BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

LC 80

In the Matter of PORTLAND GENERAL ELECTRIC, 2023 Integrated Resource Plan and Clean Energy Plan.	COMMENTS OF RENEWABLE NORTHWEST ON STAFF REPORT AND FINAL RECOMMENDATIONS

I. Introduction

Renewable Northwest ("RNW") is grateful to the Oregon Public Utility Commission ("OPUC" or "Commission") for the opportunity to submit these comments on the Staff Report ("Staff Report") for the Commission's January 18 Special Public Meeting regarding Portland General Electric Company's ("PGE") 2023 Integrated Resource Plan ("IRP") and Clean Energy Plan ("CEP") (collectively, "Plan").

RNW continues to appreciate Staff's work in this docket and supports Staff's analysis and recommendations to the Commission. In these comments, we offer the Commission some additional grounding in the legal underpinnings of PGE's CEP, provide some brief additional detail regarding our support for Staff's recommendations, and -- like Staff -- highlight some work that we believe will be important for PGE to undertake in the leadup to its next IRP and CEP. All in all, we share Staff's conclusions that "PGE's first CEP and 2023 IRP demonstrates an innovative approach to resource planning and exposes the challenges associated with … reaching the fast-approaching emissions reduction goals set by HB 2021" and that "the Company has made substantial progress in the right direction toward meeting those goals."[1] We look forward to seeing the Company's planning efforts continue to evolve as it works together with the Commission, Staff, and interested parties to rise to the occasion demanded by both Oregon law and the increasingly dire warnings and conclusions of climate scientists.

II. Comments

1. HB 2021 and Greenhouse Gas Emission Reductions

The Staff Report provides a brief recitation of the legal framework within which PGE developed and submitted its Plan, and based upon which the Commission will issue a decision on Plan acknowledgement. Some additional legal context and history, however, may help to support the Commission's analysis.

[1] Staff Report at 25 (Dec. 12, 2023).

The Commission orders establishing the substance and process of IRP development and review, which are set forth in the Staff Report, are generally on the order of ten years old or older.[2] In the intervening years, there has been a significant policy shift in Oregon's electricity sector reflected in increasingly meaningful legal developments. Most notably, the legislature passed SB 1547 (2016) and SB 978 (2017), Governor Kate Brown issued Executive Order EO 20-04 (2020), and the legislature then passed HB 2021 (2021).

SB 1547 sought to begin decarbonizing Oregon's electricity sector through two main mechanisms: removing coal generation from Oregon rates and increasing the state's renewable portfolio standard gradually to 50%. As Renewable Northwest's then-Executive Director Rachel Shimshak explained in legislative testimony:

> An increased Renewable Standard helps reduce carbon because utilities will always choose the resource with no fuel costs first as they dispatch their system. Each time a wind or solar resource generates a kwh it reduces/displaces fossil fuels in the supply. And that reduces emissions. The more renewables, the less fossil fuel that is burned.[3]

SB 978 directed the Commission to run a public process and develop a report "identify[ing] industry trends, technologies and policy drivers currently developing in the electricity industry, including but not limited to: … (e) Greater recognition of the carbon output of electricity generation[.]"[4] While carbon emissions were just one among several considerations that SB 978 required the Commission to assess, the Commission's report ultimately noted that:

> Two of the strongest themes for participants in the SB 978 process were not exclusively utility sector trends, but instead related to the roles of regulated utilities and the PUC in advancing broader societal interests in climate change mitigation, social equity, and inclusion of underrepresented communities.[5]

At the time of its SB 978 report, however -- late 2018 -- the Commission concluded that "Oregon lacks legislative mandates to reduce greenhouse gas emissions, and the PUC does not have a clear mandate to apply its regulatory and ratemaking decisions toward these objectives."[6]

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[2] Staff Report at 2-3 (addressing Commission orders issued between 1989 and 2014).
[3] Testimony of Rachel Shimshak, Executive Director, Renewable Northwest Senate Committee on Business and Transportation, Supporting HB 4036A at 2 (Feb. 17, 2016), available at: https://olis.oregonlegislature.gov/liz/2016R1/Downloads/CommitteeMeetingDocument/88092.
[4] SB 978, 79th Or. Leg. Assemb. § 1(3) (2017).
[5] SB 978 Actively Adapting to the Changing Electricity Sector at 8 (Sept. 2018), available at: https://www.oregon.gov/puc/utilities/Documents/SB978LegislativeReport-2018.pdf.
[6] *Id.* at 8.

Executive Order 20-04 came next, directing state agencies to "exercise any and all discretion and authority" to reduce Oregon's GHG emissions 45% below 1990 levels by 2035 and 80% below 1990 levels by 2050. EO 20-04 provided strong practical context for this policy direction: "[G]iven the urgency and severity of the risks from climate change and ocean acidification … the executive branch has a responsibility to the electorate, and a scientific, economic, and moral imperative to reduce GHG emissions and to reduce the worst risks of climate change and ocean acidification for future generations, *to the greatest extent possible within existing laws*[.]"[7] The order went on to provide additional direction specifically to the Commission, including issuing a finding that "[i]t is in the interest of utility customers and the public generally for the utility sector to take actions that result in the rapid reduction of GHG emissions, at reasonable costs, to levels consistent with the GHG emission goals set forth in [this EO], including transitioning to clean energy resources and expanding low carbon transportation choices for Oregonians."[8] While clear legislative direction was still lacking, executive direction to address greenhouse gas emissions and climate change was now firmly established.

Nevertheless, as each of these policies played out, the Commission still viewed its ability to regulate greenhouse gas emissions as significantly constrained. Meanwhile advocates -- and, increasingly, utilities -- believed the electricity sector could, as a matter of both economics and technology, accelerate greenhouse gas emission reductions well beyond the pace that had been discussed to date.

In 2021, House Bill 2021 changed the game. To summarize the statute and paraphrase RNW and NW Energy Coalition's joint brief submitted in Commission Docket UM 2273, HB 2021 is a sweeping piece of legislation that first establishes "the policy of the State of Oregon … [t]hat retail electricity providers rely on nonemitting electricity in accordance with the clean energy targets set forth in section 3 of this 2021 Act and eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040"[9] and then says *how* utilities will achieve that policy. The Commission knows well HB 2021's mandatory emission-reduction targets -- 80% below a statutorily prescribed baseline using DEQ accounting by 2030, 90% by 2035, and 100% by 2040.[10] The Commission is also well aware of HB 2021's establishment of utility Clean Energy Plans -- such as the one under review in this docket -- which are required to: demonstrate how a utility will achieve the law's greenhouse gas-reduction targets, include annual goals for progress including acquisition of clean energy and demand-side resources, examine resiliency opportunities and community-based renewable energy, maintain reliability and affordability, and demonstrate continual progress toward achieving the law's targets -- "including demonstrating a projected reduction of annual greenhouse gas emissions."[11]

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[7] Exec. Order No. 20-04 at 3 (Mar. 10, 2020).
[8] *Id.* at § 5(A).
[9] HB 2021, Or. 81st Leg. Assemb. § 2(1) (2021), codified at ORS 469A.405(1).
[10] *Id.* § 3, codified at ORS 469A.410.
[11] *Id.* § 4(4), codified at ORS 469A.415(4).

HB 2021 provides that the "Commission shall acknowledge the clean energy plan if the commission finds the plan to be [1] in the public interest and [2] consistent with the clean energy targets set forth in section 3 of this 2021 Act."[12] On the first point, the statute directs the Commission to consider several discretionary factors in deciding whether a plan is in the public interest and therefore should be acknowledged: "reduction of greenhouse gas emissions … and any related environmental or health benefits," "economic and technical feasibility," "reliability and resiliency," federal incentives, customer costs and risks, and "[a]ny other relevant factors as determined by the commission."[13] On the second point, the statute speaks plainly: to determine whether a plan is consistent with HB 2021's binding targets, the "Commission shall use the greenhouse gas emissions reported to the department under paragraph (a) of this subsection and provided to the commission."[14]

The Commission has conducted extensive implementation work relating to the authority and obligations vested in it by HB 2021. Of particular relevance here is Commission Order No. 23-060, which "partially waive[d] OAR 860-027-0400(2), the requirement to comply with IRP Guideline l(c)", signaling the Commission's understanding that HB 2021 does require a departure from the Commission's longstanding paradigm for reviewing utility resource plans.[15] More recently, Commission Order No. 24-002 provided guidance on certain challenging questions posed by HB 2021, including both a determination that the "public interest" will be assessed on a case-by-case basis and a conclusion that the Commission has:

> … broad authority to oversee utility planning, both under the public interest considerations relevant to clean energy plans under HB 2021 and under the general powers under which we adopted IRP requirements. In other words, when it comes to modeling GHG emissions and the cost and risk of emissions reductions strategies, we are not limited to the minimum requirements of emissions accounting for HB 2021 compliance.[16]

Across multiple dockets, including this one, RNW has consistently pointed out that HB 2021 now provides the Commission with a strong legislative mandate and specific tools -- including CEP review -- to drive the aggressive greenhouse gas emission reductions from covered utilities that science tells us we need in order to stem the deluge of climate impacts.

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[12] *Id.* § 5(2), codified at ORS 469A.420(2).
[13] *Id.*
[14] *Id.* § 5(4)(b), codified at ORS 469A.420(4)(b).
[15] *In re Commission Staff HB 2021 Investigation into Clean Energy Plans*, Docket No. UM 2225, Order No. 23-060 at 1 (Feb. 23, 2023).
[16] *In re Commission Investigation Into House Bill 2021 Implementation Issues*, Docket No. UM 2273, Order No. 24-002 at 16 (Jan. 5, 2024).

2. Support for Staff's Recommendations

The Staff Report appropriately embraces the Commission's expanded regulatory role over greenhouse gas emissions, and as noted above RNW broadly supports Staff's recommendations. In this section we separately (and briefly) discuss Staff's recommendations regarding PGE's IRP and its CEP.

IRP Acknowledgement

RNW supports Staff's recommendation to acknowledge PGE's IRP including its Customer Actions, CBRE Action, Energy and Capacity Actions, and Transmission Actions, subject to the conditions Staff outlines. The first condition -- that PGE "pursue the broader range of procurement actions that it identified in comments in this docket"[17] -- is advisable given the unique nature of CBREs and their nascence in the planning process. RNW especially looks forward to the advancement of CBRE valuation.

The second condition requires PGE to facilitate the development of a Long Lead Time Resource RFI and a discussion of its findings in coordination with stakeholders in this docket. RNW appreciates Staff's commitment to addressing the challenges of procuring long lead time resources and Staff's creativity in developing its recommendation. Specifically, RNW supports Staff's directive for PGE to incorporate stakeholder feedback related to long-lead time resources into the design of the RFI. Additionally, RNW supports Staff's recommendation that there be sufficient time after the RFI for stakeholder review before any changes are incorporated into PGE's next RFP. These proposed changes are necessary to ensure any RFI by PGE is meaningful and helps address the issues faced by long-lead time resources in the current procurement processes.

RNW looks forward to future engagement on the design of the RFI and incorporation of the RFI results into PGE's next RFP. When considering Staff's recommendation, RNW recommends that the Commission bear in mind previous comments by RNW and Deep Blue Pacific Wind, which provide a more detailed explanation of the challenges facing long-lead time resources in the current regulatory paradigm:

- RNW's Comments at 32-33, 44-47 (July 27, 2023);
- Deep Blue Pacific Wind's Comments at 2-5, 8-9 (July 27, 2023); and
- RNW's Round 2 Comments at 2-5 (Nov. 21, 2023).

[17] Staff Report at 8.

CEP Acknowledgement

RNW also supports Staff's recommendation that the Commission decline to acknowledge the CEP and direct PGE to revise and resubmit elements of its plan ahead of the next IRP / CEP update in 2025. In prior comments, RNW expressed concern with PGE's expected emissions reductions from its Preferred Portfolio based on the lack of hourly modeling. Understanding how the portfolio performs on an hourly basis and how it interacts with the market is critical to meeting the emissions reductions requirements in HB2021. RNW believes incorporating hourly analysis into the next IRP update and updating the Preferred Portfolio accordingly will give all parties better insight into and confidence in PGE's emissions reductions. This analysis may also provide insight into the reasonableness of PGE's plans to continue operating its gas fleet for off-system and market sales not attributed to PGE's customers.

While RNW supports Staff's recommendation that the Commission decline to acknowledge the CEP, RNW recommends the Commission explicitly note in its order that offshore wind is a least cost, least risk resource. Staff notes that "Staff is supportive of the modeling improvements that resulted in the inclusion of offshore wind technology in the preferred portfolio and in making its recommendation does not intend to suggest that the Commission decline to acknowledge the presence of offshore wind in the preferred portfolio."[18] RNW believes it is necessary for the Commission to acknowledge that PGE's long-term resources in its preferred portfolio are the minimum amount needed for compliance with House Bill 2021 and acknowledge specific resources, such as a minimum of 1 GW of offshore wind and 2 GW of pumped hydro storage, are reasonable. As previously explained by RNW and DBPW, acknowledging this long-term resource need is critically important to the market, and in particular the offshore wind development community, to signal Oregon is a place to make important capital investments that are necessary to bring these important capacity and energy resources online.[19] This signal would also provide an important starting point for PGE's long-lead RFI process.

3. Looking Ahead to the Next Plan

Staff separately provides expectations for the next IRP / CEP. RNW supports Staff's recommendations in Attachment 2, particularly around Energy and Capacity Actions, GHG Modeling, Transmission Modeling, Reliability Analysis, Community Engagement, and Community Benefits. As Staff explains, these expectations are helpful starting points for future IRP/CEP cycles in the context of a changing energy landscape. RNW shares Staff's desire to help PGE strengthen its future IRP / CEPs by documenting areas for improvement.

[18] Staff Report at 14.
[19] RNW's Comments at 46-47 (July 27, 2023); Deep Blue Pacific Wind's Comments at 1, 4-5, 8-9 (July 27, 2023).

RNW appreciates Staff's thoughtful and collaborative approach to developing its recommendations regarding this IRP and CEP as well as its expectations for the next IRP and CEP. RNW also appreciates the many significant changes that PGE has already made to its Plan based on the comments that have been filed to this docket. The Staff Report does an excellent job of distilling parties' issues remaining after PGE's changes into actionable recommendations and expectations. As a result of this good work, RNW is pleased to keep these final comments relatively brief despite having raised a number of complex issues throughout this process.

III. Conclusion

PGE's Plan reflects a significant need for new clean resources to meet its near-term and long-term energy and capacity requirements at the least cost and risk to its customers. To ensure that the company receives a clear signal to procure those resources, acknowledgement of its IRP is appropriate. At the same time, significant questions remain as to whether the plan is sufficient both to meet HB 2021's mandatory emission-reduction targets and to demonstrate that its emission-reduction trajectory is consistent with the public interest. For that reason, Staff's recommendation not to acknowledge the CEP is similarly appropriate.

As noted above, non-acknowledgement of the CEP should not undermine the transformative work PGE has done in preparing its Plan. The Plan represents a serious effort on PGE's part and responsiveness to the comments and recommendations of many parties along the way. Nevertheless, it is likely that more will need to be done to ensure that the company is on track to reduce greenhouse gas emissions 80% below baseline by 2030, 90% by 2035, and 100% by 2040 than is identified in the Plan. As RNW has noted across all dockets touched by HB 2021, eliminating greenhouse gas emissions -- and doing so in an equitable way -- is the law's touchstone.

To sum it up, "[i]t is the policy of the State of Oregon … [t]hat retail electricity providers … eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040[.]"[20] RNW looks forward to continuing to work with the Commission, PGE, Staff, and other interested parties to achieve that necessary outcome.

[20] HB 2021, Or. 81st Leg. Assemb. § 2(1) (2021), codified at ORS 469A.405(1).

Respectfully submitted this 12th day of January 2024,

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