

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 4, 2022**

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

DATE: September 26, 2022

TO: Oregon Public Utility Commission

FROM: Eric Shierman and Sarah Hall

THROUGH: Bryan Conway and JP Batmale **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. UM 2033)
2022 monthly meter charge budget for transportation electrification.

STAFF RECOMMENDATION:

Approve Portland General Electric's (PGE or the Company) 2022 Monthly Meter Charge Budget (Budget). Approval of the budget for new infrastructure measures proposed by the Company that have not been approved by the Commission is conditioned on approval of those infrastructure measures in a future application by the Company.

DISCUSSION:

Issue

Whether the Commission should approve PGE's 2022 Monthly Meter Charge Budget.

Applicable Rule or Law

ORS 757.357 requires the Commission to direct each electric company to file programs that accelerate transportation electrification (TE). The statute gives considerations that the Commission is required to include in its review of such programs. House Bill (HB) 2165 went into effect on January 1, 2022, and amends ORS 757.357 in significant ways. HB 2165 directed utilities to implement a monthly meter charge equal to 0.25 percent of total revenues as a dedicated funding source for TE investments.

The HB 2165 includes further detail and requirements for expenditures and tracking of the monthly meter charge. Utilities are required by law to account and report the revenues and expenditures in a manner prescribed by the Commission. The expenditures the utilities make must be made on elements in the utility's Commission-accepted TE Plan. Additionally, utilities must make "reasonable efforts" to spend at least 50 percent of that funding on activities to support TE in "underserved communities."

Analysis

Background

Portland General Electric and PacifiCorp were required by HB 2165 to begin collecting the monthly meter charge from retail customers starting January 1, 2022. Prior to the legislation going into effect, Staff was investigating utility TE planning and investment frameworks within Docket No. UM 2165. In that docket the Commission directed Staff to open a rulemaking to revise Division 87, which outlines the requirements for TE program applications and Plan filings. Those draft rules, in Docket No. AR 654, prescribe the budget approval and review process for the monthly meter charge, and were adopted by the Commission on September 6, 2022.

The monthly meter charge section of HB 2165 went into effect before the new Division 87 rules. Because of this, Staff presented interim process guidance and definitions for the implementation of the new law.¹ Staff worked with parties to UM 2165 to establish implementation guidance for the 2022 monthly meter charge budgets. On October 20, 2021, Staff hosted a workshop in UM 2165 to present concepts for Staff guidance. This workshop was followed by a two-week written comment period. At a Special Public Meeting on November 30, 2021, Staff presented interim guidance that incorporated the feedback from parties to UM 2165.²

Statutory Requirements and Staff's Interim Guidance

The standard of review for the utilities' monthly meter charge budget and plan is derived from both the statute and Staff's interim guidance memo. Under statute, utilities are required to:

¹ See Docket No. UM 2165, *Interim process guidance and definitions for implementation of HB 2165 implementation*, November 24, 2021.

² *Id.* at pp 1 – 11.

- **Monthly meter surcharge assessment:** Collect a charge from each retail electricity customer served through its distribution system that is set to one quarter of one percent of the total revenues collected by the Company from all retail electricity customers.³
- **Budget format:** Account and report revenues and expenditures from the monthly meter charge separately and in a manner prescribed by the Commission.⁴
- **Types of expenditures:** Spend the funds collected under the monthly meter charge to support and integrate TE, consistent with a budget approved by the Commission and made on elements contained in the Company's accepted TE Plan.⁵
- **Expenditures on underserved communities:** Make "reasonable efforts" to expend fifty percent of the funds collected from the monthly meter charge each year on "underserved communities."⁶

Under Staff's interim guidance, utilities are required to:

- **Budget cadence and contents:** File a budget for 2022 that includes an annual estimate of spending by program, as well as an annual forecast of spending on underserved communities.
- **Underserved community definitions:** Apply the guidance and suggested tools in Staff's memo to clarify the definition of "underserved communities" used in the statutory language.
- **Engagement and outreach to underserved communities in plan development:** Directly engage members of underserved communities to identify preferred spending of the monthly meter charge, preferred standards for geographic designation, and prioritization of populations served.

Review of PGE's 2022 Monthly Meter Charge Budget and Plan

The Company filed the 2022 Budget on July 29, 2022, after consulting with stakeholders. This filing was within the timeframe of Staff's interim guidance.

PGE expects to collect approximately \$5.2 million in 2022. Through this proposed Budget, the Company plans to include that full amount in the 2022 budget. PGE groups its budget items into four categories, which Staff discusses below: (1) enhanced funding for existing programs and measures; (2) new infrastructure measure investments; (3) outreach and education; and (4) TE Plan enablement.

³ Oregon Laws 0221, chapter 95 Section 2(2).

⁴ Id. at Section 2(4).

⁵ Id. at Section 2(3).

⁶ Id. at Section 2(6).

As detailed in Table 1, PGE plans to allocate these revenues specifically to fund: Business EV Charging rebates, residential panel upgrade rebates, trade ally network, Affordable Housing EV-Ready, Municipal Charging Collaboration Pilot, “ride and drives,” web education, statewide education campaign, community engagement, product development, and project management.⁷

Table 1: PGE’s 2022 Monthly Meter Charge Budget

| Description | Amount |
|---|--------------------|
| Business EV Charging Rebates | \$1,950,000 |
| Residential Panel Upgrade Rebates | \$607,500 |
| Trade Ally Network | \$130,000 |
| Affordable Housing EV-Ready Funding | \$1,000,000 |
| Municipal Charging Collaborations Pilot | \$500,000 |
| Ride and Drives | \$50,000 |
| Web Education | 60,000 |
| Statewide Education Campaign | \$445,000 |
| Community Engagement | \$150,000 |
| Product Development | \$132,500 |
| Project Management | \$175,000 |
| Total | \$5,200,000 |

Enhancement to Existing Programs and Measures

PGE proposes to devote 52 percent of the Budget to enhance existing programs and measures. PGE plans to:

- Expand the Business EV Charging Rebates under Schedule 52 by:
 - Dropping the income qualification of multifamily housing, by treating all multifamily housing as underserved;
 - Offering rebates of 80 percent of make-ready costs up to a maximum of \$6,000 per Level 2 (L2) port and \$36,000 per site; and
 - Offering higher rebates for direct current fast charging (DCFC) of \$350 per kW up to \$25,000 per DCFC port.
- Expand the Residential EV Smart Charging Pilot under Schedule 8 by:
 - Raising the income qualification from 80 percent to 120 percent of median family income;
 - Offering a standard \$1,000 rebate and \$5,000 income qualified rebate for panel upgrades; and developing the trade ally network of electricians

⁷ See Docket No. UM 2033, PGE, *PGE’s Proposed Monthly Meter Charge Budget for 2022 and Municipal Charging Collaboration Pilot Proposal*, July 29, 2022, p 9.

New Infrastructure Measure Investments

PGE proposes to devote 29 percent of the Budget to the launch of two new infrastructure measures, discussed below. PGE informed Staff the Company plans to file applications for these infrastructure measures at the end of September, 2022. As a result, PGE should not spend the money as approved by this budget until those infrastructure measures are approved, as required by HB 2165. Therefore, Staff conditions the approval of this part of the Budget on those infrastructure measures being approved by the Commission.

- **Affordable Housing EV-Ready Funding:** This measure will offer \$2,500 per parking stall for make-ready in affordable housing development. PGE estimates this can fund the make-ready for 360 parking stalls. The Company will issue a request for proposal for community-based organizations to manage the distribution of these funds.
- **Municipal Charging Collaborations Pilot:** This measure will design, own, and maintain electric vehicle (EV) chargers in public right-of-way and public property. The measure's intent is to leverage the siting of public property in underserved communities to install electric vehicle service equipment in areas that are least served by the current market. This measure is intended to be limited to building out 60 pole-mounted Level 2 ports, as a pilot. The Budget will support the launch of this pilot, funding standards development, outreach and education work, data analytics, and other startup operation and maintenance costs.

Staff notes a concern with the Affordable Housing EV-Ready Funding. Make-ready investments that are required by code should generally not be subsidized, because that expenditure attempts to support something that a program participant is required to do by law. When PGE described make-ready support for low-income housing in recent public workshops, Staff thought the plan was to support more than what is required of the developer.

This appears to be a response to the possibility that these projects might not go forward. In this budget filing, PGE describes the support as an effort to assist "projects in the pipeline today that may have secured fixed funding, but have not yet submitted permit applications, and will face the need to meet the new building code by the time they do so."⁸ The Company could then be anticipating a temporary impact of HB 2180 implementation, the 2021 legislation that added EV make-ready construction requirements in Oregon's building codes. When PGE files the application, Staff would like to see careful focus on how the Company is supporting these projects in a way that is incremental to new infrastructure construction that requires ratepayer support.

⁸ See Docket No. UM 2033, PGE, *PGE's Proposed Monthly Meter Charge Budget for 2022 and Municipal Charging Collaboration Pilot Proposal*, July 29, 2022, p 18.

Education and Outreach

PGE proposes to devote 11 percent of the Budget to three existing outreach and education activities:

- “Ride and Drive” events, which are opportunities for consumers to try out electric vehicles by test driving or riding in them. This provides an earlier exposure than shopping at a dealership.
- Web education
 - EV Costs and Savings Calculator
 - Contract-based costs for web content
- Statewide education campaign is a joint brand-neutral communication effort in collaboration with PacifiCorp and Oregon Electric Vehicle Collaborative. This has previously been funded by Clean Fuels Program credit revenue. The goal of the campaign is “to engage and educate all Oregonians on transportation electrification and accelerate transportation electrification in the state.”⁹ Additional funds from the 2022 monthly meter charge budget will cover purchased media management and dealer engagement. The expected outcome of this campaign is to deliver two messages to all Oregonians:
 - Electric transportation is available today for everyone (in multi-modal applications that meet a variety of transportation needs including rural, urban, on-road, off-road, micromobility, and public transit applications); and
 - Transportation electrification is a critical piece of meeting the state’s environmental and climate goals.¹⁰

TE Plan Enablement

PGE proposes to devote nine percent of the Budget to develop the next TE Plan. PGE plans to:

- Funding a contract with Espousal Strategies for collaborative problem solving, equity and inclusion, and community engagement: The Company aims to contract these services to conduct a needs assessment focusing on community-based organizations and direct outreach to members of underserved communities;

⁹ See Docket No. UM 2033, PGE, PGE’s Proposed Monthly Meter Charge Budget for 2022 and Municipal Charging Collaboration Pilot Proposal, July 29, 2022, p 20.

¹⁰ Ibid p 21.

- Product development: This is an administrative cost for the development of new products for the next TE Plan, “including rates development; retail charging strategy and customer experience; micromobility strategy, operational readiness for infrastructure measures; and expansion of the portfolio more broadly.”¹¹
- Project management: This is an administrative cost for managing the next TE Plan. PGE has contracted for project management services.

Stakeholder Comment

Flo filed written comments on August 16, 2022. Flo offered support for PGE’s budget, particularly the rebates for residential panel upgrades and the expansion of pole mounted chargers billing at Schedule 50 rates. Made two recommendations: 1) Require PGE to document the process to permit chargers in cities’ right-of-way to identify best practices and 2) Specify a formula for PGE to measure compliance with its proposed 98 percent uptime target and apply all reliability requirements to publicly available chargers funded via the proposed budget.

PGE filed reply comments on September 1, 2022. PGE said the Company will integrate the documentation of right-of-way permitting best practices into PGE’s pilot evaluation. Regarding a formula to measure uptime performance, PGE recommends this get taken up in the TE planning process and TE Plan Report metrics.

Staff Recommendation and Rationale

Staff recommends the Commission approve PGE’s Budget because it satisfies both the statutory requirements and Staff’s interim guidance. PGE’s Budget complies with statutory requirements in the following ways:

- **Monthly meter surcharge assessment:** As noted, HB 2165 requires the monthly meter charge to be assessed at one quarter of one percent of the Company’s total revenue from retail customers. The Company’s forecast of around \$5.2 million is around this amount based on observed gross revenue from 2021.¹²
- **Budget format:** PGE has presented the Budget with the granularity Staff recommended at the November 30, 2021, Special Public Meeting. The Company’s Budget breaks expenditures down by activity, expenditure type, and estimates expenditures on underserved communities.
- **Types of expenditures:** Staff reviewed the budget PGE filed compared to its TE Plan that was accepted by the Commission and found that the budget was made on elements contained in the TE Plan as required by statute.

¹¹ See Docket No. UM 2033, PGE, *PGE’s Proposed Monthly Meter Charge Budget for 2022 and Municipal Charging Collaboration Pilot Proposal*, July 29, 2022, p 22.

¹² OPUC. *Oregon Utility Statistics* forthcoming, p 8.

- **Expenditures on underserved communities:** HB 2165 requires electric companies to make reasonable efforts to expend not less than one-half of the amount collected from the monthly meter charge on underserved communities. PGE plans to expend 56 percent of this Budget on underserved communities.¹³

PGE's Budget satisfies Staff's interim guidance aligns in the following ways:

- **Budget cadence and contents:** PGE satisfied this requirement by filing the budget for calendar year 2022 and broke out both an annual estimate of spending by program and an annual forecast of its spending on underserved communities.
- **Underserved community definitions:** PGE makes a reasonable effort to ensure that expenditures on underserved communities are validated by the definitions that Staff recommended at the November 30, 2021, Special Public Meeting. Staff recommended utilities verify a program participant is a member of an HB 2165 underserved community or that a TE investment is sited within a geographic definition of an underserved community. The Company is using both means of verification.
- **Engagement and outreach to underserved communities in plan development:** PGE plans to directly engage members of underserved communities to identify preferred spending of the earmarked spending of the monthly meter on those communities. The Company is developing plans to consult directly with representatives of underserved communities.

Other Considerations

In approving this budget, Commission approval of the budget items for the two new infrastructure measures, the Affordable Housing EV-Ready Funding and the Municipal Charging Collaborations Pilot, is subject to Commission approval of the applications. PGE has committed to filing these applications by the end of September but was unable to file the measure applications in time for the publication of this Staff Report. Staff will review the applications when filed and make a recommendation prior to Commission consideration of PGE's next TE Plan. For the TE Plan, the two new infrastructure measures described in this 2022 monthly meter charge budget will be considered existing activities. In future years, the utility will propose new programs and measures as part of its TE Plan or TE Plan updates.

Staff notes that this Budget is a one-off approval for 2022 made necessary for compliance with HB 2165. From AR 654, new draft rules for Division 87 now spell out a more holistic budget review process for a three-year planning cycle. Staff makes a

¹³ See Docket No. UM 2033, PGE, *PGE's Proposed Monthly Meter Charge Budget for 2022 and Municipal Charging Collaboration Pilot Proposal*, July 29, 2022, p 9.

recommendation to approve this Budget with the understanding that a more complete picture of the Company's entire portfolio of TE activities will soon follow. In filing this Budget, PGE has made a good faith effort to meet the requirements of the new law while the Company is also preparing for a more robust public review of the more detailed TE Plan.

Conclusion

Staff recommends the Commission approve PGE's 2022 monthly meter charge budget. The Budget meets the statutory requirements of HB 2165 and Staff guidance from the November 30, 2021, Special Public Meeting. Commission approval of the line items for the Affordable Housing EV-Ready Funding and the Municipal Charging Collaborations Pilot are contingent upon later Commission approval of these two infrastructure measure applications.

PROPOSED COMMISSION MOTION:

Approve PGE's 2022 Monthly Meter Charge Budget, subject to Commission approval of the new infrastructure measures included in the Monthly Meter Charge Budget.