

September 17, 2024

## Docket No. UM 2005: Investigation into Distribution System Planning

### Introduction

In this document Staff provides an update on progress towards the current goal of Docket No. UM 2005, which is to develop revisions to electric utility distribution system planning (DSP) Guidelines. Staff summarizes stakeholder feedback on Staff's previously revised DSP Guidelines, and responds to this feedback. Staff also presents newly proposed revisions to the Guidelines (posted to the Docket separately on September 17, 2024) intended to address stakeholder feedback. This document provides guiding context for the September revisions.

### Background and Process to Date

In April 2024, Staff published to the Docket proposed DSP Guideline revisions. Summary information, and redline and clean versions of the proposed revisions can be found here: <https://edocs.puc.state.or.us/efdocus/HAH/um2005hah328141024.pdf>. The proposed revisions focus the next round of plans on vetting core investment planning information to inform the rate recovery process, and to continue to improve insight and transparency into prioritization of investments across key planning activities before the PUC.

Staff requested public comment on the initial Staff revisions by May 31, 2024, and Staff received comments from each utility, CUB, and jointly from the Environmental Advocates. In response to stakeholder and utility feedback, Staff lengthened the overall process, held a workshop on July 10, 2024, and extended the public comment period through July 26, 2024.

In the July 10 workshop, Staff reviewed and discussed with stakeholders the proposed revisions and addressed key issues raised in the May public comments. The utilities, commenting jointly, and the Environmental Advocates provided comments during the extended period in July.

### Stakeholder Feedback Summary and Staff Response

Utilities and stakeholders provided in sum over 150 specific comments. Below, Staff describes the key themes of utility and stakeholder feedback, followed by Staff's responses.

### **Pre-Prudency Review (Overarching Comment)**

Staff's April revisions include language articulating relations between DSPs and future general rate cases. Each utility commented that the proposed connection, or thru-line, between DSPs and future general rate cases amounts to pre-prudency review, which is problematic. The Environmental Advocates expressed support for revisions that sought to connect DSPs and future rate cases.

*Staff Response*

Staff disagrees that providing additional, specific information about expected projects results in a pre-prudency review. First, Staff believes the additional, specific information creates greater insight into investment planning, and this greater insight is called for by recent rate increases. Second, Staff notes that DSPs are filed for Commission acceptance. The Commission considers whether to accept the filed Plan as meeting the objectives of the Guidelines, but does not consider, or take action on, specific investments in the DSP on an individual basis. This level of review and Commission action are insufficient to constitute prudence determination. The Guidelines themselves state that Commission acceptance does not constitute a determination on the prudence of any individual actions discussed in the Plan. Third, Staff notes that prudence cannot be determined prospectively. Instead, it is determined based on what the utility knew or should have known at the time the investment was made. This can't be determined before an investment occurs, when a DSP is prepared and filed. Staff has developed revised language in the Grid Needs, Solution Identification, Near-term Action Plan, and Long-term Plan sections to reflect Staff's perspective as clearly as possible.

**Hosting Capacity Analysis**

Staff's April revisions remove the guideline on hosting capacity analysis, which is structured around one-time activities completed in the inaugural filings. Staff noted that technical aspects of hosting capacity are being considered in Staff's investigation into interconnection processes and policies in Docket No. UM 2111. Though Staff does not propose a hosting capacity threshold as a grid need, Staff expressed intent to propose updated direction to maintain current utility maps, in coordination with Docket No. UM 2111.

Utilities did not substantively comment on this proposed revision. Environmental Advocates expressed support of Staff's intent to propose updated direction on current utility maps, and noted it would be helpful for Staff to provide some direction about timing of the updated direction. Advocates commented they found it difficult to reconcile Staff's decision to not propose a hosting capacity threshold as a grid need, and recommended Staff reconsider this decision.

*Staff Response*

Staff welcomes this feedback and notes that current utility maps include information with a variety of vintages.<sup>1</sup> For example, the Pacific Power map includes the 2024 Fire High Consequence Areas, 2023 Distribution Generation Capacity data, and 2022 Reliability data.<sup>2</sup> The PGE map User Guide notes that data in the map is updated twice a year, though much of the actual data in the map appears to be from February 2024, and is approximately seven months old.<sup>3</sup> More substantively, Staff is not aware of any

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<sup>1</sup> PGE: <https://www.arcgis.com/apps/webappviewer/index.html?id=959db1ae628845d09b348fbf340eff03>

Pacific Power: <https://experience.arcgis.com/experience/9de589f4f0604262a0867692e58a13a2>

Idaho Power: <https://www.idahopower.com/energy-environment/energy/planning-and-electrical-projects/oregon-distribution-system-plan/generation-limited-circuits/>.

<sup>2</sup> Staff accessed Pacific Power's map via the link above on September 9, 2024.

<sup>3</sup> [https://assets.ctfassets.net/416ywc1laqmd/5as1qOV0gY7u9TzCTcOj4V/6579a1b5df755e23de64aeefe1625b32/DG\\_Evaluation\\_Map\\_User\\_Guide\\_09.16.2021.pdf](https://assets.ctfassets.net/416ywc1laqmd/5as1qOV0gY7u9TzCTcOj4V/6579a1b5df755e23de64aeefe1625b32/DG_Evaluation_Map_User_Guide_09.16.2021.pdf), and PGE's map via the link above, both accessed on September 9, 2024.

public-facing utility schedules to update or maintain the maps. Plans to update and maintain these maps will become more vital in the coming months as utilities make progress updating legacy data on net metering projects, resulting in a more accurate understanding of distribution feeders' capacity.<sup>4</sup> This is especially so with the Commission's March 2024 direction from AR 659 to prioritize congested feeders, and use and share updated information as it becomes available.<sup>5</sup>

As such, Staff will recommend in its Memo that utilities develop and share public facing schedules to update and maintain the maps by March 2025, and that beginning in 2025, in coordination with completion of updating legacy data, the utilities update their maps' system data<sup>6</sup> at a minimum twice a year, approximately every six months, and other data<sup>7</sup> annually.

Staff appreciates Advocates perspective that without a threshold to require utility action to upgrade congested feeders, the benefits of HCA are greatly reduced. However, inaccurate utility legacy data continues to prevent a sound calculation of capacity. Phase 2 of Staff's investigation into interconnection processes and policies in Docket No. UM 2111 will begin shortly. The scope is still being finalized, and will be discussed at a Staff workshop on September 27, 2024.<sup>8</sup> Staff believes prescribing utility system investments, in this instance providing direction in setting a hosting capacity threshold as a grid need, exceeds the scope of this effort to update the Guidelines.

### **Community Engagement (Guideline 3)**

Staff's April revisions do not change either the minimum number of required workshops, or the requirement for engagement to occur while Plans are in-process. However, Staff proposes that DSP engagement be integrated with ongoing community and stakeholder processes, and leverage best practices and lessons learned from engagement efforts from prior Plans and other planning processes. Staff also proposes utilities maintain the Community Engagement Plans developed for inaugural filings, and that those Community Engagement Plans now consider engagement of local governments and Tribal nations.

Utilities requested further definition of "larger projects" and recommended revised language for the Community Engagement Plans. Environmental Advocates expressed support for requiring consideration of coordination with local governments and Tribal nations. Advocates also expressed concern that the pursuit of integrated engagement could come at the expense of accessible engagement forums.

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<sup>4</sup> PGE and Idaho Power by March 2025, and Pacific Power by September 2025, Order No. 24-068, <https://apps.puc.state.or.us/orders/2024ords/24-068.pdf>, page 3.

<sup>5</sup> Order No. 24-068, <https://apps.puc.state.or.us/orders/2024ords/24-068.pdf>, page 3.

<sup>6</sup> For example, PGE: DG Ready status, Net Daytime Minimum Load, DG Capacity in Queue, Limited Generation Feeder status. PAC: Distribution System Planning Studies, Distribution Generation Readiness status, Distribution Generation Capacity. IPC: Generation Limited Circuits.

<sup>7</sup> For example, PGE: Public Safety Power Shutoff Areas, LEAD and other demographic data.

PAC: Community Grant Distribution through Energy Trust of Oregon, Reliability, Fire High Consequence Areas, Low-Income Energy Affordability Data.

<sup>8</sup> Staff Schedule Update in Docket No. UM 2111, August 22, 2024, <https://edocs.puc.state.or.us/efdocs/HAH/um2111hah330913033.pdf>.

### *Staff Response*

Staff believes this feedback improves the proposed revisions and includes the majority of parties' suggestions.

### **Current System Data and Assessment (Guideline 4)**

Staff's April revisions remove requirements from this section that are duplicative or now out of date. Staff proposes adding a summary-level progress report on activities from the last-filed DSP, currently a practice in the Integrated Resource Plan (IRP) process. Staff also proposes that data assembled for this section be made available in electronic format, and without protective order.

Utilities commented that the description of practices used to identify grid needs was duplicative and better placed in the Grid Needs section, that language about reliability-related planned investments is better placed in the Near-term Action Plan, and that more clarity was needed regarding the summary-level progress report, and the providing of electronic data. Utilities also commented that historical distribution system spending categories are outside of the Companies' existing accounting structures, are extraordinarily burdensome, and the Guideline should allow utilities to report past expenditures in categories that reflect their individual project and financial management practices. Environmental Advocates expressed support for streamlining of electronic data submissions while not reducing the scope and depth of data provided, and commented that if data is removed from the System Data and Assessment it should still be linked in the DSP, so it is still easily accessible.

### *Staff Response*

Staff appreciates the flags for lack of clarity, and proposes language to better explain the summary-level progress report and providing electronic data. Staff believes strongly that an important part of improving insight is having a clear picture of historical distribution-level spending, and being able to compare current and future spending to that of the past. Staff also believes in finding regulatory efficiency when possible, and that insight and transparency into spending ought to be sustainable and durable in the future. As such, Staff compromises on historical distribution system spending categories, but will make several recommendations in its Memo that utilities: 1) propose stable categories, expected to be used for the foreseeable future; 2) share proposed categories with Staff ahead of filing, and understand that Staff reserves the right to require additional granularity in proposed categories; and 3) restate using proposed categories the historical spending provided in inaugural Plan Part One filings. Staff also reinstates language requiring high-level summary data on electric vehicles and demand response programs, and adds language providing flexibility to link to such data if it is provided through other utility planning practices.

### **Forecasting (Guideline 5)**

Staff's April revisions direct that forecasting granularity for load growth and distributed energy resource (DER) and electric vehicle (EV) adoption increase from the substation-level to the feeder-level, and that DSP forecasts include data, inputs, and assumptions from the most recent IRP/Clean Energy Plan (CEP). Utilities commented that the feeder-level was too granular for DER/EV forecasts, and that granularity ought to be allowed to vary by utility; that the Guidelines should direct use of the most current and

accurate data, inputs, and assumptions available at the time, rather than possibly point backwards to the most recent CEP/IRP; and that additional workshops and discussion of forecasting methodology and/or approaches are needed before adopting any new requirements. Environmental Advocates offered support for continued progress on refinement and granularity for load forecasting and distribution system carrying capacity.

#### *Staff Response*

Staff appreciates this feedback and now proposes forecasting granularity maintain status quo (the substation-level) at this time. Increasing minimum granularity of forecasting will be contemplated in future stages of DSP. Staff also appreciates the suggestion that Guidelines direct use of the most current and accurate data, inputs, and assumptions available at the time. However, Staff includes requirements that the sources and vintage of data, inputs, and assumptions be clearly identified in DSP filings, and that the source and vintage of data in the DSP are consistent with other Company planning practices at that time.

#### **Grid Needs (Guideline 6)**

Staff's April revisions include requirements to discuss and identify additional types of anticipated grid needs, and to present identified grid needs in a table by asset class. Utilities commented that: the requirement regarding practices used to identify grid needs in the System Data and Assessment section was better placed in the Grid Needs section; that grid needs are not identified by asset class in normal operations; that proposed revisions include language recognizing vulnerability to bad actors; and that the proposed additional types of grid needs are highly prescriptive. Environmental Advocates support sharpening focus on the linkage between assessment and utility investment and action.

#### *Staff Response*

The utilities' comments were helpful in identifying areas to improve proposed revisions. In the September, Staff relocates language regarding practices to identify grid needs from the System Data and Assessment section and now proposes the table of grid needs needn't be organized by asset class. Staff includes language recognizing vulnerability to bad actors, and language addressing prescriptiveness.

#### **Solution Identification and Non-Wires Solutions (Guideline 7)**

Staff's April revisions require utilities to assess each identified grid need for non-wires solutions, or in other words, to operationalize screening for non-wires solutions. The utilities commented that the tools and/or processes to implement a non-wires solution that relies on customer-sited resources are not yet ready for deployment, and as such, screening for non-wires solutions opportunities is not an effective use of resources. The Environmental Advocates proposed strengthening revisions on non-wires solutions identification and assessment, including piloting of emerging DER opportunities (equipment, technologies, and programs).

#### *Staff Response*

Staff appreciates feedback on the limits of current utility systems and technology. However, Staff continues to believe that non-wires solutions may play a role in future stages of DSP, and preparing for

these future stages is important. Staff also appreciates the Environmental Advocates' perspective on emerging DER opportunities.

With future stages of DSP in mind, Staff suggests removing the proposed non-wires solution screen, and instead maintaining the status quo. The current Guidelines call for utilities to develop non-wires solutions concept proposals, as was done in the inaugural DSPs. Staff believes this to be a reasonable compromise which keeps focus on the future, maintains non-wires solutions momentum and learnings from inaugural DSPs, yet is sensitive to rate increases.

Staff notes that if any non-wires solutions concept proposals appear feasible to deploy, Staff recommends utilities engage Staff and stakeholders to explore possible regulatory treatment to accommodate such a utility investment.

### **Near-term Action Plan (Guideline 8)**

Staff's April revisions call for a prioritized, five-year plan of the utility's proposed solutions to address identified grid needs, with more granular information than in the inaugural plans. Key components are a prioritized list of investments/expenditures, investment/expenditure summaries, and projected spending.

Utilities commented that the additional, detailed information is not appropriate as plans can change after filing, may not be available at the time of filing, and could be overwhelming for parties to review. Utilities also noted that future spending information is not structured around asset class (as per the proposed revisions), and that language about reliability-related planned investments in the System Data and Assessment section is better placed in the Near-term Action Plan. Utilities opined that proposed revisions requiring description of whether a planned investment/expenditure advances State policies and goals appears to directly influence Company decision making. Utilities also stated that proposed revisions requiring description of whether a planned investment/expenditure is coordinated with other planning processes would bring these other planning processes under the purview of DSP. Environmental Advocates support closer alignment of DSP and other assessments and processes, including non-distribution asset development, Flexible Load Plans, Wildlife Mitigation Plans, etc.

#### *Staff Response*

The utilities' comments were helpful in considering various levels of detail and granularity for the Near-term Action Plan. Staff appreciates the feedback and proposes a number of evolutions in response. These include: a) maintaining a \$2M threshold for investment/expenditure summaries, but providing additional clarity that each summary should be no more than one page in length; b) orienting projected spending around projects instead of asset class, while maintaining a requirement to provide information on assets as applicable; and c) relocating and revising language about reliability-related planned investments to the Near-term Action Plan. Staff provides clarifying language that investment/expenditure summaries should describe if, and how, the investment/expenditure advances State policies and goals, and coordinates with other planning processes. Staff intends only to foster such descriptions and not directly influence Company decision making or bring other planning processes

under the purview of DSP. Staff also added clarifying language that consideration of alternative solutions should be described in the investment/expenditure summaries.

Additionally, Staff suggests establishing regular meetings for utilities to provide Staff incremental updates on distribution projects.

### **Long-term Plan (Guideline 9)**

Staff's April revisions include a long-term plan for the next ten years, with more granular information than in the inaugural DSPs. The Long-term Plan should include a ten-year vision, a list of investments/expenditures the utility expects to make in years six through ten (an extension of the Near-term Action Plan), and investment/expenditure summaries.

Utilities commented that the proposed revisions call for more detail and granularity than is typically included in a long-term planning discussion, and which may not be known for projects ten years in the future. As with proposed revisions of the Near-term Action Plan, utilities opined that requiring description of whether a planned investment/expenditure advances State policies and goals appears to directly influence Company decision making, and that proposed revisions requiring description of whether a planned investment/expenditure is coordinated with other planning processes would bring these other planning processes under the purview of DSP. As with the Near-term Action Plan, Environmental Advocates support closer alignment of DSP and other assessments and processes, including non-distribution asset development, Flexible Load Plans, Wildlife Mitigation Plans, etc.

#### *Staff Response*

Staff acknowledges the challenge to providing granular investment data in planning five to ten years ahead, and proposes a number of evolutions in response. These changes are intended to reflect the level or nature of information that is realistically available, while maintaining the goal of establishing greater insight and transparency into investment planning.

### **Conclusion**

Stakeholders and utilities have provided substantial public comment in response to proposed revisions shared in April. Staff has worked to integrate much of the comment into the proposed language and sought to find consensus on Guideline revisions where possible. Staff hopes this final round of public comment will serve to maximize that consensus.

### **Staff Contacts**

Staff appreciates the valuable engagement by utilities and stakeholders to date. If you have questions, please contact Nick Sayen at (503) 510-4355 or [nick.sayen@puc.oregon.gov](mailto:nick.sayen@puc.oregon.gov).

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