



Portland General Electric

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July 19, 2022

Via Electronic Filing

Public Utility Commission of Oregon
Attention: Filing Center
PO Box 1088
Salem, OR 97308-1088

Re: Staff guidance, Dockets No. UM 2165, TE Investment Framework and AR 654, Division 87 rulemaking

Filing Center:

Portland General Electric (PGE) appreciates the discussion hosted by Public Utility Commission of Oregon (OPUC or Commission) Staff at its July 6, 2022 workshop on implementation guidance for the revised Division 87 Transportation Electrification (TE) rules.

As previously noted in comments filed in AR 654¹, PGE supports the draft rule revisions currently open for review, overall, while seeking clarification of key areas including treatment of funds generated from Clean Fuels Credits and the intended timeframes and focus of the annual TE Plan Report. We look forward to the opportunity to review Staff's approach to these and other topics discussed on July 6 once the guidance document is posted to the docket.

Our observations following up on the July 6 discussion reflect the organization of Staff's presentation at the workshop:

TEINA methodology

PGE appreciates Staff's statement at the July 6 workshop that the Transportation Electrification Infrastructure Needs Analysis (TEINA) points to a minimum standard for rigor and granularity in developing an investment framework, but that utilities are free to improve on it. While PGE understands TEINA to be a useful tool to help develop an appropriate frame of reference for a proposed portfolio of actions to support TE, utilities need to be able to deploy other data sources to create a complete, more refined picture of TE infrastructure needs.

PGE agrees that updated electric vehicle (EV) adoption forecasts will be an important input in creating a more robust analysis of TE needs. However, better forecasts of expected EV adoption will not enable utilities to attribute specific EV adoption decisions to utility investments. As required by HB 2165 and indicated in the draft revisions to the Division 87 rules, our TE Plan and program or infrastructure measure applications must illustrate how they support TE, not necessarily how they can be expected to influence EV adoption.

Benefit/Cost Analysis

PGE appreciates Staff's reiteration of its intent that Benefit/Cost Analysis (BCA) will not be used as a basis for recommending approval or disapproval of the first TE Plan under these new rules. PGE agrees with Staff that additional discussion among Staff, utilities and stakeholders will be essential to establish appropriate tools and protocols for benefit cost analysis, as well as a clear understanding of their limitations in the context of

¹ PGE Comments filed June 15, 2022 in AR 654, online at [ar654hac13341.pdf\(state.or.us\)](https://www.puc.or.gov/record/ar654hac13341.pdf).

equitable TE program and investment decisions. PGE looks forward to further dialogue as we move through the current planning cycle and prepare for the next.

Engagement and inclusion

PGE remains committed to a robust stakeholder and community engagement process in current and future TE planning cycles. As discussed during the workshop, this will be an iterative process where we anticipate growth and improvement with each cycle. Successful engagement depends on long term cultivation of meaningful relationships and building capacity with community-based organizations, members of underserved communities and others who can help guide and inform utility TE efforts. As PGE indicated at the workshop, PGE is leveraging feedback and input gathered over the course of UM 2165 and AR 654, as well as PGE's own engagement efforts in our Distribution System Planning process, to inform and guide our first TE Plan submitted under the revised Division 87 rules. At the same time, we are laying the groundwork for more in-depth community engagement going forward. We ask that Staff's guidance in this area remain flexible to recognize that this strategy can be an effective way to ensure we respect and reflect the needs of underserved communities while establishing a framework for further progress over time.

Metrics

As the Northwest Energy Coalition indicated in discussion at the July 6 workshop, PGE is working with stakeholders and Pacific Power on a joint recommendation for a set of metrics relating to TE portfolio performance. We expect to file those proposed metrics before Staff's July 22 deadline for inclusion of material in the guidance document. We welcome further discussion once those metrics have been shared.

Clean Fuels Program Funding

As we noted in prior comments throughout UM 2165 and AR 654, it is important that principles for use of funds generated by Clean Fuels Credits reflect the fact that these are not ratepayer funds. PGE welcomes Staff's recognition that the goal of coordinating Clean Fuels Program (CFP) funds with other funding streams can be accomplished by amending rather than repealing Order No. 18-376 and retaining the current program principles except for the fourth, which specifies that programs be designed to be independent of ratepayer funds. PGE supports this approach and the use of a consolidated review process for the TE Plan and CFP budgets.

PGE is concerned by the indication on staff's July 6 slides that approval of ratepayer dollar expenditures in the TE Budget may be contingent on how non-ratepayer CFP funds are expended. Not only does this suggest a different standard of review for both CFP and ratepayer funds than previously used, it is also not clear to PGE how the Commission would evaluate whether PGE had "maximized" use of CFP funds. Would the current uses of those dollars, which stakeholders have supported, and the Company has included in its Clean Fuels Plans filed with the Commission, be considered maximized? This new condition creates both ambiguity and indirect limitations on how Clean Fuels funds can be used. PGE requests that Staff either clarify the condition and provide guidance on what CFP funds "maximization" means or drop this requirement.

Based on Staff comments at the workshop, PGE understands it is Staff's expectation TE Budget update filings will not be required if CFP revenues exceed or fall short of forward-looking estimates incorporated into the budget—a real risk, or even probability, given uncertain vehicle adoption rates and credit market volatility. In the event revenues are higher than expected, no update is required. In the event revenues are lower than expected, the utility can choose to treat the shortfall as a budget constraint and report it accordingly, or the utility can file a budget update if it believes customers would benefit by backfilling the shortfall with ratepayer funding for applicable programs or infrastructure measures. PGE hopes Staff will clarify this in their guidance document if our understanding is incorrect.

Utility fleet electrification

While there was not time for significant discussion of this topic during the workshop, PGE expects to continue to address decisions regarding the utility fleet within a general rate case as an operational matter appropriate for inclusion in customer prices through that mechanism.

That said, we intend to discuss our own fleet-related activity within the TE Plan to the extent that our experience as a fleet operator informs our program and infrastructure-related offerings for customers. This reflects our commitment to supporting the transportation electrification transformation and the larger benefits it brings to our customers, our workforce, our operations, and our communities.

PGE understands that analysis of the cost premium over the internal combustion engine alternative, to the extent one remains, needs to evaluate total cost and benefits, not just market cost. For the Commission to reject this broader view of cost benefit analysis, as provided for in the draft Division 87 rules, simply because the investment in our utility fleet would be inappropriate. We encourage the Commission to recognize this in applying a prudence standard to utility fleet decisions. The Commission should also recognize that these decisions are influenced by broader public policy imperatives, toward which PGE is expected to contribute across multiple operational fields. We are not just being asked to decarbonize our generation fleet.

Stakeholder review of TE Plans

PGE supports Staff's intent, reflecting stakeholder input, to provide a robust opportunity for stakeholder review of draft utility TE Plans before final plans are filed for Commission action. In keeping with the broader intent of the guidance document, we likewise support Staff's decision to avoid an overly-prescriptive approach to this by specifying that parties will work to establish the review process on a case-by-case basis once draft plans are made available. This will accommodate a variety of circumstances yet incentivize utilities to adopt a no-surprises strategy emphasizing active stakeholder engagement to lay the groundwork for efficient review and acceptance.

With regards to TE Plan filings this year, PGE expects Staff and stakeholders will work with utilities to facilitate review processes that will enable plan acceptance, budget and program approval, and prompt 2023 program implementation. We recognize the first step in this will be for utilities to share plans that reflect and respect the input provided to date and additional input over the coming weeks by stakeholders and Staff.

Conclusion

PGE thanks Staff and the Commission for the opportunity to comment in advance of publication of Staff's proposed guidance document. Please let us know if you have questions or need clarification of the above.

Thank you,

/s/ Jason Salmi Klotz

Jason Salmi Klotz
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