



Oregon Citizens' Utility Board

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July 27, 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 Phase 1 Comments

The Oregon Citizen's Utility Board (CUB) files these Opening Comments on Portland General Electric's (PGE or the Company) 2023 Clean Energy Plan (CEP) and Integrated Resource Plan (IRP or Plan) filed on March 31st, 2023, and updated July 7, 2023. CUB will continue to conduct discovery and review the Company's plan prior to submission of Final Comments.

On July 7th, 2023, the Company filed an addendum filing, which refreshed inputs of forecasts of demand and generation supply. While it is standard to refresh inputs associated with forecasts associated with demand and generation supply, the July 7th update has significantly changed Portland General Electric's expected energy and capacity need. PGE's 2030 Reference case energy need has increased from 905 MWa to 1307 MWa. PGE's 2028 summer capacity need has increased from 624 MW to 944 MW.

CUB, along with other stakeholders, participated in Portland General Electric's process to develop and review the 2023 CEP/IRP. CUB appreciates the Company working with stakeholders on its plan.

HB 2021 has established aggressive emission reduction targets for Portland General Electric. Due to state policy, Portland General Electric is going to have to replace fossil fuel generation and non-specified wholesale generation purchases for its retail customers with non-emitting resources of energy. As an initial step towards these goals, CUB supports the Company's 2023 RFP filing.

In these Comments, CUB shares our thoughts and recommendations on the Company's proposed action on energy efficiency, community engagement in IRP/CEP development, consideration of HB 2021's public interest factors, and tax incentives and funding opportunities. We welcome any further dialogue with the Company, PUC Staff, and stakeholders on any aspect of PGE's planning filings.

Energy Efficiency

The Commission should change Action Item 1A to have PGE acquire cost effective energy efficiency beyond 150 MWa, subject to input from the Energy Trust of Oregon on the feasibility of acquiring additional energy efficiency.

The Company's initial filing indicates its plan to acquire 150 MWa of energy efficiency. It is clear from the CEP/IRP analysis that the procurement of additional energy efficiency has the potential to lower long-term costs and risk for customers. From the portfolio analysis, it is clear acquiring additional efficiency will reduce long-term risk and cost for customers. CUB recommends that the Commission direct the Company to work with the Energy Trust of Oregon (ETO) to acquire additional cost-effective energy efficiency.

The Energy Trust of Oregon is an independent nonprofit, which operates energy efficiency programs to investor-owned utilities. PGE's ETO energy efficiency work is funded through a separate surcharge on Portland General Electric customer rates. Essentially, the ETO's energy efficiency budget is collected through a PGE bill surcharge. PGE does not receive an incentive for its role in participating in this program.

While Portland General Electric's filed CEP/IRP notes that procuring additional energy efficiency beyond 150 MWa is expected to minimize long-term costs and risk for PGE's system, the Company is concerned that paying for energy efficiency on an annualized basis results in high near-term cost impacts to customers. CUB appreciates the Company's concern about the short-term rate impacts. To address short term rate impacts, PGE recommends exploring financing or securitization energy efficiency.

CUB has significant concerns with financing the costs of energy efficiency programs through the utilities regulated rate base. Under rate of return regulation, PGE's database is financed through a combination of debt and equity. PGE's shareholders' return in rates are given a premium compared to debt holders to compensate them for the risk they bear when making their investment. Portland General Electric are paid through to manage utility assets. Energy Efficiency is not a traditional utility asset and PGE does not manage the energy efficiency investments. This is in stark contrast to other utility assets such as generation, transmission, or distribution capital. For example, when PGE invests investor capital in a new distribution line, the Company is responsible for managing the asset prudently over the life of distribution line. If energy efficiency was financed, there would be no asset for PGE to manage.

The ETO has been managing energy efficiency programs for more than two decades. If the ETO energy efficiency programs had been capitalized and financed by the utilities since its inception, customers would still be paying historic energy efficiency spending. CUB has concerns about customers paying the associated costs associated with shareholders return if energy efficiency is rate based, and financing energy efficiency under cost-of-service regulation.

Separate from financing energy efficiency, CUB would be open to hearing a proposal from PGE on securitization, with PGE detailing the risks associated with securitization. CUB is interested in the Company detailing how securitization would affect the Company's credit rating and its capital structure with the credit rating agencies. CUB is also curious if the additional energy efficiency cost is of the magnitude enough to securitize.

Community Engagement

CUB agrees with PGE’s statement that “community engagement is based on the belief that those impacted by a decision, program, project or service system need to be involved in the decision-making process.”¹ And we acknowledge that PGE has continued to provide opportunities for the public and other interested parties to learn more about the utility’s planning practices through Roundtables and Community Learning Labs and provides recordings of those meetings on its website with meeting materials.

CUB is interested in further information around how community engagement was factored into Community Benefit Indicator (CBI) development. CUB highlights the CBI filing by Energy Advocates in docket UM 2225 and is interested in how the Company considered these proposed indicators when developing their CBIs. CUB is also interested in how community organizations, specifically environmental justice communities, engaged in the development or review of the Company’s CBIs. Were the CBIs discussed with the UCBIAG advisory group? If so, how did the Company take the feedback given to inform decisions around the final CBIs. CUB is interested in how the Community Benefit Indicators were informed by communities within PGEs service territory and how PGE worked to outreach with organizations to gather information on what indicators would be helpful in reflecting community benefit from the Clean Energy Plan and Integrated Resource Plan.

CUB highlights the work that has been done with the Community Cohort, and that a key theme that has come out from connecting with community members was how the CEP impacts daily life and is relevant to community members specifically. CUB sees this as an opportunity for PGE to work on engaging with community members further to understand better how it can reflect direct community impacts in its CEP. This work requires PGE to restructure its typical outreach techniques to focus less on the technical and macro level information and to focus specifically on how its plans and portfolio will impact the micro level of community groups and individuals.

Within UM 2225, PUC Staff’s roadmap and community lens analysis reflected on what effective community engagement would look like from the utilities in developing their engagement plan. Staff issued recommendations for the Commission to consider for CEP acknowledgement, including direction on the “effectiveness of community engagement.” Staff recommended that:

- The utility should report the following information regarding community engagement in developing the plan: what opportunities were provided for input and how was accessibility prioritized across those channels; which communities, including environmental justice communities and Tribal communities, did the utility consult with and how were those communities and their representatives identified; what input was received through each channel; how was input incorporated into the IRP/CEP; what input was not incorporated into the IRP/CEP and why was that input not incorporated; and what plans does the utility have for modifying the engagement strategy in future planning cycles.

¹ PGE’s IRP/CEP at 341 (March 31, 2023).

- The utility should also survey participants who provided input on their experiences participating in the utility's process and their perspectives on how their input influenced the plan. Survey responses must be included with the plan.²

CUB believes this is a good place to look at how the utility is reflecting community engagement within the CEP itself as well. CUB highlights that Staff mentioned what input was received through each channel and how that input was incorporated or not incorporated. While CUB appreciates what PGE has reflected thus far in regard to what input it has received and whether or not it was implemented, CUB would like to see more of what was heard and how that influenced the Company's plans. As mentioned previously, CUB is interested in how engagement with stakeholders in the Learning Lab settings were incorporated or not incorporated into the plan, and how that engagement went beyond agenda setting for future sessions.

PUC Staff's roadmap also included information on how the Company will work on modifying the engagement strategy for future planning cycles. As the Company has heard from multiple stakeholders on their engagement practices, CUB is interested in how engagement strategies will develop to better reflect what stakeholders are asking for, and better reflect what community members are interested in when it comes to the CEP.

We encourage PGE to continue to consider the above guidance from the Commission as it works with community and environmental justice interests, as well as encouraging PGE to seek out the guidance of community representatives in the utilities' planning processes, for example, prior to developing proposed CBRE projects.

Accessibility of the CEP Document

CUB acknowledges the work that PGE has done in preparing a document that is less technical and easier to understand than traditional IRP filings. While this is a great start in creating accessible CEPs for new intervenors and stakeholders, CUB believes there is still work to be done in terms of the document's accessibility to new participants.

CUB acknowledges that the modeling and full spectrum of information will not be fully accessible to community members, or those that have limited understanding of traditional processes, etc. CUB believes that even with this caveat, PGE could provide a summary of its proposed portfolio specifically related to how its IRP plan will impact customers, particularly for those communities that may be impacted by future CBRE projects and resource procurement.

Representatives from Multnomah Office of Sustainability, Rogue Climate, Community Energy Project, Coalition of Communities of Color, Northwest Energy Coalition, and the Oregon Just Transition Alliance have convened a community cohort comprised of community members that are interested and focused on the energy transition. These community advocates offered feedback that members of their communities are focused on how traditional utility planning processes directly impact customers, especially low-income customers, communities of color, and other frontline communities. CUB highlights these needs and believes it would be helpful for

² UM 2225 - *In the Matter of Public Utility Commission of Oregon*, Near-term guidance on Roadmap Acknowledgement and Community Lens Analysis the first Clean Ener Plans, Order No. 22-390, Appendix A at 20 (Sept. 28, 2022).

PGE to incorporate a section of its CEP dedicated to how its findings in the IRP and CEP plans will directly impact these customers and what will be most relevant to their daily lives.

CUB believes that this could be created through collaborating with the Utility Community Benefit Impact and Advisory Group (UCBIAG). PGE has a group of extremely knowledgeable community organizations that can help the utility in creating a section of the CEP that is clear and directly related to their customers' needs. We also encourage the utility to utilize the UCBIAG in the creation of future CEPs to help with overall CEP accessibility.

Finally, CUB would like to highlight Washington State's Clean Energy Implementation Plans (CEIP). While we have not evaluated their plans fully, CUB highlights some of the accessibility measures that Puget Sound Energy (PSE) has offered with their CEIP. PSE has released the executive summary of their CEIP in 6 languages, providing more opportunities for customers to access the information and to engage in public participation.³ Like PGE, PSE provides a list of acronyms in their CEIP. PSE also includes a "definitions" section that references all the terms utilized that may be difficult for community members or new stakeholders to understand.

CUB offers these as examples of how PGE could consider increasing accessibility offerings of their CEP plan. CUB encourages the Company to work with the UCBIAG and to connect with other community organizations in these processes to better understand how they can further the accessibility of their CEP. Accordingly, we expect the Company to continue to discuss how it incorporated community feedback and how it expects to grow its community engagement and input into the Company's planning processes.

Accessibility of PGE's Learning Labs

CUB appreciates PGE's efforts in creating another channel to coordinate and engage with community organizations and stakeholders. The Learning Lab spaces have provided an important opportunity for learning and interaction between the Company and other stakeholders. We commend PGE in its work to increase participation and bring more groups to the more recent learning labs, it is great to see more people involved in these spaces.

CUB highlights that these meetings are still typically comprised of stakeholders that we often see in PUC dockets or that connect with this work in outside connections. These individuals typically have the time and energy and join these workshops during "business hours" (9-5 pm), as part of their jobs. This is not necessarily a space that gains individual community member input or an area to build trust with community members, especially environmental justice community members. CUB would like to see more ways that the Company can connect specifically with community members to offer information on how CEP and IRP projects and programs space individual customers lives and how they can be involved in the processes, or how their perspectives can help influence future CEP development.

CUB encourages PGE to work with community organizations on how to coordinate meeting spaces and engagement opportunities that can engage more community members, specifically underserved and environmental justice communities. CUB would like to see these engagement spaces happen in a way that is built out with community organizations to ensure that the information presented to community members is less technical and connected to their daily lives

³ Puget Sound Energy, Clean Energy Implementation Plan. <https://www.cleanenergyplan.pse.com/>

and interests, to ensure that community time is spent on projects and programs that they can help shape and influence.

CUB is also interested in understanding how stakeholder engagement and feedback was considered in these spaces. While it is great to see that stakeholder feedback has helped to inform future learning lab topics, it is still unclear how the Company used the information from stakeholders to help inform the CEP or IRP or how changes were made to these plans after hearing feedback in these spaces. CUB continues to support the requests of community and environmental justice advocates on their requests and recommendations for best practices to engage environmental justice communities.

Public Interest

The intent of HB 2021 was to transition our state away from fossil fuel electricity generation, but it also includes consideration of the historical impact of utility planning and decision-making on its customers, with a particular emphasis on EJ communities who have been “traditionally underrepresented in public processes and adversely harmed by environmental and health hazards.”⁴ HB 2021’s directive to consider the public interest, including community impacts, in its decision-making clearly represents a shift away from business-as-usual utility planning practices and CEP planning and implementation should clearly reflect this shift.

CUB would appreciate if PGE could explain in more detail how its proposed CEP is in the public interest,⁵ including but not limited to the directives in HB 2021, in particular:

- **The environmental and health benefits from the expected greenhouse gas emissions reductions.** Currently, the CEP addresses tracking disconnections as an indicator of “health and community well-being.” Keeping utilities on is incredibly important and an important aspect of housing stability. How else does PGE’s proposed CEP offer any health benefits? What environmental benefits does the current CEP offer—anything beyond emissions reductions? What has the utility considered and why did it choose the strategies it did? How was community feedback obtained and considered in developing a CEP that offers health and community benefits?
- **Effect of plan on reliability and resiliency of the electric system.** CUB is encouraged by PGE’s efforts to gain understanding of system-wide resiliency and reliability best practices, including by working with a 3rd party in this endeavor. How were communities and environmental justice communities engaged in these assessments? How were their comments considered or prioritized? How were definitions of reliability and resiliency formed? Were these definitions focused on utility reliability and resiliency or were they informed by community definitions and perspectives? CUB would like to receive a better understanding of what PGE considered from the resiliency recommendations from the UM 2225 docket and community feedback in that docket and throughout its CEP development—what did PGE incorporate or not and the reasoning for the decisions it made? How did extreme weather and wildfires play a role in this work?

⁴ ORS 756.010(5), HB 2021’s definition of “environmental justice communities”.

⁵ ORS 469A.420(2)

Tax Incentives and Funding Opportunities

CUB agrees with the Company that “clean energy provisions of this new legislation are expected to affect PGE’s acquisition of new resources by helping keep customer rates lower through expanded and extended credits.” CUB appreciates that PGE gave descriptions of the federal incentives available to the utility and has considered these cost saving opportunities that will provide critical support to customers as the utility makes necessary investments to meet HB 2021’s emissions targets.

CUB is also encouraged by the Company’s discussion of the Justice40 initiative in section 13.3.2, which requires that certain federal investments result in 40% of the benefits flowing to disadvantaged communities. These include investments areas of clean energy and energy efficiency; clean transit; affordable and sustainable housing; training and workforce development; the remediation and reduction of legacy pollution; and the development of critical clean water infrastructure. The U.S. Department of Energy has acknowledged the nationwide concern about the need for workforce development to be prioritized in order for states to transition to clean energy.⁶ CUB encourages the utility to consider this critical component in its analyses.

CUB requests that the Company file updates on its planning for use of these funds and include analyses of how it expects the applicable federal resources it utilizes will provide the 40% benefits and what those benefits will look like. And also share how it plans to determine its related decisions for future projects, including use of data and engagement with disadvantaged communities. CUB encourages the Company to keep parties in this docket timely informed of its analyses and strategies for its proposals to maximize the value of federal incentives and how it analyzes those strategy options to meet or exceed the Justice40 benefits goal for disadvantaged communities.

CUB appreciates the opportunity to comment on PGE’s IRP and CEP. We look forward to reviewing other parties’ comments and continuing to have dialogue with the Company about its planning processes in this docket.

Respectfully submitted,

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⁶ U.S. Dept. of Energy, *On the Path to 100% Clean Energy*, at 9 (May 2023), accessible at , <https://www.energy.gov/sites/default/files/2023-05/DOE%20-%20100%25%20Clean%20Electricity%20-%20Final.pdf..>