



# Oregon Citizens' Utility Board

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Public Utility Commission  
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## **RE: UM 2225 - CUB Responses to Community Lens Questionnaire**

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity to provide responses to the Staff's Community Lens Questionnaire in this docket. Because this questionnaire addresses issues largely brought up by community advocates during the HB 2475 process, CUB has kept its comments high-level to allow those stakeholders the opportunity to be heard and may provide more detailed input in Comments due on May 10, 2022.

**Question 1: HB 2021 §4(4)(c) requires the Clean Energy Plan to “Include a risk-based examination of resiliency opportunities that includes costs, consequences, outcomes and benefits based on reasonable and prudent industry resiliency standards and guidelines established by the Public Utility Commission[.]” How will a Clean Energy Plan demonstrate having met this requirement?**

A utility's Clean Energy Plan (CEP) must be based on prudent practices identified through Oregon Public Utility Commission (PUC or the Commission) workshops and must conform with any Commission standards adopted by rule. Resiliency opportunities should be defined through an inclusive process to identify the most reasonable and prudent resilience standard to ensure all interested stakeholders and the PUC are working from the same page and fully understand the standard and guidelines. The PUC should leverage its technical assistance grant to bring in experts and work with the stakeholder community to understand and have conversations about what creates resiliency benefits and what does not. This should be an interactive, inclusive process that can reach consensus on developing the resiliency planning standards informed by experts familiar with best practices, best technology, and the costs and benefits of resiliency opportunities. This opportunity exists through PUC's technical assistance grant.

CEPs should include resiliency analyses based on standards developed by the PUC with expert guidance and demonstrate how the utility met those standards. The resiliency standards must be enforceable and clearly direct utilities in their planning process. For example, utilities should be required to evaluate the cost-effectiveness of different resiliency opportunities, based upon the best science and market-proven technologies, including system hardening, smart grid technology, microgrids, energy efficiency, and distributed energy resources. A "risk-based"

examination should examine risks associated with resiliency measures not being met. It should be fed into Requests for Proposals and procurement-based strategies.

Resiliency makes sure that preparedness steps account for worst case scenarios (e.g., a severe heat wave) and cascading failures from power outages (e.g., telecommunication outages).<sup>1</sup> Accordingly, a CEP should involve community resilience planning where the utility collaborates with local governments in planning community-scale infrastructure and leveraging accelerating cost reductions of clean energy generation and storage. By including community resilience planning in a CEP, communities have a say in maximizing the benefits of building clean distributed energy resources (DERs) and ensure communities engage in deciding what facilities remain energized during a crisis. Community resilience also helps ensure communities can adequately respond to events when they lose power. This community engagement should include the full diversity of groups within a community in the development of the CEP. This can strengthen community buy-in to a CEP and the utility investment that flows from it by allowing for consideration of local priorities. It also improves consideration of critical facilities serving vulnerable communities which is critical to safely responding to power loss.

Utility CEPs should consider and take advantage of the existing resiliency measures already incorporated into utility planning processes like integrated resources plans (IRPs), distribution system planning (DSPs), and Wildfire Protection Plans (WPPs). Utilities are already accounting for resiliency measures in their existing processes and adding on a new layer of requirements comes with a cost to customers. The CEPs should seek to leverage existing resiliency measures and ensure that these measures are met while minimizing the cost to customers.

**Question 2: HB 2021 §4(4)(d) requires the Clean Energy Plan to, “Examine the costs and opportunities of offsetting energy generated from fossil fuels with community-based renewable energy[.]” How will a Clean Energy Plan demonstrate having met this requirement?**

CUB believes a utility’s CEP should identify and examine long-term and short-term costs of fossil fuels compared to the multiple options for community-based renewable energy. It should analyze the monetary and non-monetary costs of using finite fossil fuels to meet our current and future energy generation needs compared to renewable alternatives. For example, fossil fuel generating plants are associated with high decommissioning costs at the end of a plant’s useful life. Conversely, many renewable energy generating stations have significant terminal value at the end of the plant’s useful life. The CEP should include all benefits associated with the community-based renewable that have been identified through distribution system planning — for example, the community-based renewable project could remove the need for a substation upgrade.

CUB believes a CEP should conduct a cost-benefit analysis of current and future fossil fuel generation vs. community-based renewables regarding distribution; production; capacity;

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<sup>1</sup>See Center for Climate and Energy Solutions, *Resilience Strategies for Power Outages* (August 2018), last accessed on May 3, 2022 at <https://www.c2es.org/wp-content/uploads/2018/08/resilience-strategies-power-outages.pdf>.

transmission costs; equity; diversified energy supply and reducing dependence on imported fuels; availability of different renewable energy technologies; and resiliency benefits of battery storage. To the extent that it is feasible, costs beyond energy generation should be considered, including how the externalized costs from burning fossil fuels are incurred, like through damages from climate change. These non-energy costs may include health costs to communities; societal costs; pollution and other environmental degradation resulting from the extraction of resources; indoor and outdoor air pollution from fuel combustion as well as non-combustion emissions, such as those from industrial processes; and the negative impact of extreme weather events caused by climate change. This analysis should not understate or ignore the benefits of the potential gains of renewable energy policies. To do so obfuscates decision-making on future energy generation.

The CEP should recognize that not all communities have the same renewable energy opportunities. For example, some communities are not candidates for leveraging solar energy, but other community-based clean energy options exist. A CEP should consider community-based storage and community-based energy efficiency (EE) opportunities like targeted enhanced EE programs: heat pumps which may create a better benefit than energy generation, including reducing the need for a substation to address energy peak. CUB believes the CEP examination should consider and analyze the opportunities presented by community green tariffs, climate plans, local gas ban policies, and impact on load.

CUB believes a CEP should show meaningful engagement with all communities in their service territory in the development of renewable energy systems and include equitability in decision making, including developing a community benefit study. The utility should show how it engaged the communities it services, including local governments, Tribes, community health organizations, emergency responders (particularly fire response), and nonprofits.

**Question 3: HB 2021 §5(2)(a) requires the Commission to consider in acknowledgement, “(a) Any reduction of greenhouse gas emissions that is expected through the plan, and any related environmental or health benefits...(e) Costs and risks to the customers; and (f) Any other relevant factors as determined by the commission.” How will a Clean Energy Plan reflect these considerations through incorporation of community benefits into the plan?**

HB 2021 Section 5.2 states that the Clean Energy Plan must be in the “public interest” to qualify for Commission acknowledgement. Public Interest is defined in this context by a set of characteristics that the plan must exhibit. Here are some thoughts on how the CEP may reflect these characteristics through the incorporation of community benefits into the plan.

1. Community Benefits: Including community benefits could potentially impact cost effectiveness analyses for utility investments in distributed energy resources and resilience planning. It is important to use the CEP implementation process to establish a clear foundation for benefits that will be provided to communities through different CEP resources.

- a. Distributed Energy Resources: It is expected that continued deployment of distributed energy resources (DERs) will play a pivotal role in the CEP. Currently, community benefits or impacts are being evaluated in the context of distribution system planning. The CEP may learn from the Distribution System Plans that are considering community

level costs and benefits. Incorporating community benefits should, to some extent, account for externalities that are typically excluded from traditional cost-benefit analyses. Externalities in this context are the indirect or non-energy impacts of utility investments in DERs, and inclusion of these costs and benefits would improve the accuracy of a cost-effectiveness analysis as well as address equity issues.

These non-energy impacts can be large, varied, and, oftentimes, difficult to quantify. Existing literature on methods to quantify some of these non-energy impacts of DERs should be explored and utilities should try to incorporate those data in the cost-effectiveness analysis for energy efficiency and demand response programs.

For instance, one study shows that targeted in-home energy efficiency programs could be designed specifically to address common health risks, including asthma, falls, and exposure to extreme heat or cold. Research shows that these programs could result in billions of dollars in avoided health expenditures over time. However, there are also studies that estimate that the effect of non-energy impacts on cost-benefit analysis is negligible. These types of benefits may be difficult to quantify but should be.

Similarly, insulating and putting heat pumps in low- and moderate-income homes has a greater community benefit and adds to benefits resulting from energy efficiency and demand response programs in the form of lower energy burden for certain communities.

CUB also realizes that not all non-energy impacts are quantifiable, and even when they are it may be difficult to separate out impacts caused explicitly by utility actions from those caused by other factors. These could be addressed qualitatively in the CEP. CUB believes that community benefits could be a proxy for non-energy impacts of distributed energy resources, specifically energy efficiency and demand response in the CEP. Utilities should identify the most significant non-energy impacts and address those either quantitatively or qualitatively in the CEP.

During acknowledgement of the CEP and evaluating whether it is in public interest, the Commission should look for the inclusion of either qualitative and/or quantitative non-energy impacts of utility clean energy plans.

- b. Resilience Planning: Community resilience resources, such as microgrids have the potential to provide resilience benefits to the utility system. Microgrids could free up transmission and relieve generation requirements in the face of a major event that could disrupt utility services. These community benefits should be less challenging to quantify and should be part of the utility's resilience analysis.

## 2. Costs and Risks to Customers

CUB also realizes that accounting for community benefits would require additional analyses that will come with a cost. Therefore, identifying the most important benefits and avoiding double-counting of benefits that would anyway result from utility investments (for example, environmental benefits through emissions reduction would result from the utility's plan to meet clean energy goals) are going to be crucial. The planning model will get increasingly more complicated but also more interesting as we try to solve for new variables in the planning model.

CUB also reminds stakeholders that community owned renewable resources such as community solar may yield similar environmental benefits as utility owned solar, but the electricity prices from community solar are significantly higher than utility owned solar resources. As consumer advocates, we have to consider these additional costs and risks when accounting for community benefits of renewable resources. The CEP should seek to balance the need for community benefits to be realized with the costs that are shouldered by the utility's captive customers.

For instance, at the HB 2021 process in the legislature, there was an attempt to expand and change the existing community-based renewable standard. CUB's analysis was that the current standard defined small-scale communities as under 20 MW. If projects could be built in eastern Oregon and were between 10 and 20 MW, then based on PURPA contracts they would be about \$40/MWh. But there was an attempt to require that they be on the distribution system and smaller, so projects in Western Oregon could meet the standard. Based on community solar costs CUB projected those at \$100/MWh. PUC Staff did a similar look and used \$40 and \$110/MWh as the range.

The cost for a utility scale 80MW or larger solar project would be lower. Lazard identifies a price range of \$27 to \$41/MWh for utility scale solar. Again, the CEP should seek to minimize costs to customers while helping communities realize benefits.

To summarize, the CEP must incorporate the most significant community benefits in either qualitative or quantitative forms especially in the context of DER forecasting and resilience planning. Double counting of benefits that would anyway result from utility plans to meet clean energy goals must be avoided. Benefits from community renewables must be evaluated with attention to the implied cost and risk to ratepayers.

Respectfully submitted,

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