

Feel the Power

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November 4, 2021

VIA E-MAIL

Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3398

puc.filingcenter@puc.oregon.gov

Re: In the Matter of PACIFICORP, dba PACIFIC POWER, Application for Approval of 2022 All-Source Request for Proposal, UM 2193

Dear Commissioners:

On behalf of the Oregon and Southern Idaho District Council of Laborers "OSIDCL", please find our comments in the case referenced above.

Sincerely,



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PacifiCorp's 2022 All-Source Request for Proposal

The Oregon and Southern Idaho District Council of Laborers "OSIDCL" represents thousands of construction workers who work on the state's energy infrastructure. This RFP represents an opportunity to accomplish multiple goals:

- A) Provide low cost electricity to consumers
- B) Decarbonize PacifiCorp's generation fleet and,
- C) Create collateral economic impacts for host communities and workers

In order to accomplish these goals, OSIDCL asks to be included in upcoming workshops on bid scoring and any future stakeholder meetings. OSIDCL makes the following recommendations on non-price factors to be included in the 2022 All-Source Request for Proposal.

Recommendations for Non- Price Factors Used in Bid Scoring

- 1) Economic Impact of Projects on Host Community through local hiring
- 2) Efforts to create a diverse workforce from host communities through the utilization of local apprenticeship programs

Legislative and Policy Updates Affecting this RFP

PacifiCorp itself has noted that there are certain anticipated changes to bid scoring as compared to their approach in the 2020 All Source Request for Proposals. Oregon House Bill (HB) 2021 and Washington's Clean Energy Transformation Act (CETA) are mentioned and in both cases the legislation sends a signal that the clean energy transition should be guided by principals of economic fairness, high road workforce standards and a recognition that the clean energy future should create jobs as good as those in the traditional energy sector.

As PacifiCorp is a multi-state utility, one additional important consideration is pending federal legislation that would affect projects in all geographies. Under the pending federal reconciliation bill, new labor standards will be tied to the ITC and PTC tax credits. Renewable energy projects would receive the ITC or PTC "bonus rate" which is equal to five times the "base rate" and is applied to projects which meet certain prevailing wage and apprenticeship requirements.¹

This could have a material cost impact on ratepayers if projects are selected that don't have a well thought out plan to comply with the new requirements. OSIDCL can offer valuable insight on how apprenticeship programs function and whether developers submit plans that are likely to comply with the pending ITC and PTC tax credit requirements. If PacifiCorp and the Independent Evaluator select projects by developers or contractors inexperienced with prevailing wage laws or apprenticeship programs that could put the ITC or PTC tax credit at jeopardy.

Lessons from PacifiCorp's sister Company NV Energy

PacifiCorp's sister company NV Energy made media mentions on procuring the Eagle Shadow Mountain solar project at \$23.76/MWh for 25 years. That project will be built by a unionized workforce receiving family supporting wages and benefits. That price beat a \$24.99/MWh contract signed in Arizona that GTM Research says was the lowest-cost solar contract in the nation.¹² What is notable is NV Energy has consistently included strong labor standards in its renewable energy RFPs which have been supported and approved by the Nevada Commission.

OSIDCL conducted a review of activities in other states regarding advancing quality jobs in the renewable energy sector as a means of helping advance an equitable energy transition from coal to renewables. Our review found an array of creative approaches to help workers, promote quality jobs, and advance clean energy at a low cost for ratepayers. All represent a more holistic approach than PacifiCorp's and have produced higher paying renewable energy jobs at a low cost for consumers.

Our findings are that:

- 1) Other utility renewable energy RFQs are bolder and stronger in creating good jobs while transitioning to clean energy.
- 2) Utility Commissions in other states have exercised their authority in attaching conditions to cases that promote stronger local labor provisions beyond what companies have initially filed, and have made the data widely transparent to the public. For example the DC Public Service Commission requires local hire reporting for its transmission project "Capital Grid" which details the number of District residents employed on the project." The Wisconsin Public Service Commission recently required its first ever local hire reporting requirement for a solar project with a PPA with one of the state's major investor owned utility.ⁱⁱ
- 3) Strong labor standards do not correlate with higher energy prices nor jeopardize consumer rate impacts. In fact, in certain states like Nevada, electric prices are lower even though construction workers are paid at least double compared to those in Utah when building renewable energy projects. This was replicated in a recent study by Princeton University showing "*We find that manufacturing and installation labor cost premiums as well as increases in domestic content shares across wind and utility-scale solar photovoltaic supply chains result in relatively modest increases in total capital and operating costs. **These small increases in technology costs may be partially or fully offset by increases in labor productivity.** We also show that solar and wind technology cost premiums associated with high road labor policies have a minimal effect on the pace and scale of renewable energy deployment and the total cost of transitioning to a net-zero emissions economy.*"ⁱⁱⁱ

Table 3: Language from Utility RFQs

Regulated Utility	Labor or Economic Impact Language	Power Source
Evergy	<p>“The economic benefits to the Kansas and Missouri will take into consideration the following matters, based on information submitted by Respondents, and Evergy’s evaluation: Category 1 – Location of jobs created • Within the soliciting Evergy service territory • Within the non-soliciting Evergy service territory • Within the Kansas and Missouri Category 2 – Number of direct jobs created in Kansas and Missouri Internal Use Only • Jobs created during construction Category 3 – Economic direct benefits to Kansas and Missouri • The direct value of expenditures made in Kansas and Missouri attributed to the Project Other direct economic benefits to Kansas and Missouri”</p>	Request for Proposals for Wind Resources delivered to Evergy located in SPP, October 18, 2021 ^{iv}
DTE	<p>“Yes, bonus points were awarded for proposals that demonstrated 1) relevant utility project experience, 2) intent to use Michigan based EPC contractors, 3) intent to use Michigan manufactured materials and components, or 4) intent to use Michigan labor greater than 70%. For solar projects, additional bonus points were awarded for project proposals that included pollinator habitats. The ability to award a small amount of bonus points has been used in previously successful RFPs and can be a distinguishing consideration when comparing otherwise similar project proposals</p>	MPSC Case No. U-18232

Puget Sound Energy	PSE prefers projects that utilize a Project Labor Agreement or Community Workforce Agreement for major construction activities associated with the construction of the project. Respondents shall make commercially reasonable efforts to ensure that such Project Labor Agreement or Community Workforce Agreement is eligible to be certified by the Washington Department of Labor and Industries under the standards of the Washington State Clean Energy Transformation Act (RCW 19.405).	2021 All Source RFP ¹⁴
Xcel Minnesota	The Company seeks an RFP Project that utilizes labor covered by a collective bargaining agreement for its construction and ongoing operation and maintenance and requires the bidders to provide pricing in the Bidder Form 4 that assumes the use of such labor.	2021 Minnesota Sherco Solar RFP ¹⁵
NV Energy	3.2.6.6 Work Site Agreement Plan A pro forma work site agreement (“WSA”) is attached as Attachment N to this RFP. This form may be modified based on the	Fall 2020 Renewable Energy Bid Protocol ¹⁶

Utility or IPP	Labor Language	Power Source

	<p>Applicable unions and their associated master agreements. The form of WSA, as modified, or an executed WSA, is to be inserted in the applicable exhibit of the agreement being proposed. Bidders who take exception to the terms of the WSA agreement must provide a mark-up of the agreement, including Bidder’s proposed language. In addition, a statement of acceptance of the agreement as written, or explanation of each exception must be provided within the proposal. Please note that the WSA agreement is between Bidder and the union(s), not Bidder’s contractor. Bidders that advance to the initial shortlist shall commence discussions with the unions immediately following notice of shortlisting. Bidders that advance to the final shortlist are required to provide weekly updates on the status of their WSA negotiations with the union(s). Bidders must provide an executed WSA, with Nevada union(s), prior to or at the time of execution of the RFP agreement. Bidder must be a signatory on the WSA. If Bidder elects to contract with an EPC, the EPC will be required to comply with the terms of the WSA.</p>	
<p>Indiana Michigan Power (AEP)</p>	<p>A Building and Construction Trades Unions approved project labor agreement (Project Labor Agreement) must be initiated prior to commencement of physical work activities and utilized for the construction of the Project.</p>	<p>2020 Solar and Wind RFQ for 150 MW¹⁷</p>
<p>Appalachian Power</p>	<p>3.6.7. Construction Labor: Apo has a preference that Bidders use union labor with an affiliation to the Building and Construction Trade Unions for the site preparation and construction of the Project.</p>	<p>2021 300 Maw of Solar and or Wind Energy Resources¹⁸</p>

Conclusion

Currently the Oregon Commission lacks basic data on whether PacifiCorp's RFP is likely to create the most holistic set of outcomes for customers.

The RFQ bid scoring work shop represents a big opportunity to fulfill Oregon's broader goal of a just and equitable transition from fossil fuels. We urge the Commission to condition this RFP on a working group between interested parties, Commission Staff, and PacifiCorp to determine what labor or economic language should be included in this RFP.

ⁱ <https://www.novoco.com/sites/default/files/atoms/files/build-back-better-section-by-section-10282021.pdf>

ⁱⁱ https://madison.com/wsj/news/local/environment/as-utilities-invest-billions-in-solar-wisconsin-workers-seek-bigger-share-of-jobs/article_6bf96d0d-bef0-56fb-902c-ed5eeab19953.html

ⁱⁱⁱ https://netzeroamerica.princeton.edu/img/Working_Paper-High_Road_Labor_and_Renewable_Energy-PUBLIC_RELEASE-4-13-21.pdf

^{iv} Request for Proposals for Wind Resources delivered to Evergy located in SPP
<https://www.evergy.com/-/media/documents/smart-energy/rfp/evergy-wind-rfp-issued-oct-2021-10-18-2021.pdf>