

December 20, 2023

Docket No. UM 1893: Energy Efficiency Avoided Costs Data for Use by Energy Trust

Staff provides this summary of the docket plan for updating energy efficiency avoided costs.

Summary

Utilities must file energy efficiency avoided cost reports by March 1, 2024, per Commission Order 23-26 issued on October 6, 2023. Staff has made updated workbook templates for utilities available on the OPUC website ([Electric/Gas](#)). Staff has added a new element of avoided energy cost to allow electric utilities to better reflect the true cost of acquiring energy in compliance with State decarbonization policies and requirements. As described below, Staff will then facilitate a public process in 2024 for stakeholders to consider broader changes in avoided cost methodology for energy efficiency planning, in time for a second submission deadline of October 15, 2024.

Phase 1:

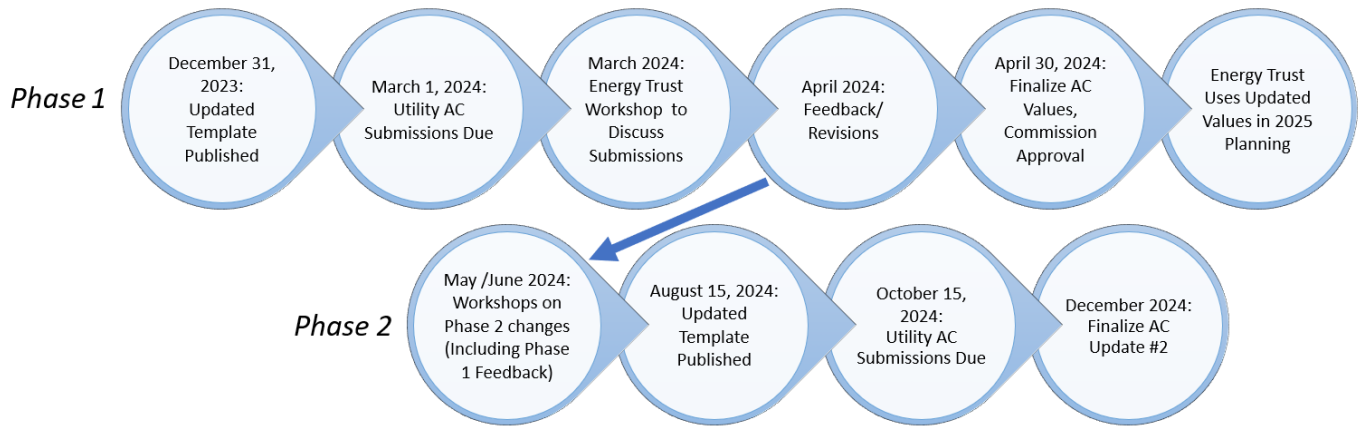
Staff has made an updated [workbook template](#) for electric utilities available on the OPUC website. Staff added a new tab for avoided energy cost. The instructions for the new tab reflect that utilities may not be able to rely on market purchases when meeting emissions requirements unless those market purchases are non-emitting. In IRP conversations, Staff has seen the use of a net cost of energy and hourly locational marginal price as potential data sources to inform an avoided energy cost. However, Staff relies on utility planning teams to determine appropriate values, though Staff also emphasizes that the value should reflect the marginal avoided supply-side energy cost the utility would incur at each time interval.

Staff made no changes to the [workbook template](#) for gas utilities, also available on the website.

In accordance with Commission Order 23-362, utility avoided cost data submissions will be due on March 1, 2024. In March, Energy Trust will hold a workshop with stakeholders to discuss the submissions. Staff will consider stakeholder feedback for small revisions or for inclusion in Phase 2 conversations. The Commission will consider approval of Staff's recommended Phase 1 values by April 30, 2024. Energy Trust will then use those values for its 2025 planning cycle.

Phase 2:

Staff will consider feedback received in Phase 1 as starting point for broader revisions to the methodology of energy efficiency avoided cost calculations that might be necessitated by the clean energy transition and the capacity, transmission, as well as procurement challenges that come with it. In May and June 2024, Staff will host several public workshops to discuss methodological changes and invite contributions and perspectives by utilities, stakeholders, and Energy Trust. Outcomes will inform utility filings by October 15, 2024, for use by Energy Trust in its 2026 planning.



Background

Under OAR 860-030-0011 (1), every energy utility that provides customer funds to the Energy Trust of Oregon to administer energy efficiency measures and programs, market transformation, or the above-market costs of new renewable energy resources in the utility's service area is required to report data used to calculate its energy efficiency avoided costs on a form approved by the Commission by October 15 of each year. Utilities must submit data via commission approved form. Revisions to the form can only take effect no less than 60 days later. Data must generally come from the most recent IRP or general rate case, but the Commission can approve different data sources. Within 60 days of submission, the Commission must consider whether to approve submitted data for use by Energy Trust in the next year budget planning.

In 2023, Staff postponed the update of EE avoided costs to allow more time to consider changing planning dynamics. Staff was concerned that the most recently acknowledged IRPs were not reflecting the true extent of avoided costs while the newest IRP/CEP processes would not have concluded by October 2023. Staff also concluded that methodology changes were necessary because, among other things, avoided costs were not reflecting the true costs of acquiring energy in compliance with clean energy regulations.

As a result of these concerns, the Commission directed utilities in Order 23-263 to file energy efficiency avoided cost reports by March 1, 2024 instead of October 15, 2023.

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