



Oregon Citizens' Utility Board

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via electronic filing

November 21, 2023

Public Utility Commission
Attn: Filing Center
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RE: LC 80 In the Matter of PORTLAND GENERAL ELECTRIC COMPANY, 2023 Clean Energy Plan and Integrated Resource Plan. Oregon Citizens' Utility Board Comments on Staff's Round 2 Comments and Recommendations

Pursuant to the Administrative Law Judge Allwein's April 20, 2023 procedural schedule in this docket, CUB submits its comments on the Public Utility Commission of Oregon Staff's (Staff) Round 2 Comments & Recommendations. CUB generally supports Staff's recommendations, as well as many of the recommendation in the Energy Advocates' comments who have taken a deep dive into reviewing Portland General Electric Company's (PGE) analysis. CUB thanks Staff for the hard and thoughtful work that went into the Draft Recommendations contained in its most recent comments.

CUB appreciates the work that PGE has put into this combined Integrated Resource Plan/Clean Energy Plan (IRP/CEP) filing. The CEP is a new process, involving collaboration with a new set of stakeholders who traditionally have not participated in the IRP. PGE made a concerted effort to implement this new process.

We also believe that opening this process up with broader participation from community-based organizations has been enlightening and represents a significant step forward in utility planning.

Implementing HB 2021 is not easy, nor was it supposed to be. Historically, Oregon electric utilities have primarily used hydro, coal, and gas to generate electricity and serve customers. HB 2021 calls for a significant change in generation over a relatively short period of time to reduce greenhouse gas (GHG) emissions 80% by 2030 and 100% by 2040. Because 20 years is the typical planning horizon in an IRP, HB 2021 requires elimination of carbon emissions within a single IRP plan. But this is just the first IRP/CEP that will examine this transition. The plan will be renewed every 2 years, so there will be several more IRP/CEP cycles where the details of this transition will change and evolve.

When HB 2021 was being considered in the legislature, CUB recognized that getting to 100% clean by 2040 would likely include resources and technologies that had yet to be developed. There is a great deal of research and development focused on clean energy and storage that may develop new technologies that help us in the latter years.

However, while there is still a lot that is unknown about what technologies may be available in the 2030's to help meet HB 2021 targets, that does not alleviate PGE's responsibility to develop a plan today that shows a pathway to compliance.

PGE has made progress. The baseline from which the Oregon Department of Environmental Quality (DEQ) will measure emissions reductions is the average emissions in 2010, 2011, and 2012. PGE's average emissions during these years was 8,267,025.83 MTCO_{2e}.¹² During the time between the baseline years and the passage of HB 2021, PGE took a variety of actions that affected its emissions. While it added natural gas power plants that increased emissions, it worked with the Energy Trust of Oregon (ETO) to invest hundreds of millions of dollars in energy efficiency that reduced emissions. And it closed the Boardman coal plant, Oregon's largest source of CO₂ emissions.

When HB 2021 was passed in 2021, PGE emissions had fallen 26%, to 6,116,380 MTCO_{2e}. This is significant because PGE added approximately 100,000 new customers (12.5% increase) during this time. Since the passage of the bill, PGE has invested in additional energy efficiency and developed the Wheatridge wind, solar, and storage facility and will soon bring on the Clearwater wind facility. PGE also will ultimately get out of the Colstrip coal plant. PGE has made progress in reducing emissions. and should be commended for this progress. At the same time, this IRP/CEP shows the challenge ahead to further reduce emissions.

PGE's progress to date does not alleviate its need to demonstrate a reasonable path forward towards HB 2021 compliance in a manner that aligns with the law and minimizes cost and risk to customers. While CUB believes PGE has done a commendable job developing their IRP/CEP, it is not without its flaws and there clearly items that can be improved.

In these comments, CUB offers support for many of the Draft Recommendations included in Staff's most recent comments and offers some additional suggestions for areas where PGE should continue to refine its IRP/CEP.

Draft Recommendations 1 and 2 – Energy Efficiency

In Round 1 comments, CUB recommended that the Commission change Action Item 1A to direct PGE to acquire cost effective energy efficiency (EE) above 150 aMW, subject to input on

¹ Metric tons of carbon dioxide equivalent.

² <https://www.oregon.gov/deq/ghgp/Pages/GHG-Emissions.aspx>

the feasibility of this proposal from the ETO.³ CUB also recommended that PGE explore securitization as a means to finance additional EE that goes beyond the ETO's cost-effective forecast. In reply, PGE did not revise its EE target, citing concerns about near-term rate impacts and suggested that increases to the ETO's budget be delayed until there is clarity on new, non-ratepayer funding sources.⁴

In its Draft Recommendations, Staff shared PGE's concern about near-term rate pressures, but disagrees that the solution should be to shift the cost to future ratepayers.⁵ Staff recommends PGE address its concern about near-term rate impacts with a securitization proposal as opposed to an action plan that does not acquire the additional 53 aMW of cost-effective EE. In Staff's Draft Recommendation 1, it urges the Commission to acknowledge PGE's EE action items subject to conditions that the Company pursue the additional 53 aMW of cost-effective EE and that it engage collaboratively in addressing EE implementation issues with Staff, stakeholders, the ETO, and further explore securitization of EE.

CUB fully supports Staff's Draft Recommendations 1 and 2 related to EE procurement. As presented, PGE's Action Plan pushes the cost associated with acquiring additional EE that it has determined is cost-effective to future ratepayers, rather than continuing to explore means to procure this EE in the near-term. CUB maintains that EE is the cheapest resource available to customers and the Company to meet both the needs identified in the IRP and to meet HB 2021's ambitious clean energy mandates.

While CUB appreciates the Company's sensitivity to near-term rate impacts and continues to believe that financing EE at PGE's cost of capital is not a viable solution, CUB does not believe PGE has adequately explored securitization as a means to finance additional EE. CUB believes the Company should more adequately explore this alternative in subsequent comments and echoes Staff's position that the Company should affirmatively engage with all affected stakeholders to determine the best means to pursue the EE the Company itself has found to be cost-effective. As Staff notes, the potential for additional cost-effective EE may be revealed as the Company updates avoided cost methodology to include the full value of HB 2021 compliance and avoided transmission investments. Given the Company's recent and its anticipated future rate increases, EE investments need to be thoroughly vetted in order to provide customers much-needed relief from inevitable rate increases due to costs of investments in CEP compliance and wildfire mitigation, to name a few.

Draft Recommendation 4 – EE and Energy and Capacity Additions

The impacts of procuring the maximum amount of appropriate EE can be felt throughout the

³ LC 80 – CUB's Round 1 Comments at 2.

⁴ LC 80 – Staff's Round 2 Comments and Recommendations at 6.

⁵ *Id.*

Company's IRP/CEP and will have far-reaching benefits to customers in the long-run, even if there are relative rate increases in the near-term. Due to the additional 53 aMW of EE that Staff recommends PGE seek to acquire, Staff's Draft Recommendation 4 directs PGE to adjust its ongoing procurement targets for both energy and capacity resources.

CUB supports Staff's Draft Recommendation 4. The cheapest electron is the one you do not have to generate. This is increasingly true given the capacity constraints faced by the region in coming years. By maximizing EE in the near and long-term, CUB is confident that PGE's customers will experience real savings in the form of deferred energy and capacity investments.

Draft Recommendation 5 – Transmission Study

CUB supports Staff's Draft Recommendation 5 urging the Commission not to acknowledge PGE's transmission and capacity action items as presented, and direct PGE to file a transmission study to explore options to alleviate congestion by the next IRP update.⁶ CUB agrees with Staff that the Commission and stakeholders can benefit from additional analysis to evaluate various options to meet the need identified in the plan.

Draft Recommendation 6 – Long-Term IRP/CEP Strategy

In its Draft Recommendations, Staff recommends that the Commission decline to acknowledge the Company's long-term resource strategy beyond the Action Plan unless several revisions are made. Specifically, staff asks PGE to present an hourly analysis of its GHG emissions associated with its retail electricity load and to either remove the WY and NV proxy resources from consideration through 2030 or develop and justify more reasonable assumptions for the capacity contribution of these resources.⁷ In this section, Staff notes the difficulties associated with planning for emissions reduction targets in the midst of changes to electricity load, market and technological uncertainties, and shifting policy requirements.

While CUB appreciates the leadership PGE has demonstrated in decreasing its GHG emissions profile, Staff's recommendation makes clear that additional work is needed to ensure PGE meets its upcoming binding emissions reduction deadlines. CUB fully supports Staff's Draft Recommendation 6. In addition to providing the information requested in Staff's comments, CUB believes it is important for the Company to consider the impacts of evolving market structures on the Company's operations and GHG emissions profile.

For example, participation in regional initiatives such as the Western Resource Adequacy Program (WRAP) and emerging day-ahead markets may enable the Company to decrease its reliance on GHG emitting resources to meet its energy and capacity needs. While it may be difficult to forecast the precise impacts on PGE's system from these initiatives until operational

⁶ *Id.* at 15.

⁷ *Id.* at 16.

experience is achieved, CUB believes the Company should begin to incorporate projected impacts into its IRP/CEP analysis.

CUB recommends that the Company begin to assess these impacts at a high level in forthcoming comments before providing a more fulsome analysis in its IRP Update. The shifting regional landscape will undoubtedly have an impact on PGE's system, and CUB looks forward to exploring the effects on the Company's energy, capacity, and transmission utilization and needs with PGE, Staff, and other stakeholders.

Draft Recommendation 8 - Community Engagement

CUB supports Staff's Draft Recommendation 8. CUB agrees with Staff that PGE has provided many opportunities for community engagement. We also appreciate that Staff acknowledges the Energy Advocates' assertions that PGE's community engagement strategies are not as effective as they could be. A key element of environmental justice is procedural justice, which focuses on equitable and just participation in decision-making processes.⁸ It entails a process that is: transparent, accountable, fair, and correctible; gives agency, voice, and decision-control to affected communities; and that treats all involved parties with respect.⁹ Staff's recommendations acknowledge this important process in alignment with HB2021's environmental justice lens.

CUB agrees with Staff's acknowledgement that PGE's IRP/CEP does not clearly explain how it has considered and/or incorporated input from community advocates. And we also appreciate that PGE recognizes the benefit of working with Stakeholders and Staff on best practices to incorporate Stakeholder feedback, and the Company's suggestion to have those discussions.¹⁰ We support Staff's recommendation to develop a working group that includes stakeholders and both of Oregon's investor-owned utilities. This recommendation should help create a more equitable decision-making space and clarify expectations for community engagement. CUB believes facilitation of this working group is necessary to balance the power dynamic between the IOUs and stakeholders and appreciates that Staff has committed to taking on this role.

Draft Recommendation 9 – Community Benefits

CUB supports Staff's Draft Recommendations 9 and their expectations for CBRE actions in future CEPs. CUB acknowledges that PGE has made efforts to develop Community Benefits Indicators (CBIs) to aid in its assessment of the Company's community benefits and impacts as required by Section 6 of HB 2021. As CUB has previously expressed, we believe that it is important that robust community engagement should inform the Company's future CBIs. For example, the Company's biennial report requires descriptions of the community benefits and

⁸ Ruano-Chamorro, C., Gurney, G. G., Cinner, J. E. (2022) *Advancing procedural justice in conservation*. Conservation Letters, Vol. 15, Issue 3, 4-6. (accessible at <https://doi.org/10.1111/conl.1286>).

⁹ *Id.*

¹⁰ LC 80 – PGE's Reply to Round 1 Comments at 93 (Sept. 6, 2023).

impacts on energy burden and disconnections for its residential customers, actions within environmental justice communities to improve resilience, and the social, economic, or environmental justice co-benefits from the company's investments, contracts, or internal practices.

A robust report should be informed by a broad representation of environmental justice stakeholders that bring varying levels of direct and indirect experiences of environmental justice communities. Those advocates provide a direct lens into the energy burden realities and historical energy injustices experienced by environmental justice communities. They are an incredible asset to PGE and can best inform CBIs and practices the Company can take to meet HB 2021's energy burden reduction and environmental justice goals. CUB appreciates that Staff acknowledges this reality.

Along with Staff, CUB supports the Energy Advocates' call for CBIs that capture the economic and health impacts of resource actions as well as a comparison of community impacts of alternative portfolios in PGE's future CEPs. And discussed in our previous comments,¹¹ CUB expects PGE to include robust analyses of the public interest factors required by HB 2021 and encourages the Company to analyze public interest factors beyond those required and as recommended by environmental justice advocates. We appreciate that PGE responded to our call for more direct explanation of the public interest factors spelled out in HB 2021, we continue to believe that a more direct explanation of how those factors are addressed would be helpful for Commission acknowledgment, as well as in making that understanding more accessible to Stakeholders. CUB looks forward to reviewing and analyzing the Company's public interest factor analysis and in later comments.

Draft Recommendation 10 – Federal Incentives

CUB supports Staff's Draft Recommendation 10 and their expectations related to federal incentives in future CEPs. CUB reiterates our appreciation that the Company has included a discussion of its expectations to take advantage of federal incentives like the Inflation Reduction Act (IRA) and the Inflation Infrastructure Investment and Jobs Act (IIJA). We also appreciate that Staff agrees that the Company should provide timely updates on how it will use federal incentives to facilitate reduced-cost decarbonization strategies. We agree that it is a priority for PGE to take ownership over the successful implementation of federal incentives, and to provide ongoing robust analyses of those opportunities as they start to become available. Importantly, these analyses should include reviews of multiple community benefits' opportunities used for compliance with the Justice40 Initiative, in collaboration with community and environmental justice advocates and using community-informed CBIs that may result from federal incentives employed by the utility.

¹¹ LC 80 – CUB's Round 1 Comments at 6 (July 27, 2023).

Respectfully submitted,

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