

October 27, 2020

To: Garrett Martin, Oregon Public Utility Commission

From: Fred Gordon and Hannah Cruz, Energy Trust of Oregon

Re: Oregon Public Utility Commission Draft Actions in Response to Governor's Executive Order 20-04 Regarding Climate Change

Energy Trust of Oregon is the nonprofit administrator of energy efficiency and renewable energy programs for the five largest investor-owned utilities in Oregon. Energy Trust welcomes the opportunity to comment on the Oregon Public Utility Commission's Executive Order 20-04 Work Plans. The plans are ambitious, reflect the priorities and direction called for by Governor Brown and encompass many areas where work is underway between the OPUC, Energy Trust and stakeholders. Energy Trust's comments focus on areas where Energy Trust may be of assistance in carrying out this work, and more specifically, on areas where our potential contribution may be further clarified. We have chosen not to list or discuss all the areas of interface that are clearly indicated in the work plans.

Energy Trust's energy efficiency and renewable energy initiatives are pivotal tools for meeting the state's greenhouse gas goals and can become stronger resources for helping vulnerable populations and impacted communities adapt to climate change. While we operate under a contract with the OPUC that focuses on cost-effective energy savings and lowering above-market costs of small-scale renewable energy systems, the impact of these efforts on greenhouse gas emissions is direct and substantial. As our long-term strategic plan and annual performance measures with the OPUC direct, accelerating activities to reach all customers—including rural, income constrained and communities of color—is needed to fully realize the Governor's executive order and greenhouse gas emissions goals. By maximizing energy efficiency and renewable generation, we can help the state make progress toward emission goals and benefit the most impacted and vulnerable populations.

Social cost of carbon

The proposed inclusion of the social cost of carbon in Energy Trust's avoided costs, which we use to establish program and measure cost-effectiveness, will further direct our activities toward maximizing greenhouse gas reductions. Under current OPUC direction, an avoided cost for reducing carbon is included in our avoided cost analyses, but it is a lesser value.

Energy Trust is prepared to work with the OPUC, stakeholders and utilities to develop and implement estimates of the social cost of carbon. We have already discussed with OPUC staff how we could modify the avoided costs calculations to achieve this end.

The Utility Planning Work Plan indicates applying social cost of carbon considerations to renewable energy projects may be considered at some time in the future. We encourage consideration of carbon cost in renewable energy policymaking as soon as feasible given recent reductions in the avoided costs used to establish qualifying facility rates. Our market experience is that a temporary reduction in renewables value followed by an increase creates an unstable and challenging environment for renewable energy project developers.

Grid decarbonization

Energy Trust appreciates the discussion of this topic as a potential source of greenhouse gas emissions reduction in addition to the savings from avoided fossil fuel generation. We can contribute to this effort through coordinated utility and Energy Trust projects to reduce electric and natural gas demand at overtaxed sites on the grid as well as for the grid and utility system as a whole. Energy Trust has initiatives underway with two of our affiliated utilities on targeted deployment of energy efficiency and solar to defer utility infrastructure investments. We are also working with PGE on their test bed project to demonstrate how to synergistically market energy efficiency and demand response to customers.

Our exploratory efforts with PGE to match renewable generation to storage and use that storage for grid management may also contribute to this goal. In addition, by helping to make smaller-scale, customer-sited renewable energy systems a viable option at an increasing scale, Energy Trust reduces both grid power losses and grid infrastructure needs.

Co-benefits of energy efficiency: Non-energy benefits and cost-effectiveness measure exceptions

Energy Trust has invested in understanding quantifiable benefits of energy efficiency beyond the energy savings, both directly and through co-funding the NW Power and Conservation Council's Regional Technical Forum. We actively seek, and through this process will support, further exploration of benefits which can be quantified.

We are also open to discussions with the OPUC and interested stakeholders about possible cost-effectiveness exceptions for specific measures where benefits are large but difficult to quantify.

Additionally, the OPUC has given us flexibility, in situations where another organization other than the customer or building owner is investing in a measure alongside us for different reasons, to deduct the amount the other party pays from the cost considered in the Total Resource Cost test.

Our past interactions with the OPUC have shown some success using each of these three paths—applying estimates of quantifiable co-benefits to energy efficiency cost-effectiveness tests, cost-effectiveness exceptions, and deducting the investments of other groups from the cost-effectiveness test.

Energy Trust is ready to explore with the OPUC, as indicated in the Impacted Communities Work Plan, ways to streamline the cost-effectiveness exceptions process. We have internal tracking and trending mechanisms to ensure that programs with any measure-level cost-effectiveness exceptions continue to be part of potentially cost-effective market strategies and therefore of value to all utility customers.

Incorporating diversity, equity and inclusion throughout OPUC processes and operations

Energy Trust is invested in diversity, equity and inclusion and in the learning required to become a more diverse, inclusive organization that can serve all customers. We will assist the new DEI Director in any way possible, as many of the ways that the Commission can improve outcomes for diverse populations are interdependent with Energy Trust's efforts. We have experienced how a significant effort to meet DEI goals requires leadership, and thoughtful and persistent effort throughout our organization, in both formal and informal approaches.

We look forward to working together with OPUC staff and commissioners, all interested stakeholders and our affiliated utilities to achieve the activities in these work plans and realize the vision articulated in Governor Brown's Executive Order 20-04.

Thank you,

Fred Gordon
Director of Planning and Evaluation
Energy Trust of Oregon
fred.gordon@energytrust.org

Hannah Cruz
Sr. Communications Manager
Energy Trust of Oregon
hannah.cruz@energytrust.org