Oregon Public Utility Commission

# Multi-Year Rate Plan Framework

## AR 676 Phase 2, Track 3
## PIMs Workshop #1

**Thursday, August 27, 2026**
**9:00–11:00am PT**

# Meet the GPI Facilitation Team

**Aileen Cole**
Manager

**Trevor Drake**
VP, Energy Systems

**Audrey Negro**
Meeting &
Administrative Coordinator

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Policy Specialist

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The Great Plains Institute is an organization of leaders and experts dedicated to engaging and collaborating with people, organizations, and communities to craft nonpartisan, pragmatic energy solutions that benefit people, the economy, and the environment.

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# Agenda

| | |
|---|---|
| **9:00** | **Welcome and Introductions** |
| **9:10** | **Staff Presentation: Phase 1 Decisions and Phase 2 Next Steps** |
| **9:25** | **PIMs Presentation, Q&A, and Discussion**<br>Presentation from Gennelle Wilson (RMI) and Melissa Whited (Synapse) |
| **10:45** | **Discussion: Additional Considerations** |
| **11:50** | **Next Steps and Wrap-Up** |
| **12:00** | **Adjourn** |

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# Meeting Ground Rules

1. Respect differences of perspective and the time we have together.
2. Be open to continued learning and growth informed by new information; it is ok for perspectives to shift or change throughout the process.

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# Meeting Objectives

1. Level set on AR 676 Phase 2, including details specific to Track 3 (PIMs).
2. Create a shared understanding of how PIMs relate to achievement of performance outcomes and alignment with regulatory objectives.
3. Serve as a venue for learning as advocates work to develop their PIMs proposal (to be filed on September 17, 2026, in accordance with Staff's Phase 2 Workplan).

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# Multi-Year Rate Plan Framework

## Docket No. AR 676
## Phase 2 Track 3

## Performance Incentive Mechanisms Workshop 1

Oregon Public Utility Commission

**OPUC Staff Presentation**
**August 27, 2026**

# Phase 1 decisions on PIMs

Adopted by the Commission July 7, 2026 in Order No. 26-242.

| | | |
|---|---|---|
| 1 | **PIMs included in framework** | PIMs are included in the MRP framework for all utilities. While the additional guidance provided by SB 688 applies only to electrics in ORS; use of PIMs in the Commission approved framework will have application for natural gas utilities. |
| 2 | **A targeted portfolio to start** | Phase 2 will explore a narrow set of high-impact PIMs (as opposed to a comprehensive or expansive portfolio). This was done, in part, to reduce complexity and avoid incentive dilution concerns. |
| 3 | **Six required PIM areas as a minimum set** | Three backstop areas and three outcome areas must be included in all MRPs. Phase 2 may explore whether additional PIMs are warranted. |
| 4 | **Implementation logistics ongoing** | Staff does not expect rules to prescribe detailed PIM designs. Rules are likely expected to specify the requirement to include PIM types with specific designs and incentive levels adopted in a Commission order. |
| 5 | **Form of each PIM remains open** | The Commission left Phase 2 to explore and recommend PIM design, including metrics and incentive structure. |

# Six required PIM areas

Baseline adopted in Order No. 26-242. Metrics, targets, thresholds, and incentive levels TBD.

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## Backstop PIM Areas

Areas where cost reductions should not come at the expense of baseline performance, and where customers may be directly harmed by degradation in service.

- **Reliability**
- **Safety**
- **Customer service**

## Outcome PIM Areas

Goal-oriented areas where measurable outcomes and meaningful utility influence may justify financial consequences.

- **Customer disconnections**
- **Asset utilization**
- **Progress on CBRE acquisition targets** *(electric only)*

**Intersectional considerations.** Phase 1 identified additional areas raised in comments for continued examination, including HB 2021 compliance, coal transition requirements, and equity and resilience outcomes. These raise considerations in the context of utility controllability and intersections with existing regulatory obligations.

# General design considerations

Potential structural bounds for PIMs identified in Phase 1

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| Measurable | Within utility influence | Aligned with priorities | Non-duplicative |
|---|---|---|---|
| The outcome can be observed against a defined baseline. | Performance is materially within reasonable utility control. | Tied to regulatory objectives and Commission priorities. | No duplicate reward or penalty where obligations or oversight already exist. |

**Functional PIMs over "informational" metrics**

Phase 1 noted that a common response to the difficulty of designing effective PIMs is overreliance on informational performance metrics. Staff prioritizes thoughtfully designed PIMs over reporting requirements that will not directly affect the success of the framework.

**Risks identified in Phase 1**

- Counteracting cost discipline and predictability
- Increasing complexity and administrative burden
- Creating conflicting or diluted incentives
- Imposing consequences where performance is not clearly measurable or controllable

Phase 1 recommended beginning with a targeted, outcomes-driven approach at the outset of MRP implementation and noted that more complexity can be added over time.

# Track 3 Scope of Decision Points

From the Phase 2 Staff Workplan issues list

| Topic | Scope | Possible Regulatory Pathway |
|---|---|---|
| **Metrics, by PIM area** | The specific metric(s) used to measure performance in each of the six required areas. | Expected in Commission order |
| **Thresholds** | The threshold or target applied to each PIM, and the baseline it is measured against. | Expected in Commission order |
| **Standardization** | Thresholds standard across utilities? industry-specific? or utility-specific? | Rule may set the requirement; levels by order |
| **Form of each PIM** | Incentive structure. | Rule may set required PIM types |
| **Additional PIM areas** | Whether areas beyond the required six are warranted. | To be determined in Track 3 |

**Handled elsewhere.** How PIMs are measured, reported, implemented, and monitored on an ongoing basis is part of the MRP adjustment process and is primarily addressed with Track 4, MRP logistics. Logistical issues may be flagged in other Phase 2 tracks as useful.

# Questions?

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# Next Steps

## Track 3: Performance Incentive Mechanisms (PIMs) Schedule

- **September 17**: Advocate PIMs proposal filed
- **September 30:** Workshop 2
- **October 20:** Staff proposal v1
- **November 3:** Written comments due
- **November 5:** Workshop 3

## Staff Contact

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# PIMs in Practice: Examples and Considerations for Design

**OR A676 PIM Workshop**

August 27, 2026

Gennelle Wilson (RMI) and Melissa Whited (Synapse)

# Objectives & Presentation Outline

- **Objectives:**
  - Share information about foundational PIMs concepts and best practices
  - Equip stakeholders with information that will support the preparation of PIM proposals
  - Share examples of PIM case studies from other jurisdictions

- **Outline**
  - Using PIMs to support achievement of policy goals & outcomes
  - PIM uptake around the country
  - The lifecycle of a PIM
  - Principles for PIM Design
  - RMI's PIMs Database
  - Examples of PIMs

# PIMs can align utility incentives to achieve policy & regulatory goals and outcomes

## What are PIMs?

A **performance incentive mechanism (PIM**) consists of a **financial incentive** tied to a **metric** and **target**.

PIMs can be structured in many ways. For example:

- Failure to achieve a target triggers a penalty.
- An incremental incentive is applied over a range.
- The utility can earn a share of estimated savings. This is known as a **shared-savings mechanism (SSM**).

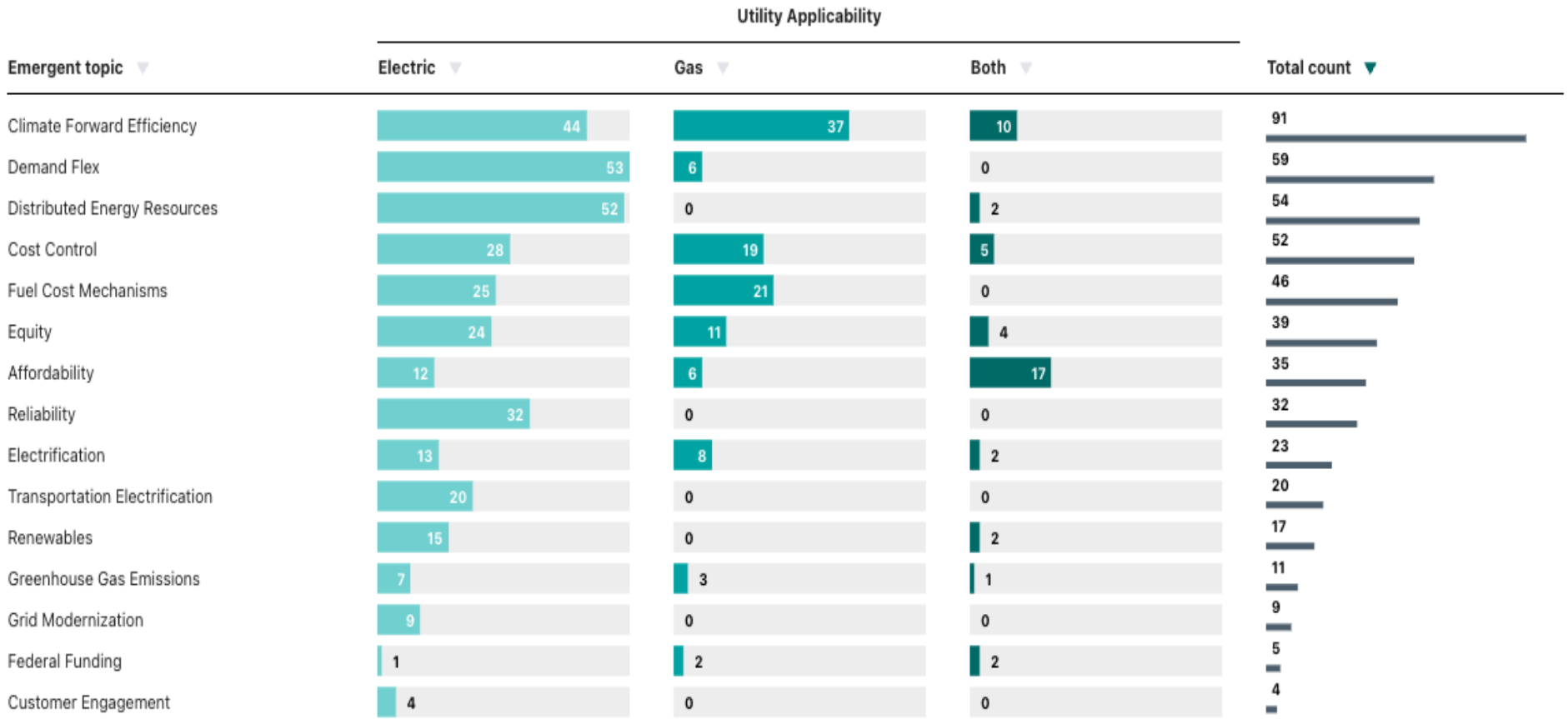
PIMs be used to **motivate improved performance** in specific areas.

## How PIMs can mitigate perverse incentives

- PIMs can support alignment of utility incentives by allowing utilities to earn returns on outcomes that it may otherwise be disincentivized to pursue. For example:
  - Throughput incentive & capex bias discourage EE and rooftop solar
  - Capex bias limits demand response / virtual power plant (VPP) adoption
  - Gas customer base expansion incentives hinder electrification

# PIMs are being used for a variety of emergent topics

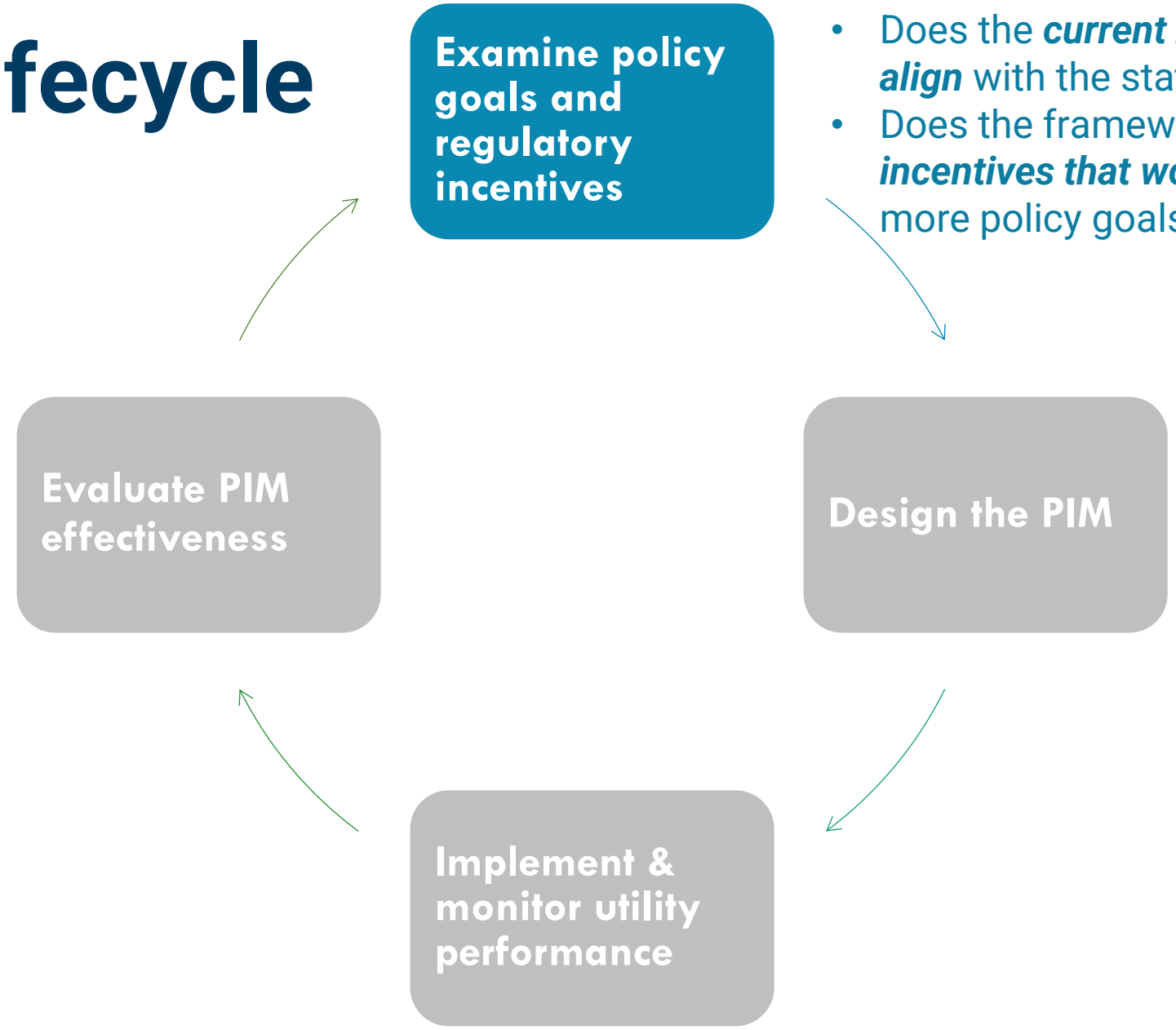
PIMs are increasingly geared towards climate forward efficiency, demand flexibility, DERs and cost control.





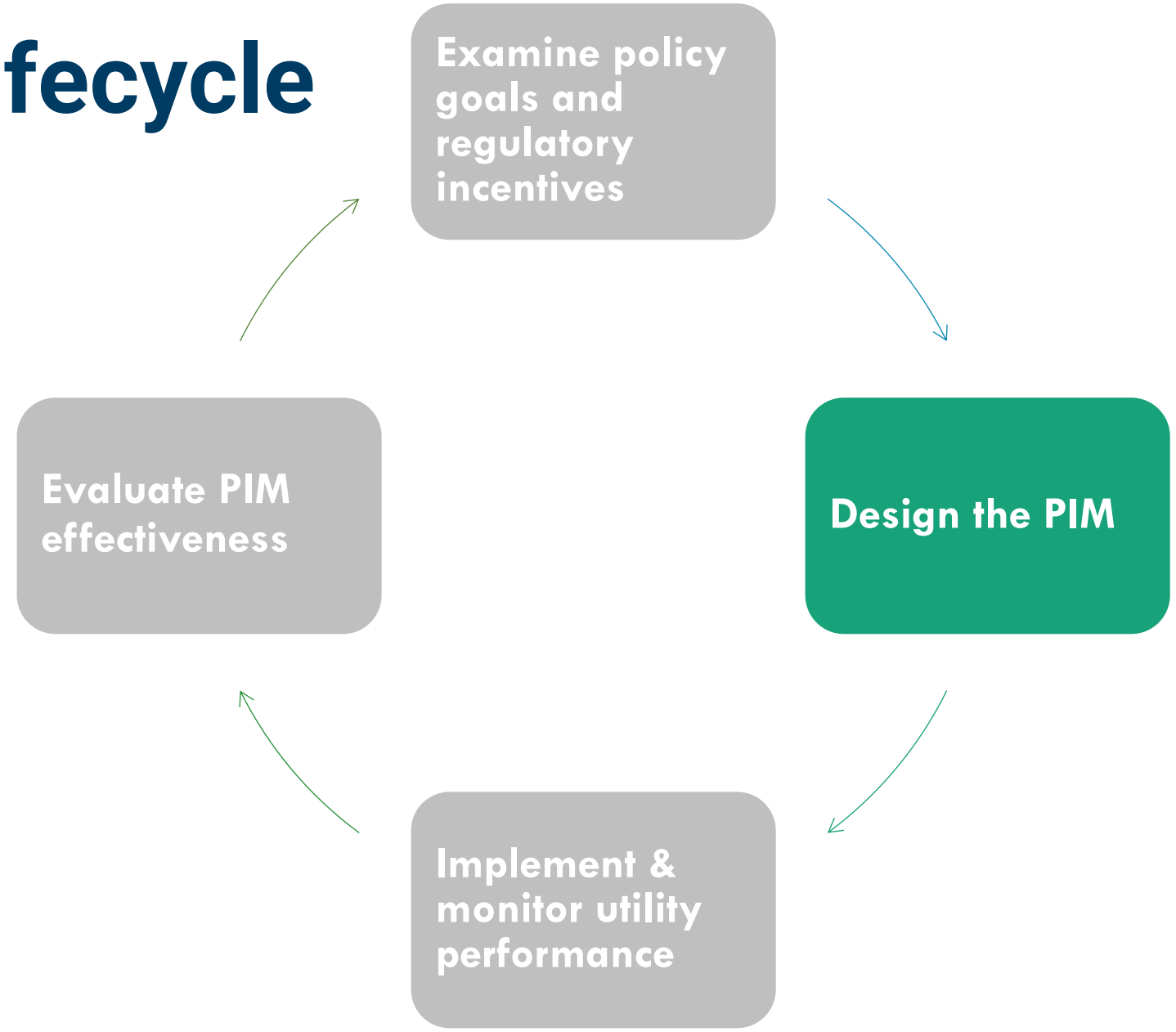

Source: RMI, PIMs Database, 2026

# PIM Lifecycle



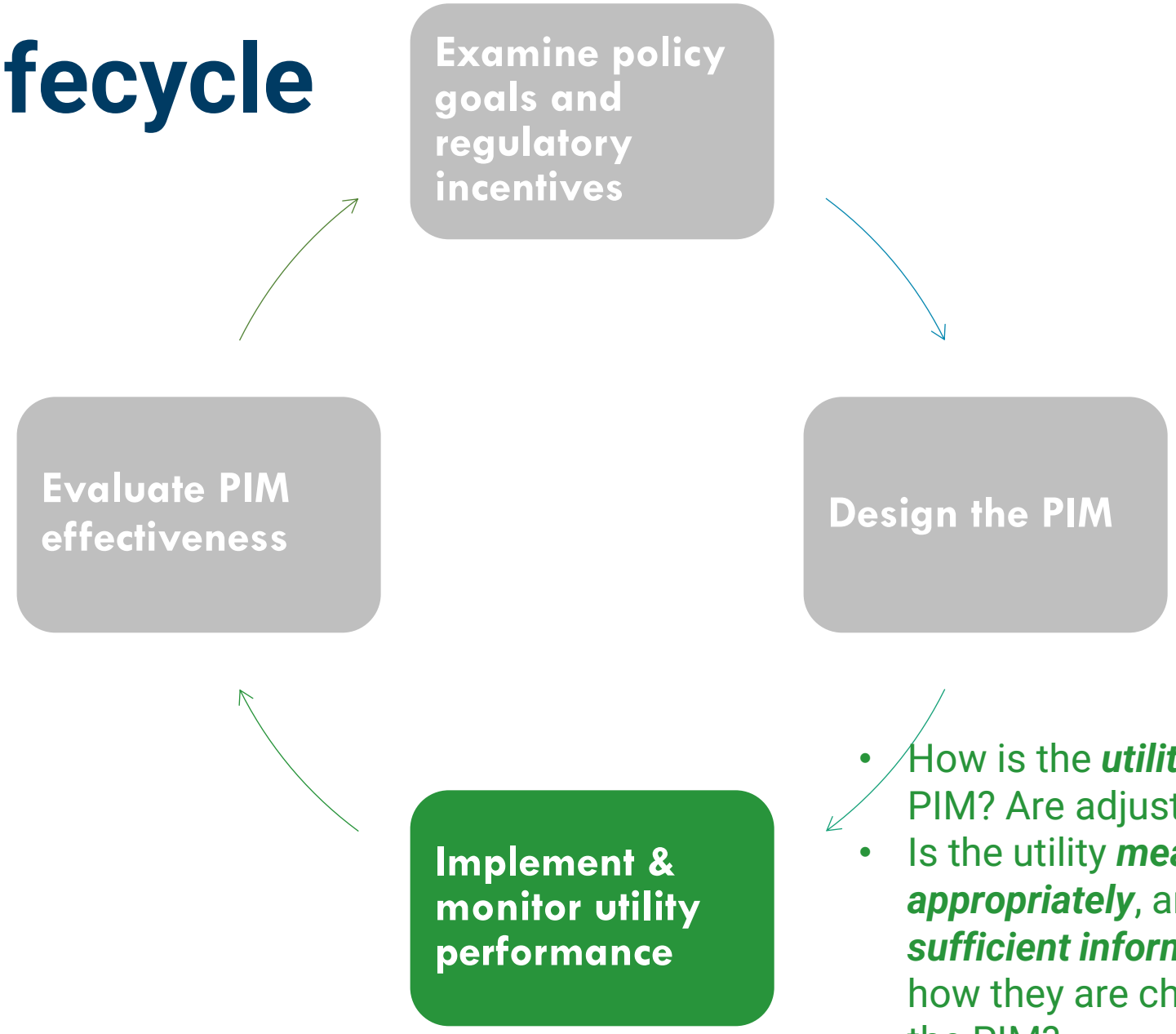

- Does the ***current regulatory framework align*** with the state's policy goals?
- Does the framework create any ***incentives that work counter*** to one or more policy goals?

# PIM Lifecycle



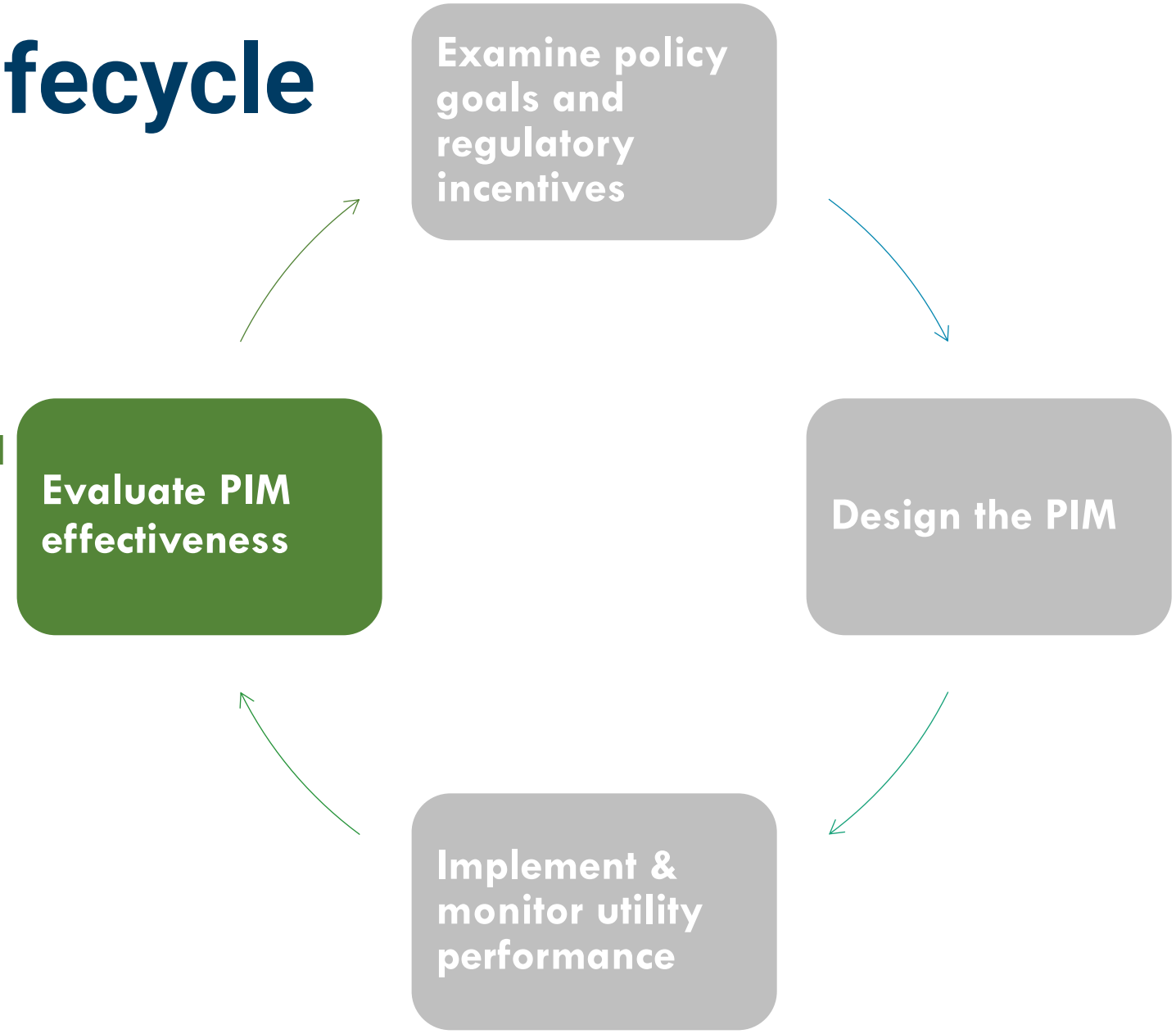

- What ***metric*** would best capture an improvement against the policy goal or regulatory outcome?
- What is the ***desired level of performance*** against that metric? What ***data*** can be used to determine the target?
- What ***incentive structure*** will provide appropriate incentive without overcompensating the utility?

# PIM Lifecycle




- How is the ***utility performing*** under the PIM? Are adjustments needed?
- Is the utility ***measuring performance appropriately***, and submitting ***sufficient information*** to understand how they are changing in response to the PIM?

# PIM Lifecycle




- ***Was the PIM effective*** at motivating improved performance?
- Do the PIM's ***benefits outweigh the costs***?
- Does the PIM need to ***continue***, be ***revised***, or should it be ***sunset***?

# Design principles can be helpful to keep in mind as you design new PIMs

## Connecticut Performance Mechanism Design Principles

| Design Principle | Metrics | Scorecards | PIMs |
|---|---|---|---|
| Reflect desired outcomes | X | X | X |
| Be quantifiable through reasonably available data with a clearly defined calculation methodology | X | X | X |
| Be easily verified | X | X | X |
| Provide certainty in the short-term while adapting as-needed in the public interest | X | X | X |
| Have a clear benchmark or target for comparison | | X | X |
| Be comparable across peer EDCs, as applicable | | X | X |
| Be inclusive of indirect and/or direct EDC control | | | X |
| Incentivize exemplary performance and discourage substandard performance | | | X |
| Include a clearly stated PIM objective | | | X |
| Include incentive structures that are: (1) cost effective; (2) sized to achieve the identified PIM objective; and (3) and include appropriate marginal incentives. | | | X |

Source: Connecticut Public Utilities Regulatory Authority, Proposed Decision, 21-05-15RE02, July 14, 2025

## Rhode Island PIM Design Principles

1. A performance incentive mechanism can be considered when the utility lacks an incentive (or has a disincentive) to better align utility performance with the public interest and there is evidence of underperformance or evidence that improved performance will deliver incremental benefits.
2. Incentives should be designed to enable a comparison of the cost of achieving the target to the potential quantifiable and cash benefits.
3. Incentives should be designed to maximize customers' share of total quantifiable, verifiable net benefits. Consideration will be given to the inherent risks and fairness of allocation of both cash and non-cash system, customer, and societal benefits.
4. An incentive should offer the utility no more than necessary to align utility performance with the public interest.
5. The utility should be offered the same incentive for the same benefit. Stated another way, no action should be rewarded more than an alternative action that produces the same benefit.

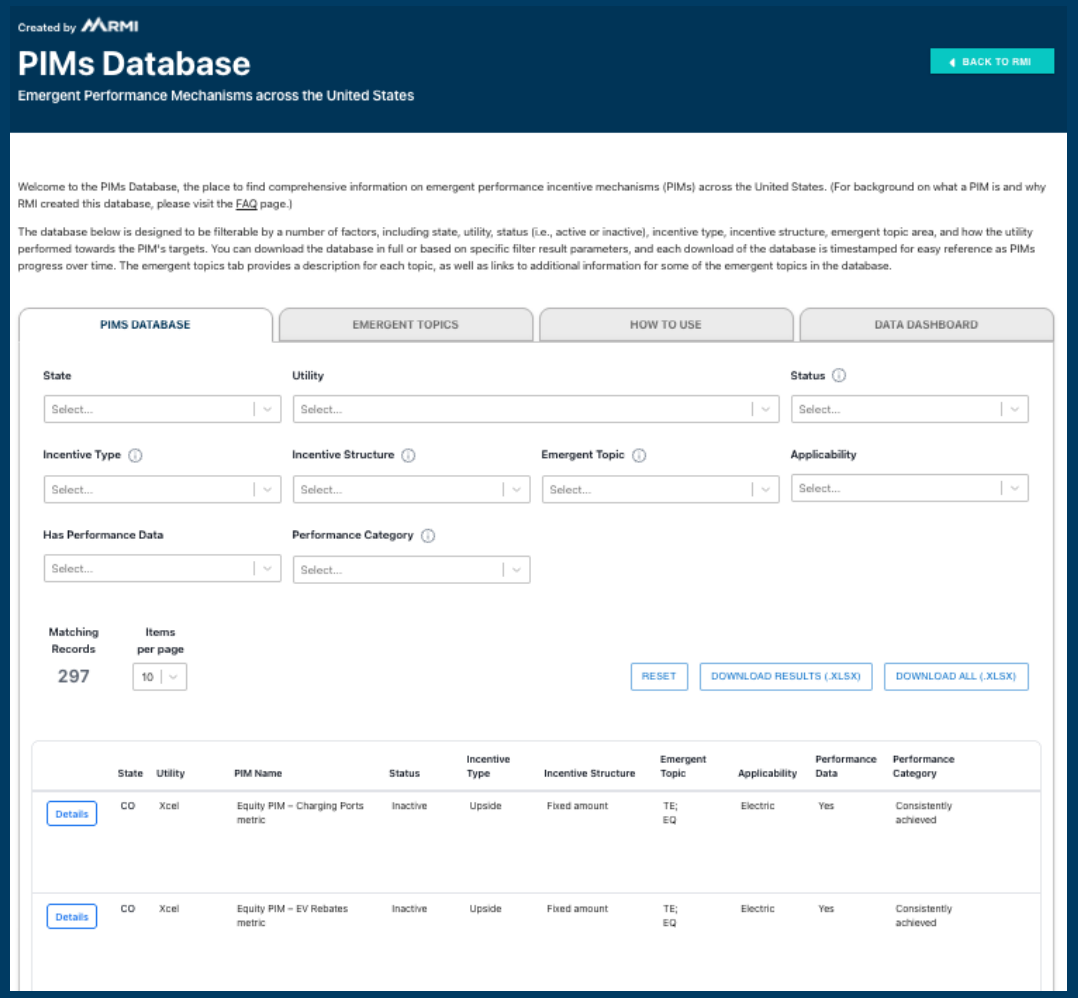
Source: Rhode Island Public Utilities Commission, Public Utilities Commission's Guidance on Principles for the Development and Review of Performance Incentive Mechanisms, Docket No. 4943.

# RMI's PIMs Database

**A resource to reference design and utility performance information on ~225 *emergent* PIMs across the US**

[https://rmi.org/pims-database/](https://rmi.org/pims-database/)

**Sign up for the quarterly Newsletter to receive updates and insights straight to your inbox!**

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# PIM Examples

# Reliability

## Overview

- Reliability standards are common across the country – many without explicit financial incentives.
- Rationale for Reliability PIMs:
  - Multi-year rate plans with strong cost-containment incentives may encourage under-investment in system reliability
  - PIMs are often used to guard against service degradation in multi-year rate plans
- Will PIMs incentivize over-investment?
  - Improvements in reliability come with a cost to ratepayers. Does the benefit outweigh the cost?
  - Consider that utilities earn a return on capital investments, which provides an incentive to undertake infrastructure upgrades.
  - Reliability PIMs should be coupled with strong cost containment incentives in the structure of the MRP to avoid over-investment.

# Reliability

## Moving beyond SAIDI & SAIFI

### Traditional metrics and PIMs

- System-wide averages are useful, but obscure variability in levels of service and ability to withstand and recover from major events
  - SAIDI = system average outage duration
  - SAIFI = system average outage frequency
  - CAIDI = SAIDI/SAIFI. *Note: If SAIFI declines faster than SAIDI, the CAIDI value mathematically increases.*

### Additional metrics or PIMs

- 50 worst-performing circuits (in terms of outage duration)
- $CEMI_n$ = Customers Experiencing Multiple Interruptions
  - *Example: $CEMI_5$ = Percent of customers experiencing more than 5 sustained interruptions*
- $CELID_n$ = Customers Experiencing Long Interruption Duration
  - *Example: $CELID_{12}$ = Percent of customers experiencing outages of 12+ hours*
- Reliability metrics for specific communities

# Reliability

## Example from ComEd in Illinois

**Goal:** Improve reliability in Energy Justice (EJ) and specific low-income communities

**Metrics (measured in EJ and specific low-income communities):**

- SAIDI
- SAIFI
- Customers Experiencing Multiple Interruptions (4+ outages for three consecutive years) ($CEMI_4$), and
- Customers Experiencing Long Duration Outages (12+ hours of interruption duration in each of the last three years) ($CELID_{12}$)

- **Target:**
  - SAIDI: improvement of 15% over 10 years
  - SAIFI, CEMI, CELID: 1% year-over-year improvement
- **Incentive:** +/-1.25 basis points per metric



Source: ComEd 2026 Rate Book. RIDER PIM.
https://www.comed.com/cdn/assets/v3/assets/blt3ebb3fed6084be2a/blt86ebee5fe6ed02f8/6a8892eecb898161b991f4d7/2026_Ratebook.pdf?branch=prod_alias

# Safety

## Public safety and occupational safety examples

- **Response times** to emergency incidents (Washington, California)
- **Outages** due to vegetation and equipment damage in high fire threat areas (California)
- **Ignitions** attributable to utility infrastructure (California)
- **Gas line damage** during excavation per 1,000 Underground Service Alert tickets. Excludes utility and utility contractor work. (California)
- **Gas overpressure** events (California)
- **Employee Days Away, Restricted and Transfer** (DART) Rate (California)

*Note: California metrics as approved in R.20-07-013 can influence utility executive compensation and other commission actions, but do not carry automatic financial impacts.*



*Source:* California Public Utilities Commission. Decision 21-11-009 in R.20-07-013. November 9, 2021.

# Safety

## Cautionary tale: Risk of perverse incentives

- **Goal: Improve employee health & safety**
- **Metric:** number of first aid incidents and lost time incidents, based on historical averages as reported to OSHA
- **Target:** 8.8 injuries and illnesses per 200,000 hours worked with a deadband of +/-0.3
- **Challenges:** the incentive mechanism discouraged employees from reporting injuries so as not to jeopardize their incentive.
- **Lessons learned:** Consider what perverse incentives may be created by PIMs. Scorecards or metrics may be more effective for certain goals.



*Source: Decision 08-09-038, Decision Regarding Performance Based Ratemaking (PBR), Finding Violations of PBR Standards, Ordering Refunds, and Imposing a Fine*. California Public Utilities Commission.

# Customer Service

## What constitutes good customer service? Common PIMs:

- **Percent of calls answered within X seconds**
  - But was the issue actually resolved? Did the calls even get through?
- **First call resolution – issue resolved in one call**
  - Much more correlated with customer satisfaction than speed of answer
- **Surveys**
  - Can be expensive to administer and have low response rates
  - New York has adopted a statewide email survey, but only available to customers who have a registered email address.
- **Customer complaints**
  - Complaints made to the Commission – typically only those that are escalated to a case or deemed "justified" are counted
- **Appointments kept**
  - Often a direct monetary credit to customer if appointment is missed
- **Billing**
  - Percent of bills rendered accurately
  - Percent of meters read (versus estimated readings)
- **Time for field technicians to respond to an emergency**

# Customer Service

## Examples from PSE, Washington

| Key Measurement | Benchmark | 2020 Performance | Achieved |
|---|---|---|---|
| **Customer Satisfaction** | | | |
| Percent of customers satisfied with our Customer Care Center services, based on survey | At least 90 percent | 94 percent | ✓ |
| Percent of customers satisfied with field services, based on survey | At least 90 percent | 96 percent | ✓ |
| Number of complaints to the WUTC per 1,000 customers, per year | Less than 0.40 | 0.10 | ✓ |
| **Customer Services** | | | |
| Percent of calls answered live within 60 seconds by our Customer Care Center | At least 80 percent | 84 percent | ✓ |
| **Operations Services** | | | |
| Percent of service appointments kept | At least 92 percent | 99 percent | ✓ |



Source: Puget Sound Energy. 2020 Service Quality Report Card

# Customer Service

## Example from Illinois

### First call resolution

Percentage of customer contacts that are resolved on the first contact with the Company's Customer Service Representatives (CSRs), Interactive Voice Response System (IVR), web, and mobile application within a period of 72 hours. Includes contacts regarding:

(i) billing and payments;

(ii) credit and collections; and

(iii) start/stop/move requests,

Excludes transactions which neither the self-service channel nor the call center can resolve, such as power outages, gas emergencies, downed wires, etc.



Source: ComEd 2026 Rate Book. RIDER PIM.
https://www.comed.com/cdn/assets/v3/assets/blt3ebb3fed6084be2a/blt86ebee5fe6ed02f8/6a8892eecb898161b991f4d7/2026_Ratebook.pdf?branch=prod_alias

# Customer disconnection PIMs in Illinois

## ComEd

**Metric:**
Count of residential disconnections within the 20 zip codes with the highest historical disconnection rates (2017-2019).

**Target:**
Reward for reduction between 6.7-10%
Deadband for 3.3-6.7%
Penalty for <3.3%

**Financial Incentive:**
Symmetrical, interpolated up to +/- 5bps

## Ameren

**Metric:**
Count of residential customer disconnections for nonpayment within the 20 zip codes with the highest historical disconnection rates (2017-2019).

**Target:**
A single annual target of disconnections;
Target decreases annually

**Financial Incentive:**
Symmetrical, flat +/- 3bps

# Asset utilization can be measured in a variety of ways

## Con Edison (NY): DER Utilization EAM

**Metric:**
Sum of the MWh produced, consumed, or discharged from incrementally added DERs

**Target:**
3-tiered targets that increased annually (with exception of 2nd generation)

**Financial Incentive:** stair step of 3, 5, 10 bps relative to min, mid, and max targets

- **Other asset utilization examples**
  - Non-wires alternatives shared savings mechanisms (NY, CT)
  - Locational System Relief Value Load Factor EAM (NY)
  - Acquired DER capacity (kWh) enrolled in demand response programs (HI)
  - AMI utilization (HI) as measured by benefits of program enrollment, energy usage alerts, & interval data sharing through green button
  - Peak load reduction and active demand management (IL, MA, NY, VT, WA, MI, NH, NC)
  - Managed charging (NY)

# Renewable energy PIMs

- **No examples of community based renewable energy PIMs in the database.**
- **Other renewable energy PIMs focus on the following:**
  - Incentivizing procurement and timely operational achievement of qualified renewable energy, RE + storage, standalone storage, and grid services in RFP process (HI)
  - GHG reduction (NY, HI)
  - Renewable program enrollment (NC)
  - Reducing exposure to paying alternative compliance payments for clean energy standard compliance (NY).

# Lessons learned from PIM implementation

- Fewer PIMs with larger incentives may be more effective
- Be clear about the problem the PIM is intended to address
- A PIM is not always the most effective tool for every problem
- Simplicity in design is key
- When in doubt, measure first, adopt an incentive later
- One metric is usually insufficient to understand holistic performance
- Build in process to evaluate PIM efficacy over time
- Consider complimentary changes necessary to support PIMs
- Consider incentives relative to whole cost recovery framework

# Thank you


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# Additional PIM resources

- **NARUC PBR Working Group Webinars:**
  - Webinar: Strategies for Developing Effective Performance Incentive Mechanisms – Part 2; Vermont's lessons learned with PIMs for energy efficiency programs,
    - Joan White, Vermont Public Utility Commission
  - Webinar: Establishing Metrics
    - Ryan Katofsky, Advanced Energy Economy; Rachel Gold, RMI; Doug Scott, Great Plains Institute
  - Webinar: Beyond the Metrics: Tracking Performance Targets
    - Jessica Shipley, Regulatory Assistance Project; Gennelle Wilson, RMI
- **Reports:**
  - *Utility Performance Incentive Mechanisms: A Handbook for Regulators.* Synapse Energy Economics. March 2015
  - *PIMs for Progress*, RMI, 2018
  - *Rewarding What Matters in Energy Efficiency; Shifting Utility Performance to Focus on Climate*, RMI, 2022
  - *Looking Under the Hood: How PUCs Evaluate Performance Incentive Mechanisms* & *How PIM Evaluation Can Level Up*, RMI, 2025

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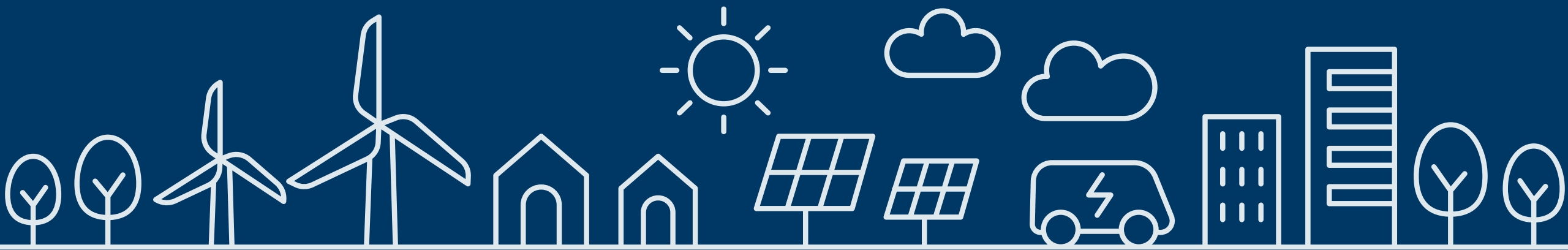
# Additional Considerations

- What are some additional important considerations to keep in mind when developing PIMs?
- What are some important trade-offs and points of tension?



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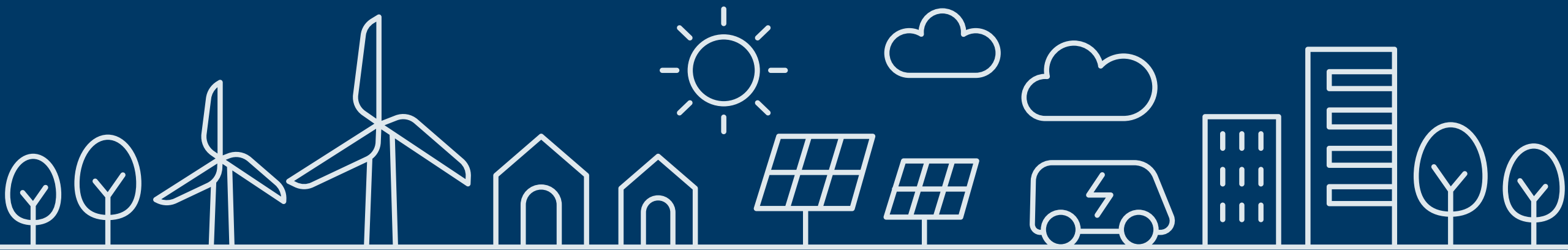
# Wrap-Up and Next Steps



# Wrap-Up and Next Steps

*Phase 2, Track 3: PIMs*

| Track 3 Activity | Date |
|---|---|
| ☑ **Workshop 1** | Aug 27, 2026 |
| **Advocate proposal** | Sep 17, 2026 |
| **Workshop 2** | Sep 30, 2026 |
| **Staff proposal v1** | Oct 20, 2026 |
| **PIM comment deadline** | Nov 3, 2026 |
| **Workshop 3** | Nov 5, 2026 |
| **PIM comment deadline** | Nov 10, 2026 |
| **Discussion** | Dec 7, 2026 |
| **Staff proposal v2** | Dec 11, 2026 |

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# Thank you!

**Staff Contacts:**

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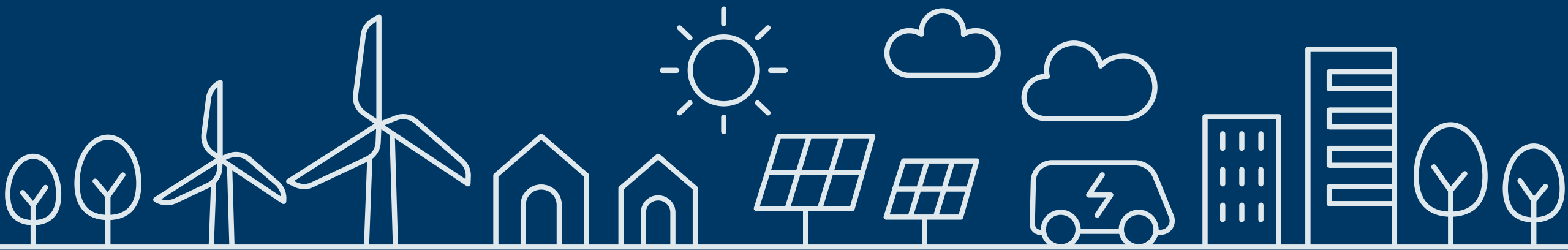
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