

UM 2225 Clean Energy Plans Roadmap Acknowledgment and Community Lens Analysis

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Overview and Context

- HB 2021 overview
- Investigation process
- Staff's recommendations

House Bill (HB) 2021

Emissions reductions

- 80% reduction – 2030
- 90% reduction – 2035
- 100% GHG free – 2040
- Natural gas plant prohibition

Planning and protections

- Clean Energy Plans
- Reliability pause
- Affordability off ramp
- Non-bypassability

Environmental justice

- Advisory groups
- Labor standards
- Community benefits analysis

Community renewables

- 10% small-scale by 2030
- ODOE Grants
- ODOE Study

Consumer choice

- Community renewables
- Code of conduct (maintaining competition)

Clean Energy Plan Requirements

Include a Roadmap of Actions



Incorporate clean energy targets



Annual goals for actions to meet targets



Projected annual reduction of greenhouse gas emissions



Demonstrate continual progress

Analyze Community Benefits and Impacts



Include a risk-based examination of resiliency opportunities



Examine offsetting fossil fuels with community-based renewable energy (CBRE)

“Result in an affordable, reliable and clean electric system”

“Planning Landscape” decision in May 2022:

Developed and filed as a chapter, appendix, or addendum to the IRP

Acknowledgment Considerations

Consistent with Clean Energy Targets

- DEQ reviews emissions projections and reports back

In the public interest, considering...

- Emissions reductions and related environmental or health benefits
- Economic and technical feasibility
- Reliability and resiliency
- Availability of federal incentives
- Costs and risks to the customers
- Any other relevant factors as determined by the commission

UM 2225 Investigation

- **Purpose:** Clarify key expectations prior to first Clean Energy Plans
 - Start with new elements, HB 2021 requirements
 - Identify other planning improvements, time permitting
- **Goal:** Facilitate a collaborative, efficient, and responsive process that results in clarity of key issues in Q3 2022

UM 2225 Work Streams

CEP purpose,
format, process

Planning Framework

Roadmap acknowledgment

Engagement Strategies → Procedural issues

Community Lens Analysis

Resiliency Standards and Practices

Analytical Improvements

CEP analytical
requirements

Issues covered by future recommendations:

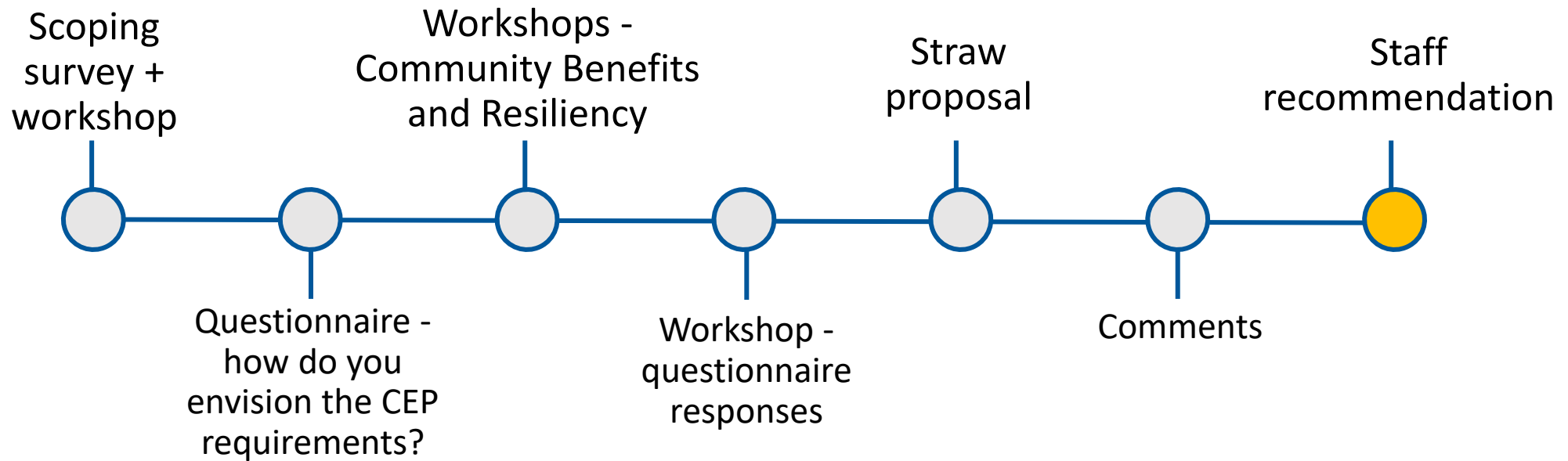
- Key questions, scenarios, futures for portfolio modeling
- Treatment of thermal resources
- Attribution
- Further data and standardization

Issues we were not able to get deeper into (examples):

- Procurement
- IRP Streamlining
- Demand-side modeling
- Social cost of GHGs
- Confidential data

UM 2225 Process

Roadmap and Community Lens Proposal Development



Staff Proposal

Roadmap Acknowledgment

Clarify expectations for the roadmap of decarbonization actions required for the CEP:

Annual goals and metrics

Considerations for CEP acknowledgment

Progress in line with annual goals

Community Lens

Clarify analytical expectations for implementing CEP requirements related to:

Risk-based resiliency analysis

Offsetting fossil fuels with CBRE

Incorporating CBRE and community benefits into utility planning analysis

Goals:

- Surface key areas of alignment and mismatch
- Begin taking steps in key directions (e.g. interim metrics, CBRE potential, transparency)
- Enhance accessibility and accountability
- Balance rigor and efficiency

Public Comment

Break

Focused Discussion

- CBIs and Community Lens rigor
- Specificity of annual goal and metrics
- Commission review of CEPs and progress toward CEP goals

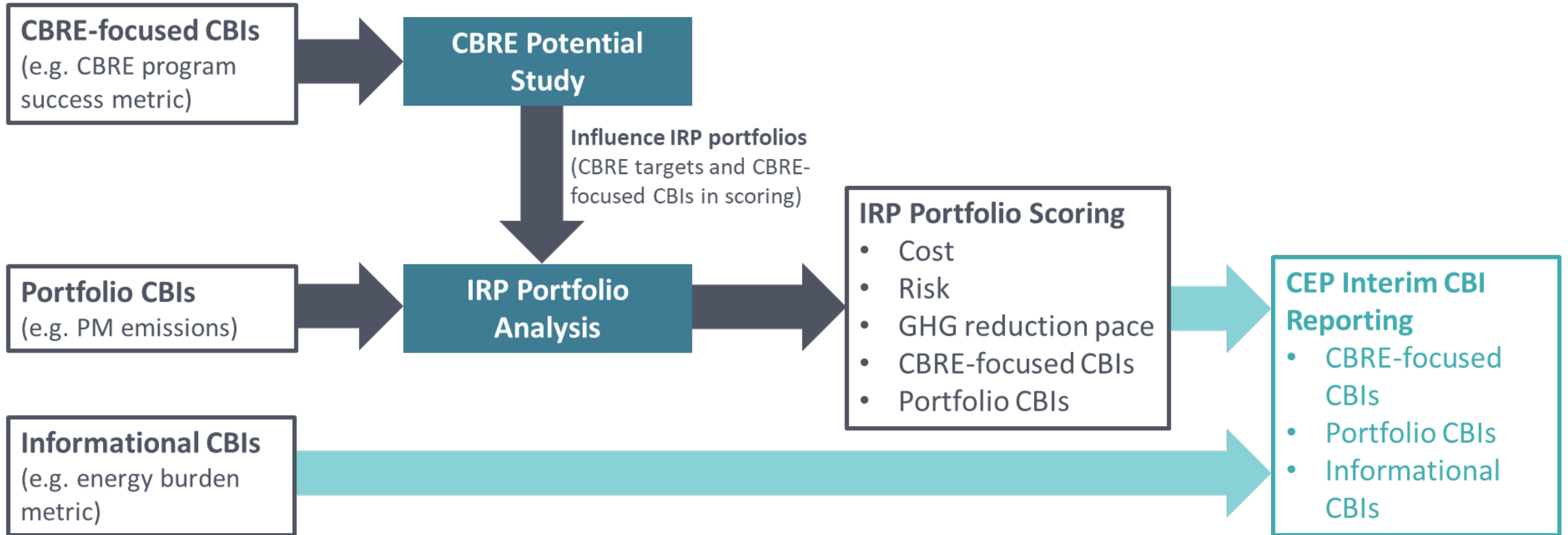
CBIs and Community Lens Rigor

- **CBRE Potential:** Begin quantitatively identifying acquisition targets for CBREs
 - Potential analysis to set annual targets (like DSM)
 - Description of actions to achieve target
 - Balance cost, risk, the pace of greenhouse gas emissions reductions, and community impacts and benefits
- **CBIs:** Begin to incorporate metrics for community benefits and impacts
 - Interim metrics
 - Focus on quantifiable, measurable
 - Can differentiate informational, CBRE scoring, portfolio scoring

CBI topic areas:

- Resilience - *system and community*
- Health and community well-being
- Environmental impacts
- Energy Equity - *distributional and intergenerational equity*
- Economic impacts

CBIs and Community Lens Rigor



Feedback: CBIs and CBRE potential

Changes Made ✓

- Simplify CBIs
 - Describe as interim
 - Specify categories
- Clarify expectations for first CBRE analysis
- Describe future improvements
- Incorporate the state community-based renewable energy goal
- Clarify community/tribal consultation*

Changes Not Made ✗

- No CBIs for portfolio analysis
- *Require* two analyses – CBREs compete directly, CBREs reduce load
- Staff establishes CBI metrics

Commission Questions/Comments?

CBIs and Community Lens rigor

- CL Topic #1: CBRE Potential Analysis
- CL Topic #2: Opportunities Considered within Potential Studies
- CL Topic #3: Community Benefits Indicators
- CL Topic #4: Off-setting Fossil Fuels with CBREs
- CL Topic #5: Resiliency-specific Guidance

Specificity of Annual Goals and Metrics

- **Annual goal categories:** Report annual goals for actions for each portfolio:
 - Match IRP horizons
 - Differentiate resource types, including storage, CBRE, and voluntary
- **Metrics and impacts:** Consider and report projected key metrics for annual actions
 - Total GHGs (DEQ methods) by total, individual resources, purchases, sales
 - Annual revenue requirements (\$)/retail sales (kWh)
 - Interim CBIs - all categories
- **Continual progress of goals:** Annual actions should seek to result year-over-year GHG reduction and balance costs, risks, pace of GHGs, and CBIs.

Feedback: Annual Goals and Metrics

Changes Made ✓

- Removed resiliency project designation
- Removed distribution investment reference
- Year over year emissions reduction, as minimum
- Metrics for a set of alternative portfolios

Changes Not Made ✗

- Stairstep emissions
- Cumulative goals only, preferred portfolio only
- Limited metrics
 - No \$/kWh metric
 - No CBIs for annual actions
 - No CBIs for portfolio modeling
- Remove voluntary action distinction
- Standardizing units - match specificity of goals to specificity of actions
- Further requirements for DSM and building electrification

Commission Questions/Comments?

Specificity of Annual Goals and Metrics

- RA Topic #1. CEP planning and acknowledgement horizons
- RA Topic #2: Annual goals for actions
- RA Topic #3: Annual metrics measuring the impacts of actions
- RA Topic #4: Greenhouse gas reporting, verification, and compliance in planning
- RA Topic #5: Continual progress and IRP cost/risk framework

Commission Review of CEPs and Progress toward CEP Goals

- **Acknowledgment considerations:** Highlight key information to inform Commission decisions (in addition to goals and metrics):
 - Consistency with HB 2021 targets
 - Consistency with IRP and references to other planning inputs (e.g., DSP)
 - Engagement and accountability
 - Utility engagement process details
 - Survey of stakeholders on experience
- **Acknowledgment decision:** No recommendation at this time, but want to see a revise and resubmit option for non-acknowledgment.
- **Annual updates:** Begin reporting progress on CEP annual goals in IRP Update:
 - Progress on actions
 - Progress on GHG, by resource type
 - CBIs
 - \$/kWh
 - DEQ annual reporting

Progress toward Goals

Annual Goals Reported in CEP

Annual Goals for Actions

- Clean energy additions
- Energy storage
- DERs
- Retirements
- Changes in operations
- Transmission & supporting infrastructure
- CBREs

Annual Impacts of Actions

- GHG emissions
 - Total per DEQ methodology
 - By fossil fuel resource, market purchases, and market sales
- Normalized revenue requirement
- Interim CBIs

Actuals Reported in IRP Update filings

Actions Taken
(Same categories, same units as CEP)

Measured Impacts
(Same metrics as in CEP)

Feedback: Commission Review and Progress

Changes Made ✓

- Removed acknowledgment process recommendations [for now]
 - Revise and resubmit recommendation
 - Removed proposal for acknowledgement in single order
- Clarified consistency of DSP and other planning inputs

Changes Not Made ✗

- Binding annual progress, penalties
- Removing metrics reporting—including CBIs—from Annual Updates
- Requiring SCGHG

Commission Questions/Comments?

Commission Review of CEPs and Progress toward CEP Goals

- RA Topic #6: Considerations in CEP acknowledgement
- RA Topic #7: Non-acknowledgment, partial acknowledgment, and conditional acknowledgement of the CEP, and interdependencies with IRP acknowledgement
- RA Topic #8: Annual update reporting

Discussion, Q&A



Appendix

Staff's recommendation language

Roadmap Acknowledgment Recommendations

Topic #1. CEP planning and acknowledgement horizons

The first CEP should include analysis and annual goals over at least 20 years and CEP acknowledgment should focus on the annual goals in the first 2-4 years to align with the IRP analysis and acknowledgment horizons. Utilities may identify, and the Commission may use its discretion to acknowledge, resource actions outside of the Action Plan window.

Roadmap Acknowledgment Recommendations

Topic #2. Annual goals for actions

For the first CEP, annual goals should be provided for all resource actions in each portfolio evaluated in the IRP. Resource actions include, at a minimum: clean energy resources, energy storage, energy efficiency, demand response, resource retirements, changes in system operations, transmission and other supporting infrastructure, and community-based renewable energy projects.

For the first CEP, annual goals for clean energy resources and storage should differentiate between system resources and resources that the utility expects to acquire through voluntary customer or community programs.

Roadmap Acknowledgment Recommendations

Topic #3. Annual metrics measuring the impacts of actions

The utility should report the following information on an annual basis in the first CEP for the Preferred Portfolio and a set of alternative IRP portfolios that test different paces of GHG reductions and different levels of community impacts:

- *Total greenhouse gas emissions associated with the portfolio based on the DEQ methodology, and broken out by individual fossil fuel resources, market purchases, and market sales.*
- *Normalized annual revenue requirement, calculated as the total revenue requirement for Oregon customers divided by the total retail sales in Oregon.*
- *A set of interim community impacts and benefits metrics that are developed in coordination with communities impacted by the plan, including environmental justice communities.*

Roadmap Acknowledgment Recommendations

Topic #4. Greenhouse gas reporting, verification, and compliance in planning

No near-term guidance.

Roadmap Acknowledgment Recommendations

Topic #5. Continual progress and IRP cost/risk framework

IRP Guideline 1.c. should be waived for PAC and PGE on an interim basis, provided the utilities apply the following interim guidance:

The primary goal must be the selection of a portfolio of resources that best balances: expected costs and associated risks and uncertainties for the utility and its customers, the pace of greenhouse gas emissions reductions, and community impacts and benefits.

- *The planning horizon...(see Guideline 1c, Order No. 07-002)*
- *Utilities should...(see Guideline 1c, Order No. 07-002)*
- *To address risk...(see Guideline 1c, Order No. 07-002)*
- *The pace of greenhouse gas emissions reductions should be evaluated, at a minimum, in a manner consistent with the methodology approved by the Oregon Department of Environmental Quality. Utilities should demonstrate year-over-year emissions reductions on an expected basis.*
- *Community impacts and benefits should be evaluated using interim metrics developed in coordination with communities impacted by the plan, including environmental justice communities. See Chapter 2 for more detailed guidance.*

• *The utility should explain in its plan how its resource choices appropriately balance cost, risk, the pace of greenhouse gas emissions reductions, and community impacts and benefits.*

Roadmap Acknowledgment Recommendations

Topic #6. Considerations in CEP acknowledgement

To inform the Commission's acknowledgment decision, utilities should address the following in the first CEP:

- *Whether the plan achieves the clean energy targets set forth in HB 2021:*
 - *The CEP should demonstrate how the IRP Preferred Portfolio achieves the emissions reductions targets set forth in HB 2021, with DEQ verification.*
- *Consistency with the IRP:*
 - *The CEP should explain how it is consistent with the concurrently filed IRP in terms of assumptions, analysis, and planned actions.*
 - *To the extent that an analysis supporting the CEP was conducted in another docket (e.g. the IRP or DSP), the CEP should clearly reference that analysis. The utility should explain any updates or methodological changes to the referenced analysis and identify if the referenced analysis was or was not from a plan acknowledged by the Commission.*
- *Effectiveness of community engagement:*
 - *The utility should report the following information regarding community engagement in developing the plan: what opportunities were provided for input and how was accessibility prioritized across those channels; which communities, including environmental justice communities and Tribal communities, did the utility consult with and how were those communities and their representatives identified; what input was received through each channel; how was input incorporated into the IRP/CEP; what input was not incorporated into the IRP/CEP and why was that input not incorporated; and what plans does the utility have for modifying the engagement strategy in future planning cycles.*
 - *The utility should also survey participants who provided input on their experiences participating in the utility's process and their perspectives on how their input influenced the plan. Survey responses must be included with the plan.*

Roadmap Acknowledgment Recommendations

Topic #7. Non-acknowledgment, partial acknowledgment, and conditional acknowledgement of the CEP, and interdependences with IRP acknowledgement

No near-term guidance at this time.

Roadmap Acknowledgment Recommendations

Topic #8. Annual Update

The utility shall provide the following additional information in IRP Updates that follow CEP filings:

- Progress to date relative to each annual goal for resource actions presented in the CEP. If resources have been secured, the utility should quantify the amount of each resource using the same units presented in the CEP.*
- Measured impacts across the same metrics that were presented in the CEP, including, at a minimum: greenhouse gas emissions intensity; total greenhouse gas emissions broken out by individual fossil fuel resources, market purchases, and market sales; average electric rates for Oregon customers; and the community impacts and benefits metrics.*
- Any DEQ emissions reports filed since the CEP.*

Community Lens Analysis Recommendations

Topic #1. Community Lens Acquisition Targets

The first CEP should include a potential study (or studies) that identifies opportunities for community-based renewable energy projects (CBREs) developed in coordination with communities that are served by the utility, including environmental justice communities, and with input from stakeholders and Staff.

- *The potential study should inform or directly identify annual acquisition targets (e.g., MW, MWh) for CBREs.*
- *The potential study should inform or identify the acquisition targets that appropriately balance cost, risk, the pace of greenhouse gas emissions reductions, and community impacts and benefits.*

The potential study should measure community impacts and benefits based on interim community benefits indicators (CBI) established by the utility.

- *The first CEP should include a discussion of acquisition targets and actions that the utility will take in the action plan window to reach those targets e.g., utility procurements, utility run programs (existing and/or new), utility partnerships with other entities' programs, and projections for other customer and community-driven actions.*
- *If a specific project is proposed to meet some or all of the acquisition target, the utility should describe the timing, project status, status of any partnerships, and any other known critical path items involved.*

Cont...

Community Lens Analysis Recommendations

Topic #1. Community Lens Acquisition Targets

...Cont...

The first CEP should include a narrative description of how the utility plans to further develop their CBRE potential study for the next CEP.

The first CEP should report on the utility's plan to comply with the state's goal for community-based renewable energy projects provided in ORS 469A.210 and explain how the CBRE targets align with this strategy.

Community Lens Analysis Recommendations

Topic #2. Opportunities Considered within Community Lens Potential Studies

Opportunities for CBRE actions, including distributed resources and their resiliency benefits, should be developed in coordination with communities that are served by the utility, including environmental justice communities, and with input from stakeholders and Staff.

- *Plans for actions should reference DSP processes and engagement where appropriate.*

Opportunities that are considered for their community and/or resiliency benefits should also help facilitate greenhouse gas emissions reductions.

Community Lens Analysis Recommendations

Topic #3. Community Benefits Indicators

For the first CEP, the utility should develop interim community benefits indicators in coordination with communities served by the utility and with input from stakeholders and Staff.

At a minimum, the utilities should use quantifiable and measurable interim CBIs in development of the first CEP/IRP that together address the following CBI topic areas:

- *Resilience (system and community)*
- *Health and community well-being*
- *Environmental impacts*
- *Energy Equity (distributional and intergenerational equity), and*
- *Economic impacts*

Cont...

Community Lens Analysis Recommendations

Topic #3. Community Benefits Indicators

...cont...

At a minimum, the interim CBIs should include at least one metric of each of the following categories:

- Informational CBIs, which may or may not directly inform portfolio scoring in the IRP;*
- CBRE-focused CBIs, which are used to inform and track progress on CBRE actions and should be reflected in the CBRE potential study and in IRP portfolio scoring; and*
- Portfolio CBIs, which address the impacts of the utility's portfolio on communities, may or may not be tied to CBREs, and should be reflected in IRP portfolio scoring.*

The utility should explain how their interim CBIs address each of the five topic areas and note which of the three listed CBI categories each metric falls within. The utility should also explain their plans for further developing CBIs for the next CEP.

Community Lens Analysis Recommendations

Topic #4. Off-setting Fossil Fuels with CBREs

For the first CEP, the utility should incorporate the CBRE acquisition targets into IRP portfolio modeling in a manner that accounts for their expected costs and their expected impacts on the IRP resource portfolio performance, including impacts to resource dispatch and fuel burn, portfolio emissions, resource adequacy needs, and resource additions.

If system-wide benefits exist for a potential CBRE, the utility should quantify those benefits in a manner consistent with the IRP when evaluating the opportunity for inclusion in the first CEP. System-wide benefits are not limited to, but may include: resource adequacy contributions, energy value, avoided GHG emissions, and avoided transmission.

Community Lens Analysis Recommendations

Topic #5. Resiliency-specific guidance

The first CEP must include narrative which describes its resiliency-related analysis, including at minimum:

- *How it was developed in coordination communities that are served by the utility, including environmental justice communities, and with input from stakeholders and Staff;*
- *How resiliency risks were considered examined and weighted;*
- *How resiliency opportunities were identified, measured, and weighted; and*
- *The key resiliency-related actions the utility will prioritize in the action plan window to support its CBRE acquisition targets.*

Cont...

Community Lens Analysis Recommendations

Topic #5. Resiliency-specific guidance

...Cont...

When evaluating resiliency risks for the first CEP and associated IRP, the utility should at minimum:

- *Account for system and community resilience.*
 - *Identify risks that have been identified in other planning processes already as well as gaps in system and community resilience not filled by other planning activities, such as DSP and WPP.*
 - *Consider the zone of tolerance for communities/populations within the service area.*

Cont...

Community Lens Analysis Recommendations

Topic #5. Resiliency-specific guidance

...Cont...

- *Rely on measurable historical reliability performance measures that reflect:*
 - *all outages (planned, major event, or underlying);*
 - *the primary initiating event for each major event the utility analyzed;*
 - *the top causes for each day during which a major event occurred;*
 - *the numbers of customers out and the restoration performance for their supply;*
 - *the estimated costs to the utility to recover from the major event;*
 - *the estimated unserved energy during the period of a major event;*
 - *The estimated impacts to the customers;*
 - *The demographics of the community, including classification of energy equity or other social or environmental justice measures.*

○ *Cont...*

Community Lens Analysis Recommendations

Topic #5. Resiliency-specific guidance

...Cont...

- *While evaluating opportunities and developing actions to achieve CBRE acquisition targets, the utilities should reflect a few minimum expectations:*
 - *Focus on actions that help facilitate emissions reductions (e.g., generation, storage, demand-side actions). However:*
 - *The utility may include, for general understanding, if there are other actions, such as undergrounding lines connected to a microgrid that need to be included in the costs and benefits of a CBRE.*
 - *The utility may include supplemental discussion of other actions the company is taking to further enhance the resiliency of its system and communities (such as situational awareness investments or helping customers access portable back up generation). This discussion would be for context only and if the actions are not facilitating emissions reductions, they should not be considered actions for the CEP.*
 - *Consider opportunities to work with local communities on local resiliency planning.*
 - *Consider and clearly differentiate actions that are related to other plans, such as DSP and WPP analysis, and those that are newly identified.*
 - *If proposing a specific action, describe the cost, timing for delivery and implementation into utility operations.*