



Docket No. UM 2211: HB 2475 Implementation of Differential Rates and Programs in Oregon

Phase 2 Process Proposal

This announcement describes the Oregon Public Utility Commission (OPUC or Commission) Staff's draft strategy for the next phase of implementation of the Energy Affordability Act ([HB 2475](#)) within [Docket No. UM 2211](#). The announcement includes a discussion of work streams, schedule of activities, draft scope of issues to be addressed, and a questionnaire to capture initial perspectives on issues and priorities.

Investigation Strategy

The UM 2211 work plan is intended to balance the broad authority and intent of HB 2475 with the desire to identify actionable near-term initiatives that will advance equity informed utility rates and programs.

HB 2475 articulates the Commission's authority to consider differential energy burdens,¹ as well as environmental justice factors in rate setting and program design. Given the breadth of issues that intersect with energy affordability and justice, Staff recommends the next phase of HB 2475 implementation activities prioritize efforts along two overlapping work streams:

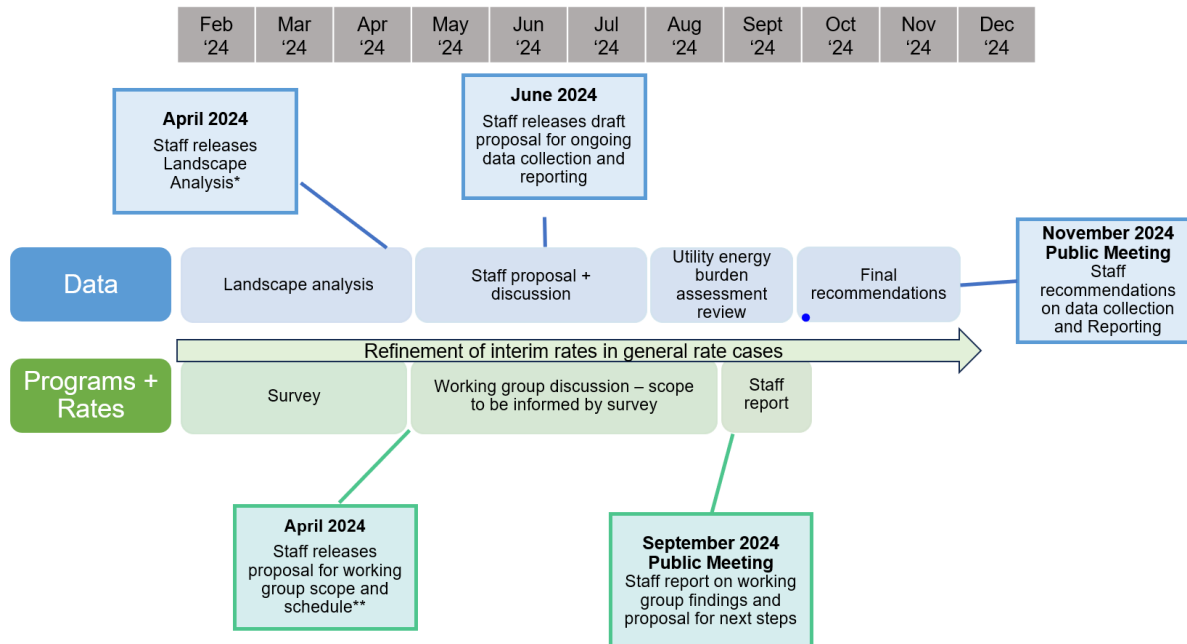
1. **Data:** Performing a landscape analysis using existing data and establishing an ongoing framework for data collection and evaluation.
2. **Rates and Programs:** Identifying near-term opportunities and Commission policy direction needed to address differential burdens through utility rates and programs.

Staff plans to bring information and/or recommendations from each workstream to the Commission at a Public Meeting in November 2024. Staff anticipates that additional activities, such as rulemaking, reporting dockets, tariff filings, implementation in future rate cases, and other next steps may be identified at that time.

Staff has included a questionnaire in [Attachment-A](#) to inform the scope of this plan and identify priority issues for the initial activities.

¹ In this context, differential energy burdens meant the unequitable level of burden that the energy system has on "low-income customers and other economic, social equity or environmental justice factors that affect affordability for certain classes of utility customers." See Oregon Revised Statutes (ORS) 757.230, accessed at: https://oregon.public.law/statutes/ors_757.230.

Figure 1. Draft Proposal for UM 2211 Phase 2 Process



**Landscape Analysis may also include proposals for key definitions and energy burden reduction goals*

***Staff anticipates the working group scope will focus more on identifying programmatic opportunities, but will include some exploration of the universe of tools to account for differential burdens in ratemaking*

Staff has identified these workstreams and topics as part of its near-term scope. These items are not meant to be a comprehensive representation of Staff-led efforts under HB 2475 authority, which we expect to be ongoing and incremental over time and evolve alongside the changing energy landscape. Staff is also open to adaptations of this plan and areas of focus based on the results of the questionnaire in Attachment-A and ongoing stakeholder engagement. As such, goals for each workstream may evolve to incorporate feedback and reflect community priorities.

Data Work Stream

Goal(s): Minimize data and reporting redundancies; Optimize presentation, collection, and application of data for the purposes of energy affordability strategy and program evaluation; Increase visibility, accessibility, and engagement with relevant data. Standardize data collection (metrics and process) where appropriate.

Step 1. Landscape Analysis: Staff will perform a landscape analysis that catalogues available data sources within the PUC (including regularly accessed public databases),



highlights key data gaps (e.g. levels of granularity; environmental justice indicators; reporting cadence; equity metrics; etc.), and provides preliminary assessments on energy burden using the information available.

To support this effort, Staff has requested that utilities that have not completed an energy burden assessment (EBA)² initiate stakeholder engagement and complete an informed an assessment in 2024.

- **Timeline:**
 - Staff Landscape Analysis: April 30, 2024
 - Workshop to present Landscape Analysis: May 6, 2024
 - Comments on data collection framework based on landscape analysis and workshop discussion: May 22, 2024
 - Staff proposal for data collection framework: June 14, 2024
- **Key questions:**
 - What utility and non-utility data is currently available?
 - What are the limitations and challenges for its use in evaluating energy burden?
 - What can we learn from the currently available data e.g., perform preliminary rates and program evaluation?
- **Outcome(s):** Staff proposal for an ongoing data collection framework based on findings from the landscape analysis and stakeholder input.

Step 2. Rulemaking to Develop Ongoing Data Framework: The PUC conducts rulemakings in two steps: (1) An “informal” public process to seek consensus and develop proposed rules; and (2) a “formal” rulemaking process where participants may provide final comment on the proposed rules. Staff expects to make a public meeting request to open an informal rulemaking process, including workshops and the solicitation of written comments, to develop administrative rules that outline a framework for ongoing data collection and evaluation. The purpose of the framework is to evaluate current efforts to address differential energy burdens, prioritize areas to address with additional efforts, and inform dockets and other activities on an ongoing basis e.g., rate cases, planning dockets, program development and oversight.

- **Timeline:**
 - Comments and workshop discussion of data collection framework proposal: May – August 2024
 - Final Utility EBA review and incorporation into data framework proposal: August – September 2024
 - New or updated EBAs expected from PGE, Pacific Power, and Northwest Natural anticipated.
 - Staff releases final proposal for data framework: October 2024

² An energy burden assessment (sometimes referred to as a low-income needs assessment or LINA).

- Staff recommendation and Commission order on process at November 2024 Public Meeting.
- **Key Questions:**
 - What are the goals of differential rates and programs?
 - How should differential energy burdens be defined?
 - Which types of differential burdens should the Commission consider recognizing through ratemaking?
 - What metrics and other information is needed to monitor differential energy burdens and progress toward the goals of rates and programs?
 - How will the information be shared?
 - How will the information be evaluated?
 - How can data privacy and security concerns be effectively addressed?
- **Outcome:** Commission order to initiate a formal rulemaking to adopt an ongoing data collection framework as administrative rules and/or directing the utilities to file information as needed.

Step 3. Implementation: Staff will work with stakeholders and utilities to establish the dockets and other processes to implement the data collection and evaluation framework. Details to be determined in Step 2.

Rates & Programs Work Stream

Staff expects the rates work stream and program work stream to converge in terms of process and engagement as a way to leverage stakeholder priorities, feedback, and resources into both areas.

Rate Focused Areas:

Goal(s): Increase visibility and understanding of differential rate and bill discount designs across parties; Identify and manage expectations for differential rates and how they are regulated; Improve distributional equity and energy affordability impacts in rate design.

Step 1. Scoping/proposal: Staff will conduct a public scoping process that begins with a questionnaire (Differential Rates section in [Attachment-A](#)) followed by scoping workshops. The process will be informed by the landscape analysis in the Data workstream (complete April 2024), utility EBAs (complete June 2024- October 2024) and conclude with a Staff proposal for ratemaking policies to be considered for a rulemaking, Commission direction, or Staff expectations, based on the need for standardization, enforceability, and flexibility in utility implementation. Staff will work closely with utilities to facilitate consultation with communities on principles and priorities.

- **Key Questions:**

- What principles and outcomes should the Commission's policies for differential rates consider?³
- What key learnings can be gathered from the implementation of interim bill discount rates and further discussion of differential ratemaking issues in utility general rate cases?
- Which types of rate design policies should the Commission consider for the recognition of differential burdens?
- What policies should the Commission consider for recovering the costs of differential rates?
- **Outcome:** Staff releases a straw proposal for differential rate implementation scope.

Step 2. Draft Proposal Refinement: Staff will work with stakeholders to refine its draft proposal for principles, requirements, and/or updated expectations to guide differential rate implementation. Staff will facilitate a process of workshops and written comments responding to the initial Staff draft proposal and making suggestions for improvements. Depending on the content of the proposal and the ability to standardize the components, Staff will also propose a mechanism for implementation i.e., administrative rules that outline principles for the utilities in implementing differential rates, Commission direction for the utilities to implement differential rates that conform to specific requirements, and/or updated Staff expectations for its review of utilities proposals to implement differential rates.

- **Key Questions:** The scope of the final Staff recommendations will be driven by the public process; however, the policies could include:
 - Differential rate design requirements:
 - Rate designs e.g., bill discount, percentage of income;
 - Eligibility criteria;
 - Level of rate relief;
 - Outreach, bundling, and enrollment practices.
 - Policies for the creation of new rate classes.
 - Policies for cost allocation practices in rate design.
 - Policies for the recovery of costs to implement differential rates.
- **Outcome:** Stakeholder and community informed proposal(s) for guidance and/or best practices relative to energy burden and differential rates at a Public Meeting. Proposal will include an outline for next steps of implementation and potential process (e.g., administrative rules, Commission order; Staff guidance).

Step 3 Utility proposals: Staff will work with stakeholders and utilities to establish the dockets and identify the processes (e.g., general rate cases, advice filings) needed to

³ See Docket UM 2211 for Staff's original baseline evaluation criteria for interim HB 2475 utility programs. [<https://edocs.puc.state.or.us/efdocs/HAH/um2211hah114912.pdf>]

review utility proposals consistent with Commission direction. Staff notes that utility consultation of the communities they serve will be an important element of this step.

Programs Focused Areas

The landscape of customer program design and implementation is collaborative in nature and there is a wide range of existing venues where programmatic work is mature and underway e.g., energy efficiency, distributed energy resources, demand response, transportation electrification, weatherization, arrearage management, federal funding, and other tools and levers that can be used to mitigate energy burden. This work is also already looking to better recognize differential burdens. However, these efforts are not cleanly connected to the HB 2475 implementation discussion occurring in UM 2211. Therefore, Staff proposes that this work stream focus on mapping the landscape of identifying any near-term opportunities to take additional actions to improve recognition of differential burdens in utility residential customer programs and program partnerships.⁴ Staff has issued a questionnaire ([Attachment-A](#)) with this publication and plans to convene a series of discussions with a range of parties that may include program implementers, including Energy Trust of Oregon, Community Action Agencies, Community Based Organizations and Portland Clean Energy Foundation; electric and natural gas utilities; community-based organizations; consumer advocates; and other government agencies such as Oregon Department of Energy and Local governments

Goal(s): Bidirectional learning on available opportunities and community needs to inform implementation strategy; Identify near-term opportunities and actions to improve programs that can reduce energy burden and improve energy equity (e.g. strategies to increase energy efficiency penetration and impacts in environmental justice communities); coordinate state agency, community-based organization, and private industry partnerships to leverage available funding and programs across efforts.

- **Stakeholder discussion:** Staff proposes that the survey and subsequent discussions focus on creating shared understanding of work already underway in other venues, identifying and facilitating implementation of any additional near-term opportunities, and raising high priority areas where Commission direction may be useful in advancing equity in programs. The workstream will consider the following:
 - Evaluating the results of an initial stakeholder survey into priorities and opportunities for advancing equity in programs ([Attachment-A](#)).
 - Understanding the current state of programs and program partnerships, which may include the program development and implementation process through an equity lens.

⁴ Program partnerships refers to non-utility partners that implement programs available to utility customers, such as weatherization programs, local government-administered energy programs, and federal funding opportunities.

- Identifying areas where equity principles can be further integrated into programs—particularly in the near term—such as:
 - Improving targeting efforts, funding, and accessibility,
 - Bundling and alignment with non-utility led activities,⁵
 - Data sharing and other logistics, and
 - Developing new programs.⁶
- Discussing prioritization and identifying implementation barriers, e.g., how opportunities compare between impact, cost, and implementation timeline.
- Reviewing findings from the equity landscape analysis in the data work stream (April 2024) e.g., how benefits are currently distributed and recognized within energy programs, highlighting disparities, and opportunities for improvement.
- Identifying policies that can be standardized and/or implemented to maximize energy justice outcomes.
- **Outcome:** Staff Report of findings, which may include priorities and principles, consensus actions, and potential Commission direction to establish principles that guide equity considerations direct changes to existing programs and design practices or identify potential new programs.

Rates & Programs Timeline

- Survey responses due: **March 7, 2024**
- Staff releases proposal for scope and schedule: April 5, 2024
- Staff facilitated engagement discussions: May 2024 – August 2024.
- Publish Draft Staff Report: September 2024.
- Comments on Staff Report: October 2024.
- Public Meeting and Commission Order: November 2024

Conclusion

Staff is interested in engaging stakeholders throughout this process and intends to remain flexible to the needs of participants as it advances phase two of HB 2475 implementation. We appreciate the tremendous amount of time that has been dedicated to this effort over the last several years and continue to express gratitude for your continued engagement. We also welcome new voices, particularly those who are from an/or represent impacted and environmental justice communities. As such, we encourage our existing stakeholders to share the invitation to respond to Staff's questionnaire and help bring new participants into the UM 2211 process. Thank you!

⁵ Alignment with opportunities such as the Portland Clan Energy Fund or Federal Incentives.

⁶ Staff notes that the ability to implement new programs is subject to workload and resources, but at minimum, the working group can capture and prioritize new program opportunities for consideration of the Commission and stakeholders.

February 2024



If you have questions about the work plan, proposal, or questionnaire, please contact:

Michelle Scala at michelle.m.scala@puc.oregon.gov or 503-689-2608.



New to the Process?

What is HB 2475?

HB 2475, or, the “Energy Affordability Act”, is a 2021 legislative measure that took effect January 1, 2022, and allows the PUC to consider customer characteristics that affect affordability when approving programs⁷ and energy rates⁸ charged by regulated utilities. Generally, this authority makes it so the rates that make up monthly utility bills for residential customers can be designed in a way that considers those customers’ *ability to pay*. HB 2475 also enables groups representing low-income customers and environmental justice communities to receive intervenor funding assistance to participate in PUC processes.⁹

What is UM 2211?

UM 2211 is the docket number, or case number, used to easily locate all related filings on Staff’s work to implement HB 2475. You can navigate directly to Docket No. UM 2211 to view the schedule and filings at: <https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23122>. You can also access the docket from the PUC’s website by selecting eDockets and entering UM 2211 to search by docket number.

How Can I Participate and Stay Informed?

Staff will promote diverse, equitable, and inclusive engagement opportunities throughout the entirety of this process. We invite anyone interested in learning more about PUC processes and how we as regulators can help reduce energy burden across the state to sign up to receive notifications for Docket No. UM 2211. Register by contacting the PUC.¹⁰

Once registered, you will receive emails when new documents are filed to Docket No. UM 2211 or there is a change to the schedule. The types of information that may be posted in this docket include differential rate and bill assistance proposals from regulated utilities, engagement notifications, public comment, and more. By signing up to receive notifications, you are not obligated to participate, but you will have the opportunity to receive timely updates on what events are coming up, what progress has been made, related dockets to follow, and what opportunities there may be to engage in the process.

⁷ Section 7 of enrolled House Bill 2475 (HB 2475-A).

⁸ Section 2 of enrolled House Bill 2475 (HB 2475-A).

⁹ Section 3 of enrolled House Bill 2475 (HB 2475-A).

¹⁰ Interested individuals may contact the Oregon PUC at: puc.hearings@puc.oregon.gov and express their interest in being added to the service list for Docket No. UM 2211 or reach out directly to Staff using the contact information listed at the end of this publication.

Other PUC resources that are not specific to UM 2211, but may help new and interested participants in our processes, can be found here:

- Trainings on PUC processes and how to get involved:
<https://www.oregon.gov/puc/news-events/Pages/Trainings.aspx>
- Get involved:
<https://www.oregon.gov/puc/news-events/Pages/Get-Involved.aspx>
- Types of PUC events and what to expect:
<https://www.oregon.gov/puc/news-events/Pages/About%20PUC%20Events.aspx>

Background

The initial implementation efforts for HB 2475 focused on getting near-term relief in place based on basic minimum standards for rate and program design, prior to a longer-term investigation into HB 2475 implementation policies. Following the HB 2475 effective date in January 2022, monthly bill discount programs based on household income were proposed and put into effect by Portland General Electric (PGE), PacifiCorp (Pacific Power), Northwest Natural Gas Company (NW Natural), Avista Utilities (Avista), and Cascade Natural Gas Company (Cascade).

HB 2475 Baseline Evaluation Criteria

As a reminder, the baseline evaluation criteria finalized by Staff on February 1, 2022, provided guidance to the regulated utilities on what Staff initially identified as key features that should be pursued in the interim bill assistance proposals under HB 2475. The criteria focus on eligibility, level of relief, tracking and accounting, bundling (with energy efficiency programs), and outreach and engagement. For those interested in reviewing the baseline evaluation criteria, please follow the link here:
<https://edocs.puc.state.or.us/efdocs/HAC/um2211hac17313.pdf>.

Staff notes that due to the desire for the interim programs to go into effect quickly, the baseline evaluation criteria did not compel the utilities to any specific course of action, and in some cases, program designs deviated from the guidance provided by Staff. Staff expects the upcoming phase of HB 2475 implementation to evolve and update interim guidance.

HB 2475 Interim Relief

Initial HB 2475 implementation discussions indicated that providing relief to residential customers quickly should be the near-term priority. This prompted the interim guidance and programs ahead of the broad investigation. Staff provided guidance to the regulated utilities, advising that electric utilities should target having an interim differential rate in place in time for when “summer cooling season” begins and monthly bills tend to increase as a result. Natural gas utilities were asked to have their rates ready by the



Fall to be responsive to the “winter heating season” but should provide some sort of bill assistance before then to address winter heating bills from the 2021-2022 season.

Differential Rates vs. Bill Discounts vs. Energy Assistance

Differential Rates – The term “differential rates” is based on the language in HB 2475 and describes a rate that a utility charges for electric or natural gas service that is specifically designed to increase affordability for a certain category of customers. An example of this is where a household with limited income is billed by the utility at a lower rate for their energy use than a household with high income. Differential rates assign a price for your energy use somewhat based on your ability to pay.

Bill Discounts – The interim programs currently in effect under HB 2475 for participating utilities are considered bill discount programs. They also operate under the authority provided by HB 2475 where the Commission can authorize utility programs that are designed to increase affordability for customers experiencing high energy burdens. Here customers remain on their same rate schedule, but a percentage of bill discount is applied to reduce the monthly amounts due. This is shown on the bill. The discounts currently vary across utilities and between income brackets, giving larger discounts to households with less income.

Energy Assistance and Low-Income Energy Efficiency– Energy assistance in the context where it is distinguished from differential rates and bill discounts is typically regarded a grant-based program administered by the state using funds collected through a public purpose charge or federal funding. These programs have been around longer than the HB 2475 programs. Energy assistance resources are available for customer utility bills and weatherization services. They include but are not limited to: Low-Income Housing and Energy Assistance Program (LIHEAP), Oregon Energy Assistance Program (OEAP). Utilities will also provide assistance via ratepayer funded grant and/or energy efficiency programs such as Oregon Low-Income Gas Assistance (OLGA), Oregon Low-income Energy Efficiency (OLIEE), Oregon Low Income Bill Assistance (OLIBA), Oregon Low Income Energy Conservation (OLIEC), Oregon Low Income Energy Efficiency Program (AOLIEE), and Project Share.

Informal Rulemaking

Informal rulemaking¹¹ at the Oregon PUC is a way for the Commission to create rules that govern how the regulated utility companies operate. Here are some features of the process:

- Staff will draft proposed regulation language and necessary information (e.g. summaries, the need for the rule, and financial impact).

¹¹ <https://www.oregon.gov/puc/forms/Forms%20and%20Reports/Internal-Operating-Guidelines.pdf#page=10>.



- Organize workshops with stakeholders to gather feedback.
- Use workshops to educate stakeholders about the rules, address issues, review drafts, and discuss alternatives.
- Hold internal meetings to consider feedback and revise draft rules, deciding if further input is needed.
- The informal phase ends when Staff is prepared to present recommended rules to the Commission.
- Staff recommends whether to proceed with a formal rulemaking at a Public Meeting, including a full report of the informal phased.
- Commissioners consider public input before making a decision.
- If moving to a formal rulemaking, rules are published, and the Commission notifies interested parties and legislators.

In the context of this process, the informal rulemaking would conclude with a proposal for the commission to open a formal rulemaking in order to adopt new or modified administrative rules for programs and policies that relate to energy justice.

Receiving Updates

Please make sure you are signed up to receive notifications for Docket No. UM 2211 and be on the lookout for an email from Staff where you can provide your individual or organization's insights on moving forward with the HB 2475 investigation. You can request to be added to the UM 2211 service list by emailing at puc.hearings@puc.oregon.gov. Be sure to note UM 2211 in the request.



Attachment A- Project Planning Framework Questionnaire

Participants are invited to answer **some or all** of the questions below. There is no expectation that participants answer each question.

Responses will be posted to the UM 2211 docket. In your response, please indicate whether or not you are comfortable with name/organizational attribution. Please submit responses to the OPUC Filing Center at puc.filingcenter@puc.oregon.gov.

Responses are requested by March 7, 2024.

Please limit responses to 10 pages total per individual or organization.

Please contact OPUC Staff with questions:
Michelle Scala, michelle.m.scala@puc.oregon.gov or 503-689-2608.

Equity Landscape

1. What do you see are the most important or urgent equity issues in the provision of energy to utility customers?
2. Which communities are most impacted?
3. What are the most important or urgent actions to improve equity outcomes?

** Responses to the three questions above do not need to be restricted to the scope of UM 2211. Responses may consider issues and solutions related to access and participation, design and targeting, providing input/influence, and any other issues that you find important/urgent.

Utility Programs

3. What are the highest-impact and/or most urgent equity issues to address in utility programs and services? Responses can include gaps in existing programs and opportunities to develop new programs.
4. Are there specific geographic areas or distinct populations that should be prioritized?
5. How can the PUC measure progress in addressing equity issues in utility programs and services? Please feel free to suggest specific metrics.
6. Staff plans to organize informational sessions on the landscape of programmatic offerings for utility customers. Please provide any priority information within these topics, any additional topics for the series, and suggestions for expert presenters:



Info Session	Proposed Topics
1	Orientation, state agency landscape, and review initial survey results
2	Energy efficiency and weatherization
3	Distributed energy resources (DER) programs, resiliency
4	Comparative analysis of equitable rate designs and rate mitigation programs
5	Consumer protection programs
6	Technical assistance, resource hubs, workforce development and other emerging national opportunities

Differential Rates

7. What degree of consistency is expected across the utilities? For explain, do we need to develop a standard rate design for all utilities or are there only certain elements that need to be standardized?
8. Are there customer characteristics that should be prioritized for consideration at this phase (e.g. income, energy burden, disconnections and other economic, social equity or environmental justice factors that affect affordability)?
 - a. What data sources can be used to support priority population identification?
 - b. What considerations should be made relative to data privacy and equitable data practices?
9. Are there rate structures that should be prioritized for consideration in this phase of implementation? Why or why not? For example: creating separate rate class, percentage rate discounts, percentage of income plans, kWh allotments, restructured or eliminated basic charge, other or combination (an external resource with information on a few of these ratemaking tools can be found here: https://www.iepec.org/conf-docs/papers/2007PapersTOC/papers/79_1081_ab_596.pdf)
 - a. What criteria should be used to evaluate the pros and cons of different ratemaking approaches?
10. How should the costs of differential rates be recovered?
 - a. What are the most important considerations in the way that the costs are spread across different customers?
 - b. Are there cost recovery practices that will help utilities offer more equitable rates in a cost-efficient manner?
11. How can the PUC measure progress in addressing energy burden through differential rates?

Other Suggestions

12. Do you feel you and/or your organization have sufficient capacity to engage in the proposed process?
13. Do you have any additional input for the next phase of HB 2475 implementation?

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If you'd like to learn more about what national voices are saying on these issues, we suggest this resource from the Energy Equity Project:

<https://drive.google.com/file/d/1Pn16YIMbucpK3BFvmJy6XRt51V-ScKwD/view>

Staff recognizes the significant effort and commitment it requires to engage in these processes, and we thank you for taking time to review this information. We look forward to receiving your responses and continuing to collaborate on the implementation of this important work.