To: PUC staff hosting and those others participating in the Docket UM 2165

Re: "Investigation of Transportation Electrification Investment Framework"

Specifically, ***Response to Questions Posed by PUC Workshop held on June 30, 2021***

I address first the Benefit Cost Framework with my own recommended Framework, then I address how this recommended Framework is in keeping with Executive Order 20-04, and finally I address some of the shortcomings of the rather obtuse National Standard Practice Manual.

Bob Clark

July 12, 2021

I Recommend Using Three Measurements for Evaluating Transportation Electrification (TE) Projects/Programs.

1. Estimate **Rate Impacts**, deriving the aggregate net change in total utility system costs (impact on existing utility customers' electric utility bills). This estimate should be treated as primary test.

2. Estimate the net savings for those customers accessing the services of the Electric Utility TE project (for instance, utility sponsored public charging stations).

This establishes the possible funding source and amount for compensating electric utility customers who are not accessing the TE services - for any increases in their electric utility bills. Those accessing TE services should compensate for any cost increases for those not accessing TE services.

3. Estimate the net dollar benefits of reductions in Green House Gases stemming from the TE project. The key variable in this estimate is establishing a price of Carbon which reflects the most viable methods available for reducing Green House Gases – looking also at carbon offset markets.

This Measure is for balancing the environmental interests against the overall net rate impacts.

One other note here: I prefer a discount rate for calculating net present value which is greater than the social discount rate, but this is something to decide later in this docket and in follow-on projects.

Executive Order 20-04

The Key provisions in Executive Order 20-04 is it re-affirms Executive Order 00-06, relating to PUC being an independent agency with primary interest being that of protecting the interest of utility customers. Then there is this Paragraph in Order 20-04 pertaining to the PUC specifically:

"Determine whether utility portfolios and customer programs reduce risks and ***costs to utility customers*** by making rapid progress towards **reducing GHG emission**s consistent with Oregon's reduction goals."

I believe the framework I recommend in the lead section of my comments, or something similar, is consistent with Executive Order 20-04. It establishes a clear, understandable method for **balancing** the **costs to utility customer**s as measured by their electricity bills, while mitigating cross subsidies; **against** the intent of Executive Order 20-04 which is speeding **greenhouse gas reductions** through reasonable utility investments and programs for transportation electrification.

I oppose using the National Standard Practice Manual, presented on June 30th

The National Standard Practice Manual (NSPM) allows for a *myriad of factors* to consider, *factors which are only tangentially related to the PUC's core mission of fair and reasonable utility rates and services.*

Take for incidence the NSPM call to include macroeconomic and job benefits. This is highly dubious for use in PUC matters.

For one, it does not align with economic theory in general. Say's Law for one means Labor Supply creates its own demand. Keynes of economics renown points to short run disequilibrium where labor can become glutted. But Keynes' primary tools for addressing these periods of economic slack are federal fiscal and monetary policies, not public utility economic development programs.

Moreover, if the PUC can help cause transportation electrification projects and programs which cause net savings in the aggregate, then the macroeconomic benefits should follow as these savings go towards customer and TE customers spending more on other goods and services. Macroeconomics could be an outcome but not if the underlying savings are not there to begin with.

Then there is the notion of accounting for public health benefits. This is also suspect.

The PUC oversees one of the more critical public health-related functions of our government, namely the ***reliability of electric utility service***. This really should be one of the PUC's primary focus. The Northwest Power and Conservation Council is calling out the rising risk in the Pacific Northwest of electricity black outs. We in Oregon just experience several heat-related deaths due to a lack of air conditioning. In February, there are deaths occurring during the electricity black outs due

to down trees and cold weather. Clearly, these are the real world, present day risks of losing focus on reliability while instead distracted by estimating long-term health benefits from greenhouse gas reductions.

It is interesting the California Public Utility Commission itself is not adopting the NSPM for electricity efficiency programs but remains focused on net present value of savings for utility customers, from my limited reading of California utility commission matters.

Sincerely,

Bob Clark

Milwaukie, Oregon

PGE customer