

Natural Gas Fact Finding Overview



This document provides an overview of the PUC’s EO 20-04 GHG Emissions, Natural Gas Fact Finding (Fact Finding) project, a schedule of events, and key information.

Background

Executive Order 20-04 (EO 20-04 or Order) established Governor Brown’s ambitious and achievable greenhouse gas (GHG) emission reduction goals for Oregon. The order established significant GHG reduction goals. Specifically:

- 45% below 1990 levels by 2035
- 80% below 1990 levels by 2050¹

EO 20-04 also directed state agencies to identify and prioritize actions to meet those goals. The specific directives to the PUC included:

- Reducing GHG emissions to meet the Executive Order at reasonable costs
- Addressing the disproportionate effect of climate change on impacted communities
- Evaluating wildfire safety and reducing those risks²

The PUC developed an EO 20-04 [work plan](#) identifying numerous activities the agency planned to undertake in 2021 to meet the goals set forth in EO 20-04. Stakeholder input was critical to, and served to inform the PUC work plan activities.³

Additionally, the Oregon Department of Environmental Quality (DEQ) launched their [Climate Protection Program](#) (CPP) in response to EO 20-04. This program seeks to limit emissions from several large GHG sources in Oregon, including liquid and gaseous fuels, like natural gas (NG) from Oregon’s regulated utilities.

During the PUC work plan development process some stakeholders, notably the Citizen’s Utility Board, identified that the DEQ’s proposed CPP could have large impacts on natural gas utility operations with potential ramifications on natural gas ratepayers.⁴ Staff agreed and noted that, regardless of the strategies used by natural gas utilities to reduce GHG emissions, it anticipates the need to understand potential economic impacts on natural gas bills and to explore regulatory options to mitigate ratepayer impacts. In response, Staff proposed a Fact Finding as part of the EO 20-04 work plan. The purpose would be to better understand the customer dimensions and impacts of decarbonization scenarios on natural gas companies and to help

¹ See Governor’s Executive Order Page, EO 20-04, pg. 5

https://www.oregon.gov/gov/Documents/executive_orders/eo_20-04.pdf

² *Ibid*, pg. 8

³ For more information on the PUC work plan, the development process, and stakeholder feedback please see our webpage at <https://www.oregon.gov/puc/utilities/Pages/ExecutiveOrder20-04.aspx>

⁴ Please see the Citizen’s Utility Board (CUB) [comments](#) on the EO 20-04 website. Others included joint comments from several groups led by [Climate Solutions](#).

Natural Gas Fact Finding Overview

inform future decision making. The timing of the proposed Fact Finding was designed to leverage the completed DEQ rulemaking process and any analysis from IRP filings in 2021.

Purpose

The purpose of the Fact Finding is to analyze the potential natural gas utility bill impacts that may result from limiting GHG emissions of regulated natural gas utilities under the DEQ's Climate Protection Program and to suggest appropriate regulatory tools to mitigate potential ratepayer impacts. The ultimate goal of the Fact Finding will be to inform future policy decisions and other key analyses to be considered in 2022, once the CPP is in place.

Objectives

Overall we will seek to work with all stakeholders to analyze customer impacts from proposed approaches to the gas utilities' compliance with DEQ's CPP. The tail end of this work will also include initial discussions on regulatory tools that could be utilized to reduce financial impacts to gas utility customers.

This Fact Finding investigation will not:

1. Holistically study approaches to GHG emission reductions at a statewide level (we are focusing on the NG industry);
2. Explicitly project estimates or scenarios related to the electric industry emissions from any activities identified in this Fact Finding (those can be addressed in other forums, including, but not limited to, the electric companies' IRPs); or
3. Model various possible local ordinances, building code impacts, or future laws.

Deliverables

Staff will produce the following deliverables:

1. 2021 snapshot of existing NG utility system drivers affecting rates (Draft: May 25, 2021 / Finalized: June 29, 2021)
2. Five sets of workshop notes (multiple dates; follows each workshop)
3. Report to Commissioners at SPM (December 16, 2021)

Schedule of Workshops & SPM

Staff plans to host five stakeholder workshops in 2021. The five workshops will explore potential ratepayer impacts, natural gas utilities' strategies for meeting EO 20-04 GHG targets, lay out the regulatory tools to mitigate ratepayer impacts, and provide a forum for Staff and stakeholders to share findings and feedback. These workshops will culminate in a December SPM, where the results from Staff's research and the workshops will be presented in a final report. The bulleted lists below provide an overview of each workshop and the SPM.

Natural Gas Fact Finding Overview



Workshop #1: Overview

- **Date:** Tuesday, May 27, 2021
- **Purpose:** To introduce the overall plan and draft schedule for this Natural Gas Fact Finding project and receive feedback; discuss key regulatory concepts in natural gas rate setting and planning concepts that may be helpful as we move through this process; Share progress to date in assembling a foundational set of facts to characterize gas utility operations in Oregon.

Workshop #2: End Phase 1 / Start Phase 2

- **Date:** Tuesday, June 29, 2021
- **Purpose:** Share Staff's Phase 1 research results; Overview of DEQ Climate Protection Program Scenarios; Discuss modeling parameters for forecasts by natural gas utilities to meet Climate Protection Program.

Workshop #3: Presentation of Natural Gas Utilities Modeling Results

- **Date:** Tuesday, August 17, 2021
- **Purpose:** Discuss utilities compliance modeling results; Staff and stakeholders provide feedback and alternatives for modeling compliance. Specifically, each gas utility will provide and discuss compliance forecasts for meeting DEQ targets. This includes operational impacts of compliance to company and ratepayers.

Workshop #4: Revised Modeling Results; Regulatory Tools Discussion

- **Date:** Monday, September 27, 2021
- **Purpose:** Utilities discuss revised models based on stakeholder feedback from Workshop #3. Additionally, Staff and the Regulatory Assistance Project (RAP) will facilitate a discussion on regulatory tools for mitigating identified ratepayer impacts, including comparisons with other states. Stakeholders will have a clear sense of regulatory tools at PUC's disposal.

Workshop #5: Feedback to Staff on Draft Report

- **Date:** Wednesday, November 17, 2021
- **Purpose:** Facilitated conversation with Stakeholders to provide feedback on Staff's draft report. Staff plans to release a draft report no later than October 27, 2021

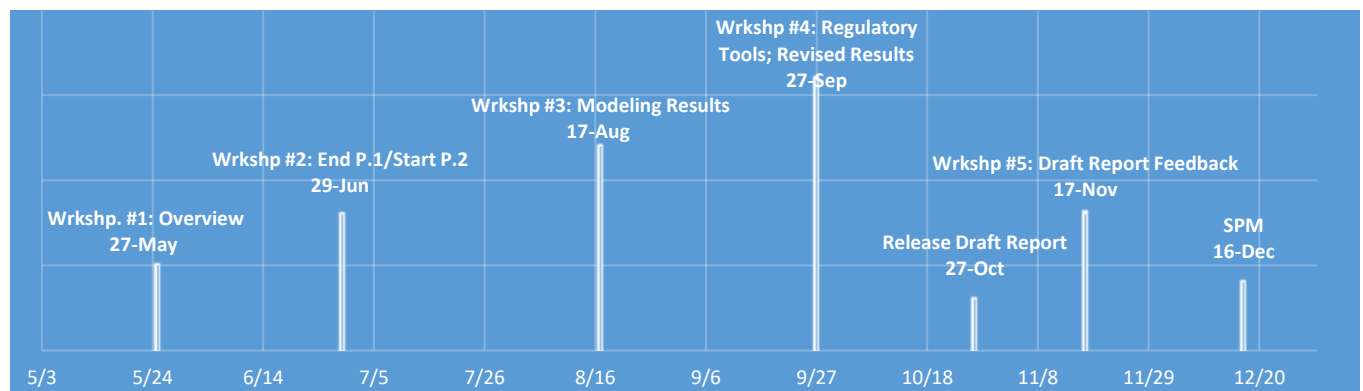
Special Public Meeting: Staff Presents Report to Commission

- **Date:** Thursday, December 16, 2021
- **Purpose:** Final report with recommendations for 2022 activities presented to the Commission. Will include an identification and discussion of the tradeoffs associated

Natural Gas Fact Finding Overview

with of various regulatory “tools” available to the Commission and the impacts those would have on current and future customers.

Below is a timeline of the proposed workshops



Opportunities for Involvement

The Natural Gas Fact Finding will allow space for public comments, both at the workshop and in written format. All meetings will be recorded and meeting notes posted afterwards. The EO 20-04 Natural Gas Fact Finding will have a dedicated webpage on the PUC website. All written comments from Stakeholders will be posted on the Natural Gas Fact Finding website. A service list will be maintained. Finally, this will **not** be a contested case, although at some point this project may be docketed.

Specific opportunities for involvement include:

- Speaking at each workshop and the final Special Public Meeting
- Providing written comments before or after each workshop on the discussion or content
- Providing written feedback to any models presented
- Providing written feedback to Staff’s report

To join the service list simply send an email to puc.hearings@puc.oregon.gov with “EO 20-04 Service List” in the email subject line. Your email will be added to the service list.