

Natural Gas Fact Finding Compliance Modeling Proposed Sensitivities

August 4, 2021

Overview

A key component of the Natural Gas Fact Finding (NGFF) – UM 2178 – is the development of Compliance Models to establish a range of potential costs associated with achieving the goals of the Climate Protection Program (CPP). This data will serve as the foundation for identifying and assessing the regulatory tools that may be needed in the future by the utilities and the Oregon Public Utility Commission to support the CPP.

Within the framework of developing a Compliance Model is the ability to test how changes to a single model element impact final results. These changes demonstrate how sensitive the model is to variations in inputs. The testing of these sensitivities allow for utilities and stakeholders to explore possible pathways and uncertainties around a given Compliance Model. These individual sensitivities also point to possible combinations of changes for alternate scenarios to be modeled in the future. The PUC's Integrated Resource Plan (IRP) uses a similar approach when assessing the risk and alternatives to a utility's preferred portfolio.

Sensitivities

Based on stakeholder feedback Staff proposes the following four sensitivities. Each of the sensitivities below should be run individually, after the Compliance model is established.

1. Customer Growth

Issue: How might policies limiting customer growth and associated GHG emissions inform regulatory tools to consider.

Approach: Model sensitivities that consider zero and negative customer growth.

Sensitivity: Current IRP forecasted load growth through 2025; no new customers beginning from 2025 through 2030; -0.75% customer growth beginning in 2031 through the end of model's time horizon.

Staff Note: As this approach implies electrification, Staff will conduct and present research to Stakeholders and the Commission on available data regarding electric system impacts, costs and emissions associated with the zero to negative customer growth that begins in 2025 under this sensitivity.

2. RNG Availability

Issue: Uncertainty about availability of RNG.

Approach: Apply constraints on assumptions about the availability of RNG.

Sensitivity: Limit RNG availability to the annual percentages set by SB 98 and found in ORS 757.396(1).

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3. More Aggressive Timeline on Climate Policy

Issue: The Governor's Executive Order set state emission reduction targets of at least 45% below 1990 levels by 2035 and at least 80% below 1990 levels by 2050. The DEQ Climate Protection Program is poised to make progress towards these state emission reduction targets. However, there is the potential for future policy to have more aggressive targets.

Approach: Using the same target reduction emissions currently contemplated by DEQ for 2035 and 2050, advance the dates to align with the date bookends (2030 and 2040) of the recently passed OR legislation for electric utilities (HB 2021).

Sensitivity: CPP targets of 45% below baseline by **2030**, 80% below baseline by **2040**

4. No CCI

Issue: Community Climate Investments (CCI) are a CPP compliance instrument. However, it is not currently clear to PUC how the emissions associated with these projects will be quantified and verified. PUC staff would like to understand the role CCIs play in accomplishing compliance with emission reductions and what emission reduction options become more viable if they are not part of a solution set.

Approach: Remove the availability of CCIs

Sensitivity toggle:

- No use of CCIs