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Re: Natural Gas Fact-Finding (UM 2178) Draft Report

I. Executive Summary

Our 29 undersigned organizations, made up of climate, environmental, and energy justice advocates and experts, appreciate the opportunity to submit comments on the Draft Report in the Natural Gas Fact-finding (also known as “Future of Gas”) docket, but urge the Oregon Public Utility Commission (OPUC) Staff to make significant revisions to the Final Report to adequately capture stakeholder feedback and provide meaningful and sufficient recommendations to Commissioners.

Oregon faces multiple compounding and urgent challenges to ensure a rapid and just transition to a clean energy system. Primary among these challenges is the resistance of the methane gas industry to meaningful climate action. Resistance to climate action can sometimes be subtle; whereas fossil fuel companies inspired climate denialism for decades in the past, the current strategy is often that of “delayism.”¹

¹ See Readout of White House Climate Science Roundtable on Countering “Delayism” and Communicating the Urgency of Climate Action, (February 25, 2022), <https://www.whitehouse.gov/ostp/news-updates/2022/02/25/readout-of-white-house-climate-science-roundtable-on-countering-delayism-and-communicating-the-urgency-of-climate-action/> (Where Professor of Architecture & Director of the MIT Environmental Solutions Initiative John E. Fernandez noted, “Targeted delayism downplays health concerns of methane in homes and intends to extend the use of methane through the creation of concern for the viability of alternative low-carbon solutions. Narratives of

That we are debating whether or not to continue to *expand* the methane gas system in Oregon rather than taking a hard look at curtailing it – less than a year after nearly 100 Oregonians died of a climate-fueled, record-breaking heatwave and two years into a global pandemic² – is delayism at its worst. That the gas companies' recommendations throughout the UM 2178 proceeding and the Staff's Draft Report recommendations include *virtually no near-term actions* to curb gas consumption is a striking example of this larger challenge. It is a particularly disheartening outcome after so much robust input from stakeholders outlining clear, no-regrets, short-term actions the OPUC can and should take to tackle emissions throughout the gas system, but especially in buildings.

Buildings are the second-largest source of climate emissions in the state.³ They are also where we live, work, learn, and seek shelter from climate-driven disasters such as storms, wildfires, and smoke. Fortunately, as we and others have outlined extensively in past comments to the Commission,⁴ common-sense solutions to decarbonizing buildings – making them more efficient and powered by clean electricity instead of methane gas – also make them more resilient to climate impacts and provide a myriad of other public health and community benefits.⁵

Given the urgency of the climate crisis and the multiple dangers and risks associated with the methane gas utilities' inherent opposition to true decarbonization pathways, the OPUC should enact policies that direct public and private investment toward proven, reliable solutions including energy efficiency and high-efficiency electric appliances.

Expensive, nascent, and risky alternative fuels (e.g., renewable natural gas (RNG) and hydrogen) and technologies (e.g., as-of-yet *commercially-unavailable* gas heat pumps) should be saved for limited, hard-to-electrify end uses.

The current gas utility business model in Oregon is unsustainable. It is perhaps more unsustainable than in any other state, as all three regulated gas utilities operating here do not have an opportunity to pivot and profit off rapid electrification in the way that mixed-fuel utilities in most states do. The Commission must take a hard look at all the information provided in this proceeding and read between the lines: the “future of gas” in Oregon must look nothing like it does today.

delayism have taken advantage of this gap in general awareness about the health consequences of household methane emissions and combustion to assert that natural gas is the very best low-carbon alternative currently available. This is not accurate.”).

² The use of methane gas in buildings – including renewable natural gas (RNG), which is largely chemically indistinguishable from methane – causes significant public health harms, including increased likelihood of asthma symptoms in children. See Lin, W., et al., “Meta-analysis of the effects of indoor nitrogen dioxide and gas cooking on asthma and wheeze in children,” *International Journal of Epidemiology* (2013), available at <https://academic.oup.com/ije/article/42/6/1724/737113> (“Our meta-analyses suggest that children living in a home with gas cooking have a 42% increased risk of having current asthma[.]”)

³ Oregon DEQ, “Oregon Greenhouse Gas Sector-Based Inventory Data” (2019), available at <https://www.oregon.gov/deq/aq/programs/Pages/GHG-Inventory.aspx>.

⁴ See Exhibit A.

⁵ Climate and Energy Justice Advocate Comments at 4 (Oct. 26, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAH/um2178hah16382.pdf>; Climate and Energy Justice Advocate Comments (Dec.3, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAC/um2178hac161558.pdf>.

Ultimately, the Oregon Public Utility Commission has an opportunity, an ethical responsibility, and the authority to face this juncture with clear eyes, identify the best available science, and choose the path toward an energy future that is best for communities and the climate.⁶

Recommendations for the UM 2178 Final Report and Beyond

1. **The Final Report must reflect robust public feedback and provide actual facts with which the Commission can take action.** The Draft Report fails to incorporate the bulk of community groups' feedback, and in some cases misrepresents where nonprofit and community-based organizations and utility and industry groups align. See "Exhibit A: Nonprofit and Community-based Organizations' Feedback" for stakeholder recommendations we hope will be accurately reflected in the Final Report. Additionally, the Final Report should do the job this effort set out to do—**fact find**.
2. **The OPUC must prioritize decarbonizing the energy system in the best manner for ratepayers and the public interest over protecting the existing gas utility business model.** To that end, the OPUC should incorporate climate and public health risks into its decision-making and incorporate feedback from actually-impacted communities into its Final Report recommendations. If the OPUC Staff believes this is not doable, the Final Report should explain why that is.
3. **The OPUC should *immediately eliminate all subsidies* for fossil fuels. Instead, all subsidies should go to energy affordability and supporting a transition to a clean and renewable energy economy.** As a threshold, *no subsidies* for methane gas infrastructure (e.g., line extension allowances, gas appliances, R&D, and promotion of emerging gas technologies) should be approved in a climate emergency. The OPUC should instead direct all subsidies to low-income efficiency and clean, electric solutions. The OPUC should also rapidly expand and remove barriers to existing efficiency programs – specifically those supporting weatherization and electrification – which serve low-income and rural communities in this clean energy transition.
4. **The Final Report should not give credence to the utility industry argument that to protect communities, we need to continue to expand the gas system. This argument is reflective of the gas industry co-opting legitimate community concerns without taking into account actual community-based organization**

⁶ ORS 756.040(1) provides broad authority to the Commission to "make use of the jurisdiction and powers of the office to protect" customers and the public "from unjust and unreasonable exactions and practices and to obtain for them adequate service at fair and reasonable rates." While the Commission is also tasked with balancing the interests of the utility investor and consumer in establishing rates, it need not put itself in a position of propping up a company that loses customers to its competition. See *Market Street Railway Co. v. Railroad Comm'n of Cal.*, 324 U.S. 548, 566 (1945). Further, Governor Brown directed, through EO 20-04, the OPUC to prioritize proceedings that "advance decarbonization in the utility sector" and "mitigate energy burden experienced by utility customers[.]" See Executive Order 20-04, at 8, https://www.oregon.gov/gov/Documents/executive_orders/eo_20-04.pdf.

recommendations. As Oregon CUB wrote (when discussing the Draft Report’s recommendation to add new customers and grow the gas network), “When You Are in a Hole, Stop Digging.”⁷ Expanding the gas system and doubling down on risky investments will not help us meet our state decarbonization goals or help ratepayers in the long run. Providing affordable access to clean, healthy, and efficient alternatives for low- and moderate-income (LMI) Oregonians will.

5. **The OPUC should not delay action in the name of planning – the Final Report must include genuine, actionable recommendations for the OPUC to act on immediately. But as with all planning, to the best of its ability, the Commission should consider risks related to climate impacts and gas system stranded assets in longer-term planning.** The OPUC could have a third-party expert conduct a comparative assessment of risks related to continued investments in existing and new gas infrastructure (e.g., system expansion and hardening) vs. decommissioning of aging infrastructure and targeted beneficial electrification. If it’s cheaper for ratepayers to decommission aging infrastructure rather than invest in keeping it, the OPUC could systematically push for certain sections of the gas system to be pruned and electrified.

II. **Background**

In this Natural Gas Fact-Finding proceeding (UM 2178), the methane gas utilities were asked to do two things. First, they were to analyze the potential bill impacts from limiting natural gas utilities’ GHG emissions under the DEQ’s Climate Protection Program (CPP). Stakeholders had concerns about this framework, as it played into gas companies’ and other fossil fuel corporations’ anti-regulation talking points – namely, that climate regulations would lead to bill increases – without considering the many benefits to Oregon’s economy and environment that such regulations could deliver.⁸ Indeed, all three gas companies have collectively taken legal action against the CPP⁹ and it would be unsurprising if they pointed to their own modeling – as well as the Staff’s irresponsible framing of the CPP in their draft report, which we object to below – in this process as fodder for the lawsuit.

The second ask of this proceeding – to identify appropriate regulatory tools to mitigate potential customer impacts and accommodate utility action – made more sense. However, from the outset, stakeholders were concerned about the gas companies’ outsized role in this process.¹⁰ With the gas utilities running the show, there was a significant risk of a “fox guarding the henhouse” dynamic in which the companies would act to protect their profits and existing

⁷ See Oregon CUB, Are Gas Utilities Prepared to Meet Oregon Climate Goals (2022), <https://oregoncub.org/news/blog/are-gas-utilities-prepared-to-meet-oregon-climate-goals/2532/>.

⁸ See comments submitted by various organizations on July 26, 2021 (<https://edocs.puc.state.or.us/efdocs/HAC/um2178hac14123.pdf>), July 28, 2021 (<https://edocs.puc.state.or.us/efdocs/HAC/um2178hac13495.pdf>), and July 30, 2021 (<https://edocs.puc.state.or.us/efdocs/HAC/um2178hac121342.pdf>).

⁹ NW Natural, Avista Corp., and Cascade Natural Gas Corp., Petition for Judicial Review of Administrative Rule, CA No. A178216 (Or. App. 2022).

¹⁰ See, e.g., <https://edocs.puc.state.or.us/efdocs/HAC/um2178hac121342.pdf> at 2.

business model over the ultimate task at hand: decarbonizing the energy sector. Ultimately, trying to gain a better understanding of how Oregon's energy system can decarbonize makes sense. Asking investor-owned gas utilities – whose very business model hinges on the outcome of such a study – to take primary ownership of that study does not.

Throughout the proceeding, many stakeholders feared the Commission would weigh the gas utilities' concerns over those of the public. Indeed, as we explain further below, the Draft Report seems to take an "all of the above" energy approach, which is contrary to Oregon's statewide energy policies mandating the phase out of fossil fuels.¹¹ The Draft Report contains almost none of the regulatory tools recommended by stakeholders,¹² or indeed, most of the regulatory tools presented by the Regulatory Assistance Project, the third-party expert that the OPUC consulted for this process.¹³

In the Draft Report, multiple stakeholder comments were barely captured. Stakeholders have shared genuine concerns about climate, public health, affordability, and equity issues and the OPUC needs to address these in the Final Report and beyond. If the OPUC cannot or will not address specific issues, it is important that the Final Report explains why that is. In some sections of the Draft Report, where stakeholder feedback was considered, staff seemed to inappropriately conflate the "the desire by most of the public to address global warming due to fossil fuel use" and the "momentum . . . for limiting gas expansion and reducing or shifting energy use away from the Oregon gas system" with public support for "accelerating and deploying gas supply decarbonization innovations that maintain or expand the gas system."¹⁴ From a review of the majority of comments presented to the Commission, with the exception of gas utilities' and various gas industry groups' comments,¹⁵ **the vast majority of stakeholder comments raised concerns about the climate and economic risks of reliance on RNG, hydrogen, and other "decarbonization innovations," as well as the maintenance or expansion of the gas system.** Instead, these stakeholder groups – many of our groups included – recommended the Commission actively facilitate an equitable transition from gas to electric service for buildings in particular, for a variety of public health, climate, justice, and other reasons. Please refer to Exhibit A for a summary of key recommendations from various stakeholder groups that were not adequately captured in the Draft Report.

¹¹ Climate Protection Program, OAR Chapt. 340, Div. 271.

¹² See Exhibit A.

¹³ Regulatory Assistance Project, Regulatory Tools Presentation at 15, available at <https://edocs.puc.state.or.us/efdocs/HAH/um2178hah101818.pdf>.

¹⁴ See Draft Report at 7.

¹⁵ See Biomethane LLC comments (Oct. 26, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAC/um2178hac203642.pdf>; AWEC comments (Oct. 26, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAC/um2178hac164336.pdf>; Northwest Gas Ass'n (NWGA) comments (Oct. 27, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAC/um2178hac103952.pdf>. NWGA, AWEC, Biomethane LLC as gas and related industry representatives. Northwest Gas Association is an industry association group that represents gas utilities in the Northwest. AWEC is a non-profit association with a membership consisting of more than 40 industry end users of natural gas. Biomethane LLC is a for-profit company which appears to endorse large investments in biomethane, or RNG.

There is no question that the CPP has redefined what strategies are available to gas utilities to continue operating in Oregon. The utilities seize on it as a justification to make significant investments in alternative fuels. While the Draft Report reflects the uncertainty of a compliance strategy that relies on RNG, it does not wrestle in any real way with that uncertainty. Further, and importantly, while the CPP requires these alternative fuels to actually serve Oregon ratepayers, only NW Natural has embarked on making any investments supporting production of RNG, and even those investments do not result in any actual fuel serving Oregon ratepayers. Up to now, NW Natural has relied on purchasing environmental attributes, or Renewable Thermal Credits (RTCs), associated with RNG being produced in Utah, New York, and Wisconsin, to claim it is providing RNG to Oregon ratepayers. Further, according to NW Natural, these RTCs represent only 1% of Oregon sales volume. Similarly, its Lexington, Nebraska project will produce only RTCs for NW Natural ratepayers. The company is selling the gas produced at the Tyson beef processing plant to a local distributor. These RTCs together make up only 1.6 percent of NW Natural's gas portfolio.¹⁶

It is important to note that NW Natural's current strategy of participating in this offset-like scheme will not assist the company in meeting the emissions reduction targets set by the CPP.¹⁷ The CPP carefully limits compliance methods to either reducing emissions or purchasing a set percentage of Community Climate Investment credits. The latter credits may be earned only by implementing projects that reduce GHG emissions in Oregon. Indeed, the focus of the program is to improve the environment and public welfare of *Oregon* communities.¹⁸

With the hope that our feedback on this report will be considered, in addition to the above topline recommendations, we provide the following feedback on specific sections of the Draft Report.

III. Feedback on Draft Report

To best help Staff understand why we have the above concerns with this report, we provide section-by-section feedback below. Some comments are redundant because some issues came up in multiple sections in the Draft Report itself, but we hope that Staff finds this useful in their efforts to strengthen the Final Report.

1. Draft Report's "Executive Summary" Section

- We hope this section of the Final Report will better reflect the reasons to decarbonize our gas system outside of merely policy pressures. Climate science – along with very public health, economic, and resilience concerns – are the true reasons behind our need to decarbonize the gas system, and public policy is merely a mechanism to get there.

¹⁶ NW Natural's General Rate Revision, UG 435, NW Natural/100/Anderson-Kravitz/Page 15 (Dec. 2021), available at <https://edocs.puc.state.or.us/efdocs/UAA/ug435uaa161326.pdf>.

¹⁷ We disagree with Staff's representation in the Draft Report that "NW Natural is actively pursuing RNG projects," because – to the best of our knowledge – it is only actively pursuing Renewable Thermal Credits associated with RNG.

¹⁸ OAR 340-271-0010(2) and (3).

- We also hope that the Final Report will include improved and tangible findings. As written in the Draft Report, these “findings” fail to meaningfully parse through the discord between gas utilities’ analyses and recommendations and those of third-party experts and community stakeholders to come up with actual facts.
- Finally, we urge Staff to improve “*Table 1: Roadmap of Staff Regulatory Tools for Oregon*” by taking into account the regulatory tools recommendations we provide in our specific feedback to the “Regulatory Tools” and “Staff Analysis and Recommendations” sections, below. If the PUC does not have legal authority to implement a recommended tool, the Final Report should indicate as much.

2. Draft Report’s “Background” Section

- As with the Executive Summary, we hope that Staff will consider improving the Background section of the Final Report. We hope to see more facts related to the climate science imperative as well as public health, economic, and other stakeholder concerns around methane gas use in buildings and communities.
- We also hope that Staff will consider providing some information about how these challenges are being addressed in other states outside of Oregon with more ambitious climate policies.¹⁹

3. Draft Report’s “Key Findings, Issues, and Staff Analysis” Section

3.1 Momentum

- Although there are no major concerns with the content of this section, we do have concerns about the framing of public opinion on gas system issues. As we highlighted above, Staff seemed to inappropriately conflate the “the desire by most of the public to address global warming due to fossil fuel use” and the “momentum [...] for limiting gas expansion and reducing or shifting energy use away from the Oregon gas system” with public support for “accelerating and deploying gas supply decarbonization innovations that maintain or expand the gas system.”²⁰ It is not entirely clear what this means, but we worry that this implies that “most of the public” supports “decarbonization innovations that maintain or expand the gas system,” which we do not think is the case and is, in fact, contrary to the majority of the feedback given by non-methane industry stakeholders. See Exhibit A for specific examples.

3.2 Modeling Costs & Risk

- We would add to this section the following context: many stakeholders objected to the limitations and assumptions of the initial modeling done by gas utilities and requested the OPUC require the utilities to do additional modeling, especially to understand high electrification scenarios and gas customer degrowth scenarios.

¹⁹ California’s and Massachusetts’ “Future of Gas” dockets in particular may act as helpful examples.

²⁰ See Draft Report at 7.

- We also object to the statement that there was general agreement that “[a]ny compliance pathway will very likely increase the costs of energy service for all categories of customers over the next decade.”²¹ In fact, stakeholders specifically called for benefits of various decarbonization pathways (specifically, efficiency and electrification) to also be considered, rather than merely bill impacts.²² Just considering bill impacts and not benefits (including avoided costs of non-compliance) to gas customers paints an incomplete picture, and in fact gives fodder to gas utilities hoping to claim that compliance with climate regulations is too expensive, without considering the true societal costs of climate change and a delayed transition.
- It is important that in the Final Report, Staff make an effort to actually “fact-find” by parsing through discrepancies in companies’ filings and stakeholder responses. For instance, the *Renewable Natural Gas* section highlighted discrepancies in utilities’ assumptions, but failed to discuss any of the data provided by stakeholders. It merely states that “[t]hese varying assumptions made it difficult to generalize about the costs and availability of RNG...”²³ Similarly, the *Declining Customer Counts* section also highlighted discrepancies in how utilities modeled assumptions and inputs but failed to provide any analysis or weigh in on which assumptions seemed most realistic or useful.²⁴
- We did, however, find *Table 4: Scenario Modeling Summary* to be a useful framework to review the modeling results. We just hope this would be supplemented with more concrete recommendations regarding modeling assumptions moving forward.

3.3 Issues to Be Addressed by PUC CPP Compliance and Decarbonization Activities

The issues identified in this section are critical and we hope they will be highlighted and fleshed out further in the Final Report as key recommendations, particularly for short-term actions the OPUC can take. However, we do have some concerns:

- First, Staff echoes the gas industry talking point casting doubt on the cost and feasibility of shifting the heating load to the electric utilities. This fails to consider that the wide implementation of heat pump solutions for water and space heating could reduce the electric load in homes that are currently using electric resistance technology for water or space heating. For example, the additional electric load to convert all the residential gas water heaters in Oregon to heat pumps would easily be offset by converting just a portion of the electric resistance water heaters currently installed in Oregon homes to heat pumps since those homes would see a dramatic reduction in electricity usage.²⁵ OPUC policies to accelerate the adoption of heat pump water heaters in both gas and electrically heated homes would 1) help the gas utilities hit the CPP targets, 2) reduce

²¹ See Draft Report at 8.

²² See Exhibit A.

²³ Draft Report at 13.

²⁴ Draft Report at 13.

²⁵ For information for the energy efficiency of heat pump water heaters relative to electric resistance water heaters, see, generally, Hot Water Solutions, “Heat Pump Water Heaters Cut Electric Bills,” <https://hotwatersolutionsnw.org/>.

the current burden on the electric grid, and 3) save Oregon ratepayers money.²⁶ Such a policy would take advantage of existing and scalable solutions rather than taking a risky bet on unproven gas heat pump water heaters which are far from commercially available and which have only marginal carbon reduction benefits.

- We are concerned about the framing of “beneficial electrification” in this section. While we are encouraged that Staff included a description of beneficial electrification, we are discouraged that it was not mentioned until nearly halfway through the report. We are also concerned that one of the only conclusive statements about beneficial electrification included in this section is that there is potential for energy demand, distribution costs, etc. to be shifted to electric ratepayers, with almost no description of benefits (with the exception of the definition provided by the Regulatory Assistance Project). **We hope the Final Report will highlight for Commissioners the many co-benefits of electrification – including improved public health outcomes.**
- We are also concerned about Staff’s description of “Alternative Supply Options and Availability.” There is no consideration of the niche applications – specifically industry – that are hard-to-electrify and thus should be prioritized for these limited fuels, despite the Regulatory Assistance Project and stakeholders’ comments relaying that fact. There was also no real fact-finding in this section, which was highly contested throughout the proceeding. Staff did not weigh in on how unrealistic gas utilities’ assumptions were about the volume or percentage of RNG or hydrogen deliveries that the gas utilities were modeling. We hope the Final Report will provide more concrete assessments of these assumptions beyond simply pointing to stakeholder “belie[fs that] the quantities and timeline of availability put forth by the companies were not realistic.”

4. Draft Report’s “Regulatory Tools” Section

We have some concerns about the ignored recommendations of stakeholders in this section but will refer to those in the following section replying to Staff recommendations. One note for this section is that Staff listed very general recommendations (e.g., “considerations of equity” and “possibility of exploring pilots to test key uncertainties around new technology”) but failed to mention topline programmatic recommendations from stakeholders such as allowing for energy efficiency spending to go towards gas-to-electric appliance switch-outs at the point of replacement. We hope this will be addressed in the final report.

Some of these recommendations will take time to implement, but **the following actions can and should be taken in the short-term, without delay:**

1. Rapidly phase-out gas line extension allowances;
2. Update ETO’s policy to remove artificial barriers so gas and bulk fuels customers can choose to transition to more-efficient electric options;

²⁶ It is critical that robust rate protections and efficiency programs exist for low- and moderate-income residential customers, as transitioning to electric homes could increase bills for some customers in the short term until the market further evolves.

3. Expand low-income weatherization programs to allow for funds to be used for low-income electrification options and/or create a pilot program to encourage equitable electrification for LMI households;
4. Continue and expand current efforts to ensure robust low-income ratepayer protections; and
5. Explore the value of pruning to strategically resize the gas system where it is aging, inefficient or requiring significant and expensive upgrades.

5. Draft Report's "Staff Analysis and Recommendations" Section

5.1 Reality of Rate Pressure Risk

The Draft Report correctly identifies the legitimate concern of rate pressure risk. Indeed, as Staff notes, this issue was raised by many stakeholders. Staff's analysis of the elasticity of residential demand is further unsurprising and confirms that transitioning off of the gas system will require not only time but also Commission incentives to assist energy-burdened customers in the transition. This is especially crucial for communities that are already disproportionately burdened by high energy prices and climate harms, including older and lower-income customers.²⁷ However, **the Commission should not allow rate pressure risk to be co-opted by the gas utilities to slow the progress of an energy transition.** Instead, all efforts should be focused on ensuring impacts are carried by wealthier individuals and industries. Particularly in light of Staff's residential demand elasticity investigation, we agree with Staff that mitigating this risk requires a proactive regulatory intervention, not a market-driven approach.

The Commission should not lose sight of the fact that Black, Indigenous and other environmental justice communities are also disproportionately harmed by the polluting gas system, including indoor air pollution from gas appliances.²⁸ Implementing and

²⁷ See, ACEEE, "Report: Low-Income Households, Communities of Color Face High "Energy Burden" Entering Recession" (September 2020), available at <https://www.aceee.org/press-release/2020/09/report-low-income-households-communities-color-face-high-energy-burden> (Finding low-income, Black, Hispanic, Indigenous, and older American households face higher energy burdens); see also, e.g., Columbia University Climate School, National Center for Disaster Preparedness, "The Disproportionate Consequences of Climate Change," (February 2016), available at, <https://ncdp.columbia.edu/ncdp-perspectives/the-disproportionate-consequences-of-climate-change/>.

²⁸ See, e.g. Oregon Health Authority, "Climate Change and Public Health in Oregon," at 3 (November 2018), available at <https://www.oregon.gov/oha/PH/HEALTHYENVIRONMENTS/CLIMATECHANGE/Documents/2018/2018-OHA-Climate-and-Health-Policy-Paper.pdf> ("National studies have demonstrated that low-income communities and communities of color are more likely to be exposed to air pollution because of where they live, work, and go to school"); Multnomah County 2014 Report Card on Racial and Ethnic Disparities (December 2014), available at <https://www.multco.us/file/2014-report-card-racial-and-ethnic-disparities-full-report-v121214pdf-0> (strong correlation between air pollution and asthma, with the highest rates in low-income and BIPOC communities, in Multnomah County); see also Nadia N Hansel et al., "A Longitudinal Study of Indoor Nitrogen Dioxide Levels and Respiratory Symptoms in Inner-City Children with Asthma," Environmental Health Perspectives Volume 116 Number 10, October 2008, p.

expanding policies and incentive programs that assist energy-burdened communities in the transition to electrification could not only reduce or eliminate the risk that these communities will be left responsible for maintaining an outsized and antiquated gas system, but could also advance environmental justice by reducing sources of pollution in these communities. **We urge the Commission to heed recommendations regarding justice and community needs from impacted communities and community-based organizations themselves, not from the gas utilities and other industry interest groups.**

Planning

We agree that estimated customer bill impact analyses should be required in IRPs to ensure transparency of utility planning. In addition, we recommend that bill impact analyses for residential customers be separately presented for LMI ratepayers and non-LMI ratepayers to present a clear picture of the impact of planning proposals.

In developing “marginal abatement cost curves for IRPs that identify all resources potentially used by utilities in CPP compliance,”²⁹ Staff should ensure that “all resources” identified are compliant with the CPP, are realistically available to achieve GHG reductions in the short term, and are geared towards their best use. In other words, while some gas uses are difficult to electrify, the vast majority of residential uses would be best served by transitioning off the gas system.

Programs

We agree that ETO and Community Action agencies should be directed to expand and target energy efficiency programs to low income and environmental justice communities to reduce energy burden and minimize anticipated bill impacts. **However, we strongly disagree that incremental energy efficiency programs should “allow[] for [gas] customer count growth to continue.”**³⁰ Our organizations assume from this recommendation that Staff intends for the ETO and Community Action agencies to promote higher efficiency gas appliances that unnecessarily prolong customers’ reliance on gas despite the availability of electrification. We recommend that spending on these programs avoid any additional gas fueled equipment even if it delivers some minor energy efficiency improvement, because any ratepayer-funded investment in gas infrastructure and equipment would lock low-income recipients into rising gas utility bills and equipment that would have to be replaced later with low carbon electric heating.

1430, <https://ehp.niehs.nih.gov/doi/10.1289/ehp.11349>, as cited in Brady A. Seals and A. Krasner, “Health Effects from Gas Stove Pollution,” (2020), available at <https://rmi.org/insight/gas-stoves-pollution-health> (explaining that research shows that “children with asthma are affected by indoor air pollution from gas stoves, children living in areas with high levels of outdoor air pollution and lower-income, African-American and Hispanic children with asthma are likely the most disproportionately burdened by indoor air pollution from gas stoves”).

²⁹ Draft Report at 22.

³⁰ Draft Report at 21.

Instead, the funding should only be spent on insulation, shell improvements, and electrification.

Programs that allow for continued gas customer growth are entirely unjustified in light of Oregon's climate policies and analyses demonstrating that limiting customer growth is the least cost method to decarbonize the gas system.³¹ Indeed, as the Staff report points out, two of the three gas utilities did not see increased compliance costs with declining customer counts in their modeling. Justifying continued gas customer growth as a mechanism to somehow protect ratepayers is counterproductive in the context of the inevitable upward trend in gas rates and the inevitable transition to electrification. The best way to protect ratepayers from rising gas costs is to protect them from becoming a gas customer in the first place or to help them get off the gas system as soon as possible.

Rates

We agree that Staff should develop and adopt an HB 2475 bill discount and implementation regime that will mitigate rate increases for energy burdened customers. We also agree that near-term investments must align with annual progress in CPP compliance. We stress again, however, that near-term investments must be prudently-made by reducing GHG emissions within the short term. Investments in risky, future technologies that may or may not deliver GHG emissions reductions years in the future should be disfavored over proven solutions that can deliver immediate results.

The Draft Report implies that the risks of electrification (in terms of effectiveness and cost) should be treated as equal to the risks of other CPP compliance strategies, such as delivering large amounts of RNG and hydrogen to buildings (in terms of availability, effectiveness, and cost).³² These risks are not equal in the very fact that efficiency and electrification are solutions available now, whereas gas utilities' preferred alternatives are largely speculative.

5.2 Coordinated Communication and Stakeholder Access

The Draft Report identifies many hurdles facing community organizations and individuals when attempting to engage in utility regulation. In fact, the Draft Report specifically points to the nature of Oregon's single-fuel utilities and existing planning processes, such as single-company IRPs, as obstacles to a comprehensive analysis of the risks, outcomes, and impacts of CPP compliance. These obstacles exist not only for

³¹ See, e.g., Ong, Alison et al, Stanford Woods Institute for the Environment, "The Costs of Building Decarbonization Policy Proposals for California Natural Gas Ratepayers: Identifying Cost-Effective Paths to a Zero Carbon Building Fleet", https://woods.institute.stanford.edu/system/files/publications/Building_Decarbonization_Policy_CA_Natural_Gas_Ratepayers_Whitepaper.pdf.

³² Draft Report at 21.

stakeholders who do not regularly participate in PUC proceedings but for many seasoned participants as well. While the Draft Report proposes some changes that may reduce these obstacles, more can be done.

Planning & Rate Making

We appreciate that Staff plans to provide more information on their website in the future with clear identification of how stakeholders can engage. However, as our organizations previously recommended,³³ the Commission should direct and work with the utilities to host public workshops directed at a layperson audience where the utility would explain how the planning process works, how underlying models work, and what investments are, and importantly are not, being considered. Commission Staff should also commit to producing manuals for how to effectively participate in various proceedings, particularly IRPs. While some useful manuals currently exist,³⁴ an Oregon-specific manual would contribute significantly to breaking down barriers. These types of concrete steps would meaningfully further Staff's stated goal of "ensur[ing] full stakeholder engagement in dockets considering RNG, automatic adjustment clauses, and affiliate interest applications," which is currently presented as a broad recommendation with no corresponding action items to actually achieve the stated goal.

We further agree that in future IRPs, the utilities should provide publicly-available maps of their systems overlaying depreciation data and including lists of infrastructure and associated depreciation schedules. As we've previously noted, this type of information would allow both parties and the Commission to strategically identify areas for system pruning.

5.3 Decarbonization Policies as Key Determinants to Planning and Cost-Recovery

We agree with Staff's assessment that resource planning to meet CPP compliance and other goals will require systems planning that is currently hindered by the siloing between electric and gas utilities. Our organizations previously recommended that the Commission task a third party with overseeing a new planning process that would coordinate across utilities. The need for coordinated planning was exemplified by this very process, where the gas utilities presented highly unrealistic means of meeting CPP compliance in lieu of obvious, available solutions. To this end, we appreciate Staff's recommendation that both gas and electric utilities develop and articulate individual electrification assumptions in future IRPs and that the OPUC should contract with an independent third party to evaluate market trends around alternative fuel and low-carbon technology cost and availability. We note, however, that the proposed IRP guidance

³³ Climate and Energy Justice Advocate Comments at 8 (Oct. 26, 2021), available at <https://edocs.puc.state.or.us/efdocs/HAH/um2178hah16382.pdf>.

³⁴ Duncan, J. et al., Regulatory Assistance Project, "Participating in Power: How to Read and Respond to Integrated Resource Plans, (November 2021), available at <https://www.raonline.org/knowledge-center/participating-in-power-how-to-read-and-respond-to-integrated-resource-plans-2/>.

found in Appendix B of the Draft Report provides very little detail on how electrification should be considered in future IRPs, stating only that utilities should “[d]evelop Beneficial Electrification assumptions in coordination with electric utilit[ies].”³⁵ We urge the Commission to provide further guidance, at a minimum directing the gas utilities to consider, within future IRPs, low, medium, and high electrification scenarios and identify cost impacts, including rate impacts, bill and rate impacts.³⁶ Simply, gas IRPs should include customer de-growth (e.g., from customers choosing to go electric at the point of appliance replacement) as a reasonable and prudent means of complying with the CPP. In 2007, the Commission declined to address fuel switching in IRPs, deferring that decision to a “later date.”³⁷ Fifteen years later, it is past time to explicitly direct the utilities to consider customer degrowth.

Moreover, the Draft Report’s recommendation regarding the line extension policy (namely that PUC staff, the Oregon Department of Justice, and gas and electric utilities explore “easily implemented approach to line extension allowance policy in future upcoming gas and electric rate case dockets that reflects the benefits, costs and risks associated with system growth or improvements relative to the state’s policies on decarbonization”³⁸) is vague and inappropriately excludes stakeholders’ recommendations. While it is unclear what Staff means by this proposal, it is clear that none of the utilities presented a credible scenario for compliance with the CPP that included continued gas customer growth or system growth. The scenarios presented included unreasonable assumptions about commercially unavailable gas appliances and/or high reliance on limited sources of RNG and hydrogen at unrealistically low prices. Therefore, and due to the urgency of the climate emergency, the “easily implemented approach to line extension policies” should be the immediate *phase-out* of line extension allowances for methane gas. Instead, the OPUC should pursue behind-the-meter electric line extension policies to reduce economic barriers to panel upgrades and wiring costs that hinder the electrification of older homes. Ample evidence justifying the elimination of gas line extension allowances was provided in the most recent NW Natural rate case testimony from CUB and a coalition of environmental and community-based organizations.³⁹ Staff’s recommendation that a new line extension allowance policy will be developed exclusively with the regulated utilities that have a vested interest in maintaining – or worse, expanding – the current system is deeply troubling.

³⁵ Draft Report at xv.

³⁶ We further recommend that the gas utilities analyze the risk of stranded assets resulting from electrification; however, we read Staff’s recommended IRP guidance that “[s]cenarios of load decline should include assessment of stranded asset risk,” to address this recommendation.

³⁷ Order No. 07-002 at 7.

³⁸ Draft Report at 24.

³⁹ NW Natural Request for a General Rate Revision, UG 435, Opening Testimony of Coalition of Communities of Color, Climate Solutions, Verde, Columbia Riverkeeper, Oregon Environmental Council, Community Energy Project, and Sierra Club, Coalition/200/Burgess/7-28 (Apr. 22, 2022), available at <https://edocs.puc.state.or.us/efdocs/HTB/ug435htb16597.pdf>; see also Opening Testimony of Citizens Utility Board, CUB/100/Jenks/9-17, available at <https://edocs.puc.state.or.us/efdocs/HTB/ug435htb153143.pdf>.

5.4 Risk and Uncertainty Warrant Robust Monitoring, Tracking, and Reporting of Utility Compliance and Broader Market Trends

Staff accurately recognizes that there is a real risk that the regulated gas utilities will fail to comply with the CPP, which could pose a significant financial risk to those utilities. In fact, Staff's assessment of the financial risk of CPP non-compliance is likely understated, as Staff's "operating assumption is that the floor of any non-compliance penalty should be at least the cost of a CCI on a per metric ton basis" or "\$108/metric ton, unadjusted for inflation."⁴⁰ Setting the non-compliance penalty to be on-par with the cost of a CCI credit would effectively permit unlimited purchases of CCIs: while no certificate of compliance would be issued, the effective cost of compliance would be the same as purchasing CCIs. We find it unlikely that DEQ would take such an approach, which would fundamentally undermine the entire CPP program. As a result, Staff's operating assumption should be that financial penalties will be significantly higher than merely the cost of a CCI, and the "potential impact of missed compliance" identified in Table 6 should be doubled or even tripled.⁴¹

We are particularly concerned by Staff's suggestion that there are "uncertainties around the form, cost, and pace of change that is needed."⁴² This statement appears to be both disingenuous and inaccurate, while also belying a reluctance of Staff to propose known and cost-effective strategies that would ensure CPP compliance. There is no uncertainty about the need for immediate and dramatic actions to decarbonize the gas system in order to both comply with the CPP and do our part to avoid catastrophic climate change which would wreak havoc on the Oregon economy and population. There is no uncertainty about the strategies that are effective, available, and cost-effective because these strategies have been researched and analyzed multiple times by multiple credible third parties.⁴³ The same simple and highly actionable conclusion is inevitably found: we must rapidly electrify and increase the efficiency of our buildings sector while ensuring robust programs and protections for low-income customers.

Staff has failed to even acknowledge the profound agreement on the effectiveness of these strategies by multiple third-party experts and stakeholders alike.⁴⁴ One of the only voices in disagreement is that of the gas industry which, after spending millions of dollars to deny climate change over the last several decades, is now spending its

⁴⁰ Draft Report at 24.

⁴¹ Draft Report at 25. In fact, DEQ has authority to impose a \$12,000 penalty for each metric ton of CO₂e not covered by a compliance instrument, as a separate violation penalized as a Class I major magnitude violation. OAR 340-012-0140.

⁴² Draft Report at 24.

⁴³ International Energy Agency, *Net Zero by 2050 - A Roadmap for the Global Energy Sector* (May 2021, available at https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf); Bill Gates, *How to Avoid a Climate Disaster* at 154 (Knopf Feb. 16, 2021); Evolved Energy Research, *Northwest Deep Decarbonization Pathways Study* (May 2019), available at https://docs.wixstatic.com/ugd/368db9_6827f11099f64962b2a915cf127cb148.pdf.

⁴⁴ See Exhibit A.

immense marketing budget to create an unrealistic future in which its heavily-polluting operations remain fundamentally unchanged while creating profits for its shareholders.

We fear that Staff's emphasis on the "need for robust monitoring, tracking, and reporting of both the efficacy of compliance strategies and market developments informing the selected compliance strategy"⁴⁵ may serve to delay needed action. While monitoring, tracking, and reporting are all necessary in order to ensure that the utilities are reducing emissions in line with CPP requirements (and the undersigned groups do not oppose Staff's proposed "planning" and "rates" action items per se), proven implementation strategies within the OPUC's control to limit gas system growth and shrink the gas throughput should not be delayed based on the promise of future strategies that do not reduce Oregon's reliance on methane gas.

5.5 Actively Incentivize or Facilitate GHG Emission Reduction Pathways

The undersigned organizations agree that the Commission should actively incentivize and facilitate GHG emission reduction pathways. Unfortunately, Staff's proposed recommendations for how to accomplish GHG emission reductions would do the opposite by explicitly supporting the continued use of risky and unnecessary gas-fired appliances while simultaneously encouraging the utilities to focus their research and development on hydrogen. Given the urgency of the climate situation and the credible risk that the gas utilities will be unable to comply with the CPP in the near term, the proposal that utilities invest in low efficacy new technologies that will take decades to scale (such as gas heat pumps, RNG, and hydrogen) is not in Oregon ratepayers' best interest, particularly in light of effective solutions to deliver reliable and cost-effective heating solutions that replace gas are market-ready today.

Notably, Staff appears to be encouraging research and development into areas that the gas utilities are already incentivized to prioritize. The gas industry is free to expend its immense profits on studying hydrogen and other risky, speculative new technologies, but the Commission should not request that the industry do so (and thus shoulder ratepayers with the costs). Instead, the Commission should direct the gas utilities to take necessary actions, that they otherwise would not take, to comply with the CPP: implementing electrification strategies and placing limits on new customer hook-ups. In short, Staff's intention to "place a near-term premium on flexibility in exploring a range of strategies"⁴⁶ risks abdicating the Commission's responsibility to regulate.

Programs

The proposal to spend ratepayer dollars to develop a 1) compliance "cost of carbon" metric and, 2) process to evaluate gas industry investments in unproven new technologies, are examples of Staff looking for ways to avoid adopting sensible

⁴⁵ Draft Report at 25.

⁴⁶ Draft Report at 27.

measures that would ensure compliance with the CPP. It is well documented that scaling back the gas system is the most cost-effective way to reduce gas system emissions and the tools to do this are simple and clear. These speculative investments by the gas industry in unproven new technology should not be paid for by ratepayers, nor should staff waste resources on new tools to evaluate unnecessary investments.

As noted above, we are concerned that Staff's direction that utilities should develop a joint pilot for green hydrogen production simply reinforces what the gas utilities are already likely to do, rather than using the Commission's regulatory authority to lead the transition of Oregon's energy sector to decarbonization. Rather than direct the gas and electric utilities to jointly explore green hydrogen, the Commission should explicitly direct the gas and electric utilities to work together on electrification pilots that, for example, electrify entire communities and prune the gas system. This is the type of action that will not occur without explicit Commission direction. At a minimum, any request of the gas and electric utilities to explore the development of a joint green hydrogen production project should stipulate that the green hydrogen will not be used to heat buildings; it is far cheaper to heat buildings with electric heat pumps than hydrogen.

The undersigned organizations strongly oppose Staff's intention to direct the ETO to spend ratepayer dollars to promote gas heat pump technology and products that do not exist, provide marginal improvements to current gas solutions, and are totally unnecessary given the vastly superior electric heat pumps that have been in the market for decades. Any spending by the ETO on gas heat pump technology is an irresponsible and imprudent use of ratepayer dollars.

5.6 Match PUC Commitments to Available and Dedicated Resources

The undersigned organizations appreciate the staffing constraints under which the Commission is operating. This reality, however, only underscores the central argument that our organizations have been advancing throughout this entire proceeding. Namely, that the Commission should be pursuing, and directing its regulated entities to pursue, known, available, and proven solutions that will quickly decarbonize Oregon's gas industry: energy efficiency and high-efficiency electric appliances. With both limited time and resources in which to act, it is imperative that the Commission strategically direct its resources towards facilitating a high electrification future, while leaving it to the utilities' shareholders to direct, at their choosing, research and development into expensive, commercially unavailable technologies that should be reserved for limited, hard-to-electrify end uses.

5.7 Roadmap Summarizing Staff's Near-Term Recommendations

As we explained above, we have significant concerns about 1) the absence of regulatory tool recommendations that support contraction of the gas system in the short- and long-term, and 2) the number of regulatory tool recommendations that encourage

irresponsible gas system investments and growth. It is particularly concerning that of the only three programmatic recommendations, two appear to be designed to encourage gas system growth:

- EE measures that allow for customer hook-ups, and
- EE programs to include transport.⁴⁷

While we appreciate that Staff is attempting to incorporate suggestions that include electrification and CPP compliance in IRP planning, the recommendations must reach further. For example, it is insufficient to merely include electrification assumptions in IRP planning; instead, electrification assumptions in IRP planning must include realistic scenarios that carefully evaluate the stranded asset risk and plan for strategic retirement of assets. Similarly, the CPP shouldn't merely be "acknowledgeable" in IRPs, it must be mandatory that utilities model *only* CPP-compliant scenarios.⁴⁸

Finally, the "Urgent" actions to reach decarbonization goals are appalling. They encourage RNG, hydrogen, and "all" (emphasis included in the Draft Report) heat pump technology – implying commercially-unavailable gas heat pumps are on the same footing as currently available high-efficiency electric heat pumps.⁴⁹ It is particularly disheartening to see these as "Urgent" priorities when they do not take into account tangible, urgent needs of community organizations whose recommendations were ignored.

6. Draft Report's "Conclusion" Section

Again, we are discouraged by the Draft Report's framing of stakeholder concerns and recommendations in this section. We urge Staff to revisit stakeholder comments that did not come from utilities and industry groups and reflect some of the key recommendations in this section of the Final Report.

We also have **significant concerns** about Staff's framing of the CPP in such a negative light. The CPP is one of the most powerful climate tools the state has, and the Final Report should reflect information given from DEQ about the program's pivotal role in reducing GHG emissions in Oregon.

7. Draft Report's Appendix A: Scenario Descriptions

We found this section of the report to be particularly illuminating and recommend that the Final Report reflect more of this information in the report itself – including its recommendations – rather than leaving these important results buried in an appendix.

⁴⁷ Draft Report at 28.

⁴⁸ Draft Report at 28.

⁴⁹ Draft Report at 28.

In particular, we hope to see the findings from the Alternative Compliance Scenarios captured in the Final Report, including:

- “Like the Accelerated Innovation and Electrification w/High SCC Scenario, Cascade modeled bill impacts that were lower than their base case. Avista’s summary showed zero bill impacts, but the workbooks showed negative impacts in 2025 and then similar increases to the base case by 2035.”⁵⁰ (in the Delayed Innovation/Accelerated Electrification scenario);
- “There was no increase in hydrogen usage on NWN’s or Avista’s system because the high electrification rates reduced or eliminated the need for fuel ‘innovation.’ Hydrogen usage was significantly decreased as a solution for Cascade when compared to its base case.”⁵¹

We would also be eager to see Staff’s analysis of *why* NW Natural was the only one of the three utilities to see dramatic residential bill impacts from high electrification scenarios – our concern is that this modeling may have been manipulated by the company to sow fear about the risks of electrification. If NW Natural had run a similar model to Cascade or Avista, would the results have been different?

8. Draft Report’s Appendix B: IRP Guidance

We recommend including this table further up in the report to highlight tangible, near-term recommendations for IRP development. We also urge Staff to direct utility implementation of these ideas in the current iteration of their IRP development. The earlier these recommendations are implemented, the better positioned the utility, the Commission, and the ratepayers will be to identify least-cost/least-risk investments.⁵²

9. Draft Report’s Appendix D: Elasticity

We recommend including a summary of Staff’s findings from its elasticity literature review further up in the report.

IV. Conclusion

Oregon is at a crossroads. The climate-fueled extreme heat, wildfires, and drought that threaten the lives and livelihoods of Oregonians across the state have only underscored the need to use every tool in our toolbox to reduce greenhouse gas emissions and advance the transition to a clean energy future – and to do so in a way that prioritizes those communities disproportionately harmed by the climate crisis. Meanwhile, the state’s gas utilities have demonstrated that they *do not have a viable plan* to decarbonize their businesses and the Draft Report’s narrative and

⁵⁰ Draft Report at xi.

⁵¹ Draft Report at x.

⁵² For example, in developing its 2022 IRP, stakeholders have urged NW Natural to consider other alternatives to its Forest Grove pressure problem, including developing information around gas and electric usage in the area, and evaluating non-pipeline alternatives.

recommendations fall far short of providing the guidance the utilities need to form that plan. The Commission has a choice. It can provide strong leadership and guidance, through its authority as a monopoly utility regulator, to guide a rapid and affordable clean energy transition for all. Or it can allow the gas industry—with its inherent conflicts of interest—to manage the transition, which inevitably will result in doubling down on the existing, pernicious methane gas utility system, thereby risking continued significant climate harms and stranded assets for decades to come.

We urge the Commission to choose the path of meaningful climate action and justice. At a minimum, this requires eliminating subsidies to expand methane gas infrastructure (e.g., line extension allowances, gas appliances, and gas promotional materials) and pursuing deep investments and support for low- and moderate-income energy efficiency and electrification programs.

We hope that the Commission will review our feedback and include it – along with the feedback of other non-utility, non-industry stakeholder groups – in its Final Report and beyond.

Thank you for your consideration.

Signed,

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Climate Solutions

Carra Sahler, Staff Attorney
Green Energy Institute at Lewis & Clark Law School

Brian Stewart, Founder
Electrify Now

Rose Monahan, Staff Attorney
Dylan Plummer, Senior Campaign Representative
Sierra Club

Alan R.P. Journet, Ph.D., Co Facilitator
Southern Oregon Climate Action Now

Alejandra Mejia Cunningham, Building Decarbonization Advocate
Angus Duncan, PNW Consultant
Natural Resources Defense Council (NRDC)

Allie Rosenbluth, Campaigns Director
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Coalition of Communities of Color

Madeline Cowen, Grassroots Organizer
Cascadia Wildlands

Exhibit A: Nonprofit and Community-based Organizations' Feedback

Organization(s) or Individual	Date and Subject	Key Comments	Link
350 Eugene, 350PDX, Breach Collective, Climate Solutions, Columbia Riverkeeper, Community Energy Project, Electrify Corvallis, Electrify Now, Green Energy Institute at Lewis and Clark Law School, Metro Climate Action Team Steering Committee, NRDC, Oregon Environmental Council, Planet vs Pentagon (Eugene), Sierra Club, Rogue Climate, Verde	12/3/2021, Alternative Scenario Modeling and Final Recommen dations for Draft Report	<p>Overall recommendations:</p> <ol style="list-style-type: none"> 1. Align energy efficiency spending with least-cost decarbonization pathways; 2. Reform line-extension policies to curb risky gas system expansion; 3. Support gas system pruning to strategically resize the gas system while avoiding wasted costs; 4. Expand efforts to ensure robust low- and moderate-income (LMI) ratepayer protections as gas customers move to electrify; and 5. Consider accelerated depreciation schedules to mitigate cost impacts to residential ratepayers. <p>Actions to take in the short term, without delay:</p> <ol style="list-style-type: none"> 1. Revise the line-extension allowance policy; 2. Revise ETO's fuel-switching policy to encourage switching from gas and bulk fuels to more efficient electric options; and 3. Expand low-income weatherization programs to allow for funds to be used for low-income electrification options and/or create a pilot program to encourage equitable electrification for LMI households. 	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac161558.pdf
Sierra Club	12/3/2021, Scenario Modeling	In addition to signing on to group comments, the Sierra Club raised concerns about assumptions with NW Natural's modeling, data transparency, and narrative explanations. The Sierra Club also highlighted that "[a]lthough there are some details and assumptions in these new scenarios that demand further explanation or refinement, an all-electric future is needed to meet Oregon's climate goals [...] the most effective means of compliance with the CPP is likely a future without gas [...] " (emphasis added)	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac141741.pdf

NW Energy Coalition (NVEC)	12/3/2021, Alternative Scenario Modeling	<p>"[...] the Commission should continue UM 2178 with an updated purpose of how the existing regulatory tools identified in this initial phase of the discussion can be used to help customers manage the risks that currently face gas service. Specifically, the tools that should be explored are: low-income rate mitigation, as authorized by HB 2475 (2021), rate design issues, and other planning, program/policy, and ratemaking tools that can be implemented in the near term to protect customers."</p>	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac141810.pdf
EDF	12/3/2021, Alternative Scenario Modeling	<p>Shared analysis results with the Commission to "underscore the value of electrification and efficiency for delivering needed emissions reductions in a way that minimizes costs for communities and the state." "EER compared cost results for two scenarios: (1) a scenario that included Oregon's existing policy baseline and the proposed Climate Protection Program's (CPP) cap on emissions, and (2) a scenario that included Oregon's existing policy baseline, the proposed CPP's cap on emission, and greater electrification and energy efficiency (EE) measures. The scenario with greater electrification and energy efficiency resulted in a lower net cost overall [...]"</p>	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac1712.pdf
Renewable Northwest	10/27/2021, Regulatory Tools	<p>Submitted DEQ Climate Protection Program Comments for the OPUC, which "highlight[ed] the importance of avoiding unnecessary investments in GHG-intensive resources that may meet short-term needs but are likely to become obsolete quickly, leaving utility customers responsible for their costs for decades to come" and stated that their "[...]comments to DEQ earlier this week offered some perspective on the importance of electrification toward meeting Oregon's science-based greenhouse gas emission reduction goals and of setting reasonable sideboards on the use of lower-carbon fuels where electrification cannot or does not occur" (emphasis added). In these submitted comments, Renewable Northwest noted that "Deep Decarbonization Studies Show Electrification Is the</p>	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac151225.pdf

		Primary Pathway to Cost-Effective Emissions Reductions" and raised concerns related to reliance on alternative fuels for CPP compliance in the buildings sector in particular.	
350 Eugene, Breach Collective, Climate Solutions, Columbia Riverkeeper, Community Energy Project, Electrify Corvallis, Electrify Now, Green Energy Institute at Lewis and Clark Law School, Oregon Environmental Council, Oregon League of Conservation Voters, NRDC, Rogue Climate, Sierra Club, Verde	10/26/2021, Workshop 4	<p>Urged the Commission "to do everything in their authority to support a just and equitable transition off of fossil fuels and onto clean-powered electricity. We hope Commissioners will do so urgently while protecting ratepayers' best interests—including access to affordable energy and avoidance of stranded assets and ballooning infrastructure costs. Ultimately, it is critical that throughout and after this specific proceeding, the OPUC takes responsibility for driving the transition away from methane gas and on to cleaner and healthier electric resources to best serve the public interest. [...] Specifically, the OPUC should immediately do the following:</p> <ol style="list-style-type: none"> 1. Update gas utilities' Integrated Resource Planning (IRP) Guidelines so that the risk of continued and expanded investments in gas infrastructure, including renewable natural gas, is shouldered by shareholders rather than customers. 2. Lower barriers to electrification and energy efficiency immediately, while eliminating incentives for new gas infrastructure and urgently phasing out incentives for gas appliances. 3. Create new programs to support beneficial electrification and energy efficiency, particularly for low- and moderate-income (LMI) customers. 4. Protect LMI customers by actively engaging with relevant stakeholders to understand and address their needs, with programs and rates designed specifically for these communities. 5. Without postponing any of the above, create a comprehensive cross-utility planning process that is independent and involves a wide diversity of stakeholders." 	https://edocs.puc.state.or.us/efdocs/HAH/um2178hah16382.pdf

Electrify Now	10/10/2021, Carbon Emissions from Heat Pumps vs Gas Furnaces in Oregon	Provided data to Commission re: the high relative efficiency of electric heat pumps compared to gas furnaces (" a heat pump installed in 2022 would produce over 70% fewer carbon emissions over its 15-year lifetime than a “high efficiency” gas furnace. "). Implied recommendation is to include this updated information in future workshops and the draft report.	https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAC&FileName=um2178hac92655.pdf&DocketID=22869&numSequence=53
Metro Climate Action Team Steering Committee	9/27/2021, Workshop 3	Suggested a variety of alternative compliance scenarios be modeled, including robust electrification with no customer growth and incentives for electric heat pump technology. Highlighted that "[t]he Climate Protection Plan is only one factor that will drive down natural gas use. Economic realities are already incentivizing people to switch to electric heat pump options, and as this trend accelerates, the markets for gas fuels will ultimately shrink the traditional residential and commercial markets for natural gas, and this fact-finding is a critical first step in determining how we, as a society, will manage this coming transition."	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac161328.pdf
Metro Climate Action Team -- additional comments filed by Pat DeLaquil	9/27/2021, Workshop 3	"The gas utilities compliance modeling results have essentially crafted a long-term strategy based on hydrogen blending and synthetic methane, but they have downplayed the investment costs and energy penalties associated with that strategy." Acknowledges that alternative fuels may play an important role in niche industries, but "embarking on such a business model transition is not a reason to not aggressively start now to accelerate the electrification process for residential and commercial customers. "	https://apps.puc.state.or.us/edockets/edocs.asp?FileType=HAC&FileName=um2178hac16181.pdf&DocketID=22869&numSequence=48
NW Energy Coalition (NWECC)	9/24/2021, Workshop 3	NWECC submitted a variety of recommendations, including advocating that RNG "[...] be dedicated to its highest and best use." NWECC also cautioned the PUC about "[...] overly optimistic assumptions about the potential to replace a significant portion of core gas customer demand by putting RNG in the pipeline" and stated that "While we generally	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac14140.pdf

		support utilities having a role in market transformation for products that will provide significant benefits to customers, we are concerned that applying this reasoning to fuel markets may shift fuel price risks from private investors to utility customers in a way which could expose residential and commercial customers to greater fuel price risks over alternative lower-risk strategies."	
Wendy Woods	9/24/2021, Workshop 3	<p>Appealed to the Commission to do better, stating, among other things: "We humans do not need natural gas. There are electric alternatives for appliances that use gas: heat pumps to heat and cool buildings, heat pump water heaters, electric or induction stoves, electric fireplaces, to name a few. Electrification of buildings, transportation, and generation of electricity from wind and solar are the real paths to solving our climate issues. The only people who need natural gas are the companies who sell it. Natural gas company profits are rapidly making our planet uninhabitable [...] To serve the interests of the public and the whole planet, the OPUC should act to reduce the use of all fossil fuels as fast as possible, focusing on methane first as the IPCC report recommended stating that Methane is our most important lever to reduce greenhouse gas emissions. Please remain focused on taking important steps to "Electrify" our future and to phase out use of natural gas in any form (fracked, RNG, fossil, synthetic). Please do not be coerced or fooled by profit driven companies. Oregonians need you to act in the interest of the people, NOW. " Attached "METHANE GAS: HEALTH, SAFETY, & DECARBONIZATION" Report, supported by 64 organizations, for the Commission's consideration.</p>	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac95141.pdf
Oregon Citizens' Utility Board	9/24/2021, Modeling and Alternative Scenarios	<p>Raised concerns of technology and price risks related to RNG and hydrogen and energy efficiency assumptions and risks, among other things. Recommended additional modeling related to efficiency, electrification, and energy optimization. Also raised that "The modeling</p>	um2178hah163235.pdf (state.or.us)

		demonstrates that RNG and hydrogen are probably not sufficient to decarbonize and that electrification is likely to play a role... The modeling also shows real risks to gas customers. The modeling points to significant rate increases which could drive some customers – those who can afford it –to electrify their homes, leaving behind the set of customers who cannot afford to electrify."	
Sierra Club	09/24/2021, Workshop 3	Recommended the Commission "ensure that an all-electrification scenario is evaluated" and stated "The most effective means of compliance with the CPP, both in terms of customer rates and greenhouse gas reduction, is likely a future without gas..." Shared a variety of model recommendations, including requesting an independent assessment of costs and environmental risks of an RNG-hydrogen-etc future the gas utilities were pursuing. Provided a variety of resources on RNG, hydrogen, and other fuels' availability and limitations, including safety and cost concerns.	um2178hac14470.pdf (state.or.us)

<p>Climate Solutions, Columbia Riverkeeper, Community Energy Project, Electrify Now, Green Energy Institute at Lewis & Clark Law School, Metro Climate Action Team, Natural Resources Defense Council, Oregon Environmental Council, OGWC Chair Emeritus, Sierra Club</p>	<p>09/24/2021, Workshop 3</p>	<p>Outlined concerns and questions including: "1. The Natural Gas Fact Finding (NGFF) Compliance Model process and design continue to prevent meaningful stakeholder input; 2. Utilities' model inputs re: customer growth scenarios are unrealistic and unsupported given the likelihood that customers would switch to lower-cost heating options as gas prices increase and consumer awareness about the climate impacts of methane grows; 3. Utilities' consideration of gas-powered appliances over all-electric appliances results in dramatically high energy efficiency cost assumptions; 4. Utilities do not consider demand-side options without gas use -- and do not justify incentivizing gas-powered heat pumps when electric heat pumps are more efficient, provide cooling and are commercially available today. The Northwest Natural (NW Natural) model indicates that they foresee a need to reduce demand in order to comply with CPP. Thus, alternatives to expensive and unproven gas solutions for demand reduction should be explored. 5. Utilities over-rely on biomethane/RNG and assume high availability of this scarce commodity which will be in high demand from transportation and industry, while appearing to assume it is carbon neutral in spite of the best available science. NW Natural inappropriately buries the cost of RNG in its "business as usual" scenario; 6. Utilities' inputs regarding green hydrogen are unsupported and unrealistic given how nascent, risky, and limited it is as a resource." Recommended the OPUC: "1. Require utilities to publicly disclose their models and all critical underlying data, including sources, for their model inputs; 2. Require utilities to consider a robust array of regulatory shifts in the next stage of this process, including those that would support electrification, stop the continued expansion of gas infrastructure that will add costs to be borne by a shrinking customer base, and protect low income customers</p>	<p>um2178hac162937.pdf (state.or.us)</p>
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		<p>from inevitable gas cost increases;</p> <p>3. Require utilities to model realistic electrification scenarios, as it will be important for all stakeholders and the Commission to understand the risks associated with business-as-usual operations and subsidizing new gas hook-ups for gas companies under these scenarios; and</p> <p>4. Ultimately follow-up this proceeding with an integrated analysis of our gas and electric system that will identify least-cost pathways to deep decarbonization that would minimize customer bill increases and protect the public interest."</p>	
Ed Averill	09/15/2021, Methane	Encouraged mitigation of methane, provided a variety of resources, including information on electrification and hydrogen.	um2178hac8182.pdf (state.or.us)
Climate Solutions, Electrify Now, Green Energy Institute at Lewis & Clark Law School, Interfaith Earthkeepers Eugene/Springfield, Natural Resources Defense Council, Oregon Environmental Council, RMI, Rogue Climate, Sierra Club, 350 Deschutes, 350 Eugene,	07/30/2021, Workshop 2	<p>Expressed a variety of concerns about proceeding scope and process and recommended that Staff:</p> <p>1) Remedy the proposed NGFF Compliance Model process and design to ensure diverse and robust stakeholder involvement and better serve the public interest; 2) Ensure model sensitivities reflect realistic future climate and economic conditions, including static and negative load growth sensitivities; and 3) Provide sufficient model results data so that stakeholders can feasibly review and replicate model analyses.</p> <p>Recommended methane be accurately accounted for with a 20 year GWP and realistic assumptions re: RNG and hydrogen be used. Provided a variety of resources for Staff to use in its fact-finding process.</p>	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac121342.pdf

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Columbia Riverkeeper, Breach Collective, Sierra Club, Power Past Fracked Gas Coalition	07/27/2021, Workshop 1	Shared a variety of concerns, including: "We are deeply concerned...that the scope of the PUC's investigation is unduly narrow and that the Oregon Public Utilities Commission (OPUC) risks building its future decision-making on a limited foundation of facts, without considering important changes that will occur economy-wide to address the deepening climate emergency" and " the PUC will miss real, anticipated impacts to gas utilities and ratepayers, and will thus miss the mark in aligning with Executive Order 20-04." Cautioned against "aggr andiz[ing] the potential of RNG or other forms of hydrogen and gas to replace fossil gas, or mitigate its impacts"	https://edocs.puc.state.or.us/efdocs/HAC/um2178hac13495.pdf
Green Energy Institute and Electrify Now	7/12/2021, Workshop 1	Raised concerns about the scope of this proceeding. Recommended the OPUC "redirect this fact finding to align with EO 20-04, the Commission's work plans to implement that order, the Commissioners' articulated objectives for this investigation, and the urgent need to gather and model relevant information necessary for comprehensively evaluating the risks and benefits from decarbonizing the gas sector in a manner that is accessible to everyone." Also raised that "Natural gas has no role to play in the decarbonized energy systems of the future. As the climate crisis worsens and consumers become increasingly aware of the impacts from gas and the	um2178hac8433.pdf (state.or.us)

		<p>benefits of electrification, ratepayers who can afford to switch will voluntarily defect from their gas utilities. This will create stranded cost risks and could cause rates to increase for remaining customers. And it will happen faster than we expect." Regarding the Commission's authority, commenters stated that "The Commission has authority to conduct a broader investigation... Governor Brown's Executive Order recognized the need for accelerating reductions in greenhouse gas emissions in the utility sector, the threat that greenhouse gas emissions pose to Oregon's health, economy, safety and environment, and the need to consider climate change in planning to avoid future costs. Specific to the Commission, the Governor directed the agency to prioritize proceedings that "advance decarbonization in the utility sector" and "mitigate energy burden experienced by utility customers[.]"</p>	
Electrify Now	07/23/2021, Workshop 1	<p>Electrify Now shared a variety of important facts and resources related to: 1) electrification of space heating, 2) impacts to gas ratepayers, 3) decarbonizing the fossil gas system, and 4) regulatory tools for decarbonization, including RAP's "Under Pressure: Gas Utility Regulation for a Time of Transition".</p>	um2178hac14123.pdf (state.or.us)