ITEM NO. RA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 14, 2021

REGULAR X CONSENT ____ EFFECTIVE DATE N/A

DATE: December 6, 2021

TO: Public Utility Commission

FROM: Eric Shierman

THROUGH: Bryan Conway, JP Batmale, and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1826)
Update on 2022 Utility Clean Fuels Program Plans.

STAFF RECOMMENDATION:

This is an informational filing with no recommendation for the Commission.

DISCUSSION:

Issue

Annual public review of participation by Portland General Electric (PGE) and Pacific Power (PacifiCorp) in Oregon's Clean Fuels Program and planned expenditures for 2022.

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 annual process for public review of the CFP plans:

> **September:** 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. 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.
>
> **October:** 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.
>
> **November:** 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:** 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.

Analysis

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 2022 CFP plans will mark the fourth year of participation by two of Oregon's electric companies. PGE and PacifiCorp both presented their 2022 plan proposals at a joint workshop on September 22, 2021. On October 15, 2021, PGE and PacifiCorp presented revised CFP plans at a second joint workshop, incorporating stakeholder feedback from the fist workshop. Neither were as heavily attended as in previous years.

2022 Plan Budgets
Both PGE and PacifiCorp filed their final 2022 CFP plans on November 19, 2021. No parties have filed comments on these final plans. The broad outlines of proposed Plan expenditures are below:

PGE

Program	**Cost**
Drive Change Fund	$ 2,300,000
Public Infrastructure	$ 1,450,000
Grant Matching	$ 400,000
Statewide Campaign	$ 380,000
Electric School Bus Fund	$ 1,500,000
Residential Outreach	$ 110,000
School Engagement	$ 50,000
Vehicle to Grid	$ 100,000
ROW Charging	$ 250,000
Administrative Costs	$ 600,000
Total	**$ 7,140,000**

PacifiCorp

Program	**Cost**
Electric Mobility Grant	$ 1,380,000
Grant Matching	$ 500,000
Outreach and Education	$ 215,000
Management and Administration	$ 290,000
Contingency	$ 95,400
Total	**$ 2,480,400**

The 2022 CFP plan budgets are higher than these utilities' 2021 CFP plans. PGE's expenditures are 9.6 percent higher, and PacifiCorp's are 5.7 percent higher; this marks a steady increase since 2019, which has been driven by the growth in EV ownership among residential customers over the past three years. In future years, DEQ's recent rulemaking that will further lower the carbon intensity of Oregon motor fuels is expected to increase the price of these credits from the demand side, which will grow these budgets even further.

Program Design Requirements
Staff finds both PGE and PacifiCorp's 2022 CFP plans meet the program design principles of Order No. 18-376. Specifically:

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.[1] By spending CFP credits on programs designed to accelerate the adoption of electric vehicles, it is reasonable to assume this will have a positive effect on the number of registered EV in Oregon, contributing to Oregon's SB 1044 goals.

2. Provide majority of benefits to residential customers.

Both utilities provide the majority of their expenditures toward the promotion of EV adoption by residential customers or institutions that benefit 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. Both utilities' grant programs place an added focus on grants to organizations supporting the adoption of EVs by underserved communities. Additionally, by reducing greenhouse gases, underserved communities inherently benefit from the mitigation of climate damage.

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

Both utilities have kept their CFP plans independent of ratepayer support. Neither utility mixes ratepayer funds with its CFP funds.

[1] See PGE's 2022 CFP plan: https://edocs.puc.state.or.us/efdocs/HAH/um1826hah141017.pdf.
and PacifiCorp's 2022 CFP plan: https://edocs.puc.state.or.us/efdocs/HAH/um1826hah101417.pdf.

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.

6. Maximize use of funds for implementation of program.

Both utilities are fully implementing their residential CFP funds on these programs. PGE's administrative costs are 8 percent, and PacifiCorp's are 12 percent. Staff finds these percentages reasonable, because they are in line with DEQ's Backstop Aggregator, which ran administrative costs of 9 percent in the previous year.[2]

Conclusion

The public workshops were productive, and both utilities actively engaged stakeholders in full compliance with Order No. 18-376. Both PGE and PacifiCorp's 2022 CFP plans satisfy the principles the Commission has ordered.

This program is administered by DEQ for an environmental purpose. Staff finds PGE and PacifiCorp are using this DEQ program as a reasonable steward of CFP funds. These programs are ongoing and reflect a portfolio approach that Staff supports in order to integrate utility efforts in transportation electrification.

PROPOSED COMMISSION MOTION:

This is an informational only report with no recommendation for the Commission.

[2] Forth. *Annual Report* 2020, p 24.