

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 31, 2022**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: May 23, 2022

TO: Public Utility Commission

FROM: Caroline Moore

THROUGH: Bryan Conway **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 2225)
Threshold planning framework issues for the first Clean Energy Plans.

STAFF RECOMMENDATION:

- Direct PacifiCorp (PAC or Company) and Portland General Electric Company (PGE or Company) to take the following actions for the first CEP filing:
 - File the CEP with the utility's next IRP, as a chapter, appendix, or accompanying filing. Upon request, the Commission may authorize either utility to file the CEP, or specific components of the CEP, within up to 180 days of filing the IRP if the utility demonstrates that filing the CEP with the IRP would create an undue burden.
 - File a CEP that is consistent with the IRP analysis and IRP Action Plan.
 - File a CEP that describes how the IRP and CEP have met the planning requirements of HB 2021.
- Direct PAC and PGE to file IRP Updates, after the first CEP filing, that include updates on utility actions and progress toward the annual goals described in the CEP.
- Take no action on compliance penalties at this time.

DISCUSSION:

Issues

1. Whether the Oregon Public Utility Commission (OPUC or Commission) should direct PAC and PGE to take specific actions for the first Clean Energy Plan filing.
2. Whether the Commission should direct PAC and PGE to take specific actions for the first IRP Update filing following the first CEP filing.
3. Whether the Commission should act to establish compliance penalties at this time.

Applicable Rule or Law

Oregon House Bill (HB) 2021, codified as Oregon Revised Statute (ORS) 469A.400 to 469A.475, requires the state's large investor-owned utilities (IOUs), PAC and PGE, and electricity service suppliers (ESSs) to decarbonize their retail electricity sales with consideration for direct benefits to local communities. The emissions reduction targets established under ORS 469A.410 require electric companies to reduce greenhouse gas emissions as follows:

- By 2030, 80 percent below baseline emissions level.
- By 2035, 90 percent below baseline emissions level.
- By 2040 and beyond, 100 percent emissions-free.

The foundation of HB 2021's decarbonization framework is the development of Clean Energy Plans by the large IOUs. ORS 469A.415(1) and (2) requires IOUs to, "develop a clean energy plan for meeting the clean energy targets set forth in ORS 469A.410 concurrent with the development of each integrated resource plan," and file the plan with the OPUC and Oregon Department of Environmental Quality (DEQ).

Under ORS 469A.415(3)(a), the Clean Energy Plan (CEP) must be:

[B]ased on or included in an integrated resource plan filing made no earlier than January 1, 2022, and filed no later than 180 days after the integrated resource plan is filed, or developed within an integrated resource planning process and incorporated into the integrated resource plan filed with the commission.

ORS 469A.415(4) outlines the information and analysis required in the Clean Energy Plan, including:

(b)[...] annual goals set by the electric company for actions that make progress towards meeting the clean energy targets set forth in ORS 469A.410, including acquisition of nonemitting generation resources, energy efficiency measures and acquisition and use of demand response resources[...]

ORS 469A.420 outlines the requirements for the Commission to acknowledge the CEP “if the commission finds the plan to be in the public interest and consistent with the clean energy targets[...]

Analysis

Background

The Commission opened Docket No. UM 2225, Investigation into Clean Energy Plans, on January 11, 2022. The Investigation into Clean Energy Plans is the Commission’s first major HB 2021 implementation activity, both because the CEP is HB 2021’s key regulatory mechanism for utility compliance with the emission targets and because the first CEP filings are anticipated as early as March 2023.

OPUC Staff (Staff) launched the investigation by circulating an initial scoping questionnaire, followed by a launch workshop on February 9, 2022, to refine and prioritize the issues for Commission guidance prior to the first Clean Energy Plans.^{1, 2} After the scoping process, Staff released a work plan for UM 2225 on April 4, 2022.³ The work plan is designed to bring quick decisions to the Commission while facilitating meaningful input and shared learnings. The first activity under this approach is to quickly address a handful of threshold questions about how the HB 2021 and Clean Energy Plans will fit into the utility planning landscape among Integrated Resource Plans (IRP) and Distribution System Plans (DSP) that parties identified in scoping.

Staff released a straw proposal for these threshold “Planning Framework” questions on April 4, 2022, followed by a workshop on April 20, 2022, and written comments on May 10, 2022.

¹ Docket No. UM 2225, Staff’s Investigation Launch Announcement, January 11, 2022, accessed at: <https://edocs.puc.state.or.us/efdocs/HAA/um2225haa142050.pdf>.

² A recording of the Launch Workshop can be accessed at: https://oregonpuc.granicus.com/MediaPlayer.php?view_id=2&clip_id=897.

³ Docket No. UM 2225, Staff’s Work Plan Announcement, April 4, 2022, accessed at: <https://edocs.puc.state.or.us/efdocs/HAH/um2225hah91948.pdf>.

Staff greatly appreciates the insights and perspectives provided by workshop participants and in written comments. The remainder of this Staff report describes the Straw Proposal, the comments received, and Staff's final recommendations on threshold planning landscape issues based on this valuable input.

Staff's Straw Proposal

During the scoping process, Staff and parties identified key threshold questions regarding the role of the CEP in the existing planning framework, including:

- How will the Clean Energy Plan be reviewed if it is filed separately from the IRP?
 - How will the Clean Energy Plan be meaningful?
- Will the Clean Energy Plan focus on meeting different needs than the IRP?
- Where will resource actions be vetted and acknowledged?
- How will information, including stakeholder input, flow between IRP, DSP, and Clean Energy Plans?
- What degree of consistency is expected between the IRP, DSP, and Clean Energy Plan for the first filing?
- How will planning update cycles work in the new planning landscape e.g., IRP Updates?

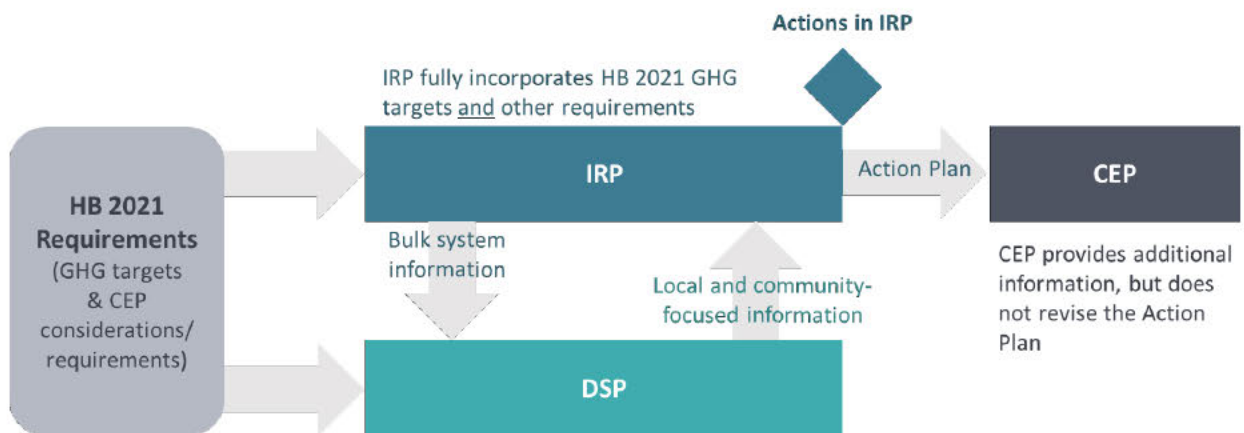
These questions are complex and are not fully addressed by Staff's recommendations at this stage of HB 2021 implementation. At this time, Staff has prioritized specific guidance on the relationship between the IRP and CEP to provide clarity as further discussions regarding the policy and analytical requirements for the first CEPs take place. Toward this end, Staff developed an initial Planning Framework Straw proposal, which is provided in Attachment A.

Because HB 2021 allows the CEP to be filed with the IRP or within 180 days following the IRP, the straw proposal includes two acceptable pathways through which the CEP can be developed and reviewed. Staff believes that the CEP is a holistic roadmap of decarbonization actions and recognizes that there is limited time to develop, review, implement, and adjust CEPs between now and the onset of the clean energy targets. Staff's straw proposal contemplated either path as allowable but stated a preference for the Path 1 approach because it would provide for both efficiency and accessibility within that context.

Path 1: The CEP is provided as a chapter, appendix, or companion filing to an IRP that complies with HB 2021 and is consistent with the Clean Energy Plan requirements. Under this path, the CEP may present information differently than it is presented in the IRP, but it reflects the same underlying plan. In the Straw Proposal, Staff also recognized that two items may be challenging to fully address within the IRP and/or

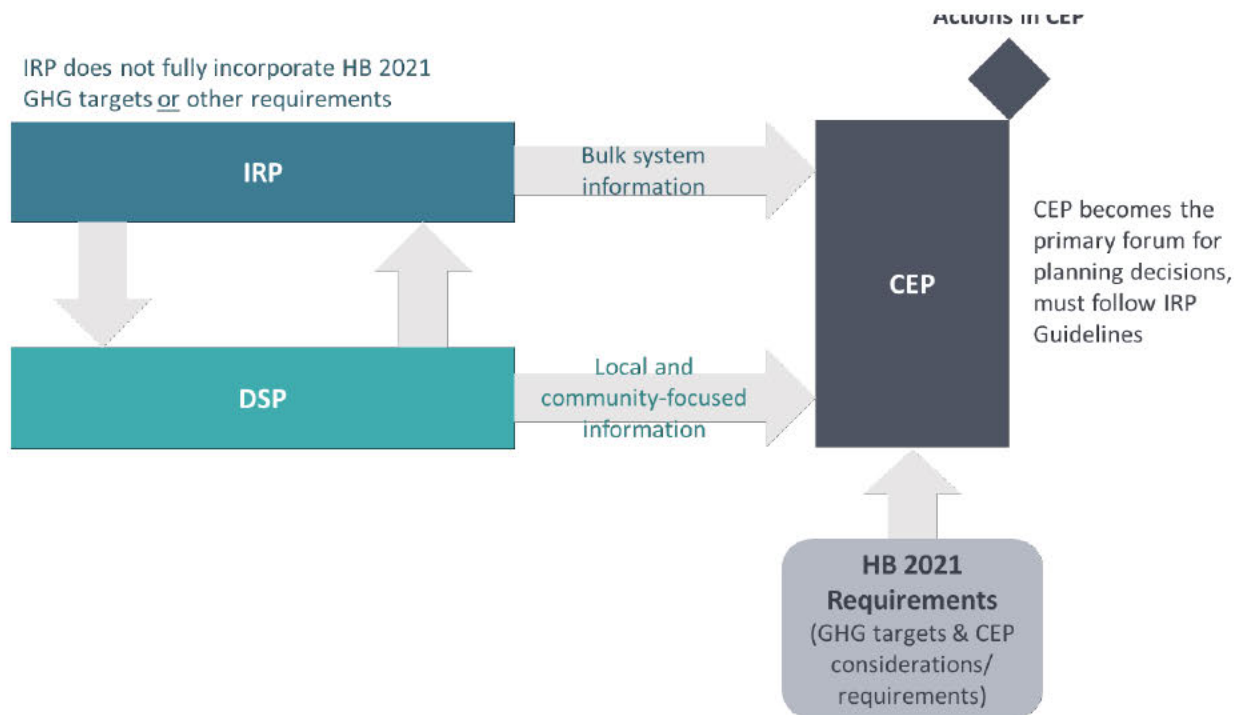
DSP prior to the first CEP filing: opportunities for community-based renewables, and opportunities for grid and/or community resiliency. To ensure that these items are fully addressed within the first CEP, Staff expressed an openness to the utility filing the first CEP later than the IRP (within 180 days) so that the CEP can propose additional or modified actions related community and resiliency analysis. If this occurred, Staff could commit to being flexible in its IRP review but may request to extend the IRP schedule if the CEP were to materially impact the action plan.

Figure 1. Staff's Initial Path 1 Framework



Path 2: The CEP is provided separately from the IRP because the IRP does not comply with HB 2021 or is not consistent with the Clean Energy Plan requirements. Staff noted in the Straw Proposal that such divergence between the IRP and the requirements of HB 2021 could arise due to factors like the complexities of multi-state planning. Under this path, the CEP becomes the utility's primary resource planning vehicle for Oregon. The IRP may provide system-level information to inform the CEP, but it is no longer where resource actions are acknowledged because it is not fully consistent or coordinated with the requirements of HB 2021. In this Path, to continue to ensure robust planning, the CEP must meet the IRP Guidelines in addition to any requirements established for the CEP.

Figure 2. Staff's Initial Path 2 Framework



Intersection with DSP: Staff's Straw Proposal does not include specific guidance regarding the interactions between the DSP and CEP for the first filing of either, but notes that some aspects of the CEP may be informed by the DSP and/or input and community values gained through the DSP process. In the long term, the DSP may be well suited to inform key elements of the IRP and CEP, particularly those that reference local or community impacts or benefits. Maintaining flexibility regarding the information flows between the DSP, IRP, and CEP is beneficial as the DSP matures. The straw proposal is similarly vague about the role of the Utility Community Benefits and Impacts Advisory Groups (UCBIAG) required to be formed under HB 2021 because these groups have not yet been established. Staff expects adjustments to the framework and more guidance for the relationships between the three planning processes as the IRP evolves under the current policy environment and the DSP and CEP mature as key planning documents.

Feedback on Staff's Straw Proposal

Staff appreciates parties' thoughtful perspectives on the planning framework as well as their care to highlight related priorities for CEP implementation. In addition to workshop feedback, Staff received helpful written comments from:

- Alliance of Western Energy Consumers (AWEC);⁴
- DecisionWare Group LLC;⁵
- Oregon Citizens' Utility Board (CUB);⁶
- PAC;⁷
- PGE;⁸
- Renewable Northwest (RNW);⁹
- Smart Electric Power Alliance (SEPA); and¹⁰
- The NW Energy Coalition, Climate Solutions, Sierra Club, Oregon Solar + Storage Industries Association, Multnomah County Office of Sustainability, Rogue Climate, Coalition of Communities of Color, Verde, and Renewable Northwest (Joint Advocates).¹¹

Nearly all parties support Staff's straw proposal and share a preference for Path 1. PAC and PGE have also confirmed their intent to take Path 1 for the first CEP. The following sections include a summary of key feedback received on the straw proposal and Staff's response.

Support for Staff's Straw Proposal

The Joint Advocates believe that Path 1 should be treated as preferential because of the limited capacity of stakeholders to engage with utility planning processes. At the same time, the Joint Advocates warn that the CEP could be treated as a "secondary" planning document if combined with the IRP under Path 1 and recommend that acknowledgement of the IRP under Path 1 is "predicated on the thoroughness of the CEP in this regard and also on how the CEP demonstrates the values laid out in HB 2021 Section 2 around maximizing community benefit and minimizing environmental justice burdens and engaging in tribal consultation."¹²

⁴ Docket No. UM 2225, AWEC's Planning Framework Comments, May 10, 2022, (Hereinto referred to as "AWEC Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac9450.pdf>.

⁵ *Id*, DecisionWare Group, LLC's Planning Framework Comments May 10, 2022, (Hereinto referred to as "DecisionWare LLC Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac125414.pdf>.

⁶ *Id*, CUB's Planning Framework Comments, May 10, 2022, (Hereinto referred to as "CUB Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac15835.pdf>.

⁷ *Id*, PAC's Planning Framework Comments, May 10, 2022, (Hereinto referred to as "PAC Comments")k <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac125659.pdf>.

⁸ *Id*, PGE's Planning Framework Comments, May 10, 2022, (Hereinto referred to as "PGE Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac162117.pdf>.

⁹ *Id*, Renewable Northwest's Planning Framework Comments, May 10, 2022, (Hereinto referred to as "RNW Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac13599.pdf>.

¹⁰ *Id*, SEPA Planning Framework Comments, May 9, 2022, <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac82448.pdf>.

¹¹ *Id*, Joint Advocates' Planning Framework, May 10, 2022, Comments (Hereinto referred to as "Joint Advocates Comments"), <https://edocs.puc.state.or.us/efdocs/HAC/um2225hac161921.pdf>.

¹² Joint Advocates Comments, p. 1.

In addition to supporting Path 1, CUB emphasizes that the CEP, IRP, and DSP are highly interdependent planning processes, and the utilities should make effort to combine these wherever possible. CUB makes the important observation that community benefits analysis and community input need to be sufficiently incorporated into and IRP under Path 1, as well.

AWEC supports Path 1 for its accessibility and “judicial and administrative efficiency not only for the Commission, but for stakeholders as well.” AWEC suggests that, barring a demonstration that it is unduly burdensome for a utility to utilize Path 1, utilities should be required to utilize Path 1 for their first CEPs.¹³

RNW expresses strong support for Path 1, citing the need to “keep CEP process timelines tight.”¹⁴ RNW notes that, based on its experience with separate Clean Energy Implementation Plans (CEIPs) and IRPs in Washington, not following Path 1 has the potential for significant confusion. RNW also agrees with Staff that “building on the existing resource planning process, while accounting for these additional voices, considerations, and instruments is an ideal way to implement HB 2021 both timely and well.”¹⁵ With regard to potential timing delays to finalize community-based analyses, RNW suggest that CEP filing timelines should not be extended and that Staff should allow sufficient flexibility to amend or revisit procedures and processes after the first round of CEPs in order to incorporate any lessons learned.

PAC expresses a preference for Path 1 and notes that there are no barriers to incorporating the requirements of HB 2021 in its existing IRP modeling approach. Like several other parties, PAC believes that the CEP’s role in the planning framework should build on existing IRP processes.

PGE generally supports Path 1 but notes the value in retaining flexibility. PGE expresses support for “Staff’s explicit recognition that the first CEP cycle may not be entirely linear” and seeks to ensure that the possibility of modified actions being filed later than the IRP should not be precluded.¹⁶ PGE seeks to clarify that CEP consideration and acknowledgment would occur on the same timeline as IRP consideration. PGE also agrees with Staff that the CEP may present planning information differently than the IRP, but does not want the CEP to become a second, separate acknowledgement process.

¹³ AWEC Comments, p. 3.

¹⁴ RNW Comments, p.4.

¹⁵ *Id.*, p. 3.

¹⁶ PGE Comments, p. 3.

Staff response: Staff appreciates the thoughtful comments and agrees with parties' preference for Path 1. Given the available time, resources, and lessons learned from other states, Path 1 will be more efficient and accessible and build upon important, interconnected planning processes. Staff also notes that Commission Order No. 21-422 requires PGE to include its first CEP in the filing of the next IRP on March 31, 2023.¹⁷ Based on the utilities' comments in this investigation, it is clear that both are either planning or required to take Path 1.

In response to PGE's request for clarification, Staff confirms that CEP consideration and acknowledgment would occur on the same timeline as IRP consideration under Path 1. Staff agrees with parties that duplicative CEP and IRP processes are less accessible, less timely, and subject to confusion. However, some flexibility may be warranted to ensure that important new CEP analyses are robust. Such flexibility is also consistent with Order No. 21-422, which noted that PGE was free to request a further extension for the CEP.

To balance the benefits of Path 1 and the potential need for the flexibility afforded by Path 2, Staff supports AWEC's proposal that the use of Path 2 in the first plans should be conditioned on a demonstration of undue burden. For example, a utility may petition to file certain elements later than the IRP if a reasonable level of timely Commission guidance has not been provided.

Finally, Staff agrees that the community and justice focus of the CEP should not be overshadowed by the IRP under Path 1. Staff believes this is critical to the function of Path 1 and supports suggestions to develop strong requirements for accessibility and accountability. Staff does not have a well-developed recommendation regarding these items for the Commission at this time but is committed to exploring and incorporating these expectations into its recommendations for the Roadmap Acknowledgement and Procedural work streams.¹⁸

¹⁷ See Docket No. LC 73, Commission Order No. 21-422, November 18, 2021, <https://apps.puc.state.or.us/orders/2021ords/21-422.pdf>.

¹⁸ See Docket No. UM 2225, Staff's Investigation Work Plan document, April 4, 2022.

Alternative proposals

DecisionWare LLC argues that the CEP needs to be an independent document with its own approval and updating process. They recommend an alternative pathway where the CEP precedes and guides the IRP and DSP. Under this framework, acknowledgement of long-term planning analysis in the CEP occurs in advance of the identification of near-term actions for acknowledgement in the IRP and DSP. Rather than regular updates to the CEP, this framework emphasizes the initial CEP as a guiding document for regularly filed IRPs and DSPs. The CEP would be updated periodically based on the presence of new information, rather than a schedule. DecisionWare LLC recommends that the UCBIAG report also precede and inform the IRP and DSPs.

RNW's comments highlight statutory limitations for this pathway. Importantly, HB 2021 requires that the CEP be developed concurrently with each IRP, and the CEP is either filed concurrently with or after the IRP. Further, the utility is the entity responsible for developing the CEP.

Staff response: Staff appreciates the thoughtfulness behind this proposal and understands the drivers are rooted in accessibility and accountability. However, Staff agrees that the alternative framework is not allowed under the law. The same models and analysis are used to identify the long-term plan and the near-term actions, which will result in a duplication of efforts and challenges with the timelines afforded to meet the HB 2021 targets. Staff discusses accessibility and accountability concerns further in the next section.

Accessibility and engagement

Some participants in the Planning Framework Workshop expressed support for a fully independent CEP process to address concerns about the current IRP engagement process. Parties described traditional IRP engagement as too technical and difficult to influence for the CEP and argued that the PUC should assume more responsibility over the pre-filing engagement process to ensure more accountability.

In supporting Staff's Path 1, AWEC notes that:

[...] there are likely other ways to ensure that the IRP process remains efficient for stakeholders only interested in a utility's CEP. For example, the utility could commit or be required to hold specific sessions during the IRP stakeholder process that are designated for CEP issues and stakeholder engagement. These sessions would be clearly established from the outset

of the IRP process so that stakeholders with limited interests and resources could plan accordingly.¹⁹

CUB argues that:

Path 1 will simplify the planning process and present an opportunity to elicit feedback on how to make the utility planning processes more accessible, given the highly technical nature of the IRP process and lack of historical stakeholder engagement in those dockets. For example, the PUC could provide additional workshops within the IRP process to help address this equity and accessibility issue.²⁰

Further, CUB notes that the utility IRPs are already evolving to address important HB 2021 values, such as non-emitting resources and resiliency. CUB notes that the DSPs are similarly making headway in accessibility and centering community values.

RNW also encourages “building in robust and meaningful opportunities for engagement and influence by a broader pool of stakeholders than has traditionally participated in utility resource planning.”²¹ RNW believes this should be balanced with the urgency of HB 2021 implementation.

Along similar lines, the Joint Advocates make important recommendations to ensure accessibility and accountability within Path 1 as well, stating that:

The utilities and PUC must articulate how the community advisory bodies created through HB 2021 contribute to resource plan development and create accountability for the associated actions and their intended benefits. The biennial reports required to be developed in consultation with the CBIAGs are a logical place for progress on the range of anticipated community benefits to be assessed, reviewed, and improved. These reports should be filed in conjunction with the CEP and available to the public.²²

The Joint Advocates provide a helpful diagram illustrating how public engagement could be accomplished across multiple channels to help inform the IRP and CEP. They explain that:

Stakeholder and community input on utility planning, climate action, energy justice, and resilience should not be confined to their individual dockets.

¹⁹ AWEC Comments, p. 3.

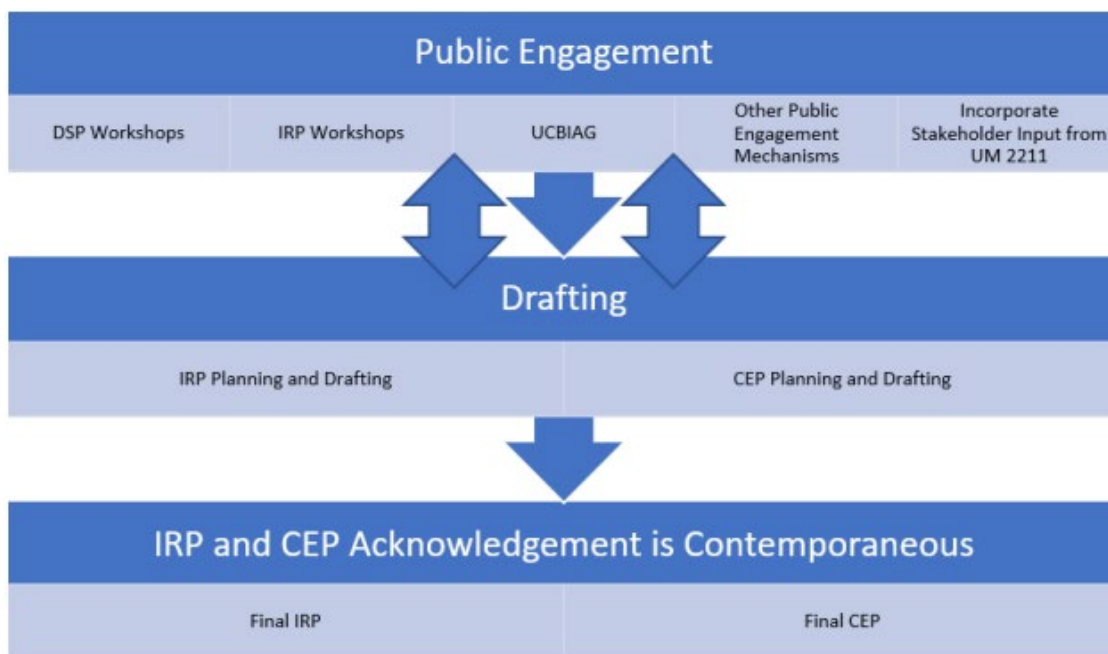
²⁰ CUB Comments, p. 2.

²¹ RNW Comments, p. 5.

²² Joint Advocates Comments, p. 4.

Community priorities and feedback should be considered and incorporated across dockets and decision-/rulemaking spaces at the PUC. In addition to the IRP, DSP, and CEPs, there are other related processes that the PUC may consider coordinating stakeholder feedback—including, for example, utility Wildfire Protection Plans.²³

Figure 3. Joint Advocates' concept for the flow of information and input



The Joint Advocates also discuss the importance of Tribal consultation on the part of the Commission and encourages the Commission to modify the timeline for this docket to allow more time for consultation with the federally recognized Indian tribes in Oregon.

Staff response: Staff agrees that the concerns raised regarding community engagement in the IRP and CEP processes should be addressed as part of implementing HB 2021 and the Clean Energy Plans. Staff plans to incorporate proposed requirements for accessibility and accountability as appropriate in the Roadmap Acknowledgement and Procedural work streams. The legislature recognized in adopting HB 2021 that the state engages in meaningful consultation with federally-recognized Indian tribes under state and federal law, which echoes the OPUC's obligation ORS 182.164 to make

²³ *Id.*

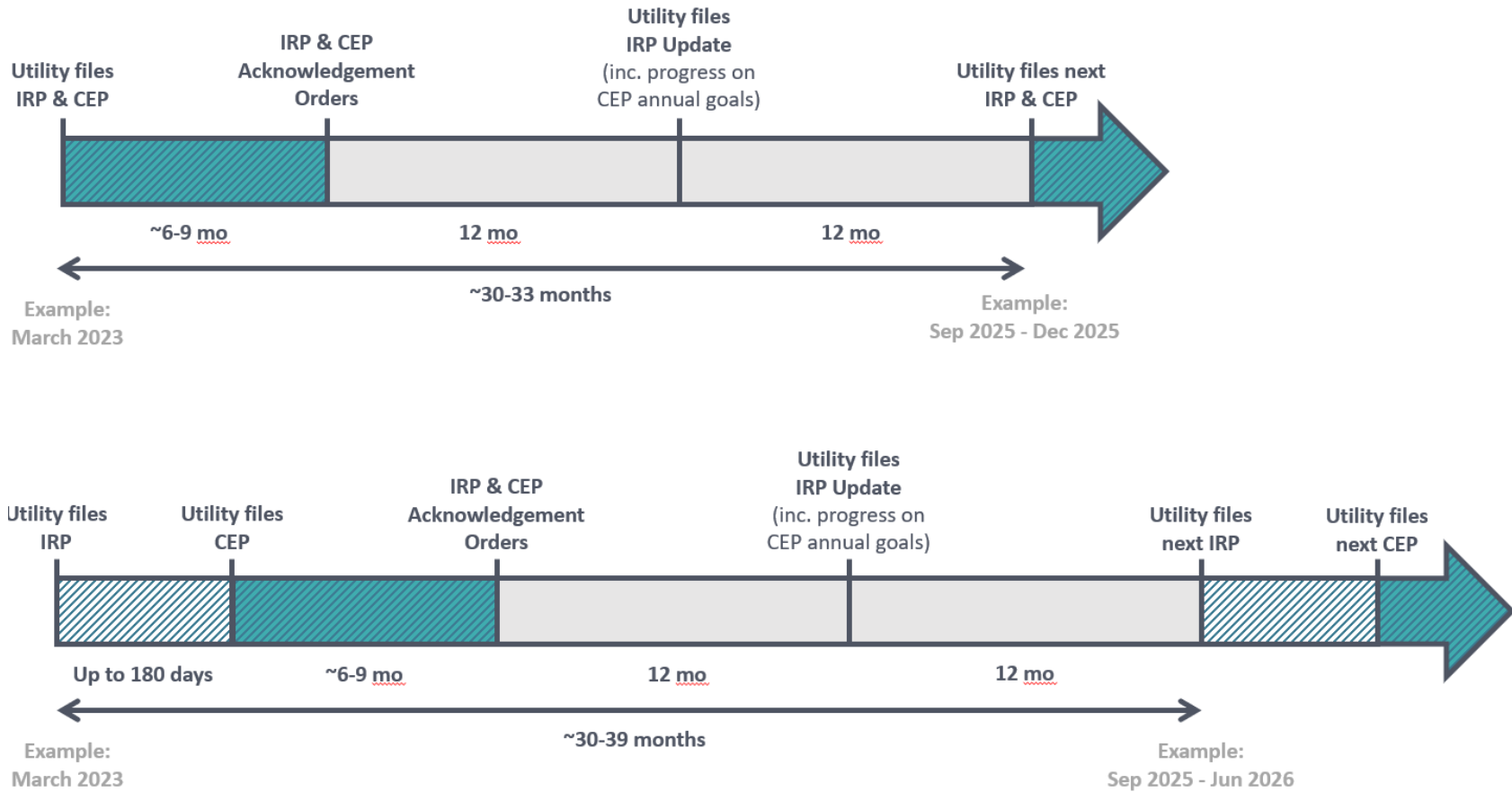
reasonable efforts to cooperate with tribes in developing OPUC programs that affect tribes. The OPUC's current tribal liaison is involved in processes to ensure there is meaningful engagement and consultation. Staff looks forward to continued discussion and improvement of this outreach strategy within the Clean Energy Plan investigation.

Mid-cycle CEP update under Path 1 and 2

The Joint Advocates and CUB suggest that a CEP update should be provided alongside with the existing IRP annual update cycle. The Joint Advocates also suggest that the DEQ verify utility emissions projections and provide a report to the Commission in CEP updates provided with IRP updates.

Staff response: Staff agrees that the IRP update should include updates on IRP actions and progress under the CEP toward annual goals. However, a full update on the long-term portfolio modeling and analyses required by the CEP may not be feasible from a utility, engagement, and DEQ review standpoint. Staff recommends that the Commission direct the utilities to include in the IRP Update an update on utility actions and progress toward CEP annual goals. The details underlying this new requirement can be clarified in the Roadmap Acknowledgement and Analytical Improvements work streams, which will contemplate waivers or updates to the IRP guidelines and rules.

Figure 4. Staff's updated Planning Framework and update process



Additional Stakeholder Feedback

Several parties highlighted policy priorities beyond their direct feedback on the Planning Framework Proposal. Staff truly appreciates the thoughtful input and provides brief responses below.

Continual progress and compliance penalties

The Joint Advocates contemplate the requirement for the CEP to demonstrate “continual progress” and suggest that the CEP should be more detailed about the interim and early steps to meeting the requirements, instead of focusing on a “just in time” compliance obligation. In light of this, they recommend that the Commission determine now that the CEP will be a binding document with known compliance penalties so that they can be incorporated into planning.

RNW provides a different perspective, stating that:

The statute intentionally does not include a compliance mechanism. Instead, the statutory framework builds on the existing regulatory structure whereby a utility develops an IRP subject to Commission acknowledgement,[footnote omitted] followed by an RFP to acquire resources aligned with needs identified in the IRP subject to Commission acknowledgement,[footnote omitted] all of which ultimately informs a rate case whereby the Commission determines what expenses undertaken by a utility are recoverable in rates.²⁴

Staff response: Staff agrees with RNW that compliance penalties are not contemplated in the HB 2021 regulatory framework. We take the HB 2021 targets and utility accountability seriously and note that utilities’ CEPs are required to plan to comply with the targets and requirement for continual progress, which will be explored in the Roadmap Acknowledgement work stream. Staff does not believe that there is a meaningful way to incorporate the cost of noncompliance into modeling in a compliant CEP given these requirements. In addition, the process to establish reasonable, defensible compliance penalties in advance of information about the utility compliance strategies from a CEP would take a considerable amount of process and divert focus away from setting meaningful expectations for robust engagement and decarbonization planning. Staff also commits to discuss the suggestion to make the CEP, and presumably the annual goals for utility actions, binding in some form in the Roadmap Acknowledgement work stream.

²⁴ RNW Comments, p. 3.

Streamline the planning-procurement cycle

PGE provides helpful suggestions to streamline the planning and procurement processes, for the Commission to consider in the CEP investigation. These suggestions include:

- Identify opportunities to remove non-essential analysis from IRP;
- Streamline RFP and IE approval; and
- Encourage utilities to run multiple RFPs between IRP needs assessments.

RNW similarly notes that, in the spirit of keeping CEP timelines tight, it may “be worthwhile to consider in this process whether some streamlining of the Commission’s competitive bidding rules at OAR 860-089 would be appropriate.”²⁵

Staff response: Staff agrees that lengthy procurement cycles pose a risk to continual progress and compliance with the fast-approaching HB 2021 targets. Staff is interested in exploring these issues within the Roadmap Acknowledgement and Analytical Improvements work streams.

Staff’s Recommendations

Based on the helpful discussion summarized above, Staff has identified improvements that will increase the efficiency, accessibility, and flexibility of its initial Planning Framework Straw Proposal. Regarding the threshold planning framework issues, Staff believes that the Commission should adopt the recommendations described in the initial straw proposal with the following improvements:

- Direct PAC and PGE to take the following actions for the first CEP filing:
 - File the CEP with the utility’s next IRP, as a chapter, appendix, or accompanying filing. Upon request, the Commission may authorize either utility to file the CEP, or specific components of the CEP, within up to 180 days of filing the IRP if the utility demonstrates that filing the CEP with the IRP would create an undue burden.
 - File a CEP that is consistent with the IRP analysis and IRP Action Plan.
 - File a CEP that describes how the IRP and CEP have met the planning requirements of HB 2021.
- Direct PAC and PGE to file IRP Updates, after the first CEP filing, that include updates on utility actions and progress toward the annual goals described in the CEP.

²⁵ *Id.*, p. 4, footnote 16.

Conclusion

Staff's approach to the Investigation into Clean Energy plans is designed to bring quick decisions on key near-term issues to the Commission. The first activity under this approach is to address a handful of threshold questions about how HB 2021 and Clean Energy Plans will fit into the utility planning landscape among Integrated Resource Plans (IRP) and Distribution System Plans (DSP) for the first CEPs.

Staff greatly appreciates the insights and perspectives provided in response to the Planning Framework Straw Proposal. Parties generally support Staff's framing and highlight a few modifications to make the first CEPs a more efficient and accessible process. Staff recommends that the Commission adopt its proposal for Path 1 with modifications, by directing the utilities to file the first CEP with the IRP and provide for use of Path 2 upon a showing of undue burden. Staff further recommends the Commission direct the utilities to include updates on the CEP with the first IRP Update that follows. Staff does not see a need for the Commission to consider a framework for compliance penalties at this time and recommends no action be taken.

In addition, Staff is committed to exploring recommendations to enhance the accessibility and accountability of the planning framework throughout the rest of this investigation. Staff will do so with recognition of the value of flexibility and the limited time to make major shifts in the utility resource portfolios.

PROPOSED COMMISSION MOTION:

- Direct PAC and PGE to take the following actions for the first CEP filing:
 - File the CEP with the utility's next IRP, as a chapter, appendix, or accompanying filing. Upon request, the Commission may authorize either utility to file the CEP, or specific components of the CEP, within up to 180 days of filing the IRP if the utility demonstrates that filing the CEP with the IRP would create an undue burden.
 - File a CEP that is consistent with the IRP analysis and IRP Action Plan.
 - File a CEP that describes how the IRP and CEP have met the planning requirements of HB 2021.
- Direct PAC and PGE to file IRP Updates, after the first CEP filing, that include updates on utility actions and progress toward the annual goals described in the CEP.
- Take no action on compliance penalties at this time.

Planning Framework Straw Proposal

Below are Staff's proposed answers to the threshold questions about how the first Clean Energy Plans (CEP) fit into the planning landscape among Integrated Resource Plans (IRP) and Distribution System Plans (DSP), and etc. Staff's initial proposal seeks to answer the following questions:

- How will the Clean Energy Plan be reviewed if it is filed separately from the IRP?
 - How will the Clean Energy Plan be meaningful?
- Will the Clean Energy Plan focus on meeting different needs than the IRP?
- Where will resource actions be vetted and acknowledged?
- What degree of consistency is expected between the IRP, DSP, and Clean Energy Plan for the first filing?
- How will information, including stakeholder input, flow between IRP, DSP, and Clean Energy Plans?
- How will planning update cycles work in the new planning landscape e.g., IRP Updates?

Staff looks forward to discussing further at the April 20, 2022 workshop (details TBA) and to receive additional feedback through written comments submitted by May 10, 2022.

Please submit written comments to the [OPUC Filing Center](#) at puc.filingcenter@puc.oregon.gov.

Please limit responses to 5 pages total per individual or organization.

Please contact OPUC Staff with questions:

Caroline Moore at caroline.f.moore@puc.oregon.gov or 503-480-9427.

Planning Framework Proposal

Staff recognizes that the role of the CEP within the planning framework requires near-term guidance as utilities continue work on their IRPs and DSPs in advance of the first CEP filings. Staff also recognizes that some of the requirements of HB 2021 overlap with existing planning practices. This straw proposal attempts to leverage existing practices where possible and to provide clear paths for developing a CEP concurrently with an IRP in a manner that satisfies the requirements of HB 2021.

To answer the Planning Framework questions above, Staff has articulated two pathways through which the CEP should be developed and reviewed. Staff proposes that either pathway is reasonable for meaningful for compliance and review of the first Clean Energy Plans—Staff does not propose that the Commission decide that only one pathway should be use for the first CEP.

- **Path 1:** The CEP it is provided alongside an IRP that is consistent with HB 2021 and the Clean Energy Plan requirements. Under this path the CEP may present information differently, but is not really meeting a different need or proposing actions for acknowledgement separately from the IRP, and

- **Path 2:** The CEP is provided separately from the IRP because the IRP is not sufficiently consistent with HB 2021 and the Clean Energy Plan requirements. Under this path, the CEP is not meeting different needs, as much as, meeting all of the resource planning needs and becomes the utility's primary Oregon resource planning vehicle. The IRP is no longer where resource actions are acknowledged because it does not account for the needs filled by other HB 2021 and Clean Energy Plan-driven actions

While Staff seeks to answer as much as possible about the flow of information between CEP, IRP, DSP, the Staff finds that the DSP may not be far enough along to answer these questions at this time. Staff is interested in unpacking these relationships further in UM 2225 and/or elsewhere.

The pathways are described further below, including high level thoughts on the flow of information between plans and the role of planning update cycles.

Path 1

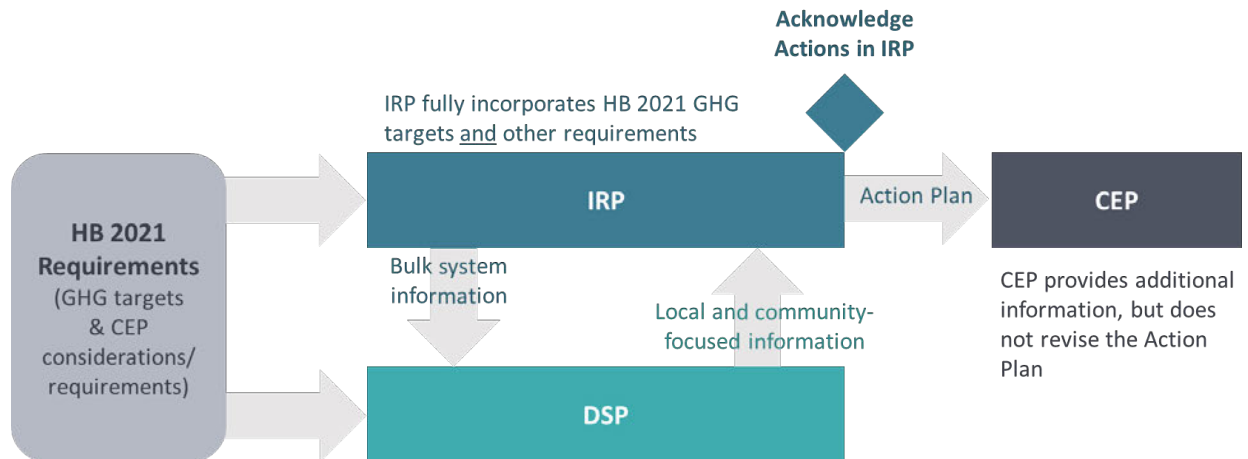
In this preferred path, the utility incorporates the planning considerations outlined in HB 2021 directly into the IRP so that the IRP Action Plan is consistent with HB 2021 in the following ways:

- The IRP meets the GHG targets, while demonstrating continual progress; and
- The IRP takes all of the following into consideration:
 - System reliability
 - Costs and risks to customers
 - Technical and economic feasibility
 - Environmental and health impacts of GHG reductions
 - Community impacts and benefits
 - Opportunities for community-based renewables
 - Opportunities for grid and/or community resiliency

Role of CEP

If a utility takes this path, then actions can be acknowledged within the IRP process and actions would not be acknowledged with the CEP process. In this path, the CEP is a filing accompanying the IRP that describes where in the IRP the planning considerations for HB 2021 are each addressed and provides the following additional information, if not already included in the IRP:

- Annual goals for EE, DR, and non-emitting generation/storage
- Annual goals for fossil retirement and operational changes
- Annual goals for GHG reductions



Role of DSP

In this path, the role of the DSP will depend on how the utility intends to incorporate the planning considerations listed above. For example, the utility may leverage the DSP process to seek input regarding community needs and values and to explore opportunities for community-based renewables or resiliency projects. In this path, the utility could use information from DSP to account for these considerations within the bulk system planning analysis in the IRP. In addition, because the DSP does not currently include a process for acknowledging actions, the utility could request that actions related to community-based renewables or grid and/or community resiliency be acknowledged within the IRP as part of their plan for complying with HB 2021. The goal of incorporating these items into the IRP would be to ensure internal consistency between bulk system actions and actions that achieve other objectives of HB 2021 and meet some of the utility needs being planned for.

Filing timing

The CEP does not need to be filed as a part of the IRP for this to work, however that will increase the ease of review and help stakeholders with limited resources to dedicate to OPUC processes.

Additional timing considerations for first CEP

While many of the planning considerations in HB 2021 overlap or dovetail with existing planning practices, Staff recognizes that two items in particular may be challenging to fully address within the IRP and/or DSP prior to the first CEP filing: opportunities for community-based renewables; and opportunities for grid and/or community resiliency. To ensure that these items are addressed within the first CEP, Staff is open to the utility filing the first CEP later than the IRP (within 180 days) so that the CEP can propose additional/modified actions related to community and resiliency analysis. Staff can commit to being flexible in its IRP review if this occurs, but may request to extend the IRP schedule if the CEP materially impacts the action plan.

Staff wants these two new analyses to be substantive and wants to provide enough time for that. However, Staff does not want to encourage utilities to rush the community and resiliency analyses to avoid delays in acknowledgement of the other IRP actions. We look forward to further exploration of this issue.

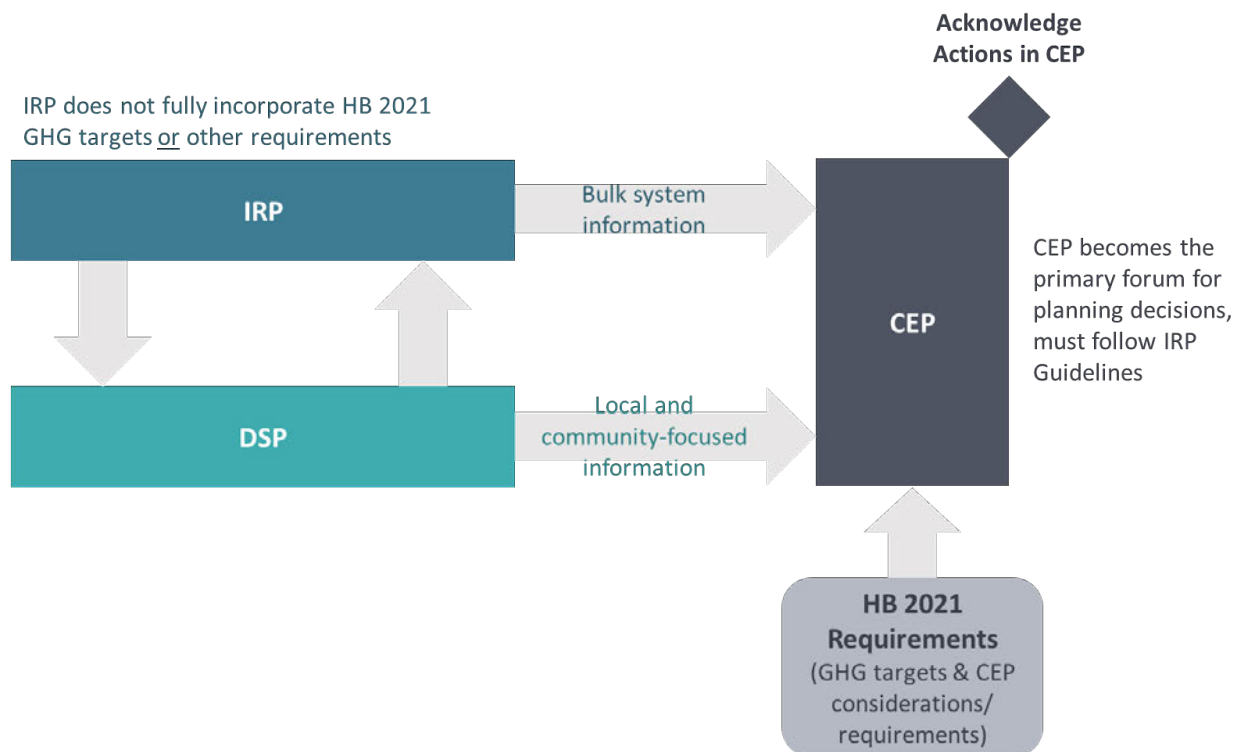
Path 2

In this path, which is less preferred, the utility does not meet the requirements of HB 2021 within the IRP. This may be due to timing constraints or the complexities of multi-state analysis and planning. A utility may take this path if:

- The IRP does not meet the GHG targets or demonstrate continual progress; or
- The IRP does not take one or more of the following into consideration:
 - System reliability
 - Costs and risks to customers
 - Technical and economic feasibility
 - Environmental and health impacts of GHG reductions
 - Community impacts and benefits
 - Opportunities for community-based renewables
 - Opportunities for grid and/or community resiliency

Role of CEP

If the utility takes this path, then the Commission may determine that the utility has not met IRP Guideline 1.d and may choose not to acknowledge the utility's IRP Action Plan. In this case, the utility may instead seek acknowledgement of actions to comply with HB 2021 within the CEP and the CEP becomes the primary planning forum for the utility in the State of Oregon. As such, the CEP would be expected to incorporate all of the requirements of HB 2021 and considerations listed above and meet the IRP Guidelines. In this path, the utility may point to the IRP for bulk system information, for example resource needs assessment and market forecasts, and the Commission may choose to acknowledge this or other information within the IRP for use in the CEP.



Role of DSP

In this path, the role of the DSP will depend on how the utility intends to incorporate the planning considerations listed above into the CEP. For example, the utility may leverage the DSP process to seek input regarding community needs and values and to explore opportunities for community-based renewables or resiliency projects. In this path, the utility could use information from DSP to account for these considerations within the CEP and could also request acknowledgement of related actions within the CEP.

Filing timing

The CEP is required to be filed within 180 days of the IRP. It is possible that this may not align perfectly with the current IRP review timelines at the Commission, which are also 180 days but are occasionally extended for a range of reasons.

Future evolutions

The relationships between the IRP, DSP, and CEP in this straw proposal are based on the current IRP and DSP Guidelines. To the extent that there are changes to these guidelines in the future, these relationships may be re-examined. In particular, if the DSP process incorporates an acknowledgement decision in the future, it may be appropriate to re-examine where some actions related to HB 2021 compliance are acknowledged, and what that might mean for the CEP and IRP.