Oregon Public Utility Commission

Public Utility Commission and Offshore Wind

DLCD OSW Roadmap Roundtable #4

Zachariah Baker, Policy Advisor

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Presentation Outline

- **Background**
  - PUC Overview
  - Types of PUC Dockets
- **PUC Roles Regarding OSW Projects**
  - Utility Resource Planning and Procurement
    - IRPs/CEPs
    - RFPs
    - Cost Recovery
  - Regional Transmission Planning
  - CPCNs

PUC Overview

Economic regulator of investor-owned utilities

- Electric – PGE, PacifiCorp, and Idaho Power
- Natural Gas – NW Natural, Cascade, and Avista
- Select telecom and small water companies

Must consider and approve all changes to tariffed utility rates

Quasi-judicial and policy functions

3 full-time Commissioners – 142 FTE

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Our **mission** is to ensure Oregonians have access to **safe, reliable and fairly priced** utility services that advance **state policy** and promote the **public interest.**

We use an **inclusive process** to evaluate differing viewpoints and visions of the public interest and arrive at **balanced, well-reasoned, independent decisions** supported by fact and law.

Categories of Dockets the PUC Reviews

The PUC evaluates regulated utility filings in three major categories.

Rates	Planning	Programs
• General Rates Cases • Annual Cost Adjustments	• Integrated Resource Plans • Clean Energy Plans • Wildfire Mitigation Plans • Distribution System Plans	• Net Metering • Community Solar • Energy Efficiency • PURPA • Demand Response • EV Charging

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PUC Roles Regarding OSW Projects

- PUC is not one of the state agencies in the Oregon Coastal Management Program
- PUC only has a role in OSW projects if a PUC-regulated utility or transmission lines are involved, and even then, the PUC's role is unique.
- **Three main roles for the PUC in OSW**:
  - Review of utility resource planning and procurement
  - Participation in regional transmission planning
  - Review of transmission lines involving condemnation of land

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1. Review of utility resource planning and procurement

- IRPs/CEPs
- RFPs
- Cost Recovery

IRPs/CEPs

- Investor-owned utilities required to submit **Integrated Resource Plans (IRP)** every 2.5 years
  - The IRP presents a utility's current plan to meet the future energy needs of its customers through a "least-cost, least-risk" combination of energy generation and demand reduction.
    - 20-year planning horizon with a near-term Action Plan for the next 2-4 years
    - The plan includes estimates of future energy needs, analysis of the resources available to meet those needs, and the activities required to secure those resources.
- The largest electric IOUs (i.e., PGE and PAC) must file a **Clean Energy Plan (CEP)** concurrently with the IRP (or within 180 days of filing IRP)
  - How the utility plans to meet HB 2021 (2021) requirements and make continual progress
- **Annual IRP Update** (or more frequent if significant changes)
  - What actions the utility has taken to implement the Action Plan, what factors have changed, and justification for deviations from the Action Plan
- For more information:
  - IRPs: IRP Guidelines; CEPs: HB 2021 Implementation Activities
  - Docket No. UM 2348 – IRP/RFP Modernization

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RFPs

- Utility resource acquisitions falling under the competitive bidding requirements in OAR Chapter 860, Division 89 require the use of a request for proposals (RFP) unless an exception applies or the rules are waived.
  - Competitive bidding requirements apply when an electric utility may **acquire a resource or contract for more than an aggregate of 80 MW and 5 years in length** as specified in OAR 860-089-0100(1).
  - Exceptions: Emergency; time-limited opportunity of unique value; alternative acquisition method acknowledged in IRP; exclusively transmission assets or rights
- Key components of RFP review:
  - Draft RFP
    - Minimum bidder requirements
    - Scoring and modeling methodology
  - Final Short List

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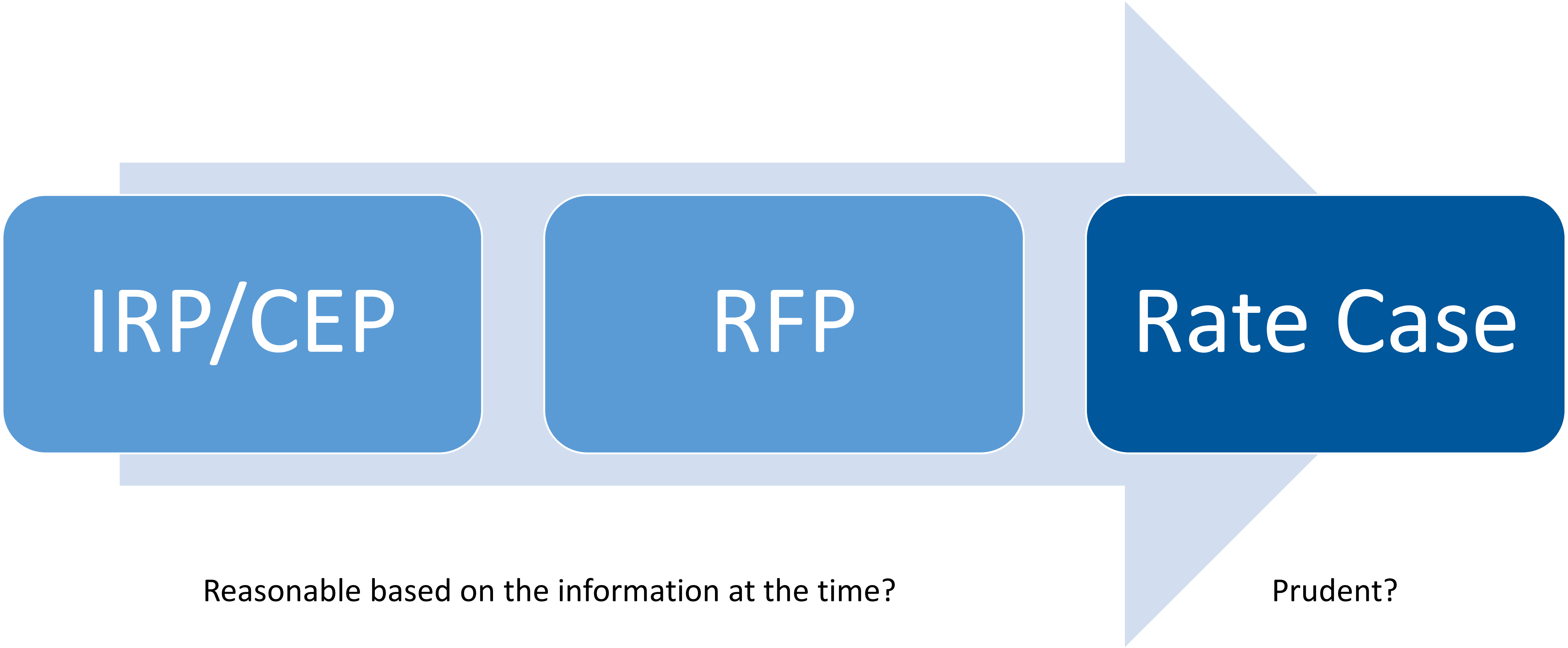
Path to Cost Recovery



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2. Participation in regional transmission planning

Regional Transmission Planning

- NorthernGrid
  - FERC Order No. 1000 Planning Region
  - Oregon's IOUs fulfill their FERC regional transmission planning requirement through NorthernGrid
  - The PUC participates alongside other states in the region
  - 10-year regional transmission plan developed every 2 years
    - FERC Order No. 1920A (2024) extended the planning horizon to 20-years and included additional requirements around state engagement on planning and cost allocation
  - In the 2022-2023 cycle, included a study of 3 GW of OSW off the Oregon coast by 2032
- WestTEC
  - Industry-led, West-wide effort to develop an actionable transmission study to support the needs of the future energy grid looking out over 10- and 20-year periods
- CREPC-TC
  - An informal working group of CREPC designed to focus on regional transmission issues
    - Currently focused on state and provincial input into WestTEC and exploration of cost allocation frameworks for the West

Note: None of these venues has the authority to require identified transmission projects be built

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3. Review of transmission lines involving condemnation of land

CPCNs

- Oregon law (ORS 758.015) sets out a process to be followed and requirements that must be met if an electric utility in Oregon seeks to build a transmission line and property rights may ultimately need to be condemned.
  - The utility must apply to the PUC for a **Certificate of Public Convenience and Necessity (CPCN)**
- The utility must provide evidence of its need and justification to construct a transmission line.
  - The PUC will determine the “necessity, safety, practicability and justification in the public interest for the proposed transmission line” as required by Oregon law (ORS 758.015(2)), and as further described in administrative rules OAR 860-025-0030 through 0040.
  - If a proposed transmission line is subject to the jurisdiction of the Energy Facility Siting Council (EFSC), the Commission will not issue a CPCN until EFSC issues a site certificate.
- The PUC CPCN process does not condemn the land – the issuance of a CPCN is used as evidence by the utility in a separate court proceeding under Oregon’s General Condemnation Procedure Act.

Thank You!

For follow-up questions, please contact
Zachariah.Baker@puc.oregon.gov

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Post-Presentation Q&A Clarification – 1/13/25

- Regarding questions around cost considerations and non-monetary benefits factoring into investor-owned utility procurement:
  - Costs are a main driver in assessing procurement decisions – focused on "least cost, least risk"
    - Other key considerations:
      - Reliability and resource diversity - resource needs and resources are considered in relation to the utility's portfolio of resources
      - State laws (e.g., HB 2021)
  - Potential ways to incorporate consideration of non-monetary benefits:
    - RFP minimum bidding requirements
      - E.g., labor standards are required as minimum bidding requirements per HB 2021 [as clarified by HB 4059 (2022)]
    - RFP evaluation criteria sometimes include both price and non-price scoring, the latter of which can potentially address non-monetary benefits

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