



October 29, 2020

Oregon Public Utility Commission  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

**RE: EO 20-04 DRAFT Work Plan-City of Eugene Comments**

The City of Eugene (City) appreciates the opportunity to provide input on the Oregon Public Utility Commission's (OPUC) Executive Order 20-04 Work Plan outlining the two-year implementation for the agency to reduce greenhouse gas (ghg) emissions in the state's investor owned utility sector. The work of OPUC staff in developing a draft work plan is commended, there are a good number of transformational actions identified within the workplan, yet after review, there are two specific areas that the City would like to provide additional input on, these include the actions related to the natural gas sector and the engagement efforts outlined in the Impacted Communities section.

## Background

Local governments have been on the leading edge of climate recovery in Oregon and nationally for years. The City completed our first community [Climate and Energy Action Plan in 2010](#), adopted the [Climate Recovery Ordinance](#) (CRO) in 2014. We recently completed the [2020 Climate Action Plan](#) (CAP) that includes a primary focus on reducing natural gas in the community, guided by the CRO goals of reducing fossil fuel use community wide by 50% from 2010 levels by 2030. This CRO goal roughly aligns with the potential Oregon DEQ goal under the cap and reduce program for natural gas usage, of reducing ghg emissions by 53% from 2017 levels by 2035. While the City's plans outline local actions to reduce ghg and fossil fuel use, many of the large systematic reduction actions are under the authority of state regulatory agencies such as the OPUC.

Recently, the City and Northwest Natural Gas (NWN) began negotiating the renewal of the existing natural gas [Right of Way Franchise Agreement](#), with additional guidance from the Eugene City Council to include a ghg emission reduction element into the agreement. As both parties work to develop a new and innovative approach to ghg emission reductions at the local level, the work made explicitly clear that, as a regulated utility, NWN is limited to what can be negotiated without approval from the OPUC.

The CAP included actions directing city staff to work at the state level on ghg reduction policy, both via the legislative and the rule making process. This direction, coupled with our experience in negotiating a ghg reduction franchise agreement gave us great interest in the agency work plans for implementing EO 20-04, to the extent that we submitted comments (June 15) to OPUC on the initial Report to Governor Brown on EO 20-04. Within those comments was a request for increased

engagement by the OPUC with local governments and impacted communities as the work plans to implement EO 20-04 were being developed.

### Natural Gas Sector

The items included in Part 1-Utility Planning related to Integrated Resource Plans are broad and provide a key number of considerations that would apply to natural gas utilities. However, the specific items included within subsection 5-Natural Gas GHG Reductions could be amended to increase the systemic impact on ghg reductions.

### SB 844

This legislation that passed in 2013 and incentivized a utility for voluntary emissions reduction projects, which to date, no projects have used the SB844 pathway to accomplish. While it is likely that OPUC staff should analyze why that is, the City questions the value this action would have towards meaningful and systemic reduction in ghg emissions. Our recommendation is to use the staff time and resources on another priority project.

### DEQ Cap and Reduce Collaboration

It is highly encouraged for the various agencies to collaborate across their scope of authority to implement comprehensive rules and policy, and the City supports this approach. However, the City recommends that the OPUC collaborate with local governments that have adopted their own ghg reduction goals, in much the same pursuit of creating comprehensive policy across the state.

### SB 98 Implementation and Compliance

NWN has been proactively engaged in RNG acquisition under the regulatory guidance outlined in SB 98, including an innovative pilot program with the Eugene Water and Electric Board, as well as with our regional wastewater authority. While the prospect of increased RNG into the natural gas pipeline is one of the primary ghg reduction strategies for the utility, it seems that the 'heavy lift' for regulation by OPUC has already been completed. In other words, there does not seem to be much more 'additionality' for ghg reductions beyond the voluntary targets authorized in SB98 of 20% RNG by 2035. If that is the case, the OPUC can have greater impact on focusing the Work Plan on reducing the remaining 30% goal.

### Additional Items

If the target acquisition of 20% RNG by 2035 authorized under SB98 comes to fruition, that still leaves over 30% ghg emissions reduction over the course of the next 15 years to comply with local and state targets. The City requests the following items be considered or prioritized by OPUC within the work plan.

- **Increased Energy Efficiency:** Oregon already has one of the most robust energy efficiency sectors in the country. Eugene supports the work to incorporate Societal Cost of Carbon (SCC) into the Avoided Cost Filing, specifically regarding Energy Efficiency investments, and asks: What would it look like to double or triple investment in Energy Efficiency over the course of the next 10 years? Are there aspects of current rules or program operation that could be improved to increase the efficacy of those investments? What other actions can increase energy efficiency investments over the next 10-15 years?

- **Non-pipes approaches:** Much like electric utilities will acquire conservation to meet load growth or reduce load, with one outcome being the ability to extend the life of existing infrastructure, natural gas utilities can develop geographically targeted energy efficiency or electrification approaches to postpone or replace the need for costly infrastructure investments. NWN included this approach within an IRP and is currently working on pilots. OPUC can emphasize the completion of this pilot, assessment, and expanded roll-out across utility service territory.
- **Electrification/Fuel Switching:** The electrification of residential natural gas users has been shown to be one of the most cost-effective approaches to ghg reductions. Yet, the act of fuel switching creates tremendous concerns for gas-only utilities. In Eugene, NWN currently provides non-rate based incentives to customers who switch from electric to gas, while this may not currently be within the OPUC's regulatory purview, it is likely not within any regulatory agencies either, and yet the conversion from electric to gas customer only increases the ghg emissions from this sector. The City requests that OPUC develop strategies and mechanisms that can reduce the utility's (and ultimately customer) risk associated with electrification/fuel switching.
- **System/Infrastructure Expansion:** Similarly, to electrification, slowing the expansion of new natural gas infrastructure has been shown to be one of the most cost-effective measures to reduce ghg emissions. There are a number of jurisdictions in California that have adopted bans or infrastructure restrictions for natural gas over the course of the past few years. Most of these have occurred in the territory of gas/electric combined utilities, with none currently in a gas-only utility territory. As with electrification, the prospect of a service expansion restriction is very concerning for a utility and therefore needs to be part of the integrated planning efforts overseen by the OPUC. Without OPUC involvement in this ghg reduction strategy, local governments will struggle to create collaborative pathways forward with the utility.
- **Community-wide Green Tariffs:** This item has been included within the work plan, and the City requests that it be prioritized as an action to be accomplished within year one and with heavy involvement with representatives from Oregon's local governments with adopted GHG reduction goals and plans, in addition to the LOC and/or AOC. This tool can provide a meaningful pathway for utilities, local governments, and the OPUC to comprehensively address ghg reductions and the impacts to customers.

## Impacted Communities

OPUC must be commended for creating a very robust and expansive proposal related to the involvement of Impacted Communities. The City recognizes this is a timely subject and one that continues to evolve as public sector agencies continue to improve our operations, address past mistakes, and build a more equitable society. The thoroughness and comprehensive approach of this

Impacted Communities plan is truly something that the staff and Commission should be proud of. With that said, the following items are offered in the spirit of achieving success in these important endeavors.

- **DEI Director:** Eugene staff were enthused to provide input into the OPUC's process for developing this position. This position can have great impact within the organization and across Oregon's utility sector. We recommend that the work responsibilities be right sized for the position. The current workload is unrealistic for one staff member without a team of professionals to assist in implementing the work. Our experience has shown that to be successful, a DEI manager is allowed to work with other division and department heads and manage a team of staff dedicated to the DEI work plan. Additionally, the DEI manager should be a member of the OPUC executive leadership team and build direct relationships with all the Commissioners in cooperation with the Executive Director.
- **DEI Policy Statement:** The City recommends that the OPUC and the OPUC Commissioners adopt specific DEI policy statements that provide direction and accountability for the DEI program efforts. Without the integration of the new DEI Director and DEI work plan with agency-wide policy and goals, there exists the possibility that other 'primary' roles of the OPUC may eclipse the DEI priorities.
- **DEI Standing Committee:** The City recommends that the OPUC invest in a 'DEI Standing Committee' that can be modeled from the City of Eugene's Climate Action Plan Equity Panel. The purpose of the Equity Panel was two-fold, the first was to gain input and engagement from traditionally under-represented voices on the Climate Action Plan. The second and likely more transformational, was to build the capacity of the representatives and their organizations to continue to engage in public processes in an efficient and effective manner.

Much of the OPUC's Impacted Communities work plan will have good outcomes and benefits, but as was stated in our June 15 letter, by investing in building the capacity of the organizations that represent Impacted Communities, the OPUC can help to 'level the playing field' during rate cases and other regulatory matters that come before the OPUC. As an example, it is assumed that the professional staff from utilities and public agencies are supported by dedicated revenue streams that come from either customer rates, fees, or taxes. Provided a stable financial support base, these entities have a disproportionate voice in the regulatory matters which OPUC administers. While there are some consumer advocacy actors in the state, there are very few entities engaged in this work on behalf of impacted communities. By investing in capacity building, the OPUC can enhance their existing DEI efforts in a much more engaged manner.

This DEI Standing Committee could provide policy advice to the Commission, operational recommendations in cooperation with DEI Director, or enhance external communications/engagement efforts across Oregon. One last benefit for this panel, it will

provide to the OPUC the 'hard to hear' advice that may not be politically feasible for the DEI Director, as an employee of the OPUC, to advocate for.

Thank you for the tremendous effort that OPUC staff gave to develop the EO 20-04 work plan, it truly is the start of a new beginning for the regulatory agency and signals a willingness to be a leader in climate action for Oregon. If there are questions to answer or clarification of these comments, please feel free to reach out. Thank you for your work on behalf of all Oregonians.

Sincerely,

*Submitted electronically*

Ethan Nelson  
Intergovernmental Relations Officer