Oregon Public Utility Commission

Multi-Year Rate Plan Framework

AR 676 Phase 2, Track 3
PIMs Workshop #2

Wednesday, September 30, 2026
10:00am–12:00pm PT

Meet the GPI Facilitation Team

Aileen Cole
Manager

Trevor Drake
VP, Energy Systems

Audrey Negro
Meeting &
Administrative Coordinator

Hallie Turner
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

10:00	**Welcome and Introductions**
10:10	**Staff Presentation: Phase 1 PIMs Decisions and Phase 2 PIMs Requirements**
10:20	**Energy Advocates' Presentation: PIMs Proposal**

- *Backstop PIMs:* Reliability, Safety, Customer Service
- *Outcome-based PIMs:* Limiting Disconnections, CBRE Progress, Asset Utilization

11:40	**Additional Discussion**
11:55	**Wrap-Up & Next Steps**
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 and better understand the PIMs proposal that the Energy Advocates filed on September 17, 2026, in accordance with Staff's Phase 2 Workplan.
2. Understand stakeholder perspectives on the PIMs included in the Advocates' proposal.

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Multi-Year Rate Plan Framework

Docket No. AR 676
Phase 2 Track 3

Performance Incentive Mechanisms Workshop 2

Oregon Public Utility Commission

OPUC Staff Presentation
September 30, 2026

Six required PIM areas

Baseline adopted in Order No. 26-242 (July 7, 2026). 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.

Phase 2, Track 3: PIMs

From Staff's Phase 2 Workplan

Track 3 Activity	Date
Workshop 1	Aug. 27, 2026
Advocate Proposal *Staff asked advocate organizations to file a proposal on the targeted PIM areas*	Sept. 17, 2026
Workshop 2: Advocates' PIMs Proposal	***Sept. 30, 2026***
PIM comment deadline	Oct. 9, 2026 *Comments accepted until Oct. 20th but earlier preferred*
Staff Proposal (v1)	Oct. 20, 2026
Workshop 3	Nov. 5, 2026
PIM comment deadline	Nov. 10, 2026
Discussion	Dec. 7, 2026
Staff Proposal (v2)	Dec. 11, 2026

Questions?

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PIMs Feedback

Seeking gas and electric utility perspectives on:

- Pros/cons of each PIM
- What your company would have to do to align with each PIM
- Are there existing tools/frameworks that incentivize alignment with this outcome?

Electric Utilities	Gas Utilities
PacifiCorp	Avista
PGE	Cascade
Idaho Power	NW Natural

Energy Advocates' PIMs Initial Draft Proposal

OPUC Staff PIMs Workshop #2 AR 676 Track 3 September 30, 2026

CONSIDERATIONS

"develop targeted PIMs starting from an understanding of peer experiences and community perspectives." - OPUC Staff

- PIMs can motivate utilities to prioritize spending or programs that might not be in the financial interest of the utility under traditional cost of service regulation
- PIM proposals were based on **examples** from other states documented in RMI's PIM database.
- We are approaching the PIMs work with a **solution-oriented** mindset and look forward to the discussion

BACK STOP PIMS

- Reliability
- Safety
- Customer Service

RELIABILITY

Ensure consistent, reliable energy delivery to customers.

1. Outcome:

- Improve electric transmission and distribution system reliability by establishing and maintaining target reliability levels based on historical data.

2. Metrics:

- SAIDI, SAIFI, CAIDI, and MAIFIE adjusted for statistical confidence levels and grid work.

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points, measured annually

5. Remaining Questions/Considerations:

- By the utility's next MRP, implement a second phase of the PIM focused on the worst-performing circuits in the IOU territories as well as on communities with the highest energy burdens.

RELIABILITY

Ensure consistent, reliable energy delivery to customers.

1. Outcome:

- Reduce or maintain the target average time to reconnect following a utility-mandated disconnection for reasons other than non-payment

2. Metrics:

- Average time to reconnect or to repair based on historic averages

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points, measured annually

5. Remaining Questions/Considerations:

- Using historical data to establish a baseline average for time to reconnect.
- Consider whether disconnection involving planned repairs requires a different target than other disconnections.

*Electrics Only

SAFETY

Ensure that utilities are incentivized to successfully prevent and correct safety issues, beyond what is required under business-as-usual, and adequately budget for the safety needs of the system.

1. Outcome:

- Violations per hour as measured by PUC field **audit**

2. Metrics:

- Historic PUC performance data
- What PUC has previously considered fair performance in previous audit years

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount, or Basis Points

5. Remaining Questions/Considerations:

- Specifics on what metrics PUC tracks under “performance data” - using all of them?
- Where in the current metrics is there room for evolution - especially related to wildfire

*Electrics Only

SAFETY

Ensure that utilities are incentivized to successfully correct immediate hazards in a timely manner, and that corners are not cut.

1. Outcome:

- Timely correction of “immediate hazards” as defined by existing PUC safety audits.

2. Metrics:

- Corrected hazards within PUC established timelines (30-90 days depending on hazard type)

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points

5. Remaining Questions/Considerations:

- Where in the current metrics is there room for evolution or additions?

SAFETY

No cut corners on safety related to handling gas leaks.

1. Outcome:

- Ensure gas leaks response and correction is timely

2. Metrics:

- Response & correction time to reported gas leaks

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points

5. Remaining Questions/Considerations:

- Corroborating customer experience data from PUC to utility?

*Gas Only

SAFETY

No cut corners on safety related to handling gas overpressure: we want equipment and people to remain intact, with no disruption of service due to this preventable occurrence.

1. Outcome:

- Reduce the number of overpressure events

2. Metrics:

- Number of overpressure events at distro and transmission levels

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points

5. Remaining Questions/Considerations:

- Look to and learn from SoCal Gas in CA as an example PIM.

CUSTOMER SERVICE

1. Outcome:

- Monitor and evaluate utility performance to ensure customer satisfaction does not decline, especially for vulnerable populations

2. Metrics:

- Percent resolved on the first contact using utility's customer service resolution options within a period of 72 hours, reflected by language, geography, and (if applicable) relevant program (e.g., community solar, BDP programs, etc.)

3. Incentive Direction:

- Downside

4. Incentive Design/Formula:

- Fixed Amount or Basis Points, measured annually

5. Remaining Questions/Considerations:

- No publicly available customer satisfaction surveys
- Need survey results from community action agencies and other community service providers to develop metric

PIM seeks to ensure utilities do not budget in ways that negatively impact customer satisfaction

OUTCOME BASED PIMS

- Disconnections
- Asset Utilization
- CBREs

DISCONNECTIONS

Outcome	Reduce number of residential disconnections for non-payment by at least *TBD* % annually, while keeping disconnections under *TBD* a year, without raising arrearages.
Metrics	1. Number of customers in arrears by ZIP code 2. Number of customers disconnected by ZIP code 3. Number of customers in 90+ day arrears by ZIP code 4. Number of customers enrolled in a bill discount program who are also disconnected and enrolled in a payment arrangement
Incentive Design/Direction	If baseline ROE is set lower due to having multiple ROE incentive PIMs, we propose a symmetrical ROE. Otherwise, we propose a downside-only PIM. The deadband and numeric targets should be utility-specific, while the metric definition and the arrearage rates are standardized in rule. Variance in quantitative targets depending on utility.
Remaining Questions/Considerations	• How should we design the percentage reduction and the disconnection cap? Pre-pandemic levels? Something else? • Should we focus on the zip codes with the highest disconnections? • Should we focus on known low income households and those with med certs?

A disconnection PIM can help improve and expand existing programs meant to reduce symptoms of energy insecurity and can encourage utilities to be more innovative in supporting energy insecure families.

Asset Utilization

- Advocates understand asset utilization to be a goal of **right sizing** assets and investments to correspond with throughput and customer growth and/shrinkage.
- These proposed PIMs are meant to support cost containment by:
  - Identifying available headroom
  - Making more efficient use of existing assets
  - Avoiding unnecessary expenditures
  - Improving investment efficiency

Asset Utilization - Reporting

Outcome	Acquire data for understanding system utilization during peak and minimum load periods
Metrics	Phase 1: Data collection at the system wide and local level: • Throughput • Performance during peak and minimum load periods • Asset and reliability risk Phase 2: Action Plan based on Phase 1 data
Timeline	• Phase 1 Data Collection - Three years of data collection beginning in 2027 • Phase 2 Plan ready prior to 2nd round MRPs, to inform 2nd round MRP and possible new PIMs
Remaining Questions/ Considerations	• What additional data is needed from utilities to understand system throughput & system utilization, etc. • How much historical data is available now?

A reporting-only PIM can help us understand more completely about where opportunities and constraints exist in how utilities currently utilize the existing grid, and using that data to form actionable PIMs.

Asset Utilization - NWA

Outcome	Total cost of NWA projects deployed by the utility or acquired through customer program or competitive procurement
Metrics	TBD
Incentive Design/ Direction	Shared savings approach on Net Cost Savings on NWA compared to a grid upgrade
Remaining Questions/ Considerations	NWA PIMs appear most suitable to large projects because some form of a wires project needs to exist that the NWA can be compared against to generate a net savings that can be shared. An appropriate threshold for this measure will need to be determined.

The goal of is to encourage implementation of the most cost effective measure for meeting local demand growth and freeing up transmission assets to accept more load.

Asset Utilization - DER Interconnection

Outcome	Improved DER interconnection
Metrics	Reduction in average time needed to secure an approved interconnection permit
Incentive Design/ Direction	Symmetrical- rewards improvement in interconnection timelines, penalizes delays
Remaining Questions/ Considerations	• Would need a baseline and benchmark before setting a target • Would current historical data be able to provide enough information to set a baseline?

Time to interconnection remains a significant challenge in bringing assets online that can reduce costs for customers, provide flexible grid resources, and improve customer resilience. Reducing interconnection times would reduce project costs and support greater adoption.

Asset Utilization - DER Effectiveness

Outcome	Greater and more efficient utilization of grid services & effectiveness to increase affordability, reduce constraints, accommodate load growth
Metrics	1. % and total MW of DER systems capable of providing grid services 2. % and total MW of capable DER systems enrolled in grid service programs 3. % and total MW of DER systems enrolled in grid service programs that are being utilized to provide grid services
Incentive Design/ Direction	Shared savings mechanism based on MWh of DER deployed during peak periods; deferred investments.
Remaining Questions/ Considerations	• Do the utilities already have this data accessible through their DSP planning? Is there enough historical data? • Data down to the feeder/substation level may be necessary to truly understand where we can account for deferred investments

Effective utilization of DER assets can provide varying benefits for the grid that can ultimately support affordability and resilience for customers.

Asset Utilization - Strategic Electrification

Outcome	Incentivise electrification of customers, and particularly electrification that results in reduced system costs through retirement of gas infrastructure.
Metrics	1. #/% of end uses electrified 2. #/% of customers electrified (service line retired/disconnected) 3. #/% of gas mains retired
Incentive Design/Direction	Upside, Tiered reward where the utility gets a graduated incentive related to the scale of customer electrification or lines capped.
Remaining Questions/ Considerations	• Level of incentive that would support action • Quantified system savings for each level of action

The State Energy Strategy Identifies "Strategic Electrification" as a least cost pathway for meeting state energy goals, however, gas utilities are not currently incentivised to support strategic electrification of gas customers. Providing an incentive to electrify customers, could reduce gas system costs for all, reduce bills for individual customers, and serve as a cost effective compliance strategy for emissions reductions.

Asset Utilization - NPAs

Outcome	Incentivise cost effective non pipeline alternatives to gas pipeline projects.
Metrics	1. Costs of proposed pipe maintenance/replacement projects 2. Costs of NPAs
Incentive Design/Direction	Shared savings approach based on the Net Cost Savings of the NPA compared to a pipeline project.
Remaining Questions/ Considerations	• Level of incentive that would support action • Types of projects that would qualify for NPA PIM • Should the incentive be available per NPA? Or as a portfolio of avoided costs?

Nonpipe alternatives can reduce gas system costs for all customers, especially as customer growth slows and throughput declines. NPAs can also support emissions reductions. However, gas utilities are not incentivised under current system to pursue these alternatives

Asset Utilization - Reporting

Problem	More granular system data on usage of different segments of the distribution system could inform future PIMs and other work streams but is not available currently. Shared data on system utilization of both gas and electric systems can support more cost containment.
Purpose	Collect more robust data to inform gas system planning, electric system planning, and future PIMs to support efficient asset utilization of both the gas and electric systems
Shadow PIM Design	Data/Reporting on distribution infrastructure including: • Total fixed costs compared to number of customers and throughput • Branch level data on current and expected costs to maintain each branch • Branch level data on number of customers and throughput served through that branch
Remaining Questions/ Considerations	What additional information do electric and gas utilities need to effectively do joint planning and strategic electrification?

*Electrics Only

CBREs - Per-MW Growth

Outcome	Incentivize electric IOU's to more aggressively pursue and procure CBRE resources with meaningful community benefits beyond business-as-usual levels
Incentive Design/Direction	• Establish an annual CBRE acquisition trajectory • Set incentive levels/amounts for MW brought online above trajectory • Potentially provide higher incentive or multiplier for projects with additional benefits such as community ownership, peak demand reduction, avoidance of traditional grid investment
Metrics	• MW of qualifying CBRE capacity reaching commercial operation each year • Measured against established annual procurement baseline trajectory

Remaining Questions/Considerations	• Setting annual baseline
	  ○ What is the best way to do this given limited CBRE procurement data?
	  ○ Some proxy sources exist such as Community Solar and SSRs
	  ○ Iterative process likely needed with more information becoming available over time

Advocates want Oregon's IOUs to invest more heavily in CBRE projects, particularly those that benefit environmental justice communities as emphasized in HB 2021. An effective CBRE PIM would reward utilities that plan for, and implement, CBRE projects that provide additionality beyond what is already required in HB 2021.

*Electrics Only

CBREs - Shared Savings/Net Benefits

Outcome	Incentivize electric IOU's to more aggressively pursue and procure CBRE resources with meaningful community benefits beyond business-as-usual levels
Incentive Design/Direction	• Utility receives a predetermined share of net savings and/or benefits created by the CBRE • Compare the CBRE against a reasonable alternative for meeting the same need • Utility earns more as the CBRE creates a greater net value

Metrics	• Net benefits of CBRE investment relative to reasonable alternative
	• Some benefits are more quantifiable than others:
	  ○ Avoided energy and capacity costs
	  ○ Peak reduction / grid services
	  ○ Avoided or deferred infrastructure investment

Remaining Questions/Considerations	• How to value less-quantifiable benefits that CBREs provide such as resilience, community ownership, local investment, and equity considerations • What is the appropriate share of benefits utility can retain that is both an adequate incentive but also fair to the community and ratepayers

Advocates want Oregon's IOUs to invest more heavily in CBRE projects, particularly those that benefit environmental justice communities as emphasized in HB 2021. An effective CBRE PIM would reward utilities that plan for, and implement, CBRE projects that provide additionality beyond what is already required in HB 2021.

*Electrics Only

CBREs - Efficiency Carryover

Outcome	Incentivize electric IOU's to more aggressively pursue and procure CBRE resources with meaningful community benefits
Incentive Design/Direction	• Reward benefits achieved in one year that generate value that carries into subsequent years • Moves beyond one-time incentive based solely on project acquisition/operation and allows incentive to carryover into subsequent years where value is still being provided
Metrics	• Annually qualifying CBRE benefits, with a defined carryover period ○ Set maximum length and incentive to ensure benefits are closely enough related to project
Remaining Questions/Considerations	• Which CBRE benefits should be carried over and for how long? • Avoiding double counting of benefits rewarded elsewhere • How to account for changes in project performance/operation?

Advocates want Oregon's IOUs to invest more heavily in CBRE projects, particularly those that benefit environmental justice communities as emphasized in HB 2021. An effective CBRE PIM would reward utilities that plan for, and implement, CBRE projects that provide additionality beyond what is already required in HB 2021.

THANK YOU!

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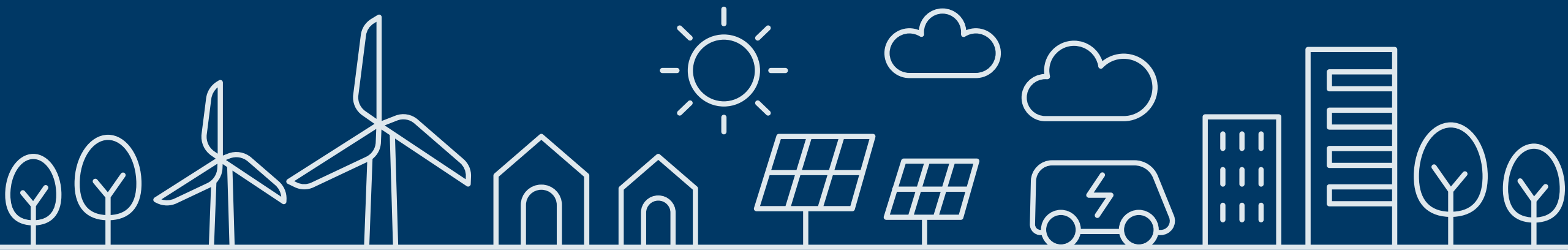
Wrap-Up and Next Steps



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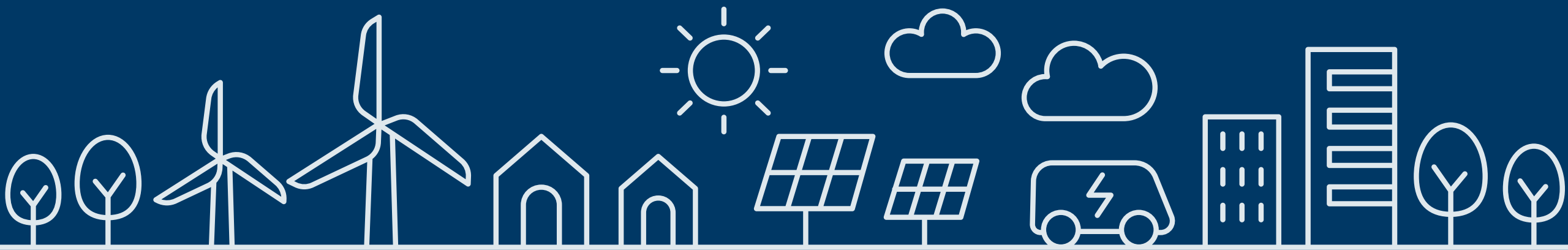
Thank you!

Staff Contacts:

Michelle Scala
michelle.m.scala@puc.oregon.gov