



Re: Oregon Public Utility Commission’s Executive Order 20-04 Draft Work Plans

October 28, 2020

To: Garrett Martin, Oregon Public Utility Commission
via email: garrett.martin@puc.state.or.us

Dear Mr. Martin,

Renewable Northwest is grateful for the opportunity to comment on the Oregon Public Utility Commission’s (“Commission” or “PUC”) Draft Executive Order 20-04 (“EO 20-04”) Work Plans distributed to stakeholders on October 6, 2020 (“Draft Work Plans”). Overall, the Draft Work Plans represent a thoughtful response to the directives of EO 20-04 and the stakeholder feedback that the Commission has solicited. Renewable Northwest is optimistic that the broad-ranging activities reflected in the Draft Work Plans will facilitate meaningful and necessary greenhouse gas (“GHG”) reductions across multiple sectors. In these comments, we first look back at some key directives of EO 20-04 and the feedback we have offered to this point. Second, we offer support for some elements of the Draft Work Plans, with a particular focus on portions of the Utility Planning section. Third, we offer some observations regarding the structure and composition of the Draft Work Plans. Finally, we recommend some additions to the final Work Plans. We look forward to the November 19, 2020 special public meeting and engagement with much of the work to implement EO 20-04 and achieve Oregon’s climate goals that will take place afterward under the final Work Plans.

I. Background

Governor Kate Brown signed EO 20-04 on March 10, 2020, directing state agencies to “exercise any and all discretion and authority” to reduce Oregon’s GHG emissions 45% below 1990 levels by 2035 and 80% below 1990 levels by 2050. As a first step toward that exercise of authority and discretion, the EO required the Commission to report to the Governor by May 15, 2020 on actions it can take to reduce GHG emissions.

In the leadup to the Report, Renewable Northwest participated in a Commission listening session on April 23, 2020 and filed comments with the Commission on May 5, 2020. Our May 5 comments identified several key actions the Commission could take to implement EO 20-04, including establishing more inclusive processes, opening a new docket to investigate performance-based regulation, prioritizing utility integrated resource plans as well as a number of existing dockets, and incorporating the EO’s policy considerations into all ongoing Commission dockets and processes. On May 15, 2020, the Commission issued its required report, presenting a number of potential actions and requesting additional stakeholder feedback over the coming months.

On June 15, 2020, Renewable Northwest submitted a second round of comments to the Commission, highlighting a key clause of EO 20-04 that offers important context for the EO’s more specific requirements:

*[G]iven the urgency and severity of the risks from climate change and ocean acidification, and the failure of the Legislature to address these immediate harms, the executive branch has a responsibility to the electorate, and a scientific, economic, and moral imperative to reduce GHG emissions and to reduce the worst risks of climate change and ocean acidification for future generations, to the greatest extent possible within existing laws[.]*¹

With that imperative in mind, Renewable Northwest “urge[d] the Commission to act as swiftly and boldly as it is able to maximize greenhouse gas emission reductions and to do so in a way that reflects the priorities of all of Oregon’s citizens, including those who have not traditionally had meaningful opportunities to engage in regulatory processes.” We then offered a list of eight priority actions:

1. Establish and fill the proposed Diversity, Equity, and Inclusion Outreach Coordinator position.
2. Explore additional intervenor funding options.
3. Build on current efforts to improve accessibility and create meaningful engagement opportunities for a broader set of Commission stakeholders.
4. Investigate and mitigate differential energy burden.
5. Revisit the scope of the Commission’s legal authority.
6. Continue incorporating the EO into existing processes.
7. Open an investigation into Performance-Based Regulation.
8. Open an investigation into beneficial electrification.

¹ EO 20-04 at p.3.

At a Commission special public meeting on June 30, 2020, we reiterated these priority actions and highlighted areas of agreement with other stakeholders. On October 6, 2020, the Commission distributed the Draft Work Plans to stakeholders.

II. Support for Draft Work Plan Elements

The Draft Work Plans are broadly divided into five sections: Utility Planning, Utility Services and Activities, Transportation Electrification, Impacted Communities, and Wildfire Prevention and Mitigation. Each of these sections identifies assigned Commission Staff, centers relevant provisions of EO 20-04, establishes goals and objectives, and then identifies and sets timelines for priority activities for achieving those goals and objectives. The predictable structure of each section is quite helpful for assessing the Draft Work Plans. Below, we offer support for a number of the Draft Work Plans' specific elements.

A. Utility Planning

Renewable Northwest appreciates the Commission's leading off with Integrated Resource Plans ("IRPs") -- in particular, revisions to the Commission's IRP Guidelines -- as a priority activity for achieving GHG emission reductions. We identified IRPs as a top priority for EO implementation in our May 5, 2020 comments to the Commission and completely agree that "IRPs can surface a tremendous amount of useful information on utility GHG reduction activities in a manner that fully supports the intent of the IRP guidelines, poses minimal additional cost to the utilities, and is in-line with the existing least-cost, least-risk framework."²

We also specifically support the Draft Work Plans' suggestions that utilities be required to assess the costs and risks of missing EO 20-04 GHG targets, to develop a reference portfolio that meets these targets on a yearly basis, and to develop a 12x24 matrix that highlights when GHG emissions are highest. Likewise, developing guidelines for use of the distribution system as a decarbonization resource, requiring a high near-term beneficial electrification sensitivity, and assessing exploring the financial impacts of accelerated retirement for all fossil-fuel units are all excellent ideas that can help drive rapid decarbonization of not only Oregon's electricity system but also its transportation and building sectors. Indeed, only by performing these types of analyses in IRP proceedings can utilities and stakeholders begin to understand the full potential of different decarbonization strategies to work together in support of a reliable least-cost, least-carbon system. Finally, we appreciate the Commission's careful consideration of the

² Draft Work Plans at 4.

timelines of current IRP processes and the target date of January 2021 for adoption of updated IRP Guidelines.

Additionally we support incorporation of the social cost of carbon into utility resource planning, and we look forward to working with other stakeholders to determine the best possible methodology for considering the social costs of different resources and resource portfolios under consideration in utility IRPs. We understand that identifying a one-size-fits-all methodology that all stakeholders support can be challenging, and we encourage consideration of multiple approaches to ensure a robust understanding of the impacts of different resource options -- so long as the result is a meaningful exercise that affects utility portfolios and, ultimately, procurement. We recommend the Commission look to the efforts of the Northwest Power Planning and Conservation Council to determine a robust, Northwest-specific value for the social cost of carbon. Finally, we also support the Commission's proposal for additional engagement on carbon pricing generally and the specific recommendation to incorporate the social cost of carbon into avoided-cost values for energy efficiency.

Also under the Utility Planning section, we appreciate the Commission's proposal to incorporate GHG reduction benefits into procurement processes. We look forward to engaging in the proposed process to "explore the use of an approach to incorporate GHG reduction benefits as a non-price scoring factor in ... RFP scoring criteria, and ... Short-list analyses."³ Carrying GHG considerations over from planning to procurement will help to ensure that detailed, climate-conscious planning efforts drive actual GHG emission reductions.

B. Utility Services and Activities

Renewable Northwest supports many of the activities included in the Utility Services section of the Draft Work Plans. In particular, in our past comments we highlighted both distribution system planning ("DSP") and voluntary renewable-energy programs such as green tariffs as important drivers of GHG reduction, and we are pleased to see both programs highlighted as near-term priorities in the Draft Work Plans. We do encourage a stronger focus on developing data within technical processes such as DSP to understand GHG impacts and prioritize GHG reduction in the DSP process.

C. Transportation Electrification

In our May 5, 2020 and June 15, 2020 comments to the Commission, Renewable Northwest highlighted transportation electrification as a key component of EO implementation, and we are

³ *Id.* at 8.

pleased to see transportation electrification centered as a focal point of the Draft Work Plans. As noted in our June 15 comments, however, we do encourage the Commission to consider broadening the focus of this section to include other forms of beneficial electrification -- the “targeted replacement of wood-burning stoves” with ductless heat pumps, as just one example, could offer some similar flexible-load benefits.⁴ To the extent the language on page 18 regarding “innovative regulatory and programmatic approaches that support beneficial electrification by electric utilities” is intended to introduce electrification beyond vehicles to the process, we support that inclusion. The Regulatory Assistance Project, referenced in the Draft Work Plan as a supporting organization, has considerable expertise in broad forms of beneficial electrification and is well-positioned to assist the Commission.

D. Impacted Communities

Renewable Northwest appreciates the Commission’s attention to creating and filling the Diversity, Equity, and Inclusion (“DEI”) Program Director position, developing a DEI plan, and exploring a low-income rate class, all of which we supported in our June 15, 2020 comments. We further appreciate seeing a robust Commission Staff cohort assigned to this important work, and encourage the Commission not to wait for or rely too strongly on the DEI Program Director to undertake the work. Finally, we appreciate the inclusion across multiple focus areas of accessible “explanatory briefs” that should help to foster broader participation in stakeholder processes and, ultimately, make the Commission’s DEI work more meaningful.

E. Wildfire Prevention and Mitigation

Renewable Northwest appreciates the Commission’s attention to adopting rules requiring utilities to adopt wildfire mitigation plans, whose deep importance is underscored by recent events.

III. Structure and Composition

Overall, the Commission has done excellent work in resolving the EO and stakeholder feedback into five overarching categories; simply put, these categories make sense. In reviewing the Draft Work Plans, however, Renewable Northwest noted a level of granularity in the Utility Planning section that was not consistently replicated in later sections of the report. We encourage the Commission to review sections two through five and consider whether additional detail in these sections could help ensure robust implementation of the EO, including driving GHG reductions, expanding participation by impacted communities, and mitigating wildfire impacts.

⁴ *Id.* at 14.

IV. Recommended Additions

Renewable Northwest recommends that the Commission consider four possible additions to the Work Plans: expanded intervenor funding, prioritization of capacity and resource adequacy efforts, an investigation into the future of gas, and consideration of performance-based regulation.

A. Expanded Intervenor Funding

In our May 5, 2020 and June 15, 2020 comments, we observed that “expanded intervenor funding may be necessary to achieve the EO’s equity-related directives to the Commission.”⁵ We continue to recommend that the Commission look into expanded intervenor funding to support engagement by community-based organizations in Commission proceedings. This mechanism would serve as an effective complement to the other forms of broader stakeholder engagement reflected in the Draft Work Plans.

B. Capacity and Resource Adequacy

The Commission is currently engaged in multiple efforts to better understand the capacity contributions of variable and energy-limited resources (e.g. Docket No. UM 2011) and more sophisticated methods of assessing resource adequacy to reflect new operating paradigms on the electricity grid (e.g. an effort building on the Northwest Power Pool’s ongoing Resource Adequacy Program that has yet to be assigned a docket). Renewable Northwest encourages the Commission to prioritize these efforts as part of its EO-implementation program. Maintaining the reliability of an evolving grid and ensuring that capacity and reliability metrics accurately capture the benefits of modern resources will be increasingly necessary as the Northwest increasingly relies on cost-effective, non-emitting renewable energy generation paired with storage and other resources (including demand-side resources). Getting capacity and resource adequacy wrong could result in investments in new emission-intensive resources that quickly become stranded assets as the grid evolves.

C. Future of Gas

Stranded assets naturally lead into Renewable Northwest’s support for other stakeholders’ recommendation that the Commission open an investigation into the future of fossil gas. We understand that the Oregon Citizens’ Utility Board and Climate Solutions are both submitting

⁵ Renewable Northwest’s June 15, 2020 Comments (quoting Renewable Northwest’s May 5, 2020 Comments) (internal quotation marks omitted).

comments centering this recommendation, and Renewable Northwest joins these and other organizations in highlighting the importance of avoiding unnecessary investments in GHG-intensive resources that may meet short-term needs but are likely to become obsolete quickly, leaving utility customers responsible for their costs for decades to come.

D. Performance-Based Regulation

Finally, although Renewable Northwest understands that Commission bandwidth may not allow for a full investigation into performance-based regulation in the near-term, we nevertheless note that GHG-oriented performance incentives are one of the elements proposed for consideration in the current Draft Distribution System Plan Guidelines.⁶ We encourage the Commission to consider performance incentives as a tool in achieving the directives of EO 20-04.

Thank you for considering our comments and for undertaking the work of implementing the EO 20-04. Again, Renewable Northwest looks forward to engagement with many of the activities contemplated under the Draft Work Plans and appreciates the Commission's thoughtful attention to achieving the EO's critically important policy goals and GHG emission reduction targets.

Sincerely,



Max Greene
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⁶ See Oregon Public Utility Commission, Docket No. UM 2005, Draft Distribution System Planning Guidelines – Appendix 1 at section 3.6(e), providing that utilities must:

Submit to the Commission at least two proposals for pilots in which non-wire solutions are used in the place of traditional utility infrastructure investment. Provide detailed accounting of the relative costs and benefits of the chosen and alternative solutions, including estimated greenhouse gas emissions impacts. Pilots should prioritize community engagement to accelerate and expand the benefits of the pilot to communities in need.

The Draft Guidelines provide on page 7 that these “pilots may allow utilities cost recovery mechanisms.”