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Via Electronic Filing

Public Utility Commission of Oregon  
PO Box 1088  
Salem, OR 97308-1088

RE: UM 2165 Investigation of TE Investment Framework

Dear Filing Center,

PGE appreciates the opportunity to convene with OPUC Staff and stakeholders in UM 2165 workshops to discuss a Transportation Electrification (TE) Investment Framework. At the first workshop on May 26, 2021, it was clear that all participants are committed to this process and to transportation electrification as a means to reduce greenhouse gas emissions in the transportation sector—a commitment PGE appreciates and shares.

Despite wide recognition that utilities must play a central role in preparing for the enormous market transformation that is coming within the transportation sector, utilities are operating relatively small-scale pilots to date. As OPUC Chair Decker noted, we must find a way to turn existing policy and regulatory barriers into well-designed traffic controls that facilitate rapid progress instead of imposing delays, so we can reach the scale of EV adoption this moment requires.

### [Proposed Objectives for a TE Investment Framework](#)

At a high level, PGE anticipates that the development of the final TE Investment Framework will provide clarity and alignment on:

- The best ways to effectuate the utility role in transportation electrification;
- Appropriate investment amounts at a portfolio level; and
- How to best target underserved communities for more equitable participation in the transition to electric mobility.

With greater alignment on these policy areas, we would also ask that existing OPUC processes be streamlined, and criteria clarified, so that existing utility activities can be scaled, and new activities approved as needs are identified, without significant regulatory lag.

PGE hopes that greater clarity in these areas will give utilities the ability to move quickly and flexibly in the TE space and reach a meaningful scale of activity to support an equitable transition to electric mobility for all customers.

## Policy and Regulatory Barriers and Proposed Approaches

PGE sees three primary policy and regulatory barriers that could be addressed through this process, and has identified proposed approaches for each:

### An equitable transition to electric mobility requires a clear strategy

Because electricity is an essential service, utilities are designed to serve all customers. This role has the same weight and concern as the transportation sector transitions to electricity as the primary fuel.

Unlike unregulated businesses, the nature of the utility with its allocated service territory and duty to serve the public interest, make the utility the right entity to address equity and availability of electricity as a fuel to underserved and disadvantaged communities. This is the case even (and especially) when it is unprofitable for market actors to do so. However, within the transportation electrification discourse we lack a comprehensive approach for underserved or disadvantaged communities. Definitions of these communities vary across dockets, laws, and rules, and we have not collectively undertaken an effort to understand what the needs of different types of underserved communities may be with respect to TE, or how we might assess utilities' efforts to meet these needs.

*Proposed approaches:* PGE suggests using the definition of environmental justice communities in HB 2475<sup>1</sup> to inform further discussion regarding underserved or disadvantaged communities, and that this TE Investment Framework process help establish broad expected outcomes for these communities. PGE notes the need to ensure participation in this TE Investment Framework includes members and organizations from environmental justice communities to gather their input into desired outcomes. PGE also supports a Commission acknowledgement that equity approaches may look different from program to program across a portfolio, and that striving for equity may mean that some underserved communities require greater-than-proportional investments, even in advance of broad electric vehicle adoption in these communities. Further, PGE would like the discussion on environmental justice communities conducted in this forum to be connected to, and inform, similar discussions taking place in Docket UM 2005 Distribution System Planning.

### Standard cost effectiveness tests have limited applicability for TE activities

In the May 26 workshop, participants widely acknowledged the insufficiency of energy efficiency cost effectiveness (CE) tests as applied to transportation electrification. Some CE tests do not consider environmental, social and equity benefits, leaving value unaccounted for. Also, assessing costs and benefits on a program by program basis instead of a portfolio basis overlooks the ecosystem of mutually beneficial programmatic approaches and infrastructure configurations required to accelerate and support TE.

Cost effectiveness tests also limit the inclusion of the customer value proposition as a consideration in program design. While the total cost of ownership of electric vehicles is attractive compared to internal combustion vehicles, transitioning to electric transportation is a capital-intensive activity. Public charging has an even more challenging business case—as illustrated by the fact that many of the companies offering public charging today are not yet profitable. When we fail to appropriately consider

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<sup>1</sup> <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2475/Enrolled>

(5) "Environmental justice communities" includes communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including but not limited to seniors, youth and persons with disabilities.

and understand customer value proposition—for example, when customer incentive levels are set to make a program cost effective when compared to the benefits created, regardless of how much the incentive does to offset customer costs or meaningfully attract customer adoption—utilities run the risk of over- or under-incentivizing the market and falling short of state policy goals.

*Proposed approaches:* Rather than hold each individual proposal to a cost effectiveness test, PGE recommends the regulatory process examine the efficiency of a utility's overall portfolio, under an established TE budget. This approach could examine proposed activities' expected contributions toward state policy goals, market transformation, equity outcomes, portfolio diversity, and other goals, guiding utilities and regulators toward the most efficient investments of an established funding pool. This approach would also enable the inclusion of the customer value proposition as a consideration.

PGE also proposes that this workshop process consider the establishment of a standing stakeholder group—similar to the Demand Response Review Committee that helps guide the work in PGE's Smart Grid Test Bed—which could provide a formal convening space for stakeholders to weigh in on the cost efficiency of utilities' planned TE portfolios, in advance of OPUC consideration.

*Traditional infrastructure investment assumptions are a poor fit for TE*

As the Oregon Citizens' Utility Board (CUB) has identified, the line extension allowance framework utilities use today assumes that electrical load is stationary.<sup>2</sup> That approach is sufficient for new buildings and homes: the utility calculates estimated energy use at the location to determine the line extension allowance amount, and credits the customer this amount, in the form of an offset to the total cost of distribution system costs to serve that load.

However, this approach falls short for transportation electrification. Because the vehicle can move to different parts of the system, the load that the vehicle brings is not necessarily concentrated at any particular service point. This can make some types of lower-utilization charging infrastructure—such as public, workplace and multifamily charging—look costly in comparison to its directly attributable benefit.

*Proposed approaches:* Instead of calculating the grid value of each EV charging site based only on the incremental load that is generated at that location, PGE supports CUB's concept of a grid integration allowance. As PGE understands it, the grid integration allowance approach assigns a load-based distribution system value to each EV registered in a utility's service area and sums these values to establish the distribution system benefit of EVs to that utility. The grid integration allowance approach can be backward-looking (to acknowledge the value that EVs on the road today have brought to the grid); it can also be forward-looking based on adoption forecasts, enabling the deployment of charging infrastructure in advance of the vehicles that the infrastructure will support. While we seek to learn more about the concept, it seems the grid integration allowance approach, which measures distribution system benefits, could also be stacked with other types of benefit streams, such as energy benefits, social and environmental benefits, and benefits identified HB 2165.

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<sup>2</sup> Comments of the Oregon Citizens' Utility Board in the matter of Portland General Electric Company, 2019 Transportation Electrification Plan. See <https://edocs.puc.state.or.us/efdocs/HAC/um2033hac165356.pdf>

## Current Regulatory Gaps

OPUC Staff asked workshop participants to identify key gaps in current regulatory tools. PGE's summary of key gaps is as follows:

### Process Gaps

- While the Commission's Division 87 Rules for the content of TE Program Applications and TE Plans are useful, the extent of Staff Information Requests following the filing of the Program Applications and Plans suggests that PGE didn't anticipate the data and information Staff needed. Greater clarity on Staff's expectations for filings will help utilities make more comprehensive and complete filings, creating a more efficient process.
- Staff's pilot vs. program designation is also helpful, but it's not clear how these designations map to the Division 87 rules.
- Gaps created by needed Commission action following the passage of new laws. For example, rulemaking processes—such as any that may be required following the passage of HB 2165—are important, and can be lengthy and a barrier to swift, market-responsive action.

### Criteria Gaps

- The criteria by which Staff evaluate pilots and programs for Commission action are not clear.
- The criteria by which Staff will evaluate infrastructure measures (as defined in HB 2165) are yet unestablished.

### Data Gaps

- Absent utility-owned EVSE or approval for programs that would provide the utility with data from customer-owned EVSE, utilities have very little insight into the EV load in their service territories.
- PGE's advanced metering infrastructure (AMI) network is a powerful tool, but most EV charging today is not separately metered.
- Even in cases where EV charging is separately metered, it can be very challenging – if not impossible – to match third-party data (such as PlugShare, U.S. Department of Energy Alternative Fuels Data Center, or Oregon Driver and Motor Vehicle Services data) with AMI data.

## Other Potential Areas of Inquiry

OPUC Staff posed a list of policy and regulatory challenges that might be considered in the scope of this workshop process; PGE's prioritization of these potential areas of inquiry is below:

1. *In-front and behind-the-meter investments, scale and location of investments, matching rates to investments, encouraging third-party investments*  
PGE supports a discussion on infrastructure measures, as broadly defined in HB 2165, as part of this process.
2. *Diversity, equity and inclusion in TE, addressing energy burden and rural access*  
PGE supports a discussion of how utility programs and HB 2165 infrastructure measures can be shaped to support equity in TE and give all customers the opportunity to access electric mobility options.
3. *Managing load/rate design and direct load control*

PGE agrees that with increased loads brought through TE, such loads should not exacerbate current peak demand on the system or create new peaks, and thus managing load is important. PGE supports a discussion of the best approaches for managed charging, which will vary by program across the portfolio.

4. *Licensing of EV charging providers and electric vehicle service equipment (EVSE)*

PGE would support the establishment of broad principles for EVSE, such as interoperability and demand response capability, but does not view this workshop process as the best venue to discuss technical specifications or licensing of EVSE or EV charging providers.

5. *Consumer perspectives and the importance of good programs*

While this item is critical, the onus should fall to each utility to demonstrate that its proposals are based on utility research into customer perspectives, including direct outreach to consumers.

## Conclusion

Over the past year, the imperative for a robust and nimble utility role in advancing transportation electrification has become increasingly clear. Public policy such as Governor Brown's Executive Order 20-04 and HB 2165 give clear guidance on the utility role in this space. TE continues to grow in PGE's service territory, even throughout the COVID-19 pandemic. Rapid advancement of TE—and with it, decarbonization of the transportation sector—is essential to reducing greenhouse gas emissions and achieving Oregon's climate goals.

Against that backdrop and context, PGE's ideal outcomes for this process are two-fold:

- The ability for utilities to move quickly and flexibly toward desired shared outcomes in the TE space; and
- The ability for utilities to reach a meaningful scale of activity to support an equitable transition to electric mobility for all customers.

PGE appreciates the opportunity to participate in this workshop process and submit comments. We look forward to the continuation of this discussion and the additional clarity it will bring to future program design, proposals, and deliberations.

Thank you,

*/s/ Karla Wenzel*

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