



Oregon Citizens' Utility Board

610 SW Broadway, Suite 400
Portland, OR 97205

(503) 227-1984
www.oregoncub.org

June 10, 2022

Via Electronic Filing

Oregon Public Utility Commission
201 High St. SE, Suite 100
Salem, OR 97301-3398
puc.filingcenter@puc.oregon.gov

RE: UM 2225 - Responses to Oregon Public Utility Commission's Roadmap Acknowledgement Questionnaire

The Oregon Citizens' Utility Board (CUB) appreciates the opportunity the Oregon Public Utility Commission (PUC or Commission) has created for stakeholders to inform how the PUC will consider the actions in utilities' proposed Clean Energy Plans (CEP). CUB agrees that this process can help ensure utilities offer meaningful planning and acknowledgement outcomes in proposed CEPs. CUB has responded to the Roadmap Acknowledgement Questionnaire below and we look forward to continuing to participate in this process.

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)?

It makes sense that HB 2021 directs utilities to develop CEPs concurrent with Integrated Resource Plans (IRP), given that IRPs outline a utility's resource investment projections and utility resource acquisition planning will be largely determined by HB 2021's emissions reductions' targets. One of the reasons this Roadmap process is important is that, while there are parallels in utility CEP and IRP processes, utilities would prefer to understand how the PUC is going to interpret the CEP standards before they make investment decisions based upon HB 2021.

The IRP 20-year planning horizon includes and considers HB 2021's clean energy targets' trajectory to achieve the clean energy goals in 2030, 2035, 2040, and subsequent years after that. CUB believes it makes sense for the CEP to have the same 20-year horizon as the IRP. This would create efficiencies across planning processes and would enable a more thorough consideration of the impacts of clean energy resources with longer useful lives, such as wind.

CUB also supports two to four year CEP acknowledgement actions, consistent with the IRP and Distribution System Planning (DSP) action plan windows. A two to four action plan window has less uncertainty and gives utilities enough flexibility to respond to changing circumstances and analyses. For instance, PacifiCorp’s revised analysis in its IRP shows gas conversion for Jim Bridger Units 1 and 2 to be more cost effective compared to early retirement. A two to four action window is useful in accommodating such changes. The two to four action window should be informed by the 20-year planning horizon, however. By taking near-term actions in the context of a longer overall plan, over-procurement can be avoided while making sure near-term needs are met. Resource acquisition should align with system need and statutory requirements but should not go beyond what is necessary to ensure a reliable system and comply with HB 2021.

Actions beyond the acknowledgement window can be presented like they are in the IRP, as part of the long-term portfolio. Utilities may include a “future actions” section in the CEP which will be considered when it becomes part of the action plan window in the next IRP/CEP cycle. It will be important to distinguish between near-term and long-term actions.

2. What details should the annual goals for action include?

HB 2021 directs that utility CEP targets be developed along with the utility’s IRP and requires the CEP to show how the utility is making “continual progress” toward meeting Oregon’s greenhouse gas (GHG) reduction targets, including demonstrating projected reduction of annual GHG emissions and how it results in an affordable, reliable and clean electric system.¹ It must include annual goals that demonstrate progress toward meeting HB 2021’s clean energy targets, including but not limited to: acquisition of non-emitting generation resources, energy efficiency measures and acquisition and use of demand response resources.²

CUB believes annual action goals should, at a minimum, include resource additions and retirements from the IRP portfolio analysis, annual emissions trajectories, and projections and updates on community-based resources included in the IRP portfolio. This information should be updated in the IRP update and accounted for in each new IRP cycle. IRPs are reviewed by the PUC under a least-cost, least-risk standard. This standard can also apply to the CEP given that HB 2021 requires affordable and reliable clean electric service. Utilities should acquire the least-cost, least-risk resources that meet the requirements of HB 2021. In addition, the annual goals should describe the utility’s risk-based examination of resiliency opportunities that include costs, consequences, outcomes, and benefits based on reasonable and prudent industry resiliency standards and guidelines established by the PUC. Lastly, the annual goals should include an analysis of the costs and opportunities of the utility offsetting energy generated from fossil fuels with community-based renewable energy.

¹ HB 2021, Sec. 4(4)(e).

² HB 2021, Sec. 4(4)(b).

HB 2021 states that the PUC shall use the utility's GHG emissions report to the Oregon Department of Environmental Quality (DEQ) to determine whether the clean energy targets have been met. Utilities should file each GHG emissions report filed with the DEQ in its CEP docket at the PUC, including in between IRP cycles.

Regarding a multi-state utility, the PUC should provide guidance on how it expects these utilities to address CEP requirements and cost allocation processes. It is important for stakeholders to have clear ideas about cost allocation prior to recommending any action item for acknowledgement at the Commission. Resources that are used to meet Oregon emissions levels can also provide benefits to a utility's system as a whole. The CEP filing should include a discussion on how utilities view these resources and what the cost sharing for these resources would look like. CUB acknowledges that prevailing cost-allocation methodologies for some multi-state utilities may affect proposed cost allocation for some resources.

3. How should compliance and continual progress be demonstrated and assessed?

CUB believes that the IRP cycles can be used to assess the CEP's compliance and progress. The CEP has common elements with the IRP: reliability, resiliency, and affordability. CEP progress toward clean energy targets can be included in IRP Update filings, which should include DEQ compliance filings made since the last IRP proceeding. However, given the rapid timeline for compliance with HB 2021 targets, CUB believes that it may be useful for utilities to file annual CEP compliance reports with the PUC. And that these reports can be reviewed and discussed outside of the IRP process if the PUC or stakeholders request such a review due to concerns about whether or not the utility is meeting its CEP compliance projections.

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

CEP acknowledgement should signify that the utility's CEP has followed the acknowledgement guidelines established by the PUC and has met the requirements of HB 2021, particularly Sec. 4(4).A CEP should address each of HB 2021's CEP conditions, include an analysis of multiple pathways to compliance, and explain why it offers its proposed actions. Consistent with IRP guidelines and practice, acknowledgement should not signify that favorable treatment in a subsequent ratemaking proceeding will occur.

There are HB 2021 rules which overlap to a large extent with IRP guidelines, such as least-cost least-risk planning, inclusion of reliability and risk-based resiliency analysis, community benefits study (monetary and non-monetary costs and benefits), and emissions reduction pathways. The CEP should include feasibility, reliability, resiliency, and affordability analyses of the utility's proposed HB 2021 compliance strategies. CUB also recommends that environmental and health factors be proxied by a base case social cost of carbon.

CUB included our suggestions on community benefits accounting in our responses to the PUC's Community Lens Questionnaire.³ To summarize, 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. The CEP should recognize that not all communities have the same renewable energy opportunities. Accordingly, a CEP should consider community-based storage and community-based energy efficiency (EE) opportunities, community green tariffs, climate plans, local gas ban policies, and impact on load. CUB believes a CEP should show how the utility engaged with the communities it serves by meaningfully including them in the CEP development and implementation processes, including local governments, tribal nations, community health organizations, emergency responders (particularly fire response), and nonprofits.

CUB believes the most important part of the CEP process is on the front-end. The key to compliance depends on utilities having a clear understanding of PUC expectations for a CEP. CUB believes the PUC should focus on a close review of CEPs as they are developed and implemented. Checks and balances should be in place to support utility compliance with CEPs in its early stages. Exemptions to CEP requirements should be rare. If possible and without costs to residential customers, the PUC should consider ways to incentivize utilities to develop and submit compliant CEPs. Given HB 2021's aggressive timeline, utilities really need to get CEPs right the first time.

In the event a CEP is not acknowledged, a utility should be required to revise the noncompliant portions and resubmit the CEP in an expedited manner. As much as CEP requirements are similar to IRPs, utilities are required to meet aggressive GHG emissions reduction targets in the next 18 years. Sec. 4(6) of HB 2021 directs the PUC to ensure that a utility's CEP demonstrates continual progress within the planning period and facilitates rapid reduction of GHG emissions at reasonable costs to retail electricity consumers. CUB hopes that with strong CEP guidelines, utilities will have a clear path to compliance.

///

///

///

///

///

///

///

³ UM 2215 - CUB's Responses to Community Lens Questionnaire (May 4, 2022).

Again, CUB appreciates the opportunity to provide responses to Staff's Roadmap Questionnaire. We believe these opportunities show that the PUC is taking utility implementation of HB 2021 seriously and will require consistency among all utilities as they implement the rapid GHG emissions reductions required by Oregon law. We hope the PUC continues to provide regular opportunities for stakeholder engagement as the HB 2021 compliance standards are developed. CUB thanks PUC Staff for this detailed and thoughtful process.

Respectfully submitted,

/s/Sudeshna Pal

Sudeshna Pal
Economist
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
T. 503.227.1984
E. sudeshna@oregoncub.org

/s/Jennifer Hill-Hart

Jennifer Hill-Hart
Policy Manager
Oregon Citizens' Utility Board
610 SW Broadway, Ste. 400
Portland, OR 97205
T. 503.227.1984
E. jennifer@oregoncub.org