent with the IRP, the full ten years of the plan would be indicative, and the outer years would include assumptions and inputs meant to provide insight into the tradeoff between reliability, affordability, and decarbonization in the future. Similarly, the ten-year view is informed by forecasts of load growth and adoption of distributed energy resources (DER) provided through the distribution system plan (DSP).

However, the proxy-based portfolio selections during the last six to eight years of the 10-year forecast would be entirely outside of an actionable window. While the 10-year plan would present a glide path toward mid-to-long-term emissions targets, acknowledgement of that forecast should be integrated within IRP review and acknowledgement.

The CEP's annual goals for action, which present reasonable utility actions to meaningfully move toward decarbonizing the system, should consider a time horizon of two to four years. The annual goals for action should align with the IRP and DSP action plans, as annual reductions will largely be driven by resource acquisitions indicated in these action plans. Focusing regulatory acknowledgement on the near-term items would also allow an increased focus on reliability and affordability, since the actions are likely to be taken in a similar macroeconomic environment to the one that exists at the time of filing. Similarly, the technology types and economic and technical viability is better assessed in the two to four year window.

Finally, a review horizon that focuses on the first two to four years for acknowledgement and 10 years for the full planning horizon would align closely with PGE's peer utilities in Washington. Under Washington's Clean Energy Transformation Act (CETA), utilities file a Clean Energy Action Plan, which serves as an IRP supplement and provides a 10-year proxy-based assessment of decarbonization planning, as well as a Clean Energy Implementation Plan, which provides more granular and actionable assumptions over the coming four years informed by the best information available at the time. PGE recommends adopting similar timelines for the CEP to promote regional planning alignment and support regional initiatives such as resource adequacy.

Question 2: What details should the annual goals for action include?

PGE recommends that the annual goals for action align with – and if applicable, expand on – the preferred resource strategy and action plans identified in the IRP and DSP. Actions should be viewed through their forecasted impact on greenhouse gas (GHG) emissions reductions and impacts on overarching goals of safety, security, reliability, resiliency and affordability.

PGE anticipates filing a CEP that is aligned with Commission Staff’s Path 1 approach, in which the CEP is wholly consistent with the findings of the IRP and DSP and applies an HB 2021 compliance lens to the actions and preferred resource strategy of each plan. Based on this, PGE recommends flexibility to apply an HB 2021-specific lens to the myriad portfolio actions that are recommended in the upstream planning processes. This focus on HB 2021 outcomes would view all actions through an assessment of GHG reduction, equity lens, technical feasibility and economic costs and benefits to prioritize actions to take “as soon as practicable.” This would include a discussion of tradeoffs between early action, safety, security, resiliency, reliability, and affordability.

PGE anticipates that annual goals for action would focus on near-term action plan recommendations and would show how those actions in aggregate would reduce both GHG intensity and total GHG emissions associated with serving customers. As the CEP is informed by both the DSP and IRP, those actions would include resource investments and retirements, changes to system operations and planning, transmission and distribution investments, community-based resources, customer-supported renewables such as the Green Tariff¹, community-supported resources² and DER programs. PGE would provide a year-over-year forecast of how these actions work toward the HB 2021 decarbonization targets as soon as practicable.

As recommended in PGE’s response to Question 1, a CEP horizon that sets annual targets in the two to four year range and provides a longer-term indicative 10-year forecast would allow for updates over time as additional CEPs are filed and allow future CEP action plans to respond to learnings and evolving conditions, while updating the 10-year view of continual progress toward HB 2021 targets.

Question 3: How should compliance and continual progress be demonstrated and assessed?

The Commission’s review and acknowledgement of the CEP should focus on the near-term actions that are aligned with the IRP and DSP action plans. Actions – including emissions forecasts – are less accurate outside of the near-term window, and review should therefore focus on the reasonableness of recommended near-term actions needed to achieve continual progress.

The two to four year action plan window will present a range of recommended near-term actions as listed in our response to Question 2, including specific recommendations for resource actions and enabling investments. As this near-term view has the most granularity, PGE would forecast GHG impacts as the action plan is implemented. This analysis would be driven by PGE’s IRP portfolio construction process and DSP action plan; inputs and outputs to the forecasts would be

¹ PGE’s Green Future Impact program as approved through Docket No. UM 1953

² Ability for utilities to offer a community-supported clean energy programs per Section 30 of HB 2021

provided to DEQ to aid in their review and verification of projected GHG reductions forecast in the CEP.

While potential mid to long term proxy resources and actions may be discussed in the 10-year window in the CEP, these actions would be subject to acknowledgement in the IRP process and would provide less granularity on how the individual components drive toward the HB 2021 requirements. For these longer-term assessments, PGE will share supporting documentation for assumptions and inputs with DEQ, but PGE recommends against an acknowledgement decision based on long-term proxy-based assumptions that are not recommended for near-term action, as these assumptions will change with subsequent filings.

While the Commission's acknowledgement needs to consider the "reduction of GHG emissions that is expected through the plan," it will be unwieldy and at odds with the imperative of advancing near-term actions to require forecast verification by DEQ as an input to acknowledgement. Aligned IRP/CEP consideration and acknowledgement is an important element of Staff's Path 1, and utilities have little ability to guide DEQ's verification timeline. Instead, PGE recommends that the Commission move forward with acknowledgement of the utility CEP based on the annual actions and forecast emissions reductions listed. The DEQ verification described in HB 2021 §5(1) would be established as a parallel process rather than an input to Commission CEP acknowledgement.

To the extent that a material divergence in emissions forecast exists between the utility and DEQ, and the DEQ forecast finds lower reductions than forecast by the utility, the Commission could direct the utility to file for review an assessment of the difference in forecast, the drivers of the difference, and an updated action plan (if applicable) to achieve the annual action goals specified in the CEP. If the review by DEQ finds a material difference that shows higher reductions than forecast by the CEP, PGE recommends that no action be required by the utility, other than the inclusion of the updated DEQ forecast in the next utility CEP and a narrative assessment of how the utility forecast methodology has been updated to minimize future forecast divergence.

PGE views the assessment of "actions as soon as practicable" as an important indicator of how the utility is progressing toward the requirements of HB 2021: rapid decarbonization, reliable service, and a focus on affordability. PGE believes that consideration of an appropriate pace of continual progress through specific actions taken "as soon as practicable" is embedded in the Commission's review of the CEP action plan. As discussed above, recommended actions will align with IRP and DSP processes that seek to balance HB 2021 targets, customer bill impacts, feasibility, community benefits and other tradeoffs.

Question 4: How do you envision Commission acknowledgement of the Clean Energy Plan/annual goals for actions?

PGE recommends that CEP acknowledgement signify that the CEP was prepared and filed in compliance with HB 2021, and that the actions proposed as part of the CEP appear to be in the public interest and consistent with the emissions targets at the time of acknowledgement.

Acknowledgement decisions should focus on:

- Annual Goals for Action including all of the resource types and actions listed in PGE's response to Question 2

- Assessment of “as soon as practicable”, which considers feasibility and the tradeoffs of near-term investment with questions of safety, security, resiliency, reliability, and affordability
- Assessment of community outreach and engagement and how stakeholder feedback was sought as part of the CEP
- Assessment of utility plan compliance with requirements per HB 2021

PGE respectfully encourages the Commission to avoid acknowledgement requirements that duplicate factors considered in IRP and DSP action plan review.

CEP acknowledgement should complement the acknowledgement processes in the IRP and DSP and should build toward a holistic planning process that informs decarbonization, resiliency, reliability, safety, security, affordability, and technical/economic feasibility. PGE is grateful for the process that Staff has led as part of UM 2225, which has sought to avoid duplication of efforts across the utility planning processes. A good outcome for the CEP would be to similarly avoid duplication in the acknowledgement process, and to reflect that Oregon will need to move nimbly toward the 2030, 2035, and 2040 goals, recognizing that there is less than two decades to fully decarbonize Oregon’s energy system.

Based on this avoided duplication, PGE recommends that CEP acknowledgement should be similar to Commission acknowledgement in the IRP and DSP, which generally signifies that the utility complied with all applicable rules, and that the plans put forth appear to be reasonable based on information known at the time. Any determination of prudence is best saved for later process such as a general rate case or utility application for a specific Commission action.

Similarly, PGE recommends that there not be a differing acknowledgement standard for the types of resources and investments proposed in the CEP to other related utility plans. All annual goals for action should be evaluated against compliance with HB 2021 and applicable regulatory rule, and an individual assessment of the differing resource types (e.g. system resources, resource retirements, customer-supported renewables, demand response, energy efficiency, resiliency, and/or new transmission) would likely be duplicative with the acknowledgements sought through PGE’s existing planning filings – IRP, DSP, Transportation Electrification Plan, Flex Load Multi Year Plan – as well as through individual applications such as PGE’s request for approval of customer-supported renewables through UM 1953.

If a CEP is not acknowledged due to a material error or a lack of compliance with applicable rule, PGE recommends that the Commission notify the utility and instruct corrective action and re-filing. Following the re-filing, PGE anticipates that review in pursuit of acknowledgement could continue. For non-acknowledgement for a reason that is outside of the utility’s control, the Commission should make clear that the utility may proceed with the IRP action plan pending continued review (or persistent non-acknowledgement) of the CEP.

Conclusion

PGE appreciates the robust and inclusive process that the Commission and Commission Staff have led to establish the CEP guidelines, and PGE is grateful for the opportunity to provide feedback on the CEP acknowledgement questions. As Oregon is less than eight years from the first compliance period under HB 2021, and less than two decades from realizing a carbon-free

energy system, PGE continues to recommend that outcomes in this proceeding balance review and transparency with the recognition that the time to plan for and procure sufficient resources is limited.

/s/ Jay Tinker

Jay Tinker
Director, Rates & Regulatory Affairs