ITEM NO. RA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019

REGULAR X CONSENT ____ EFFECTIVE DATE NA

DATE: December 11, 2019

TO: Public Utility Commission

FROM: Eric Shierman

THROUGH: Michael Dougherty and JP Batmale **SIGNED**

SUBJECT: Oregon Public Utility Commission Staff:
(Docket No. UM 1826)
Utility Clean Fuels Program plan update.

OVERVIEW:

Issue

Annual public review of Portland General Electric (PGE) and Pacific Power's (PacifiCorp) participation in Oregon's Clean Fuels Program and their planned expenditures and activities for 2020.

Applicable Laws and Rules

The Oregon Clean Fuels Program (CFP) is administered by the Oregon Department of Environmental Quality (DEQ) with the aim of reducing the carbon intensity of Oregon's transportation fuel mix through a system of credits and deficits. On October 9, 2018, the Commission adopted Staff's recommendation in Order No. 18-376, establishing six principles for utility participation in the CFP and creating a process for public review.

The program design principles are:

1. Support the goal of electrifying Oregon's transportation sectors.
2. Provide majority of benefits to residential customers.
3. Provide benefits to traditionally underserved communities.
4. Programs are designed to be independent from ratepayer support.
5. Programs are developed collaboratively and transparently.
6. Maximize use of funds for implementation of program.

Order No. 18-376 also prescribed the following process for public review of the 2020 CFP plans:

> **September 2019**: Utilities provide any program design and expenditure plans to everyone on the UM 1826 service list for the upcoming program year by the second Friday in September.
>
> **September 2019**: At least one week after the program design and expenditure plans are provided, either the utility or Commission Staff will notify the service list and host a stakeholder workshop at which the utility will present its program(s) proposals to stakeholders. After the utility presentation, the second half of the workshop will be reserved for stakeholder feedback to the utility on its program(s), and for stakeholders to offer alternative programs for utility consideration.
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> **October 2019**: Either the utility or Commission Staff will notify the service list and host a second workshop for the utilities to present their final revisions to their CFP offerings. The workshop's purpose will be for the utilities to discuss their proposed program(s) design and expenditures and receive any final feedback from stakeholders. The workshop's goal is to achieve some level of consensus on the final CFP program(s) to implement for the coming year.
>
> Following the second workshop, the utility will file its final program(s), following the Proposal Guidelines, in the docket in November. If there is not a consensus, the utility has discretion to select the final program, following the Proposal Guidelines, and file it in the docket.
>
> **December 2019**: Staff prepares a public meeting memo summarizing the collaborative process, describing the final program and proposed expenditures, applying the Program Principles, and relaying stakeholder and staff positions on the program. This informational Staff Report will be presented by Staff, with the utilities available for questions, at a regular public meeting in December.

Discussion

Background

The principles and process laid out in Order No. 18-376 currently only apply to PGE and PacifiCorp. Order No. 17-250 made Idaho Power Company exempt from participation in Oregon's CFP until its density of EVs makes participation feasible.

The current 2020 CFP plans are actually the second year of utility participation. Order No. 18-376 also required PGE and PacifiCorp to file 2019 CFP plans by March 31, 2019, but established no public review process for these first-year plans.

The Northwest Energy Coalition (NWEC) requested a special workshop to discuss these first-year plans before the utilities released their draft proposals for 2020. Staff set up a workshop on August 7, 2019, for stakeholder comment on PGE's 2019 plan and August 14, 2019, for comment on PacifiCorp's 2019 plan.

These extra workshops were fruitful, giving timely guidance to the utilities as they were finalizing their 2020 plans. For example, most of PacifiCorp's 2019 plan was allocated to a direct payment of cash to EV owners. The EV advocacy organization, Forth, questioned the value of this program, and PacifiCorp did not include it in its 2020 plan.

PGE and PacifiCorp both presented their 2020 plan proposals at a joint workshop on September 13, 2019. Most of the stakeholder questions were about clarification of the grant application process. The major topics for stakeholder discussion centered on:

- NWEC's question of the value of utility sponsorship of EVS 33,[1]
- the Oregon Department of Transportation's description of equipment upgrade needs in Oregon's portion of the West Coast Electric Highway, and
- the possibility that PGE's investments in charging stations outside its territory might involve legal restrictions.

After this workshop, Staff concluded that the rules governing PGE's use of CFP funds do *not* prevent PGE from upgrading charging stations outside of its territory. Staff communicated to PGE that Staff supported this part of the Company's plan. Staff also advised both PGE and PacifiCorp that their jointly planned involvement with EVS 33 was as good an effort at public outreach as any other proposals discussed so far. Staff asked that any branding for sponsorship give credit to Oregon's Clean Fuels Program.

On October 23, 2019, PGE and PacifiCorp presented revised 2020 CFP plans at a second joint workshop, going into particular detail of their shared strategy of riding the publicity wave of EVS 33. When presented with these details, stakeholders were more supportive of this idea.

Staff Analysis
Both PGE and PacifiCorp filed their 2020 CFP plans on November 22, 2019. The broad outlines are as follows:

[1] EVS 33 is a global electric vehicle industry conference.

PGE

Program	**Cost**
Drive Change Fund	$ 2,597,000
Public Outreach Activities	$ 1,300,000
Smart Charging Pilot	$ 420,000
DC Fast Charging Site Upgrades	$ 786,000
Portfolio Administration	$ 136,000
Total	**$ 5,239,000**

PacifiCorp

Program	**Cost**
Electric Mobility Grant	$ 1,200,000
Outreach and Awareness	$ 457,000
Contingency	$ 75,800
Total	**$ 1,732,800**

Staff finds both PGE and PacifiCorp's 2020 CFP plans meet the program design principles of Order No. 18-376.

1. Support the goal of electrifying Oregon's transportation sectors.

Both utilities put careful thought into allocating funds in accordance with the State of Oregon's electrification of transportation goals.

2. Provide majority of benefits to residential customers.

Both utilities provide more than half of their expenditures toward the promotion of EV adoption by residential customers.

3. Provide benefits to traditionally underserved communities.

Both utilities plan to administer these programs in a way that allows traditionally underserved communities to benefit as well.

4. Programs are designed to be independent from ratepayer support.

Both utilities have kept their CFP plans independent of ratepayer support.

5. Programs are developed collaboratively and transparently.

Both utilities have used the public workshops Staff facilitated, to seek and implement stakeholder input. Both utilities have been transparent in answering stakeholder questions.

Regarding the most contentious issue, sponsorship of EVS 33, PGE's plan makes clear that their promotion of this event will not come in the form of direct sponsorship. Instead, the public awareness campaign around this event will fund outside activities targeting Oregon residents.

6. Maximize use of funds for implementation of program.

Both utilities are fully implementing their CFP funds on these programs.

Conclusion

The public workshops were productive, and both utilities genuinely engaged stakeholders in full compliance with Order No. 18-376. Both PGE and PacifiCorp's 2020 CFP plans satisfy the principals the Commission ordered.

This program is administered by DEQ for an environmental purpose. Utility participation in the CFP offers a unique opportunity for these regulated electric companies to be experimental in the promotion of transportation electrification in ways that might not be approved under traditional regulations governing utility investments. Staff finds PGE and PacifiCorp are using this program in a reasonable stewardship of these CFP funds.