

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 3, 2023**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_ **N/A** \_\_\_\_\_

**DATE:** September 25, 2023

**TO:** Public Utility Commission

**FROM:** Peter Kernan

**THROUGH:** JP Batmale and Sarah Hall **SIGNED**

**SUBJECT:** OREGON PUBLIC UTILITY COMMISSION STAFF:  
(Docket No. UM 1893)  
Waiver of OAR 860-030-0011 for utility filing of energy efficiency avoided cost report.

**STAFF RECOMMENDATION:**

Grant the request by Staff of the Public Utility Commission of Oregon (Staff) for a waiver of the OAR 860-030-0011(1) requirement for utilities to file energy efficiency avoided cost reports by October 15, 2023, and instead direct the subject utilities to file the required report by March 1, 2024.

**DISCUSSION:**

Issue

Whether the Commission should grant Staff's request for waiver of the OAR 860-030-0011(1) requirement for utilities to file energy efficiency avoided cost reports by October 15, 2023.

Applicable Rule or Law

Under OAR 860-030-0011(1), every energy utility that provides customer funds to Energy Trust of Oregon (Energy Trust) 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 (EE) avoided costs on a form approved by the Commission by October 15 of each year.<sup>1</sup>

Under OAR 860-030-0000(3), the Commission may waive any of the Division 030 rules upon a showing of good cause, on its own motion or a written request.

### Analysis

#### *Background*

For clarity and transparency, the Commission in 2019 adopted a process for the approval of utility-specific EE avoided cost data for use by Energy Trust.<sup>2</sup> First, the Commission requires energy utilities that provide customer funds to Energy Trust to report their EE avoided cost data to the Commission. This data must be submitted on a Commission-approved form. The required data, format and methodology in this form may change over time, with Commission-approved changes to take effect no less than 60 days following approval.<sup>3</sup>

Under OAR 860-030-0011(2), each energy utility must use data to support the values in its EE avoided cost form that are taken from the utility's most recently acknowledged Integrated Resource Plan (IRP) or update, or from the energy utility's most recent general rate case that has been resolved by a final order of the Commission. The Commission may approve, at its discretion, the use of more recent data.<sup>4</sup>

Second, the Commission considers whether to approve use of the EE avoided cost data by Energy Trust within 60 days of submission. Once approved by the Commission, Energy Trust may use the EE avoided cost data in its energy efficiency program budget cycle for the next year.<sup>5</sup>

Last year, when Staff presented the EE avoided cost data for Commission approval, Staff noted that Staff would be reviewing multiple IRPs in 2023, including the first electric IRPs developed concurrently with the subject utilities' Clean Energy Plans under House Bill 2021.<sup>6</sup> Staff also acknowledged that the outcomes of these IRPs may have significant impacts to avoided cost numbers, with the electric and gas IRPs in 2023

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<sup>1</sup> PacifiCorp, Portland General Electric Company, Avista Corporation, Cascade Natural Gas Company and Northwest Natural Gas Company are the subject utilities.

<sup>2</sup> See In the Matter of Rule making to Adopt Energy Efficiency Avoided Cost Reporting Rules, Docket No. AR 621, Order No. 19-177 (May 22, 2019).

<sup>3</sup> OAR 860-030-0011(3).

<sup>4</sup> OAR 860-030-0011(2).

<sup>5</sup> OAR 860-030-0013.

<sup>6</sup> Docket UM 1893, Staff Report, December 5, 2022, available at: <https://edocs.puc.state.or.us/efdocs/HAU/um1893hau15168.pdf>.

expected to more accurately reflect strategies to comply with the state's carbon reduction goals.

### *Analysis*

This year, the timing for submitting EE avoided cost data—October 15—is not optimal given the available data. The administrative rule, as a default standard, requires the use of data from the most recently acknowledged IRP or update, or general rate case. Generally, the IRPs that have been acknowledged by the Commission most recently were developed prior to adoption of the emission reduction standards in 2021's House Bill (HB) 2021, codified in ORS 469A.400 to 469A.475, and the Climate Protection Program (CPP) adopted by the Department of Environmental Quality in OAR Chapter 340, Division 271. In Docket LC 79, NW Natural submitted its first IRP following adoption of the CPP rules. The Commission acknowledged NW Natural's near-term action plan, except for one action item, but did not acknowledge the Company's preferred portfolio developed through long-term portfolio analysis.<sup>7</sup> Staff does not find the data from the prior IRPs to be relevant at this time, given the need for data that reflects strategies to comply with HB 2021 or the CPP.

Currently, Staff is reviewing multiple IRPs, and the outcome of these dockets with respect to avoided cost data is not yet clear. Portland General Electric's (PGE) IRP and Clean Energy Plan (CEP) is pending in Docket LC 80, with the Commission's acknowledgment decision meeting currently scheduled for January 2024. Staff, in Opening Comments, expressed concern about the appropriateness of PGE's EE avoided cost numbers.<sup>8</sup> PacifiCorp's IRP and CEP are pending review in Docket No. LC 82. Opening comments by Staff and stakeholders have yet to be filed, and the acknowledgment decision public meeting is currently scheduled for April 2024. Cascade Natural Gas's 2023 IRP is also pending in Docket No. LC 83, with Staff and stakeholder opening comments scheduled for October 2023 and a decision meeting currently scheduled in 2024. Avista's 2023 IRP, Docket LC 81, is pending with an acknowledgment meeting scheduled for February 2024. While Staff expects the outcomes of these various dockets to be informative and valuable in terms of the EE avoided cost data, none will be sufficiently advanced in time for the submission of data by the current filing deadline of October 15, 2023.

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<sup>7</sup> *In the Matter of NW Natural's 2022 Integrated Resource Plan*, LC 79, Order No. 23-281 (August 2, 2023). The Commission adopted Staff's recommendation that the Company update its avoided costs to reflect that SB 98 RNG is voluntary and can be avoided with efficiency. *Id.*, Appendix A at 52, Appendix B.

<sup>8</sup> *In the Matter of Portland General Electric Company's 2023 Clean Energy Plan and Integrated Resource Plan*, Docket LC 80, Staff Corrected Opening Comments at pages 27-30 (July 27, 2023).

The Commission's rule, OAR 860-030-0011(2), does allow for approval of more recent data, at the Commission's discretion. However, Staff believes that, rather than considering approval of the EE avoided cost data submitted with the pending IRPs, or from an IRP with a limited acknowledgment order, it is preferable to adjust the filing data and allow for further review and potential refinement of the currently available data. This will ensure there is adequate time for the stakeholder review process in the IRPs and may result in greater consistency in the development process for EE avoided cost data across utilities.

Staff has conferred with Energy Trust and understands that Energy Trust can accommodate the need for flexibility in 2025 budgeting and can use utility-specific EE avoided cost data approved within 60 days of a March 1, 2024, filing date. Staff will endeavor to present updates to the form for Commission approval prior to January 1, 2024. Staff will also endeavor to expedite its review process and bring the filed data to the Commission for approval in less than 60 days, to the extent feasible.

#### Conclusion

Staff finds that a waiver of the filing date of October 15, 2023, per OAR 860-030-0011(1) allows for adequate review of EE avoided cost data most relevant for Energy Trust's future budget planning, given the newly effective emissions reduction standards. Staff recommends approval of this waiver request and recommends directing the subject energy utilities to file their EE avoided costs data on or before March 1, 2024.

#### **PROPOSED COMMISSION MOTION:**

Grant Staff's request for waiver of the OAR 860-030-0011(1) requirement for energy utilities to file energy efficiency avoided cost reports by October 15, 2023. Direct the subject energy utilities to file the required report by March 1, 2024.