ITEM NO. RA2

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 29, 2020

REGULAR X CONSENT ____ EFFECTIVE DATE NA

DATE: December 21, 2020

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)
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 for 2021.

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.
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> **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 2021 CFP plans will mark the third year of participation by two of Oregon's regulated electric companies. PGE and PacifiCorp both presented their 2020 plan

proposals at a joint workshop on September 25, 2020. Both utilities received less critical feedback than last year.

On October 30, 2020, PGE and PacifiCorp presented revised CFP plans at a second joint workshop, fielding few questions from stakeholders. This workshop was able to adjourn early.

2021 Plan Budgets
Both PGE and PacifiCorp filed their final 2021 CFP plans on November 20, 2020. The broad outlines are as follows:

PGE

Program	**Cost**
Drive Change Fund	$ 3,750,000
Upgrades to Public Infrastructure	$ 1,500,000
Statewide Campaign	$ 150,000
Mobility Hub	$ 350,000
Workforce Development	$ 150,000
School Engagement	$ 75,000
Home Vehicle to Grid	$ 20,000
Smart Charging Year 2	$ 316,000
Total	**$ 6,511,000**

PacifiCorp

Program	**Cost**
Electric Mobility Grant	$ 650,000
Grant Matching	$ 375,000
Portland Fast Charging Pod	$ 400,000
Statewide Campaign	$ 65,000
Dealer Engagement	$ 65,000
Contingency	$ 25,800
Total	**$ 1,578,000**

Program Design Requirements
Staff finds both PGE and PacifiCorp's 2020 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 some 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 more than half of their expenditures toward the promotion of EV adoption by residential customers. More than half of the budget allocation for PGE is the Drive Change Fund. PacifiCorp allocates more than half of its budget to the Electric Mobility Grant and a grant matching fund. Both utilities put the benefit of residential customers into the grant eligibility requirements.

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.

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.

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 11 percent. Staff finds these percentages reasonable at this time. We will continue to monitor the distribution of administrative costs in the future.

[1] See PGE's 2021 CFP plan here; and PacifiCorp's 2021 CFP plan here.

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 2021 CFP plans satisfy the principles the Commission has 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 DEQ program as a reasonable steward of CFP funds.