

April 22, 2019

***VIA ELECTRONIC FILING***

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

Attn: Filing Center

**Re: UM 1826—PacifiCorp’s Use of 2018 Residential Clean Fuels Program Credit Revenue**

PacifiCorp, d/b/a Pacific Power submits for filing with the Public Utility Commission of Oregon (Commission) an informational filing explaining an intended use of a portion of revenue from uncommitted 2018 residential Clean Fuels Program (CFP) credits. These funds are distinct from the revenue from the sale of 2016 and 2017 credits discussed in PacifiCorp’s March 29, 2019, filing in docket UM 1826.

**I. Background**

Consistent with the principles and process specified in Order 18-376, Pacific Power filed its initial programs funded by the sale of 2016 and 2017 residential CFP credits on March 29, 2019. Subsequent to that filing, Pacific Power was approached by transit agencies in its service territory considering applying for funding to acquire electric buses and associated equipment and facilities through the Federal Transit Administration’s (FTA’s) Low or No Emission Vehicle Program. Through this funding opportunity, transit agencies may request up to 85 percent of the cost of leasing or purchasing low or no emission transit buses and up to 90 percent of the cost of leasing or acquiring bus-related equipment and facilities.<sup>1</sup>

While the funds available through this funding opportunity are significant, due to the high cost of electric buses and associated infrastructure, even 15 percent of the upfront cost may be difficult for capital-constrained transit agencies to commit. Additionally, many of the benefits of bus electrification, including reduced fueling costs, reduced maintenance costs, and the value of generated non-residential CFP credits, accrue over time after the buses go into service and cannot be considered matching funds for the purpose of grant applications.

Pacific Power currently has an electric vehicle charging grant pilot program that may be able to provide financial support for electric bus charging infrastructure, however, because that pilot program awards grants competitively on a fixed quarterly cycle, transit agencies would not be able to rely on funding from that program as matching funds for a federal grant until after a funding cycle is concluded; this mismatch of timing of Pacific Power’s grant program and other

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<sup>1</sup> For additional information on the Low or No Emission Vehicle Program and the FY2019 Notice of Funding Opportunity is available at <https://www.transit.dot.gov/funding/grants/lowno>.

funding opportunities can make it difficult for a customer to effectively leverage multiple funding sources from competitive funding processes.

Pacific Power believes that supporting applications for this, and similar, funding opportunities aligns with the Commission's adopted program principles for use of residential CFP revenues and is a worthy use of these funds.

## **II. Pacific Power's 2018 Residential CFP Credits**

In March of 2019, the Oregon Department of Environmental Quality issued 9,830 credits to Pacific Power associated with residential electric vehicle charging. By comparison, Pacific Power received 12,575 credits from residential electric vehicle charging for 2016 and 2017 combined.

The total value of the 9,830 2018 residential credits is uncertain, however, over the past year, average credit prices have trended upward and the average credit price of credits sold in March 2019 was \$145.45.<sup>2</sup> Assuming this average price, the total amount of funds available from 2018 residential credits to fund Pacific Power projects and programs would be \$1,430,000.

## **III. Proposed Use of a Portion of 2018 Residential CFP Credits**

Pacific Power intends to reserve up to \$500,000 of value from the sale of 2018 residential CFP credits to provide financial support for customers and communities pursuing time-limited funding opportunities for electrifying transportation under the following conditions:

- The customer or community is pursuing other funding opportunities to support the electric transportation project. Examples of funding opportunities include the FTA's Low or No Emissions Vehicle Program discussed previously and the current US Department of Energy Advanced Vehicle Technologies Research Funding Opportunity, which includes a focus area on New Mobility Services in Rural America.<sup>3</sup>
- Funding commitments are contingent on the recipient successfully acquiring other funding. Should the customer/community decide not to apply for the other funding opportunity, not receive an award, or choose to not proceed with the grant award, Pacific Power would not provide these funds. In this situation, funds would be returned to the pool of residential CFP credit revenue available to fund other projects or programs.
- In exchange for matching funds, Pacific Power will request a portion of any non-residential CFP credits the project would generate commensurate with Pacific Power's investment.<sup>4</sup> Any revenue generated from the sale of these credits will be combined with residential CFP credit revenue to fund other projects or programs.

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<sup>2</sup> Based on data published by the Oregon Department of Environmental Quality:  
<https://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels-Data.aspx>.

<sup>3</sup> <https://eere-exchange.energy.gov/FileContent.aspx?FileID=25f7a4dd-9874-4ace-9606-2ab52fe9cc18>.

<sup>4</sup> Pacific Power recognizes that the value of CFP credits may be a critical component of project viability for a customer or community. In cases where Pacific Power determines that the customer retaining all CFP credits is critical to project success, Pacific Power may forego receiving a share of credits.

- The customer or community plans to perform a majority of funded electric vehicle charging at a location(s) served by Pacific Power.

#### **IV. Alignment with Program Design Principles**

While Pacific Power does not know the full range of projects that might be supported by these funds, the company will ensure that projects funded generally align with the Commission's program design principles:

##### **1. The programs support the goal of electrifying Oregon's transportation sectors**

Funding will only be provided for projects that will help electrify Oregon's transportation sector. The funding opportunities contemplated in this proposal present a unique opportunity to multiply the impact of residential CFP revenue by leveraging these funds to pursue additional funds from the federal government or other sources.

##### **2. The majority of program benefits will go to residential customers**

For each funding opportunity, Pacific Power will consider the benefits to residential customers. While it is unlikely that any of the allocated funds would be provided directly to residential customers, projects such as transit bus electrification can provide significant benefits to residential customers through improved access and decreased noise and local emissions.

##### **3. The programs will benefit traditionally underserved communities**

Pacific Power expects that many of the projects supported with these funds will benefit traditionally underserved communities. For example, the two current federal funding opportunities that the company may support with these funds are for electrifying public transit and exploring new mobility in rural America, both of which would benefit traditionally underserved communities. When reviewing customer and community requests for matching funds, Pacific Power will consider the extent to which the project is likely to benefit traditionally underserved communities.

##### **4. The programs will operate independent from ratepayer support**

Funding committed to support these projects will come exclusively from revenue from the sale of residential CFP credits that are already in Pacific Power's account. Ratepayers will be held indifferent to the program.

##### **5. The programs were developed collaboratively and transparently**

This proposal grew out of a request for financial support from a transit agency in late March of 2019 as a result of the federal funding opportunity posted March 18, 2019. For this particular funding opportunity, although applications are due to the federal government May 14, 2019,

states are required to aggregate proposals on behalf of rural transit agencies and Oregon transit agency applications are due to the Oregon Department of Transportation April 22, 2019.

Pacific Power regrets that the limited duration of this funding opportunity did not allow for the robust stakeholder engagement we would typically perform when developing new funding proposals. Pacific Power was able to perform limited outreach to a selection of UM 1826 stakeholders and those stakeholders contacted were generally supportive of the proposed use of funds.

#### **6. Pacific Power designed the programs to minimize administrative costs and maximize use of funds for program implementation**

Pacific Power does not envision any incremental administrative costs as a result of this project funding. Pacific Power routinely works with and supports customer and community planning efforts. The difference in this case is a dedicated source of funds to provide financial support for these projects. The projects resulting from these funds will be administered by the successful bidder without additional administrative burden on Pacific Power.

### **V. Reporting**


Order 18-376 established a process beginning later in 2019 to develop expenditure plans for residential CFP credits. When this process begins, Pacific Power will update stakeholders on the amount of funds that have been committed to support these projects. Additionally, Pacific Power will incorporate reporting on these funds into reporting on the use of other residential CFP revenue.

### **VI. Conclusion**

Pacific Power appreciates the opportunity to provide this informational filing and looks forward to working toward the implementation of these programs.

If you have any questions about this filing, please contact Cathie Allen, Manager, Regulatory Affairs, at (503) 813-5934.

Sincerely,



Etta Lockey  
Vice President, Regulation