

# OREGON PUBLIC UTILITY COMMISSION EXECUTIVE ORDER 20-04 WORK PLANS RESPONSE TO STAKEHOLDER COMMENTS

## GHG Reduction Activities: Part 1—Utility Planning

### *Integrated Resource Plans (IRP)*

Stakeholders identified a number of proposed activities relating to IRP that would benefit from further clarification. These include more details about what is meant by a number of additional IRP requests and understanding how to align IRP activities with the Department of Environmental Quality (DEQ) cap and reduce rules development. In response, we have amended the draft work plan to provide clarity about what the PUC hopes and expects to see in future IRPs on the following matters. We also look forward to further discussion on these topics, among others, in stakeholder workshop:

- Direction on how to align responses with cap and reduce rulemaking process, and
- What is meant by cost/risk of missing EO 20-04 targets (esp. with ambiguity in cap and reduce), and
- The role of carbon intensity in IRPs

### *Role of Carbon Intensity in IRP Transmission Planning*

Stakeholders highlighted the importance of including more transmission planning as part of risk mitigation and GHG reductions, and that this should be considered in the context of IRPs and regional planning. We agree, and are currently engaged in a number of existing partner-led efforts that could help inform transmission planning coordination in the near term. These efforts could help shape the scope of specific GHG emission reduction action items in the PUC's next work plan.

These efforts include those led by [Northern Grid](#), [Northwest Power Pool NWPP \(Resource Adequacy Program in particular\)](#), the [Western Electricity Coordinating Council \(WECC\)](#), and [Western Energy Imbalance Markets engagement](#), the PUC's participation in the [Inter-Jurisdictional Allocation Protocol](#) (also called the Multi-State Protocol or MSP), as well as Oregon Department of Energy's US DOE funded [Oregon Renewable Energy Siting Assessment \(ORESAS\)](#). For the duration of the current work plan, the PUC will seek opportunities to explore the role of transmission in GHG reductions and risk mitigation within these efforts. We anticipate that this could inform future work and result in specific action items in the next work plan.

### *Carbon Pricing & Social Cost of Carbon (SCC)*

Stakeholders provided insightful implementation guidance regarding carbon pricing and the SCC. Stakeholder feedback included urging the PUC to set aggressive timelines for incorporation of the SCC in avoided costs for PURPA, suggesting a science-based development of the SCC, and utilizing a broad, consistent, and careful application of the SCC to ensure that there is no double counting or perverse policy interactions.

Consistent, broad, and appropriate application of carbon pricing strategies across PUC activities will provide certainty, efficiency, and ease of implementation. Stakeholders' recommended implementation

suggestions will help guide our development of the approach and will inform issues to be addressed in workshops.

We agree that having a timeline for including the SCC in the calculation of avoided costs for PURPA will help ensure the issue is addressed. In response, we have amended the work plan to include more explicit timelines for implementation and inclusion of the SCC in PURPA - in particular, considering how and whether this topic could be included in docket UM 2000 (anticipated to be active in Q2 2021).

### *Procurement*

Stakeholders provided comment on three general areas related to proposed activities regarding utility resource procurement. First, they sought clarification on how the Request for Proposal (RFP) changes apply to natural gas utilities. In response to these comments, we updated the work plan to reflect that the application of procurement recommendations to gas companies will be explored in more detail in the work outlined in Section 5 – Natural Gas Reductions.

Second, stakeholders articulated the importance of understanding the role(s) of Direct Access customers and Energy Service Suppliers in GHG reductions and seeking ways to better align RFPs with IRPs, demand-side management, and transmission. In response, we recommend that we keep these issues in mind insofar as current work plan activities may interact with them (in particular in IRP guidance), but they should be considered for explicit inclusion in a future work plan.

Last, stakeholders expressed a concern that emission costs in the RFP process might be redundant with what already takes place in the IRP processes. We understand this concern, but note that there may be a disconnect between the IRP acknowledgement of a resource acquisition and how a resource is selected in an RFP. By focusing on the non-price scoring criteria, we hope to ensure the resource selection process in an RFP will be more true to an acknowledged IRP least-cost, least-risk portfolio. We will revisit this issue for consideration as part of stakeholder workshops regarding IRP analyses.

### *Natural Gas GHG Reductions*

Many stakeholders advocated for the PUC to go beyond the proposed activities in the work plan to reduce GHG emission from natural gas utilities. These suggestions ranged from updates to basic planning assumptions to completely challenging the business model of natural gas companies in Oregon. The more far reaching suggestions included ideas such as linking customer growth with emissions reductions, to opening an investigation into the long-term risks to customers from stranded assets.

The far reaching recommendations from stakeholders regarding gas companies and GHG reductions are not happening in isolation. They are presented against the backdrop of the DEQ's work to develop a statewide Cap-and-Reduce program, our own expansion of the agency's IRP process to encompass GHG reductions as part of the utilities' long-term decision-making, and efforts by other states to explore the future role of gas companies under decarbonization mandates.<sup>1</sup>

We agree with comments from the Oregon Citizens' Utility Board (CUB) and others that meeting GHG reduction targets may potentially cause significant risks to gas ratepayers. We acknowledge the PUC's responsibility to understand, and to the extent possible, the scope of this potential risk, and to explore

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<sup>1</sup> See California Public Utility Commission rulemaking R.20-01-007 (2020) and Massachusetts Department of Public Utilities Order 20-80

what regulatory actions could be taken to mitigate that risk. Determining how GHG reduction policies impact the natural gas system, the environment, and ratepayers are crucial to enacting the Governor's far-reaching GHG vision in an equitable and fair fashion.

Accordingly, we propose two additions to the EO work plan. First, to better understand the customer dimensions and impacts of different decarbonization scenarios and thus help inform future decision making, we propose to initiate a fact-finding effort to be completed before September 2021. The purpose of the fact finding will be to inform policy decisions to be considered in the second year of the EO work plan. The timing of the report will be designed to leverage the completed DEQ rulemaking process and any analysis from IRP filings in 2021. Staff will conduct a workshop on the scope of this fact-finding in early 2021.

Second, we acknowledge the many stakeholder comments in Transportation Electrification (TE) section encouraging the PUC to explore leveraging renewable energy for hydrogen production as transportation fuel. These suggestions were a reminder that the Governor's GHG vision does not represent a zero-sum mandate, but rather an opportunity to work with stakeholders and industry experts to support the state's economy to transition to a decarbonized future. To this end we will propose facilitating the development of a joint electric and natural gas utility pilot to explore how these organizations could leverage their respective systems and expertise to make Oregon a leader in sustainable hydrogen production.

## GHG Reduction Activities: Part 2—Utility Services and Activities

### *Community-Wide Green Tariffs*

Stakeholders generally endorsed the work plan's goal to provide guidance for utilities and communities on Community-Wide Green Tariffs within the first year. As part of this process, we will work with stakeholders to better define communities and explore how any guidance could accommodate low-income considerations. We acknowledge the questions about the PUC's authority to provide guidance, and will be working with the Department of Justice (DOJ) early in the tariff development process to ensure our work and future guidance will remain within the authority of the agency.

### *Interconnection*

The comments received around streamlining interconnection generally encouraged the PUC to do more for qualifying facilities (QFs), and for the process to more quickly produce updates to interconnection standards. We appreciate these comments and, as stated in the work plan, remain committed to harness current and planned dockets<sup>2</sup> to achieve work plan goals in this area over the next 12 months.

### *Quantification of Co-Benefits and Updating Avoided Costs*

Most of the stakeholders' comments with regard to the adoption of co-benefits and the general updating of avoided costs across programs are already reflected in the work plan. Planned work in dockets like UM 2005 (Distribution System Planning) and UM 2011 (Capacity Value) will explore topics such as locational values and improved methods to value capacity. Further, the work plan remains focused on working with Energy Trust of Oregon to assess co-benefits in its work, along with researching how to lessen energy burden.

### *Programs and Pilots*

Stakeholders offered several suggestions around pilots and programs—nearly all of which are captured in the work plan, including the energy efficiency programs and associated pilots at Energy Trust of Oregon. To this end, Energy Trust will be developing pilots aimed at reducing energy burden for low-income and vulnerable populations. Additionally, research into energy burden reduction benefits within energy efficiency programs and avoided costs will also be explored in the first year of implementation.

With respect to comments on distribution system planning, many of the suggestions and ideas will be covered in docket UM 2005, Distribution System Planning. We encourage stakeholders to track how their specific issues, such as data transparency and energy security, are addressed in that docket over the next twelve months.

Finally, we acknowledge but decline at this time the recommendation to pursue an increase to the current net-metering size limit. We focused the work plan on ensuring that the growing number of distributed energy systems within the current net-metering rules can continue to safely and transparently access the system through the work on various interconnection dockets and the launch of distribution system planning.

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<sup>2</sup> The work plan goals to streamline interconnection in 2021 will be covered by three open dockets (UM 2005, UM 2032, and UM 2099) and at least one planned for future docket (UM 2111).

## GHG Reduction Activities: Part 3—Transportation Electrification

The topic area of Transportation Electrification (TE) received the most stakeholder comments, suggestions, and questions in the GHG Reduction section of the work plan. Stakeholder feedback ranged from planning considerations to matching TE load growth with renewable generation investments.

We plan to utilize several of the planning suggestions by leveraging upcoming dockets, such as the IRPs and TE Plans. This includes attempting to address stakeholder suggestions such as:

- Modeling cost to match renewables growth with TE load growth
- Modeling the costs and benefits of using renewables to produce hydrogen as a transportation fuel
- Leveraging current planning processes to streamline data collection

The work plan's proposed TE workshop process will determine how this and other planning suggestions are incorporated into existing planning dockets.

We agree with the suggestion to leverage the TE workshop process to develop prioritization guidance for utility investments in TE infrastructure, and will include it as an agenda item in upcoming stakeholder workshops.

We also plan to leverage the existing TE planning processes to explore suggestions around barriers to access of transportation electrification by underserved communities and those experiencing a high energy burden. We will guide TE dockets and workshop process described in the work plan with sensitivity toward rural and low-income customer opportunities. Further, we will monitor opportunities to link TE programs with energy burden and DEI goals.

Two commenters specifically requested that we update our recommendation for utility fleet conversion plans and requested the removal of natural gas vehicles as an option. We acknowledge this position, but believe that a natural gas option in the planning process is prudent at this time given technology uncertainty and fuel diversification benefits for fleet operations during reliability events. We will seek to have these fleet conversion plans included in TE plans going forward so that they are updated on a regular basis and can reflect the latest technology trends.

## Impacted Communities

The feedback from our stakeholders on the Impacted Communities work plan focused on four primary themes. A summary of those themes, as well as our responses or changes made to the final work plan, are set forth below.

### *Definition of Impacted Communities*

Many stakeholders raised questions as to how best to identify those individuals and groups that best encompass what “impacted communities” means as it relates to EO 20-04. These includes concerns that more attention is traditionally focused on urban minority communities with little attention paid to rural communities.

We appreciate these concerns, and are committed to ensuring that all communities are fairly represented. We recognize the unique challenges and risks that low-income, rural communities located outside of urban areas face from climate change, and will work with stakeholders and interested parties in this effort.

We note that EO 20-04 itself offers an opportunity for the PUC to develop the definition and a more finite work plan structure under the Governor’s Workgroup on Climate Impacts to Impacted Communities. The charge of this group will be to develop strategies to guide state climate actions, and will be comprised of a diverse group of Oregon agencies, including – DEQ, Department of Land Conservation and Development, Department of Agriculture, Department of Forestry, Department of Fish and Wildlife, Department of Energy, Department of Transportation, Health Authority, Watershed Enhancement Board, Oregon Water Resources Department, the PUC, and Parks and Recreation, along with the Oregon Global Warming Commission, Environmental Justice Task Force (EJTF), and the Oregon Sustainability Board.

Some of the work that may guide both the PUC and the Governor’s workgroup includes House Bill 4067, introduced in the February 2020 Legislative Session and broadly supported by both industry and representatives of vulnerable and impacted communities. The bill defined “environmental justice” and “environmental justice communities” as:

“Environmental justice” means equal protection from environmental and health hazards and meaningful public participation in decisions that affect the environment in which people live, work, learn, practice spirituality and play.

“Environmental justice communities” includes communities of color, communities experiencing lower incomes, tribal communities, rural communities, frontier communities, coastal communities and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including but not limited to seniors, youth and persons with disabilities.

In addition, the PUC will be working closely with the EJTF, which is comprised of members from Commission of Asian and Pacific Islander Affairs, Commission of Black Affairs, Commission of Hispanic Affairs, the Commission on Indian Services, as well as other task force members representing various organizations throughout the state that impact underserved communities.

### *DEI Program Director*

The PUC's new DEI Program Director position drew several comments. Across the board, commenters were supportive of the PUC adding this position to the Executive Office and the hiring process. They recognized the importance of the DEI Program Director position while stressing the need for the PUC to appropriately support it.

Based on earlier feedback from external stakeholders, we elevated the position from a DEI coordinator to a DEI Program Director in recognition of the importance of such a position and to attract a competitive, professional pool of applicants. We also located the position within the Executive Office to help ensure this person is fully supported by the Commissioners and agency leadership, and to ensure that the work of the DEI Program Director is viewed as an extension the entire agency.

Once the DEI Program Director position is filled, that position's expertise and leadership will be used to shape and further define many elements of the Impacted Communities work plan—as well as those for GHG Reduction and Wildfire Prevention and Mitigation. For this reason, the hiring of a DEI Program Director is identified as a threshold activity in the plan.

### *Intervenor Funding*

Several commenters urged the expansion of intervenor funding or the creation of a revenue stream for organizations working within impacted communities, recognizing this as critical to support broader participation in PUC dockets. Other commenters supported this concept but focused on funding collaboration with tribal nations, community energy organizations, and other third parties representing rate payers of disproportionately impacted communities. One commenter called on the PUC to publicly state its intention to expand intervenor funding.

These comments reflect a theme we identified during our Senate Bill 978 process of the need to promote the participation of all impacted stakeholders in PUC proceedings, and the resource challenges faced by many community-based organizations and low-income or environmental justice advocates to engage in such participation. In our SB 978 report, we noted the challenges of expanding the existing statutory intervenor funding mechanism to address this issue, and indicated our willingness to “[a]ssist, as requested, in legislation consideration of expanded funding for participation by low-income and environmental groups, whether through intervenor funding, a designated advocate, or other method.”<sup>3</sup>

We remain committed to our continued work on this issue with stakeholders, and believe these efforts will be greatly assisted with our addition of the DEI Program Director position and strengthened engagement with organizations that would benefit by expanded funding mechanisms.

### *Energy Burden*

Commenters recognized and appreciated that the Impacted Communities work plan clearly outlined steps to quantify and mitigate energy burden for impacted communities and our commitment to gain a better understanding of the energy burden borne by these communities. We acknowledge questions about our approach to this work and will take those comments to heart as they remind us of the

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<sup>3</sup> <https://www.oregon.gov/puc/utilities/Documents/SB978LegislativeReport-2018.pdf> at page 21.

importance of gathering significant data that will inform our analysis of the issues created by energy burden and the path forward.

On this issue, we reiterate from our SB 978 report our belief that direction from the Legislature on these issues would provide the PUC with greater authority to integrate social equity and differential energy burdens into rate design and the PUC's decision-making process more generally. We recognize the efforts of advocates to introduce legislation advocating for the PUC to be given express authority to establish a separate, low-income rate to address the energy burden of Oregon's low-income ratepayers (HB 4067/Feb 2020). To date, this legislation has not been successful but the policy behind it has had broad support. We will continue to support and advocate for enabling legislation to address energy burden in the upcoming 2021 Legislative Session.



## *Wildfire Prevention and Mitigation*

### *Wildfire Plans and Rulemaking*

Several commenters addressed both procedural and substantive aspects of the PUC's rulemaking to adopt risk-based wildfire mitigation plans to protect public safety, reduce risks to utility customers, and promote energy system resilience. Procedurally, some commenters emphasized the need to include input from first responders, emergency management organizations, impacted communities, and other organizations critical to wildfire response in order to develop effective wildfire prevention and mitigation plans.

We agree, and developed the work plans assuming coordination with and input from county emergency managers and organizations, impacted communities, the Oregon Office of Emergency Management, the Governor's Resilience Officer, and others. The input from these stakeholders is key to developing effective wildfire prevention and mitigation plans. We have amended the work plan to make this assumption more explicit in the wildfire work plan.

Other commenters focused on the lack of specificity for the rulemaking schedule, as well as the exact scope of the rulemaking. The work plan was drafted with the understanding and expectation that all of the key components related to Wildfire Mitigation Plans, including among other things vegetation management and cost recovery, would be brought forward and discussed. The work plan is structured to allow all stakeholders to come to a common understanding and bring issues to the table others may not have considered. In addition, the proposed schedule was preliminary and purposefully did not contain specific dates for major milestones. The primary focus has been to make sure the process is driven by inclusiveness and engagement with all of our stakeholders, rather than timeline.

Substantively, some commenters proposed specific mitigation actions the PUC should require to help prevent wildfires. These included increased promotion of local generation, energy storage, micro grids, and transmission redundancy in order to increase community resilience to wildfire, minimize the scope of public safety power shut-offs, and minimize other risks to the grid.

As a document to help manage and guide our activities, the work plan purposely did not identify specific mitigation actions. Our intent is that all potential mitigation actions will be identified and discussed with stakeholder input during both the rulemaking process and discussions occurring during Oregon Wildfire Electric Collaborative (OWEC) workshops.

Finally, Northwest Natural Gas Company noted that, although the wildfire mitigation and prevention activities have been focused on electric utilities, the recent wildfires have demonstrated natural gas customers are impacted by wildfires and there are significant interactions between electric and gas utility operations in any disaster scenario. We appreciate the utility raising this issue, and will make sure that natural gas utilities are included and encouraged to participate as we move forward with wildfire mitigation planning and rules.

### *Risk Assessments*

Some commenters recommended that all state entities that own or operate transmission lines conduct quantitative risk assessments of their systems and the impacts to the power grid. The commenters propose that these risk assessments, which would include wildfire and major power outages, should be reviewed by the PUC annually to gain insight into potential critical weaknesses in the state's power grid.

This recommendation exceeds, in part, the PUC's regulatory authority. The PUC's authority to require such assessments is limited to investor-owned utilities (IOUs), and does not extend to consumer-owned utilities (COUs) or the Bonneville Power Administration. Nonetheless, the concept of an annual risk assessments can be discussed as part of the rulemaking process for IOUs, as well as during the OWEC for COUs.

### *Oregon Wildfire Electric Collaborative (OWEC)*

One commenter recommended that our work facilitating the OWEC should include the participation of first responders and others critical to wildfire response in upcoming workshops. We agree and plan to make efforts to ensure their availability and engagement in the process.