

June 3, 2022

TO: Oregon Public Utility Commission
ATTN: Filing Center
PO Box 1088
Salem, Oregon 97308-1088

RE: UM 2178 Natural Gas Fact Finding Report Comments

The undersigned organizations provide the following comments in response to the Oregon Public Utility Commission (OPUC) Staff's Draft Report for the Natural Gas Fact Finding in Docket No. UM 2178 (NGFF). We thank OPUC Staff for thoughtfully engaging on the important topics raised throughout the NGFF.

From the outset of the NGFF, OPUC Staff maintained that the primary purpose of this docket was to analyze the potential bill impacts on natural gas customers from complying with the Climate Protection Plan ("CPP") and to identify appropriate regulatory tools to mitigate potential customer impacts and accommodate utility actions. The undersigned organizations want to be clear: we support thoughtful decarbonization policies that embrace innovation and make full use of existing energy delivery infrastructure.

Unfortunately, the NGFF's narrative recognizes "beneficial electrification" as a viable proposition without acknowledging its full costs and implications for customers. To assess the merits of various decarbonization strategies, all costs associated with effectuating them must be considered. The three natural gas utilities have provided modelling information that estimate costs under prescribed decarbonization scenarios. Those estimates did not analyze the full costs of electrification that would be incurred by both gas and electric customers, as the natural gas utilities were not directed nor equipped to do so.

Simply granting that electric customers can be affected by "higher costs" from electrification is insufficient, as is declaring that "electrification, as a compliance pathway [for natural gas utilities], involves costs at the distribution level of the electric system." Explicit recognition must be given to the fact that additional costs will be incurred by electric utilities and their customers that go beyond the "distribution level" including costs to upgrade generation and transmission capacity, and by gas customers of all stripes to physically convert gas furnaces, water heaters and other appliances to electric service. The NGFF must be unambiguous that the full cost burden of electrification to be borne by energy customers was not examined in this exercise.

The OPUC should be fuel-neutral in its approach to examining scenarios for complying with the Climate Protection Program. The regulatory compact requires the OPUC to balance the needs of customers for safe and reliable energy services at reasonable rates with the needs of utilities to earn a reasonable profit and to sustain reliable infrastructure. Forced electrification and other policies aimed at phasing out the natural gas system violate that compact and will

increase costs of energy for Oregonians, including individuals and businesses. We anticipate that these policies will result in industry leaving the state, which will be detrimental to our economy. Additionally, these types of policies eliminate the ability of Oregon residents and businesses to choose the most appropriate energy source for their needs given their circumstance.

Energy reliability and resiliency is critical. A diversified energy system utilizing gas and electricity should be the foundation on which we build our decarbonization strategies. Given that the natural gas system delivers about twice as much energy as the electric system on peak, it is essential for reliability purposes. The natural gas system continues to deliver essential energy to customers during power outages, which is critically important – as many of us experienced first-hand during Portland’s recent ice storms. We should not sacrifice the safety and reliability of the energy system as we work to reduce emissions. And importantly, we don’t have to make that sacrifice.

Natural gas utilities can decarbonize their systems and can comply with the CPP with limited rate pressure in the near term. The modeling required of the utilities by the NGFF supports this conclusion. As such, Oregon’s natural gas utilities should be encouraged to innovate, and the OPUC should actively facilitate their emissions reduction pathways.

We would expect the OPUC to genuinely explore the systemic implications of restricting fuel-choice. To the extent that the Commission wants to further explore electrification, it should widen its lens to more fully analyze how that would impact the electric system and electric ratepayers. The NGFF only examined the bill impacts of natural gas customers. Our businesses, however, receive energy bills from both natural gas and electric utilities. Bill impacts and conversion costs associated with electrification were not analyzed, and as such, this docket cannot be and should not be viewed as an appropriate vehicle for determining Oregon's decarbonization pathway.

Furthermore, when emissions are reduced on the gas system through forced electrification, there are still emissions associated with that appliance. The emissions just move locations from the site (burner tip) to the source (electricity generation). As businesses in Oregon, we expect that the OPUC would meticulously analyze these issues in a comprehensive manner. Conducting these analyses in siloes or not fully examining the systemic effects of these policies is inefficient and the implications of not getting it right are grave as the recent experiences in California and Texas demonstrate.

Finally, we recognize that our energy system is facing transformational change, and that there is uncertainty as to how this change will be accomplished. While the need for change is pressing, this is not the time for hurried decisions that could cost Oregonians for decades. As Oregon businesses, we urge the Commission to continue to engage in deliberate and thoughtful planning processes to leverage the assets of the gas and electric system for the benefit of all Oregonians.

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Oregon Building and Construction Trades Council	<i>Robert Camarillo, Executive Secretary</i>
Oregon Homebuilders Association	<i>Mark Long, Chief Executive Officer</i>
Oregon Restaurant & Lodging Association	<i>Jason Brandt, President & Chief Executive Officer</i>
Northwest Grocery Association	<i>Amanda Dalton, President & Chief Executive Officer</i>
LiUNA	<i>Robert Abbott, Vice President/Northwest Regional Manager</i>
Oregon Manufacturers and Commerce	<i>Shaun Jillions, Executive Director</i>
Oregon Farm Bureau	<i>Lauren Smith, Director of Government & National Affairs</i>
Pacific Propane Gas Association	<i>Matthew Solak, Executive Director</i>
Oregon Hearth Patio and Barbecue Association	<i>G. Harvey Gail, Executive Director</i>
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Washington and Northern Idaho District Council of Laborers	<i>Stacy Martin, Business Manager</i>
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