

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2348

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation into Integrated Resource Plan
(IRP) and Request for Proposal (RFP)
Modernization.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED WITH MODIFICATIONS

This order memorializes our decision, made and effective at our March 20, 2025 Special Public Meeting, to adopt Staff's recommendation in this matter. We open a rulemaking docket to consider updates for integrated resource plan requirements and the competitive bidding rules consistent with Staff's Final Proposal, as modified and informed by our discussion at the meeting. The Staff Report with the recommendation is attached as Appendix A.

Made, entered, and effective Mar 24 2025.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Les Perkins
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 18, 2025**

REGULAR X **CONSENT** **EFFECTIVE DATE** **N/A**

DATE: March 11, 2025

TO: Public Utility Commission

FROM: Sudeshna Pal

THROUGH: Caroline Moore, JP Batmale, and Kim Herb **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION:
(Docket No. UM 2348)
Staff's request to open rulemaking docket to consider IRP and RFP
Modernization.

STAFF RECOMMENDATION:

Staff recommends that the Oregon Public Utility Commission (Commission) open a rulemaking docket to consider updates for integrated resource plans (IRP) and the competitive bidding rules consistent with Staff's Final Proposal.

DISCUSSION:

Issue

Whether the Commission should open a rulemaking docket.

Applicable Rule or Law

Pursuant to ORS 756.060, the Commission "may adopt and amend reasonable and proper rules and regulations relative to all statutes administered by the commission and

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may adopt and publish reasonable and proper rules to govern proceedings and to regulate the mode and manner of all investigations and hearings of public utilities and telecommunications utilities and other parties before the commission.”

The Oregon Administrative Procedures Act provides procedural requirements for adopting or amending administrative rules. See ORS 183.335.

The Commission’s existing rules for IRPs and competitive bidding are set forth in OAR 860-027-0400 and OAR Chapter 860, Division 89.

Analysis

Procedural Background

Investor-owned gas and electric utilities in Oregon are required to provide long-term resource plans for acknowledgment by the Public Utility Commission (Commission). The Commission’s requirements for IRPs are set forth in Order Nos. 07-002, 07-047 and 08-339. Under OAR 860-027-0400(2)(a), an IRP must satisfy the requirements of these orders, including 13 specific guidelines for the evaluation of long-term resource needs, analysis of the costs and risks of alternatives to meet those needs and the action plan to implement the best portfolio option. These guidelines have been used by utilities to design their plans and by the Commission to aid its acknowledgment decisions of IRPs since 2008.

A utility’s action plan often includes resource procurement to meet needs identified in the action plan, through a competitive bidding process by issuing a Request for Proposal (RFP). The Commission established rules for RFPs to ensure that utilities secure the best possible deals for its customers in a competitive manner. Hence the Competitive Bidding Rules (CBR) were adopted in 2018 in OAR Chapter 860, Division 89.

On October 7, 2024, Staff opened an investigation into the modernization of IRPs (including Clean Energy Plans (CEPs) for electric utilities subject to Oregon HB 2021) and Request for Proposal (RFP) processes (Docket No. UM 2348).

On November 6, 2024, in UM 2348, Staff published its initial Straw Proposal and subsequently conducted three workshops to familiarize interested parties with the proposed modernization concepts and to obtain parties’ comments on the proposal. Staff appreciates the extensive comments received from a wide range of participants in this docket and has published a set of responses to the first round of comments

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received in the process and plans to publish the remaining responses shortly after the filing of this memo.

Participants who provided comments in this docket include:

- Oregon Citizens' Utility Board (CUB);
- Alliance of Western Energy Consumers (AWEC);
- Renewable Northwest (RNW);
- Northwest Energy Coalition (NWECE);
- NewSun Energy, LLC (NewSun);
- Oregon Solar+Storage Industries Association (OSSIA);
- Northwest and Intermountain Power Producers' Coalition (NIPPC);
- The Green Energy Institute and Sierra Club (jointly GEISC);
- Joint Comments from GEISC, Multnomah County Office of Sustainability, Mobilizing Climate Action Together and NWECE (GEI and parties);
- Portland General Electric Company (PGE);
- PacifiCorp (PAC);
- Idaho Power Company (IPC);
- Northwest Natural Gas Company (NWN);
- Avista Utilities (Avista); and
- Cascade Natural Gas Corporation (CNG).

This Staff Report highlights the main elements of the Final Proposals for IRP/CEP and RFP Requirements and responds to the major themes heard in public comments. Staff is still processing documentation of how it addressed stakeholder comments and has a target date of March 14, 2025 to submit a supplemental filing with those details.

Staff Proposal

Staff recognizes that as a best practice effort, utility IRPs and RFPs must respond to evolving policies, technologies, planning environments and methodologies, community needs and customer affordability considerations. Staff sees opportunities in revisiting the existing guidelines and rules governing IRPs and RFPs to meet a changing energy landscape. Staff's proposed changes make planning and procurement processes more transparent and adaptable to the changing circumstances and enable them to provide the most relevant materials for Staff and stakeholder review. Staff's proposal also aims to address the efficiency of the review processes for IRPs and RFPs by focusing utility analysis on the most impactful information.

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Staff's Proposal is founded on the following key principles:

- A. **Focus:** Focus IRPs on most impactful planning questions, methodologies, and decisions.
- B. **Engagement:** Promote public engagement around utility plans.
- C. **Signals:** Provide more visibility into affordability implications, community impacts, reliability risks, and economic risks associated with near-term plans.
- D. **Scrutiny:** Promote flexibility, transparency, and efficient scrutiny as utilities implement their plans.
- E. **Compliance:** Improve visibility into policy compliance strategies and policy-related risks.
- F. **Cost Recovery:** Surface key planning and procurement information to inform future cost recovery determinations.
- G. **Development and Review:** Enable more efficient development and review of IRPs, IRP Updates and RFPs.

1. Proposal for IRP and CEP Requirements

As part of the modernization process, Staff proposes to consolidate the IRP rule and Guidelines into one set of administrative rules to eliminate any uncertainty regarding IRP expectations and enforcement. To facilitate discussion of the modernization concepts in this phase of the process, Staff developed a new set of IRP/CEP concepts ("IRP/CEP Proposal"). Staff will convert these concepts into administrative rule language for consideration in a subsequent rulemaking so that this phase of the process can focus on developing the substance of Staff's proposal. Staff has responded to public comments and where appropriate made changes to its original proposal. Staff received extensive proposals for clarifications and modifications to its proposal, but general support to move forward to Commission consideration of concepts and a subsequent rulemaking phase.

A summary of Staff's final IRP/CEP Proposal is provided in Table 1 below. The full final proposal is detailed in Attachment 1 of this memo and includes changes numbered 1-18 in this report. In addition, Staff proposes a template for utility-specific guidance with which the Commission communicates its areas of highest priority a utility should address in its next IRP along with the acknowledgement decision. As described further in Section 1.1 below, the Commission would have the opportunity to update this guidance as conditions and priorities change between IRPs in response to the utility's IRP Update filings and public input. Staff provides an example rubric for this utility-specific guidance in Attachment 2. In Attachment 3, Staff proposes a template for the

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IRP Update and Attachment 4 presents Staff's final proposal for RFP modernization including updates numbered a-f in this report.

Further, Staff's proposal relies on the development of Standard Data Requests (SDRs) for IRPs. SDRs are meant to help limit the burden of discovery on utilities by clarifying key information required to evaluate IRPs and providing more time to gather this information before filing. Staff proposes that the content of the SDRs will be developed with utilities and stakeholders in a subsequent process.

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Table 1: Summary of Concepts for Proposed IRP/CEP Rules

Topic	Objective	Proposed Concepts - Highlights
1. Purpose	- Develop a long-term resource plan and a near-term action plan that allow the utility to meet customer needs while best balancing expected costs and associated risks for the utility and its customers. - The long-term plan and near-term actions should be viewed as connected but also distinguishable in terms of the purposes they serve.	Long-term (20-year) strategy - Based on utility's needs assessment and portfolio analysis. - Test all plausible resources. - Test scenarios that capture key long-term risks and compliance to state and federal energy policies. - Informative of risk management plans, barriers and critical junctures that could trigger changes, any enabling strategies to support long-term strategy. Near-term (5-year) Action Plan - Include demand side resources, conducting competitive solicitations, and taking other actions, including retirements and transmission projects. - Meet customer needs while complying with state and federal policies. - Consistent with long-term strategy. - Flexible to changing circumstances and to qualitatively describe how the utility intends to manage near term uncertainties between IRPs.
2. Plan components	Adds or changes current IRP requirements for issues relevant to evolving planning environments, processes and practices, and that focuses on the most impactful questions, including customer affordability.	Examples of New Components: - Non-technical executive summary of the long-term strategy and near-term action plan that is written for a general audience. - More specificity around expectations for reliability analysis in the utility's needs assessment. - More explicit requirements for scenario-based portfolio analysis. - An expanded list of the portfolio scoring metrics to address reliability risk, near-term cost impacts, community impacts, and emissions in addition to the current cost and risk metrics. - Requirement to consider key planning uncertainties that trigger material rather than marginal differences in portfolio costs. - New requirement for a comprehensive and tangible sense of customer future costs. The portfolio cost is to include all categories of costs, including sunk and distribution, eventually to be informed by distribution system planning, wildfire management planning, and other corporate planning. - Requirement to solicit, address and document public input on draft plan components.

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Topic	Objective	Proposed Concepts - Highlights
3. CEP requirements	Provide refinements to existing requirements with a goal to achieve a community-centric, accessible clean energy plan for utilities subject to Oregon HB 2021.	• Requirements for additional community benefits indicators (CBI) beyond those used to inform IRPs (e.g., informational CBIs). • Accounting for public input from environmental justice interests. • Discussing the use of CBIs in utility plan implementation decisions (including, investments, contracts and program designs). • Including community-based renewable energy resources in utility IRP portfolio analysis. • Aligning CEP with IRP long-term strategy and near-term action plan by demonstrating meeting customer needs with best balance of cost and risk, while considering impacts to communities and the pace of greenhouse gas emissions reductions.
4. Procedural Requirements	• Streamlining the IRP processes. • Allow for meaningful stakeholder participation. • Set clear expectations on the information needed for review and address concerns around workload.	• Changing IRP filing deadline to 3 years after most recently filed IRP – retains option for a two-year filing. • Requirement to file an annual IRP Update in years in which the utility does not file an IRP. • Removes requirement for Draft IRP. • Requires written public input on “draft elements” of the IRP. • Introduces Standard Data Requests for the IRP. • Requires publication of non-confidential data on utility website.

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Topic	Objective	Proposed Concepts - Highlights
5. Acknowledgment	• Maintain the current use and meaning of acknowledgment of items in the near-term Action Plan. • Provide acknowledgment options. • Explain implications of acknowledgment decisions.	• Non-acknowledgment of a long-term strategy provides the Commission with the opportunity to send key signals to influence utility decisions and to inform future cost recovery decisions. • Acknowledgment of a long-term strategy would not be a prerequisite for acknowledgment of near-term action items. • Acknowledgment of an IRP or CEP does not indicate that the Commission approves all supporting analysis or findings in an IRP or CEP for use in future determinations. • References to the use of analysis or information from an acknowledged IRP in other dockets be removed. • Utilities can use analysis and data from an IRP in other dockets, but it may subject that IRP analysis and data, and how it is being used, to additional scrutiny in those dockets. Staff's proposal also allows the Commission to raise issues or to issue direction regarding IRP analysis or data in the IRP order to inform other dockets if necessary.
6. IRP Updates	• Provide visibility into the utility's implementation of the Action Plan. • Facilitate efficient scrutiny of any changes to the Action Plan. • Identify whether the utility's long term resource strategy remains relevant.	• Requires utilities to provide specific information about actions taken since the prior IRP or IRP Update filing. • Requires updates to key information in the utility's IRP Reference Case. • Requires updates to some elements of the IRP analysis. • Requires utilities to use the IRP Update Template to facilitate efficient review. Staff provides an example of proposed IRP Update template in Appendix C of this Report. • Commission response options for IRP Updates: - May order new full IRP. If, for example, the IRP Update indicates that circumstances have changed so dramatically that the long-term strategy or action plan from the prior IRP may be obsolete. - May issue non-acknowledgment for specific utility actions if they materially deviate from the acknowledged Action Plan. - May choose not to issue an order in response to an IRP Update after taking public comment. - No provision for affirmative acknowledgment decision for an IRP Update.

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Stakeholder Comments on IRP/CEP Proposal

Staff is grateful to participants for their valuable feedback. Below are the broad themes that came up most frequently in public comments and that may benefit from Commission discussion and feedback.

1.1. Level of specificity in IRP rules

While specific language will be developed in the rulemaking process, the IRP/CEP Proposal is intended to give stakeholders an indication of the level of specificity Staff proposes for IRP/CEP rules. Like with any policy development exercise, some language is carefully chosen for its precision and some language is designed to allow the Commission discretion to assess the objective reasonableness of a utility's actions, including, but not limited to, the following:

- Section 1.a: "The long-term resource strategy must be informed by a needs assessment and portfolio analysis that considers all plausible resource options."
- Section 2.e.i: "The utility must analyze a set of meaningfully different portfolios of resource options."
- Section 2.e.iii: "The utility must evaluate portfolios across a range of future scenarios that represent material differences in outcomes with respect to key planning uncertainties."
- Section 2.e.v: "Portfolio evaluation must reasonably estimate future operations of the utility's system...."

Staff's IRP/CEP Proposal also suggests the Commission adopt a set of supplementary "evergreen" utility-specific guidance that provide more specificity where the Commission deems it appropriate. This guidance would exist in a single document for each utility, and it would be revisited as part of each IRP order and in response to each IRP Update filing. At these milestones, there would be the option to remove past direction as it becomes obsolete to ensure Commission direction for each utility is prioritized and relevant.

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Stakeholder Comments

- Concerns about enforcement of more subjective terms, including more specific direction about the use of penalties for non-compliance with more subjective rules.
- Request for definitions to aid utility compliance.
- Request for specific guidance for applicability of rules to gas vs. electric utilities.
- Request detail regarding the process for updating utility-specific guidance.

Staff Response

Use of “subjective” terms: Staff included certain generally descriptive terms in the IRP/CEP Proposal. Words such as “plausible” and “material” are commonly used in rulemaking. Use of such terms allows utilities the opportunity to meet a given standard in a variety of circumstances through a variety of actions while preserving the Commission’s discretion to assess what is objectively reasonable within an IRP given the planning landscape and the areas of greatest concern to the Commission at the time. This flexibility is an advantage of the current IRP process that has allowed the current IRP Guidelines to continue to be relevant over the course of the last 18 years. Staff’s Proposal aims to retain this benefit.

Staff’s goal is to develop rules that will focus IRP/CEP review on meaningful discussion of the most critical near- and long-term resource strategy questions for a given utility within its current planning landscape. While the Commission has the authority to issue penalties for violations of administrative rules, including the IRP/CEP rules, Staff is concerned about turning the IRP into a rigid dialogue about utility compliance with a check list of requirements.

Staff’s final IRP/CEP Proposal retains the strategic use of flexible language and avoids additional language on the Commission’s penalty authority.

Definitions: While Staff does not believe that definitions are necessary for all terms, Staff is committed to discussing potential definitions for certain objective terms where there will be long-term value in applying a fixed definition.

Applicability across utilities: Staff clarifies that the language in the IRP/CEP Proposal is intended to apply to all utilities unless otherwise specified. Staff includes revisions in the below recommendations to make this language more inclusive to gas utilities for which “loss of load” is not an industry term. Staff also removed the reference for Community-Based Renewable Energy for utilities not subject to HB 2021 for which it is not a defined term. All utilities are required to meaningfully consider demand side resources, but

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definition of community-based renewable energy is not particularly applicable for utilities not subject to HB 2021.

Utility-specific guidance: The Commission has broad authority to direct utilities to perform analysis and provide reports, but Staff is committed to discussing if and how utility-specific guidance should be directed through rules.

Staff Proposal Changes

1. The reliability metric description in Section 2.e.vi.4 is revised to read: “Reliability risk, presented in a manner that reflects the potential magnitude, frequency, depth, duration, and timing of ~~loss-of-load events~~ **supply shortages** while considering risks associated with weather, hydrologic conditions, outages, fuel availability, and regional constraints.”
2. Section 2.e.i.1 is revised to read: “The utility must evaluate portfolios that test different levels of demand side resources, ~~community-based resources~~, and distributed resources in Oregon.
3. The rulemaking process will discuss the need for definitions for key objective terms, including “scenario,” “portfolio,” “reference case,” and “needs assessment.”
4. The rulemaking process can consider if and how evergreen utility-specific guidance should specifically be referred to in rule.

1.2. Meaning of acknowledgment decisions and consequences of non-acknowledgment

Staff’s proposal introduces several concepts for the use and meaning of acknowledgment. Staff understands that the impact of acknowledgment can be undermined by applying a standard that is too strict or too broad. The Staff proposal seeks to strike a balance with acknowledgment concepts and help focus IRP review on high value discussions and outcomes.

Stakeholder Comments

- Suggest that plans that do not comply with federal and state energy policies must not be acknowledged.
- Question the value in acknowledgment of long-term strategy.

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- Note that non-acknowledgment may depend on factors other than just “prudently” planning for future risks.
- Disagree with the use of the term “prudent” in the proposal’s language on acknowledgment.
- Seek better understanding of the implications and consequences of acknowledgment or non-acknowledgment, for instance, in terms of applicability in future ratemakings or in enforcing compliance with all federal and Oregon energy policies.
- Raise concerns with IRP schedule implications of a CEP revise and resubmit order.
- Express concern on the removal of reference to acknowledged IRP data and analysis in other dockets.

Response

Specific criteria for acknowledgment: Staff does not agree that the rules should state that the Commission should be required to issue a non-acknowledgment order for a plan that does not comply with all federal and Oregon energy policies or under any other specific circumstances. Staff believes this would focus IRP discussions on disputing compliance with the letter of such requirements, rather than the substance and merits of the utility’s plans, including key planning questions related to the utility’s compliance with policies.

Acknowledgment of a long-term strategy: Staff’s proposal includes an opportunity for the Commission to consider acknowledgement of the long-term strategy in addition to the individual near-term actions. In Staff’s concept, non-acknowledgment of a long-term strategy is a tool to signal that the utility has a flaw in their plan that is so severe that it undermines future customer needs and compliance obligations. For example, the plans action items may be reasonable individual steps, but leave a gap in meeting customer needs and mitigating future risks. When there is no way to address the gap through non-acknowledgment of the action items, the Commission may use non-acknowledgement of the long-term strategy to signal to the utility and issue additional direction without undermining or slowing down proposed actions that they consider to be reasonable or important.

While acknowledgment of a long-term strategy would not have the same direct practical consequences for the utility’s near-term investments as acknowledgment of an action item has, non-acknowledgment of a long-term strategy could send important signals to the utility and create a record upon which future cost recovery decisions may be built.

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Staff understands that this concept could counteract the principle of streamlining or create uncertainty for utilities. Staff clarifies that it intends this tool to be used only where the IRP review process has not been able to address a severe gap or other risk. The challenges and risks emerging in utility planning have evolved beyond whether a utility should make an investment in the near-term. Staff is looking to create tools that can adjust to these new challenges, without bogging down important utility actions.

Inclusion of acknowledgment meaning language in rule: Staff included the acknowledgment meaning language in sections 5.a. and 5.b. of the proposal for the purpose of providing clarity and improving understanding of the substance of the proposal. The Commission may always provide similar explanations in their orders to provide utilities and stakeholders with a shared understanding of the meaning of an acknowledgment decision. Staff also agrees to remove “prudent” in 5b of its proposal because it is inappropriate to refer to planning as prudent and to not restrict the Commission’s option to not acknowledge a long-term strategy for a reason other than those listed. Staff has not removed “prudent” from the concept of 5a because it helps clarify that acknowledging an action item can help de-risk cost recovery assuming that the investment decisions are made prudently. Staff is open to using different language when the concept is converted to rules.

Implications of non-acknowledgment of an action plan item: The IRP/CEP Proposal does not change the primary consequence of non-acknowledgment of an action plan item – increased cost-recovery risk. Notably RFPs filed prior to the corresponding IRP action item being acknowledged continues the current practice of the utility to move forward with the RFP at its own risk. In this case, it may be appropriate for the Commission to place a greater weight on IRP non-acknowledgment orders in downstream decisions, including RFP final short list acknowledgment decisions and cost recovery decisions.

Utilities that are subject to HB 2021 may face more direct consequences for IRP non-acknowledgment if it is the basis for a CEP revise and resubmit order. Rather than reviewing the requirements of HB 2021, however, Staff only focuses on the process implications of CEP revise and resubmit orders in this report.

Process implications of CEP revise and resubmit orders: Staff agrees with stakeholders that the revise and resubmit option for CEP acknowledgment may pose challenges for the IRP process and filing schedule, given the Commission direction for IRPs and CEPs to be analytically consistent. Staff recommends that revisions to IRP filing schedules be handled on a case-by-case basis by the Commission, but suggests that the following options, among others, be considered:

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- **No IRP revisions.** The Commission may order limited revisions to the CEP that do not require material changes to the IRP. This would not require the utility to file a new IRP or to reflect any associated changes in the IRP Update.
- **Limited IRP revisions.** The Commission may order revisions to the CEP that require limited changes to the IRP. In this case, the Commission may direct the utility to incorporate the necessary changes into an IRP addendum to support the revised CEP filing and may revise the filing deadline for the next IRP to allow additional time for preparation of the IRP addendum. Staff suggests that the Commission should make these schedule revisions on a case-by-case basis rather than being prescriptive in the IRP rules.
- **Major IRP revisions.** The Commission may order revisions to the CEP that require major changes to the IRP. In this case, the Commission may align the filing schedule for the next IRP with the CEP resubmittal schedule. This may result in a utility having a non-acknowledged CEP for a period of a year or more.

Staff does not recommend that the IRP Update be used to vet IRP revisions in support of revised CEP filings for the reasons described in the next section (IRP Update scope, timing, and Commission decisions). And under the proposal, a CEP revise and resubmit order would not change the filing schedule for the next IRP Update.

Use of IRP data and analysis in other dockets: Traditionally, utilities have relied upon data or analysis from an acknowledged IRP in other dockets (e.g., for setting PURPA avoided costs) under the presumption that acknowledgment of an IRP amounts to an endorsement of all the data and analysis in that IRP. This paradigm has made it challenging to use the most up-to-date information in those dockets. It has also caused utilities and stakeholders to divert attention from the highest priority planning questions that forms the crux of the IRP analysis in order to influence outcomes in these other dockets. Staff's proposal is intended to shift IRP scrutiny away from the downstream implications of IRP data and analysis so that more attention can be given to the highest priority planning questions in IRP dockets.

Staff Changes

5. Staff revises Section 5.b in the following manner: "... a non-acknowledged long term resource strategy **may** indicate that the utility **is not adequately** ~~may not be~~ prudently planning for future risks to customers **or that the utility's plan is otherwise deficient.**"

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1.3. IRP Update scope, timing, and Commission decisions

Staff's proposal clarifies that the purpose of an IRP Update is to report on the status of IRP implementation and flag notable changes in conditions since the IRP. Staff's proposal seeks to streamline the filing—including the use of a simple filing template—and right size Commission decisions to the level of analysis that is available in the update. The concept also requires utilities to design their IRP action items to reflect this new approach. Due to the novelty of this concept, the majority of Staff's changes to the straw proposal are in this section (Section 6).

Comments

- Suggest that the scope of IRP Update is burdensome for utilities, including the use of SDRs for IRP Updates
- Request longer time allowance for the first update (18 months as opposed to 12 months from filing date of IRP, as proposed by Staff).
- Request maintaining options for waivers for utilities of IRP Update filing requirements.
- Request flexibility around use of the IRP Update Template.
- Request the option for affirmative conclusions in Commission orders for IRP Updates, such as “acknowledgment” or “acceptance”.
- Question the significance of “non-acknowledgment” option for the Commission in the absence of any acknowledgment requests by utilities for the IRP Update, and its implications for action items previously acknowledged in the IRP.
- Request clarification on the process of the IRP Update filing and its purpose when the utility's IRP was not acknowledged in part or in full.

Response

Staff appreciates that the proposed reforms to the IRP Update represent a significant evolution of the current practice but continues to believe that these changes will help facilitate a streamlined, yet valuable, update process. The current practice of scrutinizing IRP analysis, findings, and action plan changes in IRP Updates has turned some IRP Updates into mini-IRPs, but without the time, process, and level of scrutiny afforded to full IRPs. Staff views this time, process, and scrutiny as essential to meaningful acknowledgment decisions.

Continuing to allow acknowledgment decisions in IRP Update processes, where plans receive significantly less scrutiny, encourages utilities to put less thought into their IRPs, especially for the most critical of resource decisions—those that the utility can argue are essential and urgent for maintaining reliability between IRPs.

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IRP Update streamlining: Core to Staff's proposal is a re-envisioning of the scope, purpose, and procedural elements of the IRP Update. Under Staff's proposal, the IRP Update is truly an informational filing, where the utility provides updated information about their progress, conditions, and resource needs. IRP Updates would not be used to scrutinize IRP analysis or findings, would not require public input during their preparation, and would not be required to inform subsequent IRPs.

As such, the Commission would not order changes to the IRP analysis or Action Plan to be implemented in an IRP Update, though utilities would have the flexibility to incorporate modeling improvements into IRP Updates as they see fit. Such modeling updates would not be vetted in the IRP Update process but would be vetted when they are incorporated into a full IRP. With these changes, Staff believes that the IRP Update process can be significantly streamlined and that the issues raised by utilities regarding the filing schedule can be avoided.

Staff views the use of a template as critical to streamlining the review of IRP Updates and suggests that utilities be required to use the template to satisfy requirements in Oregon regardless of how they prepare IRP Updates for submission in other states. Because the nature of a template is to specify all of the information needed, Staff does not see value in including additional discovery in the IRP Update process given its limited scope. Staff has accordingly removed the use of SDRs for IRP Updates and will consider adding more limited requirements for providing data as part of the IRP Update template in a Template during the informal rulemaking process

Under Staff's proposal, the IRP Update is designed to make it clear if updates made between IRP cycles result in material changes to the utilities plans or yield results that fall outside of the range of uncertainties considered in the prior IRP the Commission may direct the utility to file a full IRP on a reasonable schedule so that the changes can go through the full vetting process. Staff intends this to encourage utilities to develop flexible near-term Action Plans (e.g. with procurement ranges, contingency plans, etc.). Because of the limited but critical role for the IRP Update in providing transparency into utility actions, Staff does not believe it is appropriate for the IRP Update requirement to be regularly waived.

Affirmative decisions in response to IRP Updates: Staff's proposal does not include an affirmative acknowledgement or acceptance decision for IRP Updates because Staff's concept does not involve the Commission scrutinizing analytical improvements and data updates between IRP cycles. Staff is concerned that the opportunity for acknowledgement invites utilities to attempt to force new analysis or actions forward for acknowledgement without adequate review. Staff understands that this concept may

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discourage utilities from being as adaptive or open about potential changes in between IRPs. Staff continues to believe that it is more important to ensure that analysis and actions can be properly vetted through a full IRP before the Commission considers acknowledging it. If the Commission views the updates as generally consistent with an acknowledged plan, Staff continues to see no need for an additional affirmative acknowledgment order because the actions will have already been acknowledged.

Non-acknowledgment decisions in response to IRP Updates: Staff clarifies that the intention of the IRP Update is to create visibility into changing conditions and not to penalize utilities for reporting the changes and explaining how the implementation of their Action Plan is affected by them. The option for non-acknowledgment is meant to be limited to the situation in which the utility proposes changes to their near-term plans within an IRP Update that fall outside the scope of the action plan items acknowledged in the prior IRP and the Commission seeks to clarify that a prior acknowledgment order does not apply to the revised plans. Non-acknowledgment to an element of an IRP Update signifies that Commission views the action as materially different from the acknowledged plan. Staff proposes revised language in Section 6.i and Section 6.h to make this clarification.

Staff intends for this new IRP Update paradigm to instill more discipline in the IRP process itself. It will encourage utilities to develop more flexible and robust plans in their IRPs, to consider the scale of near-term uncertainties, and to communicate qualitative aspects of their strategy to the Commission, including key dependencies and contingency plans within the full IRP process. If the utility develops a strong and flexible plan, then most changes between IRPs will be matters of implementation, not surprises or emergencies that require completely new plans.

Staff Changes

Staff aims to ensure that the scope of the IRP Update does not amount to a full IRP analysis. Staff provides the following proposed changes to the initial IRP Update requirements to ensure that the IRP Update requirements represent a much more limited scope than the full IRP while maintaining requirements for key information regarding utility actions and resource needs.

6. Remove Sections 6.c and 6.d (IRP Update SDRs and posting SDR responses on website).
7. Revise Section 6.e (now Section 6.c): "The IRP Update must be submitted using a template approved by the Commission **and must attach all requested data in machine-readable format**. The IRP Update must..."

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8. Narrow the requirement for updated forecasts in IRP Updates to be limited to forecast updates that are made during the normal course of business:

Section 6.e.ii: "ii. Include **updates to the Reference Case to reflect any key planning information that has been obtained or developed by the utility, for example updated load forecasts, forecasts for peak and annual energy demand, fuel prices, wholesale market prices, and resource costs, and any other input assumption reflecting a key planning uncertainty in the utility's most recently filed IRP.**"

9. Remove requirements to update (Section 6.e.v) and evaluate (Section 6.e.vi) the Preferred Portfolio in IRP Updates.
10. Remove references to IRP Updates in sections describing plans for analytical improvements and addressing Commission direction (Section 1.b.v, Section 4.f, and Section 6.h).
11. Staff clarifies the purpose of non-acknowledgement by revising Section 6.i and Section 6.h as follows:
"The Commission may choose to issue an order **that clarifies whether updates to the utility's Action Plan presented in an IRP Update are inconsistent with a prior acknowledgment order, on the IRP Update that provides direction to the utility regarding the next IRP or IRP Update, or that revises the filing schedule for the next IRP** including ~~direction regarding the filing schedule for the next IRP.~~ The Commission may consider, among other factors:
- i. Whether the utility's strategy materially deviates from the most recent IRP,
 - ii. Whether conditions or expectations have significantly deviated from the planning scenarios considered in the most recent IRP, and
 - iii. Public input regarding the utility's preparations for the next IRP.
12. Staff makes the following changes to Section 1.b, which lists the plans that must be described in the near-term Action Plan to clarify expectations for flexible near-term Action Plans:

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- Revise Section 1.b.i: “Conducting competitive solicitations, including intended schedules, estimated procurement ~~targets~~ **ranges**...”
- Add Section 1.b.vi: “Managing near-term uncertainties and process dependencies, including any contingency plans the utility has developed to implement the Action Plan as conditions change.”

IRP Updates for non-acknowledged IRPs: In the event an IRP was not acknowledged in part or in full, Staff still views the information provided in the IRP Update to be useful for providing visibility to the Commission into the utility’s actions and resource needs. Staff understands that deviations from the utility’s non-acknowledged action items could be viewed as a positive development and seeks rules that do not discourage such changes. However, Staff does not see the purpose of the IRP Update as venue for rectifying issues with a non-acknowledged IRP. Staff recommends that utilities seeking to update their plans in response to Commission direction do so in an addendum to the IRP and the Commission approach acknowledgment of those revisions on a case-by-case basis.

1.4. Public input during the pre-filing process

Staff’s proposal includes several elements intended to promote continued robust discussion between utilities and stakeholders during the preparation of an IRP and to encourage utilities to incorporate feedback from the public into the development of their analysis and plans. These include:

- A requirement for the utility to document public input and the utility’s response to that input (Section 2.c);
- A requirement that community impact metrics be developed with input from the public, including input from environmental justice communities in Oregon (Section 2.e.vi.5.a for all utilities and Section 3.c.i for utilities subject to HB 2021);
- A requirement that the utility address input from the public on draft elements of the IRP during the preparation of the plan (Section 4.b); and
- A requirement that the public be given the opportunity to comment on the preparations for the next IRP in response to each IRP Update filing to inform Commission direction for the next IRP (Section 6.g and 6.h.iii.).

Staff’s intentions in proposing these requirements are to ensure that draft elements of the IRP are presented with enough time for stakeholders to provide meaningful feedback and for the utility to incorporate or otherwise address that feedback prior to

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finalizing their plans; to create a record of the public input process that the Commission can refer to in evaluating whether the IRP is in the public interest; and to create a more targeted opportunity for stakeholders to bring issues directly to the Commission during the preparation of an IRP, which can be leveraged by stakeholders if the utility's public process is too inaccessible or unresponsive.

Stakeholder Comments

- Request clarification of what it means to “address” public input on key draft components of the IRP.
- Express concerns around practicality of engaging Oregon communities in IRP processes for multi-state utility serving small fraction of Oregon.
- Request clarification of the amount of time to be devoted to incorporating public input.
- Question if utility advisory groups are considered the “public”.
- Suggests that penalties be imposed per ORS 756.990 for failure to comply with requirements to address public input.
- Express concern around the provision of direct public input to the Commission during the preparation of an IRP.
- Request more discussion on this topic in the context of the IRP Update.
- Suggest that Staff Report addresses public input and explains how the Commission resolved each issue raised by the public or stakeholders.

Response

Requirement to address public input on draft elements of the IRP: While Staff views meaningful engagement with public input prior to the finalization of plans as critical to the development of a plan that is in the public interest, it is challenging to develop prescriptive requirements that will promote this engagement for several reasons, including the following:

- Overly prescriptive rules run the risk of creating check-the-box public engagement processes that meet the letter, but not the intent, of the requirement.
- Referencing more specific timeframes for input during the pre-filing process may not respect differences in IRP preparation processes across utilities and may undermine the utility's ability to change their analysis and plans in response to public input.
- More stringent requirements for utilities to, for example, respond to all public input would require all stakeholders to streamline their feedback such that one participant cannot overwhelm the public process and divert attention away from other stakeholder concerns. Staff does not believe this expectation would be realistic.

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Staff's proposal aims to preserve some latitude for the Commission to determine whether the utility's engagement with the public was adequate and provides more specificity in the requirements for documentation of public input. In addition, under the IRP/CEP Proposal, stakeholders that are concerned with the utility's pre-filing process can also communicate those concerns directly to the Commission to influence updates to utility direction between plans.

While Staff does not suggest a definition for "addressing" public input, Staff proposes the following expectations for reviewing utility engagement:

- a. Did the utility present draft elements of the IRP to the public early enough for public input to result in meaningful changes to those elements of the IRP?
- b. Did the utility provide enough information and time for stakeholders to understand and provide meaningful comment on the draft elements of the IRP?
- c. Did the utility answer stakeholder questions regarding draft elements of the IRP with enough time to inform public responses to the draft elements?
- d. Did the utility make any changes to the draft elements of the IRP in response to public input?
- e. Did the utility explain why it did not make changes to draft elements of the IRP in response to public input?

If a utility is not engaging the public in good faith, the Commission could choose not to acknowledge an Action Item for which public input was not adequately addressed, not to acknowledge the long-term strategy, issue more specific direction related to public input for the next IRP, or, in the most severe cases, impose penalties for noncompliance per their authority under ORS 756.990.

Staff Changes

13. Rather than adopt more prescriptive process requirements for addressing public input during the pre-filing stage, Staff proposes to expand the requirements for documentation of public input to help the Commission assess the reasonableness of the utility's pre-filing public input process. From Section 2.c: Documentation of Oregon public input, the plan must include an appendix that:

- i. Describes the opportunities the utility created for public input, **including the timeframes over which the utility accepted input on draft portfolios, draft scenarios, draft community impacts metrics, and the draft Action Plan;**

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- ii. Summarizes public input provided during the development of the plan **and attaches all written comments received on the draft portfolios, draft scenarios, draft community impacts metrics, and the draft Action Plan;**
- iii. Documents if and how the utility incorporated **public** input into **the finalization of portfolios, scenarios, community impacts metrics, the Action Plan, and other analysis or components of the plan** ~~their analysis, portfolio scoring metrics, long term resource strategy, or Action Plan;~~ and
- iv. **Documents how and when** ~~Explains why~~ the utility **explained decisions** ~~did not to~~ incorporate **public** input into their plan.

Impacts to existing engagement processes: Staff clarifies that the proposal does not necessarily require utilities to initiate new public engagement processes but may affect how the utilities leverage their existing processes. For example, to meet the requirement to address public input on draft elements of the IRP, a utility may dedicate time in their public engagement process to present draft scenarios and draft portfolios relatively early in their process, as those elements are being designed. The utility may also plan “office hours” to answer questions about draft elements of the plan and may request written comment on specific draft elements prior to finalizing them to help organize more comprehensive responses to public input. Staff does not suggest that the Commission dictate precisely how utilities modify or leverage their existing processes but provides these as examples.

Engaging advisory committees: Staff also clarifies that engaging a utility advisory committee is a meaningful part of the utility’s public engagement strategy but may represent a small subset of the public that would like to engage in utility planning. Staff discourages utilities from treating advisory group engagement as a check the box exercise.

Public input in response to an IRP Update: Staff clarifies that the proposal to allow the public to comment in response to an IRP Update filing is not a requirement for the utility to take public input in the preparation of the IRP Update. Instead, it is an opportunity for the Commission to hear public input on changing circumstances and the utility’s preparations for the next IRP to inform any updated direction for the next IRP. Staff believes that providing this opportunity to the public will benefit both stakeholders and utilities. First, it will provide a more discrete and manageable forum for stakeholders to communicate their highest priority concerns. This may be especially useful for stakeholders who do not have the resources to fully participate in the utility’s pre-filing process or in cases when the utility’s pre-filing process is found to be inaccessible or

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unresponsive to public input. Second, it creates an opportunity for the Commission to offer guidance directly to the utility in response to public input to help the utility prioritize issues to address as they prepare the next IRP. Staff intends for this to create additional clarity to help utilities prioritize the most critical work in each IRP cycle.

1.5. Specificity of Action Plan items and supporting analysis

The IRP/CEP Proposal requires more rigorous and specific analysis in the IRP to support action plan items that target a specific resource, relative to the action plan items that leverage competitive process to identify resources. Specific resource actions could include, for example, acquisition of a specific technology or generation facility, retirement of an existing generation facility, or a major transmission project. To support these actions, the proposal would require the utility to conduct portfolio analysis that tests the specific action and alternatives to taking that action. In Staff's view, because there will not be a competitive process to directly compare the resource to alternatives in the market, the burden falls to the IRP to determine whether the action is likely to be competitive relative to other options. Portfolio analysis that tests specific resource actions should also provide more actionable information than portfolio analysis that considers tradeoffs between proxy resources because the utility should have more specific and accurate information about costs and performance data for a specific resource than for a proxy resource.

Comments

PacifiCorp is concerned that Staff's proposed language would require utilities to conduct portfolio analysis for options that may be pursued via bilateral negotiations and notes that specific information about future contract options is not often available for specific analysis in the IRP.

Response

Staff clarifies that bilateral negotiation processes in which the utility conducts internal comparisons between options may be considered competitive processes and Staff's intent is not to discourage the utility from these types of activities. Staff's proposal more narrowly applies to action items where the utility has a specific resource in mind or actions that are inherently non-competitive, such as retirements and potentially transmission investments.

Staff Changes

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14. Staff makes the following revisions to the Draft IRP/CEP Requirements to exclude competitive bilateral negotiation processes from the requirement for specific portfolio analysis.

Section 1.b, which refers to actions outside of competitive solicitations: "...The Action Plan must include the utility's plans for... (iii) Any other resource actions the utility intends to take that may materially affect the utility's resource portfolio or the performance of the portfolio in terms of cost, risk, reliability, or compliance with state or federal policies. ~~The Action Plan must refer to specific analysis in the IRP that supports these actions.~~"

2.e.i.3, which describes requirements for portfolio analysis: "If the utility's Action Plan includes resource actions that the utility intends to take outside of a competitive solicitations **process**, the utility must evaluate portfolios that test the impacts of these actions and that consider alternatives to these actions."

1.6. Scope of cost analysis and interactions with other plans

While the Staff Proposal does not call for revolutionary changes to the IRP process and IRP analysis, it does include multiple requirements that, when taken together, may support more holistic planning practices in the future. In designing these requirements, Staff thought about the information that might be necessary to more fully understand tradeoffs between generation, transmission, distribution, and distributed energy resources (DER) infrastructure, tradeoffs between meeting energy services with electricity or natural gas, and tradeoffs between long term cost impacts and near-term affordability challenges. Staff also appreciates that regulatory frameworks and methodologies in these areas are evolving and that overly prescriptive requirements in the IRP rules may preempt developments in other planning processes, especially Distribution System Planning (DSP).

The elements in Staff's Proposal intended to address these tradeoffs include:

- **Addition of a near-term cost metric.** In addition to the long-term cost metric already required in IRPs, utilities would also be required to report, for each portfolio, "[n]ear term costs, presented as a plausible range for the total annual Oregon-allocated revenue requirement over the next 5 years, considering near term uncertainties, including resource ownership and cost allocation to Oregon customers."

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- **Inclusion of all cost categories in IRP cost metrics.** IRP cost metrics would reflect the total revenue requirement, not just the portions of the utility's revenue requirement that are associated with energy supply or that vary across portfolios.
- **Reference to other plans required by the state.** Utilities would be required to reference any other planning documents required by Oregon energy policies that affect the utility's long term resource strategy or near-term Action Plan.

Stakeholder Comments

- Suggest that near term costs should only include costs associated with energy supply because other costs do not vary by portfolio.
- Express caution that inclusion of "non-traditional" IRP portfolio costs can create misleading estimates of total customer costs.
- One suggestion was that IRP reforms should move toward "Integrated System Planning" (ISP) implying that the IRP should account for the benefits of investments made for wildfire mitigation.
- Suggest that IRP reforms should move in the direction of joint gas/electric planning.

Staff Response

While utilities often only include costs in the IRP revenue requirement if they vary across portfolios under current practice, Staff believes that this practice makes it difficult to understand the practical implications of an Action Plan from the perspective of affordability and serves as a roadblock to more integrated planning between generation, transmission, distribution, and DER infrastructure. It also contributes to incomplete conclusions from IRP analysis about the implications of electrification. Staff understands utility concerns with forecasting near term costs but reiterates that the near-term cost metrics in the IRP are intended to be plausible ranges for the purpose of informing planning and not specific forecasts for the purposes of predicting future electricity rates.

Regarding affordability, including all costs in the IRP revenue requirement will help utilities be more thoughtful about the timing and structure of resource acquisitions. If the IRP has visibility into how sunk costs are changing over time (e.g., due to depreciation schedules) or how incremental distribution system costs are expected to change over time, planners can consider how the timing of resource additions may mitigate or exacerbate rate shock.

Under Staff's RFP reform proposal, if these considerations were explored through the IRP near term cost metric, then they would also be examined in RFP portfolio analysis so that the Commission would have visibility into the potential near term cost impacts associated with the final short list.

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Staff also sees the inclusion of all costs in the revenue requirement as foundational to moving toward ISP and to making more coordinated decisions between gas and electric utilities. While cost estimates for infrastructure not directly modeled in the IRP may be high level and rudimentary at first, more rigorous information can be included over time based on analyses in other planning processes, including the DSP and Wildfire Mitigation Plans. In the long term, the IRP may go further to not only include distribution system costs, but also to consider opportunities to reduce distribution system costs within a more integrated analytical framework. Staff's Proposal is intended to be flexible enough to accommodate this type of innovation in the future, both through the requirements described in this section and through the evolution of utility-specific guidance over time.

Finally, Staff sees the inclusion of distribution system costs to be necessary for IRP scenarios that contemplate different levels of electrification to meaningfully inform conversations and policies related to coordinated gas and electric utility planning.

Staff Changes

Staff's Proposal does not include changes on these topics.

1.7. Post-filing changes to circumstances and the Action Plan

Staff's proposal intentionally encourages utilities to develop Action Plans that are sufficiently flexible to accommodate most changes in near-term circumstances, as investments in 20+ year infrastructure should not hinge on small changes to near-term conditions. Staff also understands that there may be disrupting circumstances or changes to company strategies midway through an IRP cycle that could result in material changes to company plans.

Under Staff's proposal, if the IRP acknowledgment decision has already been made and the utility makes material changes to their near-term plans, this information will be reported in the next IRP Update, where the utilities must report on progress for their Action Plan items. In response to the IRP Update, the Commission may order a change to the IRP schedule (e.g., may accelerate the schedule for the next IRP) and may update guidance to the utility to address any emerging concerns or risks.

Section 4.g of the IRP/CEP Proposal describes a process for addressing changes to the Action Plan if the IRP acknowledgment decision *has not yet been made*:

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If the utility makes material changes to their near-term plans after filing an IRP, they must notify the Commission immediately and file an updated Action Plan within 30 days.” This requirement supports language in Sections 5.a and 5.b that specifies, based on recent Commission orders, that acknowledgment decisions are based on information available at the time of the acknowledgment decision.

Staff views changes to the Action Plan as new information that is pertinent to an acknowledgment decision. Under the proposal, when a utility notifies the Commission of a material change, they may also request modification of the IRP schedule, including potentially the opportunity to refile the IRP at a future date to incorporate additional information. The Commission may also respond to the notification by ordering a change to the IRP schedule and updating Commission guidance to the utility to address any emerging concerns or risks.

Stakeholder Comments

- Assert that the acknowledgment decision should be based on information available at the time of the filing of the IRP, rather than at the time of the decision.
- Suggest post-filing changes should be considered in the next IRP.
- Do not agree with the requirements for utilities to update the Action Plan within 30 days of learning about material changes.
- Request clarifications on terms such as “material change” and “immediately”.

Response

Staff believes that it undermines the purpose and value of the IRP review process to consider acknowledgment of an Action Plan item that has materially changed prior to the acknowledgement decision. A decision that is knowingly based on obsolete information or obsolete plans would not be useful to inform future Commission determinations and would provide no value to the utility or to its customers. The IRP should not be viewed as a check the box exercise and the Commission must be able to consider changing information and circumstances throughout the IRP investigation.

Staff appreciates stakeholder requests for clarification regarding the process for addressing material changes that occur after filing but before the acknowledgment order. Staff provides the following additional clarifications and modifications to the original proposal:

- For the purposes of this requirement, Staff considers a material change to be any publicly disclosed plans or commitments that would directly conflict with the filed

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near term Action Plan. For example, if the utility discloses on an earnings call, in an 8-k filing, or in another public venue that it plans not to pursue an item in the IRP Action Plan, this may be considered a material change.

- Staff's revised proposal recommends that any party be free to raise potential material changes in the IRP docket for consideration by the Commission and that the Commission use its discretion in responding to such information, rather than imposing a strict 30-day limit for updating the Action Plan.

Staff Changes

15. Staff revises Section 4.g to read:

"If the utility publicly discloses plans or commitments that directly conflict with the utility's Action Plan, the Commission may revise the procedural schedule for the IRP, order the utility to revise their Action Plan, or order the utility to submit a new IRP that is responsive to Commission direction on a schedule to be determined by the Commission."

1.7 Other Changes

Staff revises the proposal to address a few additional issues raised by stakeholders.

16. Utility presentation of IRP – There was a suggestion that there be set expectations regarding the timeline for the utility's presentation of its filed IRP to the Commission with respect to the filing date. The purpose of this change is to provide adequate time for parties to have a first look at the filed IRP. Accordingly, Staff adds in the final proposal to Section 4.e: **"Except as otherwise directed by the Commission, within 30 days of filing the IRP and no fewer than 14 days after filing the IRP, the utility must present their plan to the Commission."**

17. Data Hosting Timeline – Utilities asked for clarification on the duration for which non-confidential information related to an IRP be required to be hosted on the utility website. Accordingly, Staff suggests the following change to requirement to Section 4.d. : **"All non-confidential information provided pursuant to [above rule] must be posted to the utility's website in a machine-readable format and maintained until the utility has filed two subsequent IRPs."**

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Staff also notes that AWEC recommends including a forecast of the rate impact of the electric utility's actions taken to comply with HB 2021 in a manner consistent with ORS 469A.445. Staff proposes to wait for the resolution of cost cap issues Docket No. UM 2273 before proposing additional IRP/CEP rules related to this topic.

Additionally, OSSIA suggests that "The Commission must provide comments on legal and factual basis on which stakeholder comments were considered or left out in acknowledgment recommendations. Staff believes that the Commission strikes a balance between addressing feedback and making their decisions accessible. As Staff, we are not proposing to place conditions on Commission Orders.

2. Proposal for RFP Requirements

In Oregon, procurements of a certain size and duration by electric utilities resource procurement practices are governed by Competitive Bidding Rules (CBRs) established in 2018 in OAR Chapter 860 Division 89. The rules are "intended to provide an opportunity to minimize long-term energy costs and risks, complement the integrated resource planning (IRP) process, and establish a fair, objective, and transparent competitive bidding process, without unduly restricting electric companies from acquiring new resources and negotiating mutually beneficial terms." OAR 860-089-0010(1). Staff intends to retain the foundational purpose served by these rules while proposing changes to rules related to the existing RFP process to account for new planning and procurement environments in which utilities are currently operating.

Specifically, in alignment with the modernization priorities of promoting flexibility, transparency, and efficient development; scrutiny of utility resource planning and procurement activities; and targeting the key planning and procurement information to support future cost recovery, Staff proposes the following requirements for electric utility RFPs:

- *Alignment of an electric utility's RFP with its IRP analysis:* RFP procurement target ranges are determined in the utility's IRP through an analysis of trade-offs among interactive resources as the utility aims to balance different priorities including its system needs, emissions reduction, community benefits, and customer affordability considerations, among others. The alignment of the RFP with the IRP methods will ensure that the utility's RFP design also examines the trade-offs and represents the same balancing of priorities as the IRP, thereby promoting the integrity of the planning and procurement processes.

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- *Revisiting the role of the Independent Evaluator (IE):* The engagement of the IE is critical to a robust and unbiased RFP process. Staff's proposal around the selection and role of the IE is aimed at strengthening faith in the IE, increasing visibility into the RFP process by expanding the scope of the IE's duties, and increasing efficiency of the IE selection process.
- *Streamlining the RFP Process:* The current dynamic environment, coupled with the need for electric utilities to meet reliability needs and state clean energy goals acutely emphasizes the need for expedited RFP process. Staff's proposal identifies circumstances in which the RFP process can be expedited and strategies for doing so.

Staff's final proposal for RFP modernization concepts is provided in Attachment 4. The proposal serves as the basis for changes to the Commission's CBRs and other RFP oversight practices. Staff is grateful for the meaningful discussion with stakeholders about the optimal role for the Commission in overseeing procurement, and perspectives on the best ways to increase competitiveness and position utilities to be nimble in procuring the resources needed during a complex moment for the electric system.

Stakeholder feedback on RFP Proposal

Staff discusses below and responds to concerns from stakeholders on the conceptual elements of the proposal. A discussion about specific language updates to the CBRs would take place as part of the proposed rulemaking process. The detailed Staff proposal and comparison to current rules are provided in Attachment 4 of this memo.

2.1. RFP Alignment with IRP

The draft RFP¹ must apply the scoring methodology across all proxy resources that were eligible for selection in the most recently filed IRP.²

Staff realizes, as brought up by parties, that RFP non-price scores may not necessarily be applicable to proxy resources, and therefore clarifies that the exercise should at a minimum, demonstrate the *price scores* for all proxy resources. Providing this visibility

¹ Existing CBR language references the Draft RFP here, but Staff means to clarify that such changes should also ultimately be reflected in the approved and issued RFP.

² Please note that Staff did not intend to include and hence removed the words "or IRP Update" in this final proposal, this change is now reflected in Attachment 4 (Workshop 3 presentation slides).

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gives the Commission and stakeholders practical examples that can be the basis for scrutinizing the price scoring methodology in the RFP. Additionally, it would provide visibility into the extent to which the RFP price scores reflect the considerations in the utility's IRP portfolio modeling. Non-price scores should still be reported for proxy resources where feasible.

The draft RFP must be aligned with “an identified need in the most recently filed IRP, IRP Update, or subsequently identified need or change in circumstances with good cause shown.”

Staff proposes to change the existing requirement of using the “acknowledged” IRP to “filed” IRP or IRP Update. The purpose of this change is to facilitate more nimble updates to procurement targets as conditions change.

Because this approach could result in utilities pursuing resources from an unvetted IRP, parties raised concerns about the implications if the filed IRP is ultimately not acknowledged.

Staff appreciates the concern and clarifies that this element is central to the proposal to remove barriers to initiating RFPs on a timely basis. Staff notes that this part of the proposed rule applies to the draft RFP, and that an IRP acknowledgment order received after the utility issues the RFP could still significantly impact the outcome of the RFP—the final shortlist (FSL). If a utility develops an FSL from a need identified in an IRP, or the modeling within an IRP that was not acknowledged, or that was conditionally acknowledged but conditions were not addressed, they either must show good cause or proceed with resource procurement at their own risk.

2.2. Final Shortlist Alignment with IRP

The utility may select a final shortlist (FSL), representing a “preferred” portfolio of bids, and may identify alternate bids the utility may pursue if needed.

Staff expects the utility to demonstrate how its FSL largely reflects the bids included in the “preferred portfolio” of bids that is informed by the portfolio analysis the utility conducts in the RFP (and other factors, such as bid scores). Staff also adds flexibility to this proposal by leaving room for an “alternate” list of bids (or a backup to the FSL) to identify resources that the utility might pursue if a bid in the “preferred portfolio” is not available or for which parties were unable to agree to contract terms.

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Staff's purpose is to gain visibility into whether the final bid selection is consistent with the goals (e.g. system needs, policy compliance, and affordability) that were pursued in generating the preferred portfolio of bids. Staff understands that factors out of the utility's control or modeling assumptions may arise during actual resource acquisition, and therefore makes provision for an "alternate list".

Parties expressed concern that since the "preferred portfolio" of bids would be the result of 'black box' utility optimization model runs, this requirement does little to address concerns about transparency. Staff appreciates the comments and clarifies that the following requirements in Staff's proposal are intended to improve this transparency: 1) evaluation of the quality of the alignment between an FSL and the modeling, 2) discussion on the Company's rationale for deviations from the modeling, 3) publishing the list of portfolios that utilities intend to test (this requirement is discussed below as a topic for consideration in the informal process), and 4) the ability for Staff, the IE, and parties to request additional portfolio runs (as discussed below).

The final short list must be based on IRP portfolio analysis that considers combinations of all bids on the initial short list (ISL), evaluates performance across the scenarios adopted in the most recently filed IRP, and reports all IRP portfolio scoring metrics for all tested portfolios.

The balancing act that is undertaken in the IRP to develop the Preferred Portfolio should also be taken in the RFP to ensure that resource acquisitions align with the utility's planning priorities. Staff's proposal is intended to improve visibility into alignment between RFP decisions and IRP analysis/findings. Staff's proposed language helps ensure that:

- a. resource selections reflect consideration of factors in addition to long-term economics; and
- b. analysis of resource selection accounts for portfolio effects between bids and considers the potential benefits of complementary bids.

To accomplish this, the analysis of portfolios of bids in the RFP should rely on the same models used in the IRP and should produce the same scoring metrics that are used in the IRP to balance various considerations.

Staff clarifies that its intention is not for the FSL to necessarily reflect the IRP Preferred Portfolio, as noted in some parties' comments. Staff expects there will be significant differences between the FSL and the IRP Preferred Portfolio due to differences between proxy resource cost, performance, and availability assumptions and the cost and performance characteristics of real projects that are bid into the RFP. Instead, the

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comparison of portfolios of bids using the IRP scoring metrics informs discussions about tradeoffs and concerns regarding affordability (for example, through the inclusion of the near-term cost metric that recognizes the difference between owned and PPA resources) and community impacts for utilities subject to HB 2021 (through the IRP portfolio CBIs).

Parties also expressed concern that Staff's proposal would effectively require utilities to prioritize performance with respect to the IRP scoring metrics over other considerations, including price scores, non-price scores, and other evaluations of each bid's commercial risk. This was not Staff's intention, but it is a reasonable interpretation of the language Staff shared at Workshop No. 3. In an effort to address this concern and clarify Staff's intent, Staff proposes the following revised language as a conceptual starting point for the rules:

a. "Selection of the final shortlist of bids must be based on bid scores and a portfolio analysis that considers multiple combinations of all bids on the initial short list, evaluates performance across the scenarios adopted in the most recently filed IRP, and reports all IRP portfolio scoring metrics."

Additionally, the Energy Advocates recommend including CBIs as non-price scores in RFPs. Staff agrees that using CBIs as non-price scores may help to ensure that resources bringing community benefits can have that benefit reflected in scoring such that they can be considered in portfolios alongside more traditional resources. Staff does not believe this requires a change in the CBRs to accomplish but sees the issue as relevant to this docket to the extent that it promotes IRP/RFP alignment. Staff refers to Section 3.c.iv of the IRP/CEP Staff Proposal, which would require utilities subject to HB 2021 to "describe how the community benefits indicators will inform utility implementation decisions, including investments, contracts, and program designs." Staff intended for this requirement to include information related to RFP design and scoring and proposes the following modification to make this connection clearer through the language in the **(IRP/CEP Requirements)3. c. iv.:**

18. "The utility must describe how the community benefits indicators will inform utility implementation decisions through mechanisms that may include RFP requirements, RFP non-price scores, and program design criteria and metrics."

The utility must test portfolios of bids that are requested by Staff and the IE.

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Staff's intention in requiring the utility to test portfolios requested by Staff and the IE is to reduce the opportunity for the utility to preferentially pair ownership bids with better performing resources to make them appear more attractive in portfolio analysis.

Utilities said there should be timeframe boundaries within which such requests can be made and limits to the number of portfolios requested to facilitate expeditious completion of RFPs. Parties expressed a need to extend the ability to request portfolios beyond Staff and the IE.

To address both these concerns, Staff proposes the following concept for its final RFP Proposal:

- b. The utility files a report in the docket on its ISL that includes the ISL, list of bids not on the ISL with an account of the reasons for elimination of bids, and a set of proposed portfolios the utility plans to use to evaluate the performance of bids on the ISL. Parties will have a 30-day comment period on the report, which will also provide opportunities to request additional portfolio runs.**
- c. The utility would be expected to work with Staff and the IE to identify additional portfolios that it can reasonably test within the time constraints of the RFP. The IE would document the utility's responsiveness to portfolio requests during this phase of the RFP and provide it in its final report, and the Commission may consider the utility's responsiveness in the FSL acknowledgment decision.**

2.3. Staff Proposal for the Role of the Independent Evaluator

The utility may use the IE selected for their last RFP unless otherwise directed. The Commission establishes the minimum scope of work and deliverables for the IE.

This change is intended to address the additional time it takes to conduct the IE Selection process at the beginning of an RFP and concerns about the independence of an IE whose scope of work and deliverables were established by a utility. Staff's intention is to eliminate a requirement for a new IE selection process with each RFP and instead retain the same IE for subsequent RFP processes unless concerns are raised in

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an RFP regarding a particular IE. Further, in setting a clear and consistent baseline for the IE scope of work and deliverables Staff sees opportunities to increase confidence regarding the nature of the IE work as being in the interest of ratepayers. Staff believes these improve the efficiency of the IE engagement process and increases and trust in work conducted by the IE.

Concerns were raised around the lack of specificity on the process for parties to raise concerns about an IE or revisit the minimum scope of work. Further there were suggestions that the Commission, rather than the utilities, itself hire the IE for the RFPs.

Staff proposes the following concept in its final RFP Proposal:

- d. The question of IE selection and the minimum scope of work for the IE be addressed at the end of each RFP to inform the next RFP. This would allow all parties to raise concerns and make recommendations while the experience of working with the current IE is fresh in everyone's minds. This approach would also give the utility more time to conduct an IE RFP if directed to by the Commission or to renegotiate its contract with its current IE if the minimum scope of work changes so that these activities have lower likelihood of delaying the next RFP.**

Regarding the suggestion of the Commission hiring the IE, Staff understands the intent behind this request to be primarily about ensuring the IE understands its role as working for the Commission, and to address concerns about an IE's independence from the utility with which it is contracting. Staff appreciates this concern and believes the independence of the IE can be better effectuated with the modifications identified above. Further, Staff believes Commission procurement of the IE would likely significantly extend the timeline for contracting and does not believe this approach would improve efficiency.

The IE also: requests portfolios to inform the utility's determination of the final short list, makes recommendations for future RFP design at the conclusion of the RFP process, and monitors contract negotiations.

IE produces a brief report or memo at each RFP stage gate: draft RFP and Scoring and Modeling Methodology design; initial short list; final short list; and contract execution for each selected resource.

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Staff proposes this language because it sees value in specifying an expanded role of the IE. This expands Staff's utilization of the IE in a way that improves visibility into issues that may inform future cost recovery determinations.

There were some concerns around the expanded role of the IE from the perspective of additional costs vs. benefits of the extra work including listening to contract negotiation calls. Utilities also requested clarification on the nature and purpose of the multiple IE reports.

Staff recognizes that there would be additional costs associated with benefits of an expanded role for the IE and has modified its proposal to better balance some of these costs.

- e. Staff now intends that the proposed requirement for the IE for an additional report on the ISL be removed, and instead require the utilities to provide the report on the ISL along with the information as described above. The details on the nature of the IE report can also be refined during the rulemaking process.**

2.4. Streamlining the RFP Process

Staff provides the proposal for streamlining the RFP process only for informational purposes at this time and believes that these can be addressed when the circumstances arise in specific utility RFP proceedings. Staff identified circumstances in which it may recommend an expedited review of the RFP design. These include the following:

- *PPA-only RFP*: Scrutiny of the RFP design can be simplified because it does not need to address ownership bias.
- *Prior-approved RFP with updated procurement targets but no other modifications*: Staff may draw on the learnings from the prior approved RFP, including observations and recommendations from the IE.
- *Prior-approved RFP with redlined modifications*: Staff may draw on the learnings from the prior approved RFP, including observations and recommendations from the IE, and a limited review of proposed RFP design changes.

Parties noted that when it comes to less scrutiny, a distinction needs to be made between a third-party PPA and a PPA that is owned by a utility affiliate or one that would have an ownership transfer option. There were also suggestions that the option

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for using prior approved RFP with redlined modifications should ensure that the modifications have fully addressed any issues identified in a previously approved RFP.

Staff appreciates the comments and restates that these can be addressed in specific RFP dockets without having to incorporate these in competitive bidding rules.

2.5. Staffing and data access

Stakeholders raised concerns about benchmark teams' access to confidential information in prior RFPs and IRPs that could provide a competitive advantage over third party bidders. To preserve protections of confidential and highly confidential information, utilities are required to maintain a separation between an RFP evaluation team and the benchmark team. Staff notes that in some instances utility staff have moved from an RFP team to a benchmark team in a subsequent RFP. Utilities argued that the RFP data gets sufficiently stale and so there was little risk that the benchmark team was using that information to its advantage. Additionally, stakeholders have noted that there are confidential elements of the IRP to which third party bidders do not have access, but that could provide a competitive advantage in the development of a benchmark bid. Given the speed with which RFPs are being issued, and Staff's interest in facilitating this, Staff sees value in revisiting how best to protect commercially sensitive information of third party bidders and to ensure fair access to planning elements that can impact bid competitiveness.

- f. During an active RFP, utilities should provide a quarterly disclosure of the current and past roles of all staff members participating on a benchmark team and their associated access to certain confidential information in past RFPs and IRPs.**

2.6. Other Comments on the RFP Process and Staff's Response

Staff also received several suggestions regarding improvements of the RFP process and identifies the ones that are potentially out of scope of this process and recommends that some of these be considered in specific RFP processes.

These topics include:

- Providing clarity in criteria for confidentiality designations.

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- RFP transmission requirements.
- Use and availability of utility-owned assets in RFPs.
- Specific requirements for RFP bid scoring methodologies.
- Introduction of a dispute resolution process.
- Appealability of RFP orders.

Staff does not take a position on the recommendations made on these topics at this time but notes that some of the recommendations were already raised and not adopted in the initial adoption of the competitive bidding rules (Docket No. AR 600), and that some of these topics are better suited to address within the context of a specific RFP. Specifically, Staff believes that the topics of use and availability of utility-owned assets in RFPs, introduction of dispute resolution process and appealability of RFP Orders are not within the scope of RFP Modernization goals. Staff recommends that the rest of the topics including confidentiality designation criteria, RFP transmission requirements and specific requirements for bid scoring methodologies be addressed in specific RFP dockets.

To summarize, Staff lists the issues that it has amended to its RFP Proposal for revising the competitive bidding rules:

- a. Selection of the final shortlist of bids must be based on bid scores and a portfolio analysis that considers multiple combinations of all bids on the ISL, evaluates performance across the scenarios adopted in the most recently filed IRP, and reports all IRP portfolio scoring metrics.
- b. The utility files a report in the docket on its ISL that includes, the ISL, list of bids not on the ISL with an account of the reasons for elimination of bids, and a set of proposed portfolios the utility plans to use to evaluate the performance of bids on the ISL. Parties will have a 30-day comment period on the report, which will also provide opportunities to request additional portfolio runs.
- c. The utility would be expected to work with Staff and the IE to identify additional portfolios that it can reasonably test within the time constraints of the RFP. The IE would document the utility's responsiveness to portfolio requests during this phase of the RFP and provide it in its final report, and the Commission may consider the utility's responsiveness in the FSL acknowledgment decision.
- d. The question of IE selection and the minimum scope of work for the IE be addressed at the end of each RFP to inform the next RFP. This would allow all parties to raise concerns and make recommendations while the experience of

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working with the current IE is fresh in everyone's minds. This approach would also give the utility more time to conduct an IE RFP if directed to by the Commission or to renegotiate their contract with their current IE if the minimum scope of work changes so that these activities have lower likelihood of delaying the next RFP.

- e. Staff now intends that the proposed requirement for the IE for an additional report on the ISL be removed, and instead require the utilities to provide the report on the ISL along with the information as described above. The details on the nature of the IE report can also be refined during the rulemaking process.
- f. During an active RFP, utilities should provide a quarterly disclosure of the current and past roles of all staff members participating on a benchmark team and their associated access to certain confidential information in past RFPs and IRPs.

3. Next Step

If the Commission decides to open a rulemaking docket, Staff will initiate the informal rule-making process by converting its concepts, subject to modifications from the Commission, into draft rule language. Staff will refine the language through a stakeholder engagement process. When the informal engagement process has taken the draft rules as far as they can go without Commission direction, Staff will request the Commission issue a notice of proposed rulemaking and initiate the formal rulemaking stage.

Conclusion

Staff's approach to the Investigation into IRP and RFP Modernization is designed to prioritize IRP and RFP best practices as Oregon utility planning and procurement practices must respond to evolving policies, technologies, planning environments and methodologies, community needs and customer affordability considerations. Staff sees opportunities in revisiting the existing guidelines and rules governing IRPs and RFPs to propose changes that make the plans and procurement processes adaptable to the changing circumstances and provides the most relevant materials for Staff and stakeholder review. Staff's proposal also aims to address the efficiency of the review processes for IRPs and RFPs.

Staff greatly appreciates the insights and perspectives provided in workshops and written comments. Staff feels confident to move forward with its IRP/RFP modernization

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efforts and expects to collaborate with the public on refining rule language in the informal rulemaking process.

PROPOSED COMMISSION MOTION:

Open a rulemaking docket to consider updates for integrated resource plans and the competitive bidding rules consistent with Staff's Final Proposal.

Attachment 1
UM 2348 – IRP/RFP Modernization
 Staff's Revised Proposal



Revised IRP/CEP Requirements

1. Purpose. The primary goal of Integrated Resource Planning is to develop a long term resource strategy and near term Action Plan that allow the utility to meet customer needs while best balancing expected costs and associated risks for the utility and its customers.
 - a. The long term resource strategy must describe the utility's plans for meeting customer needs and complying with all federal and state energy policies over the next 20 years. The long term resource strategy must be informed by a needs assessment and portfolio analysis that considers all plausible resource options. In addition, the strategy must:
 - i. Consider the potential impacts of future technological development and changes to consumer behavior, state and federal energy policies, and regional developments.
 - ii. Describe the utility's strategy for addressing major risks, key dependencies, barriers to implementation, and critical junctures for the plan.
 - iii. Describe any enabling strategies that the utility is evaluating to support the long term resource strategy, including changes to system operational practices.
 - b. The near term Action Plan must describe the steps the utility intends to take over the next 5 years to meet customer needs and comply with all federal and state energy policies in a manner that is informed by the utility's portfolio analysis and consistent with the utility's long term resource strategy. The Action Plan must include the utility's plans for:
 - i. Conducting competitive solicitations, including intended schedules, estimated procurement ~~targets~~ ranges, and any constraints or parameters that the utility intends to apply to align resource selections with the utility's near term needs and long term resource strategy.
 - ii. Pursuing energy efficiency, demand response, community-based resources, and other customer and distributed resources. The Action Plan must explain how the utility intends to pursue all cost effective energy efficiency and demand response and must reference analysis in the IRP that supports targets for these actions.
 - iii. Any other resource actions the utility intends to take that may materially affect the utility's resource portfolio or the performance of the portfolio in terms of cost, risk, reliability, or compliance with state or federal policies. ~~The Action Plan must refer to specific analysis in the IRP that supports these actions.~~

- iv. Any enabling strategies the utility plans to pursue to support the utility's long term resource strategy.
- v. Preparing and filing the next IRP and IRP Updates, including the intended schedules and any areas that the utility plans to prioritize for new or updated analysis.
- vi. Managing near term uncertainties and process dependencies, including any contingency plans the utility has developed to implement the Action Plan as conditions change.

2. Components of the plan

- a. Executive summary. The plan must include a brief executive summary, written for a general audience, that describes the utility's long term resource strategy and near term action plan and explains any significant changes in the utility's strategy since the last IRP.
- b. Updates since last IRP. The plan must describe the actions the utility has taken since the last IRP.
- c. Documentation of Oregon public input. The plan must include an appendix that:
 - i. Describes the opportunities the utility created for public input, including the timeframes over which the utility accepted input on draft portfolios, draft scenarios, draft community impacts metrics, and the draft Action Plan;
 - ii. Summarizes public input provided during the development of the plan and attaches all written comments received on the draft portfolios, draft scenarios, draft community impacts metrics, and the draft Action Plan;
 - iii. Documents if and how the utility incorporated public input into the finalization of portfolios, scenarios, community impacts metrics, the Action Plan, and other analysis or components of the plan~~their analysis, portfolio-scoring metrics, long-term resource strategy, or Action Plan;~~ and
 - iv. Documents how and when~~Explains why~~ the utility explained decisions~~did not to~~ incorporate public input into their plan.
- d. Needs assessment
 - i. The utility must evaluate the resource needs to achieve an acceptable level of reliability, including meeting any reliability requirements to which the utility is subject, while complying with all state and federal energy policies, over the next 5 years and in key planning years. The utility must describe how the reliability analysis in the needs assessment accounts for opportunities presented by regional resource and demand diversity.
 - ii. Resource needs must be calculated based on the utility's most recent load forecast and no incremental actions beyond the commitments that the utility has entered into at the time of conducting the analysis.
 - iii. The assessment must include reasonable upper and lower bounds on resource needs based on key planning uncertainties.
 - iv. The utility must clearly define the metrics and units used to summarize identified resource needs and report the date on which assumptions were last updated to inform the needs assessment.

e. Portfolio analysis

- i. The utility must analyze a set of meaningfully different portfolios of resource options.
 1. The utility must evaluate portfolios that test different levels of demand side resources, ~~community-based resources~~, and distributed resources in Oregon.
 2. The utility must consider both commercially available and emerging technologies as resource options.
 3. If the utility's Action Plan includes resource actions that the utility intends to take outside of a competitive solicitations process, the utility must evaluate portfolios that test the impacts of these actions and that consider alternatives to these actions.
- ii. Portfolio development must consider the contributions of all resource options toward reliability, policy compliance, and lowering the costs associated with the generation, purchase, or delivery of energy to customers.
- iii. The utility must evaluate portfolios across a range of future scenarios that represent material differences in outcomes with respect to key planning uncertainties. The utility must identify a Reference Case that represents current expectations for future conditions.
- iv. The utility must demonstrate that all portfolios provide for an acceptable level of reliability and are expected to meet any reliability requirements to which the utility is subject, while complying with all state and federal energy policies, over the next 5 years and in key planning years. The utility must describe how the reliability analysis accounts for opportunities presented by regional demand and resource diversity.
- v. Portfolio evaluation must reasonably estimate future operations of the utility's system, including interactions between resources and interactions with energy markets.
- vi. For each portfolio, the utility must report scoring metrics that describe the portfolio's performance with respect to:
 1. Long term costs, calculated as the present value of the total expected system revenue requirement over the planning horizon, including end effects.
 2. Near term costs, presented as a plausible range for the total annual Oregon-allocated revenue requirement over the next 5 years, considering near term uncertainties, including resource ownership and cost allocation to Oregon customers.
 3. Economic risk, representing the risk associated with near term plans if future conditions were to materially deviate from expectations.
 4. Reliability risk, presented in a manner that reflects the potential magnitude, frequency, depth, duration, and timing of ~~loss of load events~~ supply shortages while considering risks associated with

weather, hydrologic conditions, outages, fuel availability, and regional constraints.

5. Community impacts, presented as plausible ranges for the future impacts of the portfolio on communities served by the utility.

Community impact metrics must be:

- a. Developed with input from the public, including input from environmental justice communities in Oregon,
 - b. Quantitative and measurable as the utility implements their plan,
 - c. Practically informative to utility implementation decisions, including investments, contracts, and program designs; and
 - d. Distinct from other scoring metrics.
6. Emissions, calculated in a manner consistent with any emissions reporting requirements to which the utility is subject.
- vii. Preferred Portfolio. The utility must select a Preferred Portfolio that represents the best balance of cost and risk to customers and the utility.
- f. Other planning processes. The plan must clearly refer to any additional planning documents required by Oregon energy policies that affect the utility's long term resource strategy or near term Action Plan.

3. Clean Energy Plans. An electric company that is subject to ORS 469A.415 must file a CEP with the Commission concurrently with the IRP and in the same docket. If filing the CEP concurrently with the IRP would create an undue burden or a significant issue impacting IRP or CEP review exists, the electric company may file a written request to the Commission to extend the filing date for the CEP up to 180 days after the IRP filing date. If the Commission grants an extension for filing the CEP, it may establish an alternate schedule for a utility presentation and comments under [REFS] below. The CEP must:

- a. Be written in language that is as clear and simple as possible, with the goal that it may be understood by non-expert members of the public.
- b. Contain the information required by ORS 469A.415 and present annual goals for actions that are consistent with the utility's long term resource strategy and Action Plan.
- c. Define community benefits indicators that the utility plans to track as the utility implements their plan, including but not limited to the metrics adopted in IRP portfolio scoring.
 - i. Community benefits indicators must be developed with public input, including input from environmental justice communities in Oregon.
 - ii. At least one community benefit indicator must address community resiliency.
 - iii. The utility must report measured values for all community benefits indicators for the previous three years or explain how the utility plans to measure community benefits indicators in future years.

- iv. The utility must describe how the community benefits indicators will inform utility implementation decisions through mechanisms that may include RFP requirements, RFP non-price scores, and program design criteria and metrics, including investments, contracts, and program designs.
 - d. Demonstrate that the utility's IRP portfolio analysis accounts for:
 - i. Community impacts associated with all resource options, including contributions to resiliency; and
 - ii. The costs and benefits of offsetting generation from fossil fuel resources with community-based renewable energy resource options.
 - e. Include targets for community-based renewable energy that facilitate greenhouse gas emissions reductions, promote community resiliency, and are reflected in the utility's Action Plan and long term resource strategy.
 - f. Demonstrate how the IRP Preferred Portfolio achieves the emissions reductions targets set forth in ORS 469A.410, with verification from the Oregon Department of Environmental Quality.
 - g. Demonstrate how the utility's long term resource strategy and Action Plan provide for the best balance of expected costs and associated risks and uncertainties for the utility and its customers, while considering impacts to communities and the pace of greenhouse gas emissions reductions.
 - h. Demonstrate that the utility's Action Plan represents continual progress and that the utility is taking actions as soon as practicable to facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electric consumers.
 - i. Include the electric company's two most recent annual emissions reports filed with the Oregon Department of Environmental Quality under ORS 469A.420(4)(a).
4. Procedural requirements
- a. The utility must file each IRP within three years of filing the prior IRP or on a schedule approved by the Commission.
 - b. Prior to finalizing the plan, the utility must address input from the public on draft portfolios, draft scenarios, a draft Action Plan, and the utility's approach to responding to Commission direction.
 - c. The initial filing of an IRP must contain all information required for Integrated Resource Plans by the most recent version of the Standard Data Requests for Integrated Resource Plans and Updates, available at [link].
 - d. All non-confidential information provided pursuant to [above rule] must be posted to the utility's website in a machine-readable format and maintained until the utility has filed two subsequent IRPs.
 - e. Except as otherwise directed by the Commission, within 30 days of filing the IRP, and no fewer than 14 days after filing the IRP, the utility must present their plan to the Commission.
 - f. The public must be given the opportunity to comment on the utility's filed IRP and to provide input to the Commission regarding priorities for future IRPs ~~and IRP Updates.~~
 - g. If the utility publicly discloses plans or commitments that directly conflict with the

utility's Action Plan, the Commission may revise the procedural schedule for the IRP, order the utility to revise their Action Plan, or order the utility to submit a new IRP that is responsive to Commission direction on a schedule to be determined by the Commission.~~If the utility makes material changes to their near-term plans after filing an IRP, they must notify the Commission immediately and file an updated Action Plan within 30 days.~~

- h. The Commission will consider acknowledgment of the IRP within 180 days of the IRP filing.
5. Acknowledgment. The Commission may acknowledge the long term resource strategy or individual Action Plan items in part or in full or may condition acknowledgment on the utility following specific direction.
 - a. Acknowledgment of a specific Action Plan item generally means that the action appears to align with customers' interests, if implemented prudently, given what is known at the time of acknowledgment. Acknowledgment of an Action Plan item does not guarantee favorable rate making for the action, but may be considered in future rate making decisions.
 - b. Acknowledgment of the long term resource strategy general means that the strategy represents a reasonable approach to meeting future customer needs and complying with Oregon and federal energy policies in a manner that best balances cost and risk, given what is known at the time of acknowledgment. Acknowledgment of the long term resource strategy is not necessary for acknowledgment of individual Action Plan items. However, a non-acknowledged long term resource strategy may indicates that the utility may not be prudently is not adequately planning for future risks to customers or that the utility's plan is otherwise deficient. In this circumstance, the Commission may direct the utility to take additional action to mitigate future risks or may consider the utility's failure to act to mitigate risks in future rate making decisions.
 - c. For an electric company that is subject to ORS 469A.415, the Commission will issue an order memorializing its decision on acknowledgment for the CEP, which may be combined with the IRP acknowledgment order. The Commission may provide the electric company an opportunity to revise the IRP or CEP or both before issuing an acknowledgment order. The Commission may, at its discretion, take one of the following actions for the CEP portion of the acknowledgment order:
 - i. Acknowledge a CEP as filed;
 - ii. Acknowledge a CEP with conditions; or
 - iii. Not acknowledge the CEP and require that the utility revise and resubmit all or certain elements of the CEP within the procedural timeline directed in the order.
 - d. Acknowledgment of an IRP or CEP does not indicate that the Commission approves all supporting analysis or findings in an IRP or CEP for use in future determinations. The Commission may provide direction to the utility regarding analysis that may meaningfully inform future Commission determinations.
 - e. The Commission may provide direction to the utility regarding its next IRP, IRP Update, or, when applicable, CEP.

6. IRP Updates

- a. Purpose. The IRP Update primarily serves to:
 - i. Provide visibility into the utility's implementation of the Action Plan;
 - ii. Facilitate efficient scrutiny of any changes to the Action Plan; and
 - iii. Identify whether the utility's long term resource strategy remains relevant.
- b. The utility must file an IRP Update within one year of filing the prior IRP or IRP Update in any calendar year that the utility does not file an IRP.
- ~~c. The initial filing of an IRP Update must contain all information required for Integrated Resource Plan Updates by the most recent version of the Standard Data Requests for Integrated Resource Plans and Updates, available at [link].~~
- ~~d. All non-confidential information provided pursuant to [above rule] must be posted to the utility's website in a machine-readable format.~~
- ~~e-c.~~ The IRP Update must be submitted using a template approved by the Commission and must attach all requested data in machine-readable format. The IRP Update must:
 - i. Describe the actions the utility has taken since the most recent IRP or IRP Update.
 - ii. Include updates to the Reference Case to reflect any key planning information that has been obtained or developed by the utility, for example updated load forecasts, forecasts for peak and annual energy demand, fuel prices, wholesale market prices, and resource costs, and any other input assumption reflecting a key planning uncertainty in the utility's most recently filed IRP.
 - iii. Quantitatively compare updated Reference Case forecasts with the range of planning scenarios considered in the Company's most recently filed IRP.
 - iv. Include an updated needs assessment based on changes to conditions, future expectations, and utility actions since the most recently filed IRP or IRP Update. The utility must report the date on which assumptions were last updated to inform the needs assessment.
 - ~~v. Include an updated Preferred Portfolio, taking into account actions taken since the most recent IRP or IRP Update, updates to the utility's needs assessment, and updates to the Reference Case.~~
 - ~~vi. Report updated scoring metrics for the Preferred Portfolio, using the same metrics and units used in the most recent IRP.~~
 - ~~vii-v.~~ Describe any changes to the Action Plan, including changes to acquisition targets, that the utility has made in response to changes in conditions, future expectations, and utility actions since the most recent IRP or IRP Update.
- d. All non-confidential data attached to the IRP Update filing must be posted to the utility's website in a machine-readable format and maintained until the utility has filed two subsequent IRPs.
- ~~f-e.~~ For an electric company that is subject to ORS 469A.415, the IRP Update must also include:
 - i. An assessment of what has changed since the acknowledgment order that

affects the utility's progress toward the clean energy targets in ORS 469A.410,

- ii. Measured values for all community benefits indicators adopted in the most recently filed CEP for the previous three years or an explanation of how the utility plans to measure community benefits indicators in future years.
- iii. A summary, with quantitative information, of how the community benefits indicators reported in the most recently filed CEP have informed the utility's implementation of their Action Plan.
- iv. The electric company's two most recent annual emissions reports filed with the Oregon Department of Environmental Quality under ORS 469A.420(4)(a).

~~g.f.~~ The public must be given the opportunity to comment on the utility's filed IRP Update and to provide input to the Commission regarding the utility's preparations for the next IRP.

~~h.g.~~ The Commission may choose to issue an order that clarifies whether updates to the utility's Action Plan presented in an IRP Update are inconsistent with a prior acknowledgment order, on the IRP Update that provides direction to the utility regarding the next IRP ~~or IRP Update, or that revises the filing schedule for the next IRP~~ including direction regarding the filing schedule for the next IRP. The Commission may consider, among other factors:

- i. Whether the utility's strategy materially deviates from the most recent IRP,
- ii. Whether conditions or expectations have significantly deviated from the planning scenarios considered in the most recent IRP, and
- iii. Public input regarding the utility's preparations for the next IRP.

~~i. If the Commission determines that updates to the utility's Action Plan represent material deviations from the actions acknowledged in the most recent IRP, the Commission may choose to issue non-acknowledgement decisions for those actions.~~

Attachment 2

IRP/RFP Modernization Straw Proposal

Utility-specific guidance rubric

This document supplements the IRP/CEP requirements with utility-specific direction that is updated with the acknowledgement order for each IRP and that may be updated between IRPs as needed. This direction is not a comprehensive list of the options and considerations that the utility should address in the next IRP, but is intended to highlight areas of high priority to the Commission that might not otherwise be prioritized by the utility in developing their plans.

1. *Planning questions*

In the next IRP, the utility is directed to address the following key planning questions in their long-term strategy:

- a) [Electric example: How is the utility planning for uncertainty in technology sector load growth?]
- b) [Gas example: How is the utility planning for uncertainty in decarbonized fuel cost and availability?]
- c) ...

2. *Scenarios and key planning uncertainties*

In the next IRP, the utility is directed to consider scenarios in portfolio analysis that reasonably address uncertainties in:

- a) [Electric or gas example: Consumer adoption of heat pumps for space heating and cooling.]
- b) ...

3. *Portfolios*

In the next IRP, the utility is directed to develop and evaluate portfolios that:

- a) [Electric example: Test different paces of renewable procurement.]
- b) [Gas example: Test different levels of reliance on decarbonized fuels and demand side options.]
- c) ...

4. *Analytical priorities*

In the next IRP, the utility is directed to update their IRP analysis to:

- a) [Electric example: Consider multiple weather years, including years with extreme weather, in calculating reliability metrics and determining resource needs]
- b) [Gas example: incorporate an avoided GHG compliance cost in non-pipes alternatives analysis]
- c) ...

5. *Resource options*

In the next IRP, the utility is directed to include the following resource options in portfolio analysis:

- a) [Electric or gas example: green hydrogen, including associated renewable generation and electrolyzers]
- b) ...

6. *Enabling strategies*

In the next IRP, the utility is directed to consider the following enabling strategies in developing their long-term resource strategy:

- a) [Electric example: Participation in the Western Resource Adequacy Program (WRAP)]
- b) [Gas example: Development of efficiency programs for gas transport customers.]
- c) ...

7. *Key planning years*

In the next IRP, the utility is directed to include the following years as key planning years, for which the Commission will prioritize review of reliability and policy-related analysis:

[Electric or gas example: 2025-2030, 2035, and 2040]



Attachment 3

UM 2348: IRP/RFP Modernization Straw Proposal

Revised Draft IRP Update Template

In each response, refer to any relevant information provided in the Company's response to the IRP Update Standard Data Requests and provide a link to access any relevant non-confidential information in machine-readable format on the Company's website.

1. Describe the Company's resource actions and enabling actions taken since the most recent IRP or IRP Update. For each resource acquisition:
 - a. Provide the resource type, size, configuration (if the resource combines multiple technologies), and length of term in a non-confidential attachment, and
 - b. Provide the final executed contract with price terms to the Commission
2. Briefly describe any material changes to conditions or future expectations since the last IRP or IRP Update. Include updates to the Reference Case to reflect any key planning information that has been obtained or developed by the utility, for example updated load forecasts, fuel prices, wholesale market prices, and resource costs~~updated Reference Case forecasts for peak and annual energy demand, fuel prices, wholesale market prices, resource costs, and any other input assumption reflecting a key planning uncertainty in the utility's most recently filed IRP.~~ Quantitatively compare the updated Reference Case forecasts to the range of forecasts considered in the Company's most recently filed IRP.
3. Provide the Company's updated Needs Assessment based on changes to conditions, future expectations, and utility actions since the most recent IRP or IRP Update. Provide the date on which assumptions were last updated to inform the needs assessment.
- ~~4. Provide the Company's updated Preferred Portfolio, taking into account actions taken since the most recent IRP or IRP Update, updates to the Company's needs assessment, and updates to the Reference Case.~~
- ~~5. Provide updated scoring metrics for the Preferred Portfolio, using the same metrics and units used in the most recent IRP.~~

~~6.4.~~ Describe any changes to the Action Plan, including changes to acquisition targets, that the Company has made in response to changes in conditions, future expectations, and utility actions since the most recent IRP or IRP Update.

For utilities subject to HB 2021:

~~7.5.~~ Provide an assessment of what has changed since the last IRP or IRP Update that affects the utility's progress toward the clean energy targets in HB 2021.

~~8.6.~~ Report measured values for all community benefits indicators adopted in the most recently filed CEP for the previous three years or an explanation of how the utility plans to measure community benefits indicators in future years.

~~9.7.~~ Provide a summary, with quantitative information, of how the community benefits indicators reported in the most recently filed CEP have informed the utility's implementation of their Action Plan.

~~10.8.~~ Provide the electric company's two most recent annual emissions reports filed with the Oregon Department of Environmental Quality under ORS 469A.420(4)(a).

Attachment 4



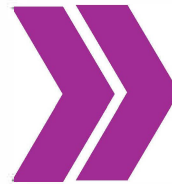
UM 2348 RFP Modernization Proposal

Proposed changes to RFP process



Proposed targeted updates to Competitive Bidding Rules

1. Draft RFP alignment with IRP
2. Final shortlist alignment with IRP
3. Role of the Independent Evaluator (IE)



Staff proposal for circumstances in which review of RFP design may be streamlined

Modernization Priorities

- F. Surface key planning and procurement information to support future cost recovery determinations
- G. Enable more efficient development and review of IRPs, IRP Updates, and RFPs

RFP-specific objectives:

- Improve visibility into alignment between RFP decisions and IRP analysis/findings (especially important for all-source RFPs)
- Support more thorough scrutiny of subjective decisions within the RFP processes

Draft RFP alignment with IRP



Current RFP process

The utility may describe RFP design and scoring in the IRP

The draft RFP must “reflect any RFP elements, scoring methodology, and associated modeling described in the Commission-acknowledged IRP.”

The draft RFP must be aligned with “an identified need in an acknowledged IRP or subsequently identified need or change in circumstances with good cause shown”

Proposed changes to RFP process

Remove this option, as it is not being used widely and increases the potential scope of review in the IRP

The draft RFP must demonstrate the RFP scoring methodology across all proxy resources that were eligible for selection in the most recently filed IRP ~~or IRP Update~~

The draft RFP must be aligned with “an identified need in the most recently filed IRP, IRP Update, or subsequently identified need or change in circumstances with good cause shown”

Objectives:

- Reduce scope of IRP
- Improve transparency into alignment between RFP scoring and IRP analysis
- Facilitate more nimble updates to procurement targets as conditions change

Final short list alignment with IRP



Current RFP process

“...the electric company may select a final shortlist of bids.”

“Selection of the final shortlist of bids must be based on bid scores and the results of modeling the effect of candidate resources on overall system costs and risks using modeling methods that are consistent with those used in the Commission-acknowledged IRP.”

Proposed changes to RFP process

The utility may select a final short list, representing a “preferred” portfolio of bids, and may identify alternate bids the utility may pursue if needed

- The final short list must be based on IRP portfolio analysis that considers combinations of all bids on the initial short list, evaluates performance across the scenarios adopted in the most recently filed IRP, and reports all IRP portfolio scoring metrics for all tested portfolios.
- The utility must test portfolios of bids that are requested by Staff and the IE.

Objectives:

- Promote alignment between RFP decisions and IRP analysis/findings
- Mitigate subjectivity in determination of the final short list and contract negotiations

Role of the Independent Evaluator (IE)



Current RFP process

- Staff recommends an IE for Commission approval following a solicitation of potential IE candidates.
- The utility establishes the scope of work for the IE, informed by the Competitive Bidding Rules.
- The Commission may request additional work from the IE.

The IE: consults with the utility regarding RFP design, assesses the draft RFP, reviews RFP scoring for reasonableness, conducts independent scoring analysis, and may be involved through final resource selection if directed by the Commission.

IE produces a report on the draft RFP and a closing report after the utility has selected the final short list.

Proposed changes to RFP process

- The utility may use the IE selected for their last RFP unless otherwise directed
- The Commission establishes the minimum scope of work and deliverables for the IE

The IE also: requests portfolios to inform the utility's determination of the final short list, makes recommendations for future RFP design at the conclusion of the RFP process, and monitors contract negotiations.

IE produces a brief report or memo at each RFP stage gate: draft RFP design, initial short list, final short list, and contract execution for each selected resource.

Objectives:

- Improve the efficiency of and trust in IE selection
- Expand PUC's Staff utilization of the IE
- Improve visibility into issues that may inform future cost recovery determinations

Streamlined RFP Options



- The Straw Proposal does not include changes to RFP requirements to facilitate more streamlined review, but does articulate circumstances in which Staff may recommend expedited review of RFP design.
- RFP streamlining would not affect the level of scrutiny applied as the utility conducts the RFP or the role of the IE.
- Circumstances in which Staff may recommend expedited review of RFP design:
 - **PPA-only RFP.** Scrutiny of the RFP design can be simplified because it does not need to address ownership bias.
 - **Prior-approved RFP with updated procurement targets but no other modifications.** Staff may draw on the learnings from the prior approved RFP, including observations and recommendations from the IE.
 - **Prior-approved RFP with redlined modifications.** Staff may draw on the learnings from the prior approved RFP, including observations and recommendations from the IE, and a limited review of proposed RFP design changes.
- Across all options, the utility may modify target procurement quantities and update evaluation models and data consistent with most recently filed IRP or IRP Update.

Staff Additions to RFP Proposal

ORDER No. 25-111

- a. Selection of the final shortlist of bids must be based on bid scores and a portfolio analysis that considers multiple combinations of all bids on the ISL, evaluates performance across the scenarios adopted in the most recently filed IRP, and reports all IRP portfolio scoring metrics.
- b. The utility files a report in the docket on its ISL that includes, the ISL, list of bids not on the ISL with an account of the reasons for elimination of bids, and a set of proposed portfolios the utility plans to use to evaluate the performance of bids on the ISL. Parties will have a 30-day comment period on the report, which will also provide opportunities to request additional portfolio runs.
- c. The utility would be expected to work with Staff and the IE to identify additional portfolios that it can reasonably test within the time constraints of the RFP. The IE would document the utility's responsiveness to portfolio requests during this phase of the RFP and provide it in its final report, and the Commission may consider the utility's responsiveness in the FSL acknowledgment decision.
- d. The question of IE selection and the minimum scope of work for the IE be addressed at the end of each RFP to inform the next RFP. This would allow all parties to raise concerns and make recommendations while the experience of working with the current IE is fresh in everyone's minds. This approach would also give the utility more time to conduct an IE RFP if directed to by the Commission or to renegotiate their contract with their current IE if the minimum scope of work changes so that these activities have lower likelihood of delaying the next RFP
- e. Staff now intends that the proposed requirement for the IE for an additional report on the ISL be removed, and instead require the utilities to provide the report on the ISL along with the information as described above. The details on the nature of the IE report can also be refined during the rulemaking process.
- f. During an active RFP, utilities should provide a quarterly disclosure of the current and past roles of all staff members participating on a benchmark team and their associated access to certain confidential information in past RFPs and IRPs.