



Oregon

Tina Kotek, Governor



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MEMORANDUM

To: Energy Advisory Work Group Members

From: Janine Benner, Director

Date: November 21, 2023

Re: Materials for November 27, 2023 Meeting

What a busy summer and fall it has been. With so much happening in the energy space, it's time to get together to share information and seek feedback on some ODOE activities. We're also eager to hear what's going on with your work.

You'll note that the agenda (attached) is heavy on updates from ODOE but that we also want to spend some time hearing from you.

During my update, I'll share some information about the status of bills that we're implementing from the [2023 session](#) as well as an update on [ODOE's incentive programs](#). During the roundtable, we'd love to hear what's happening in your world and in particular, whether there are any federal funding opportunities that you're tracking, and if you are working on any legislative concepts for 2024 that you'd like to share with us. As a reminder, you can find ODOE's IJJA and IRA funding tracker [here](#). Michael Williams, Assistant Director for Central Services, will then share updates on the grants that ODOE is working on. More information on the status of these can be found on our website here, [and attached is an updated overview of the opportunities we are tracking most closely](#).

Next, Michael will walk through a high-level timeline for the development of ODOE's 2025-2027 budget (attached). It's hard to believe it's time to start thinking about the next biennium when we're barely into this one, but we wanted to bring you all in early in the process to help us think strategically about our budget development. As we'll discuss during the strategic plan update at the end of our meeting, the 2025-2027 budget development will be informed by the strategic evaluation of ODOE's programs that we are undertaking pursuant to one of our [strategic plan](#) initiatives. We'd also love to hear from you on initial thoughts and ideas as well as strategic advice as we start to develop our budget.

Next on the agenda, Christy, Government Relations Coordinator, will share an update on what we're hearing for the 2024 legislative session.

ODOE is kicking off three major projects this fall that we'd like to update you on:

- [Energy Security Plan](#): This plan is required by both the US DOE and the OR legislature. The ODOE team submitted a [draft plan](#) to US DOE in September 2023 that compiles the foundational state-level information critical to energy security. This draft plan was a required step from US DOE to demonstrate progress in complying with federal requirements. The full Energy Security Plan is due September 30, 2024 and will involve bringing together existing relevant threat information for electricity, liquid fuels, and natural gas systems and collecting new data to fill any identified gaps. ODOE will use this data to complete a risk assessment of all threats to Oregon’s energy systems and propose a suite of prioritized mitigation options to improve Oregon’s energy security. On October 16, ODOE held a virtual public kickoff meeting related to our plan for engaging with Oregonians in the coming months as we work to collect relevant information. Max Woods, head of our Nuclear Safety and Emergency Preparedness Team, will walk through the steps ODOE will take to engage Oregonians in the development and refinement of this plan.
 - As you prepare for the meeting and future engagement with the ODOE Energy Security Planning team, it would be helpful if you could identify information or data that might be useful and that you are willing to share with ODOE regarding your organization’s efforts on risk or threat assessment to energy infrastructure, mitigation measures or strategies your organization has or is undertaking, or how the ODOE team can help your organization with risk assessment and mitigation strategy development in the future.
- [Energy Strategy](#): HB 3630 directed ODOE to develop a State Energy Strategy that identifies pathways to achieve the state’s energy policy objectives. Last week, ODOE held an introductory webinar to kick off the process to develop this strategy. Edith Bayer, the ODOE Senior Policy Analyst heading up this effort, will provide an update where we are with the strategy.
 - The last time we talked about the idea of an Oregon Energy Strategy, several of you brought up important points about equity, affordability, aligning with other policies and strategies like health, agriculture, transport, land use. As we work to form the Technical Working Group and Advisory Group, what perspectives should we make sure are at the table?
 - A key first step in framing the project will be to define research questions. What questions would you like to see the Energy Strategy try to answer? What questions do you think might fall outside the scope of the Energy Strategy?
- 2024 Biennial Energy Report: With the next Energy Report due in just under a year, ODOE staff have begun the process of scoping the report. It may look different from the [2022 version](#), as we are planning to have the Energy Security Plan and Energy Strategy make up the bulk of the policy brief sections. We’re also aiming to make the report shorter next year by selecting only a limited number of additional articles (wish us luck!). Jessica Reichers, head of our Technology and Policy Team, will share our current thinking on this report and seek your feedback on what you’d like to see in the report. In particular, she will ask about what information or energy-related data you think would be helpful to include in the BER that could help Oregonians best understand and engage in the Energy Strategy and other energy discussions, such as:
 - What energy-related data would be helpful in understanding the current state of energy in Oregon, including co-benefits and effects?
 - Are there energy technologies or resources that could benefit from a high-level overview describing how they work and their effects on Oregon’s energy systems, economy, and environment?

- What energy-related questions or topics do you hear about that could benefit from a 101-level overview?
- Are there elements of the clean energy transition that you or the communities you work with find particularly concerning or would like to learn more about?
- What energy metrics would be helpful to assess the state's progress on the energy transition, co-benefits, and effects?

We'll conclude our agenda with an update on our strategic plan. We'll share the familiar dashboard indicating progress on our various objectives and initiatives. One exciting development to share is the [Diversity, Equity, and Inclusion Implementation Plan and Strategic Approach](#) that we developed in response to Governor Kotek's agency expectation requirement. This document highlights how our agency is implementing the DEI elements of our strategic plan.

At our last meeting, we got feedback from you on the criteria for the strategic evaluation of our programs and also the list the agency programs that will be evaluated. Since then, we've refined the list of programs to reflect changes from the 2023 legislative session (attached) and we've also completed two internal evaluations: the State Energy Efficient Design Program and our Clean Energy program. We found these evaluations to be useful in terms of better articulating and defining the programs as well as identifying areas for improving their efficiency and effectiveness. We'd welcome your feedback on these before we launch into the evaluation of the rest of the programs.

If you've been reading [ODOE's monthly newsletter](#), you'll know be familiar with much of the work that's been happening at the agency since we last met. (If you don't get the newsletter but would like to subscribe, please let us know!) For example, in September, we released the [Biennial Zero Emission Vehicle Report](#), showing that Oregon has made significant progress toward its transportation electrification goals. We also updated our [Solar Dashboard](#) – it's pretty striking how much this resource has grown in Oregon over the past three decades! ODOE [appeared twice in front of the Senate Interim Committee on Energy and Environment](#) during the most recent legislative days: We discussed the Oregon Solar and Storage Rebate program and the application we submitted to US EPA for \$138 million in [Solar for All](#) funding. I also had the opportunity to talk with the legislature about the [Pacific Northwest Hydrogen Association](#), which was [selected by US DOE for award negotiations for \\$1 billion](#) to establish a regional hydrogen hub in the PNW.

Finally, we wanted to share three comment letters that ODOE submitted in October (attached):

- ODOE joined with the OPUC, DEQ, Washington Utilities and Transportation Commission, Washington Energy Office, and Washington Department of Environmental Quality to submit comments to BPA on the principles they presented at the September 11, 2023 workshop on establishing a policy direction for potential day ahead market participation.
- ODOE provided comments on the Energy Trust of Oregon's draft 2024 budget and 2024-2025 action plan.
- ODOE provided comments in response to the Bureau of Ocean Energy Management's Draft Wind Energy Areas.

We look forward to seeing you on Monday, November 27 from 9-11!

Phases of Oregon's Budget Cycle



ODOE 2023 – 2025 Budget Development

Get Ready (Now)

- Reviewing 2021/23 biennium
- Implementing 2023 legislative actions
- Listen to stakeholders about their needs and experiences
- Evaluating our programs in context of the mission

Budget Kick-off (Early 2024)

- DAS publishes budget instructions
- Preparing the current service level budget
- Assess agency structure and potential needs
- Review Key Performance Measures
- Develop potential Policy Option Packages, Legislative Concepts

ODOE 2023 – 2025 Budget Development

Development (March – April)

- Technical build of the budget
- Refine and share POPs
- Develop the vision for the next biennium

Agency Request Budget

(May – July)

- Solidify the numbers behind the budget
- Stakeholder engagement
- Review Agency Request Budget with Energy Advisory Work Group
- Hold a Public Meeting on the Agency Request Budget
- Submit ARB to Department of Administrative Services

FEDERAL GRANT OPPORTUNITIES ODOE IS CLOSELY FOLLOWING



Energy Auditor
\$200K - \$2M

Future Resilient and Efficient Code cycles

Future GRIP cycles

Latest and Zero Building Codes

Future TREC cycle

HOMES \$57 Million

HEAR \$56 Million

CPRG – Implementation

Latest and Zero Building Codes

Transmission Siting Economic Development

2nd Round GRIP

EECBG \$1.9 Million

Solar for All
Amount \$138 Million

Training for Residential Energy Contractors
\$2 Million

SEP \$5.6 Million

Grid Resilience \$50 Million

Resilient and Efficient Codes
\$456K

CPRG Planning - \$500K

Hydrogen Hub

Key
 Red = IIJA Formula
 Orange = IIJA Competitive
 Teal = IRA Formula
 Green = IRA (unknown Form/Comp)
 Gray = IRA Competitive
 Circle = ODOE is not/may not be a lead applicant

List and Brief Description of ODOE Programs and Activities

Planning and Innovation

- **1.5% Green Energy Technologies in Public Buildings** requires that 1.5 percent of the total contract price of a public improvement contract for new construction or major renovation of a public building in Oregon must be spent on green energy technology or an alternative.
- **Appliance and Equipment Standards** ensures that Oregon's appliance efficiency standards are continually updated to keep Oregon's standards in the top tier nationwide.
- **Building Energy Codes Expertise** supports the residential and commercial energy codes with training for industry and trade allies, works closely with the Building Codes Division (BCD), and serves on the Construction Industry Energy Board and the International Codes Council Commercial Code Subcommittee, providing energy technical expertise in the building energy codes process.
- **Building Performance Standards** addresses energy use and GHG emissions from existing commercial buildings, which account for nearly 20% of energy use in Oregon. It will require most commercial buildings to enhance energy management practices and implement efficiency measures to meet energy use targets/benchmarks.
- **Clean Electricity** maintains expertise and synthesizes information on energy and climate policies, programs, and market dynamics related to renewable electricity and the clean energy transition. In addition to implementing statutory directives, the program conveys information and recommendations to policymakers to inform the design of policies that advance an equitable clean energy transition and achieve the state's climate and energy policy goals. Includes the agency's role in approving renewable generation assets as eligible for the state's Renewable Portfolio Standard.
- **Climate Change Mitigation** helps Oregon meet its GHG emission reduction goals by identifying mitigation options and measures, supporting implementation of the Oregon Climate Action Roadmap, developing natural and working lands inventory and actions, facilitating agency collaboration, and providing expert advice to update Oregon's GHG emission reduction goals. The program also provides administrative support and climate change policy expertise to the Oregon Climate Action Commission.
- **Electricity Planning and Markets Analysis** supports energy resource and transmission planning, provides analysis of market options and their implementation, and participates in numerous technical forums/committees to represent Oregon's interests.
- **Energy Data, Analysis, and Presentation** supports ODOE's role as the state clearinghouse for energy related data and information such as the Biennial Energy Report, Biennial Zero Emission Vehicle Report, as well as various data dashboards, like the Oregon Electric Vehicle Dashboard, Solar Dashboard, and Electricity Resource Mix. The program collects relevant and timely data and provides analysis to inform energy policy discussions, questions, and activities.
- **Energy Efficiency Policy** provides technical and policy expertise, participates in regional technical forums and committees, and supports collaboration and coordination with other energy related entities to advance energy efficiency programs and the efficient use of energy resources.
- **Energy Efficiency Technical Assistance** provides technical assistance, training and outreach for energy audits, cogeneration, and agricultural energy efficiency. Includes the Oregon Rural & Agricultural Energy Assistance Program.

- **Home Energy Score Program Assistance** helps homeowners, homebuyers, and renters better understand a home's energy use. The statewide program developed a standard home energy scoring system to illustrate a home's energy efficiency and energy use and establish training requirements for licensed home energy assessors.
- **Local Energy and GHG Planning** provides technical assistance for municipal climate action planning using the USDOE SLOPE (State and Local Planning for Energy) platform.
- **Direct Use Fuels** develops tools, resources, and analyses on the policy options and technological advancements for energy use in buildings and industry. Provides technical and policy expertise that helps the state consider the responsible development of low carbon direct use energy resources, including renewable hydrogen, renewable natural gas, renewable propane, and beneficial electrification. Assesses renewable resource technical feasibility, practical availability, and economically beneficial opportunities for alternative fuel use.
- **Public Purpose Charge - Large Industrial Self Direct (LECCP)** administers industrial efficiency projects under the Public Purpose Charge (SB 1149) self-direct program, and works with businesses and industries to achieve energy savings in existing, new, and renovated buildings, and other facilities.
- **Public Purpose Charge - Schools Program Delivery** establishes guidelines for the use of Public Purpose Charge (SB 1149) funding for schools, collects and analyze energy use information, provides technical support for energy efficiency audits, and helps create a biennial report to the Legislature on the accomplishments of the program.
- **Resilience Policy** supports the energy resilience of Oregon communities by including the resilience of energy systems and end uses in broader energy policy discussions, analysis, and program implementation. This includes developing technical tools and resources for community resilience planning and adaptation, providing analysis and expertise in state and regional energy resilience forums, engaging with communities and energy providers to assess the effects of energy policy options on energy systems and infrastructure, supporting the development of Nuclear Safety and Emergency Preparedness' Energy Security Plan, informing the development of agency programs that provide resilience benefits, and informing overall energy resilience planning, climate adaptation, and implementation.
- **State Energy Efficient Design (SEED) Program** tracks energy use in state buildings, collaborates with building operators to improve efficiency, and raises awareness of opportunities to improve efficiency such as incentives or strategic energy management programs. The program also monitors new or renovated state buildings to ensure they are using energy efficiency design methods and shares information about building energy use through legislative and agency reports and data visualizations.
- **Sustainable and Low-carbon Transportation** focuses on sustainable transportation solutions by collaborating with state agency partners to increase the use of low-carbon alternative transportation fuels (e.g., renewable diesel, electricity, hydrogen) and alternative fueled vehicles (e.g., battery and plug-in hybrid electric, fuel cell electric) and support the necessary infrastructure to facilitate the new fuels, resources, and technologies. This program also supports transportation electrification planning, and tracks and reports progress on the state's EV adoption targets and effects on greenhouse gas emissions reduction goals in agency studies and reports, and makes policy recommendations options to increase EV adoption in the state.

Energy Development Services

- **Community Renewable Energy Grant Program** provides grants for renewable energy and resilience project planning and grants for construction of community renewable energy and energy resilience projects in Oregon.
- **Energy Efficient Wildfire Rebuilding Incentive Program** provides incentives for energy efficient rebuilding of residential and commercial structures destroyed during the 2020 Labor Day wildfires.
- **Oregon Solar + Storage Rebate Program** provides rebates for solar electric systems and paired solar and storage systems for residential customers and low-income service providers in Oregon. Rebates are issued to approved contractors, who pass the savings on to their customers.
- **Community Heat Pump Deployment Program** provides grants to eligible entities to provide financial assistance for the purchase and installation of heat pumps and related upgrades to individuals who reside within the region or who are members of the tribe the entity has been awarded a grant for.
- **Oregon Rental Home Heat Pump Program** provides rebates and grants for the installation of heat pumps and related upgrades in dwellings used as residential tenancy (rentals) and manufactured dwellings or recreational vehicles located in a rented space.
- **Grid Resilience Program** provides grants to utilities for activities that improve the resilience of the electric grid while generating community benefits, advancing equity, and investing in America's workforce.

Nuclear Safety and Emergency Preparedness

- **Emergency Fuel Supply and Distribution Planning and Response** plans for and responds to any liquid fuel emergency supply or distribution issue in Oregon, and is the state's Emergency Support Function (ESF) entity for fuel supply and distribution.
- **Energy Security and Resilience Planning** assesses risks and threats to Oregon's energy systems (including electricity, natural gas, liquid fuels), and works to identify and implement mitigation measures to reduce the likelihood and severity of those risks and threats. This includes implementation of the county energy resilience grant program.
- **Hanford Nuclear Clean Up** represents Oregon's interests in the ongoing Hanford nuclear site cleanup. Our division has experts in radioactive waste management, hydrogeology, ecology, and safety, and has been engaged in Hanford cleanup policy since the site transitioned to cleanup from plutonium production in the late 1980s. Oregon's primary interest is ensuring that cleanup decisions and resource allocation are protective of the Columbia River. The division is also the state's trustee to the ongoing Natural Resources Damage Assessment and Restoration process at the Hanford site.
- **Radioactive Waste Disposal** implements Oregon's radioactive waste disposal regulations. This involves coordination with DEQ, OHA, and private Oregon-based companies that generate, transport, and dispose of waste. The program also provides technical support and annual monitoring of two former uranium mines and a uranium mill disposal site in Lake County.
- **Nuclear Emergency Preparedness and Safety** is responsible for preparation and managing a coordinated response to a potential nuclear emergency that affects Oregon from the Hanford nuclear site or the Columbia Generating Station nuclear power plant or transportation accidents involving radioactive material. The division administrator is also the designated State Liaison Officer between Oregon and the Nuclear Regulatory Commission, and the division is the primary information source and expertise in state government related

to nuclear power, nuclear waste, and other state and national policy questions related to nuclear issues.

- **Radioactive Waste Transport** collects fees from trucking companies that ship certain radioactive material through Oregon; these fees are then disbursed for training activities to first responders. Training is conducted annually and is led by experts from Oregon State University and Oregon Health Authority.

Energy Facility Siting

- **Energy Facility Compliance** monitors facilities with site certificates to ensure they are constructed, operated, and retired consistent with all conditions of approval. This requires annual reviews, frequent on-site inspections and updates to bonds and letters of credit to ensure there is adequate funding to decommission the facility to a useful non-hazardous state if the operator is unable to remove the facility on their own.
- **Energy Facility Siting Applications/Amendments** reviews applications and requests for amendment of large-scale energy projects including but not limited to wind, solar PV, and electrical transmission. This review requires coordination and consultation with appropriate state agencies, local jurisdictions, tribal governments, the public and federal agencies. Throughout this review staff builds a comprehensive record of facts and findings that demonstrate whether a proposed project meets Oregon's siting standards.
- **Federal Energy Project Coordination** serves as the state's lead agency for federal jurisdictional projects such as the previously proposed Jordan Cove liquefied natural gas export terminal and associated pipeline. Division staff negotiate cost recovery agreements, establish memoranda of understanding among stakeholders and coordinate the state's response in the National Environmental Policy Act process.
- **Siting-Related Rulemaking** evaluates and makes adjustment to ensure administrative rules function as efficiently and effectively as possible and reflect changes in energy markets and demands. Key rulemaking activities include identifying potential rulemaking actions, prioritization by the Energy Facility Siting Council, and establishing broadly represented rulemaking advisory committees to help Department staff draft proposed rules, as appropriate.
- **Staff Energy Facility Siting Council** provides support for the seven member Governor appointed and Senate confirmed volunteer council who are the final decision makers on all applications, amendments, and rulemakings. The work under this subprogram includes both direct support to EFSC as well as tasks that support their mandate.



October 18, 2023

VIA ELECTRONIC FILING

Russ Mantifel
Director of Market Initiatives
Bonneville Power Administration
P.O. Box 3621
Portland, OR, 97208-3621

RE: Joint State Agency Comments on Bonneville Power Administration's Day-Ahead Market Participation Evaluation, Workshop Two

Dear Mr. Mantifel,

The Washington Utilities and Transportation Commission (UTC), Washington Department of Ecology (Ecology), Washington State Energy Office (Energy Office), Oregon Public Utility Commission (OPUC), Oregon Department of Environmental Quality (ODEQ), and Oregon Department of Energy (ODOE), collectively known as the State Agencies, appreciate the opportunity to comment on Bonneville's principles presented at its Sept. 11, 2023, workshop on establishing a policy direction for potential day ahead market participation.

The State Agencies offer these comments as the state agencies responsible for protecting the public interest and ensuring the effective implementation of Washington's and Oregon's principal climate and clean energy laws.

Washington's climate and clean energy laws include the state's comprehensive cap-and-invest program, the Climate Commitment Act (CCA), and 100 percent clean electricity law, the Clean Energy Transformation Act (CETA). Individually, the UTC regulates in the public interest Washington's three investor-owned electric utilities and ensures that rates and services are fair, just and reasonable for Washington households and businesses served by those utilities. Ecology regulates the greenhouse gas emissions of electricity generation and imports under the CCA. The Energy Office, within the Department of Commerce, is responsible for developing and monitoring energy policy. It authored Washington's 2021 State Energy Strategy, which calls for the development of regional wholesale energy markets. In addition, the Energy Office developed the rules for and monitors the implementation of CETA by Washington's consumer-owned utilities.

Oregon’s principal climate and clean energy laws include House Bill 2021, which established a 100 percent clean electricity standard for two of Oregon’s investor-owned utilities; the Climate Protection Program; and the Renewable Portfolio Standard. OPUC regulates Oregon’s three investor-owned electric utilities to ensure safe, reliable and fairly priced utility services that advance state policy and promote the public interest. ODEQ requires the reporting of and regulates the greenhouse gas emissions of electricity provided by investor-owned utilities to serve Oregon load, including imports. ODEQ administers the Climate Protection Program—which imposes a declining cap on fossil fuel emissions outside the electricity sector. ODEQ also administers the state’s mandatory greenhouse gas reporting program that enables the implementation of the two aforementioned programs. ODOE administers the state Renewable Portfolio Standard and develops the state’s energy strategy.

The State Agencies recognize that this is the second opportunity to comment on BPA’s DAM participation, and that the principles chosen by BPA will be the evaluation criteria for determining potential market participation. The State Agencies generally support the proposed principles presented at the September workshop. However, the State Agencies believe the principles are not sufficiently granular to be the basis of a decision by BPA for whether and how to participate in a DAM, particularly given that BPA has previously publicly framed the decision as a potential step toward joining a future Regional Transmission Organization. In addition to the discussion and comment opportunities ahead, the State Agencies request that BPA revisit principles at future workshops to provide transparency about BPA’s priorities and objectives, and provide opportunities for commenters to make more granular and specific proposals while keeping the conversations on schedule.

The State Agencies emphasize that BPA’s decision to join a regional day ahead market is not just a choice between EDAM and Markets+ as they are structured today. Through the West-wide Governance Pathways Initiative, utility commissioners from five Western states have proposed the creation of an entity that could administer a West-wide market that includes participants across all states in the Western Interconnection, including California, with independent governance shared across all states. The proposed entity is envisioned to eventually assume governance of the Western EIM and EDAM, retaining the value created by optimizing 80 percent of the load in the West while accomplishing independent governance. The commissioners’ proposal reflects a common commitment in seeking benefits shown in multiple studies that demonstrate the most favorable electricity market for consumers is one that includes a West-wide market footprint.¹ Such a market would avoid the issue of “seams” from separate markets operating across major portions in the West, such as across key trading hubs, and would enable an optimized use of the broad diversity in resources to meet the broad diversity in loads across the majority of the interconnection. The broadest footprint possible, including seamless, intra-hour optimization of many states’ extensive renewable energy investments, would also maximize carbon emissions reductions at least cost. The State Agencies encourage BPA to engage with the utility commissioners and stakeholders as they evaluate this opportunity and collaborate on the design and structure of the proposal.

Reducing carbon emissions is a regional and global imperative. Companies, customers, communities and states across the West have made commitments to decarbonize, and the largest market possible has been shown to be the most cost-effective way to achieve a decarbonized electricity system and meet regional climate goals.

The State Agencies commend BPA for its recent interconnection reforms, which represent a first step toward demonstrating climate leadership. BPA needs to continue to demonstrate climate leadership and,

¹ For example, see the State-Led Market Study, available at <https://www.westernenergyboard.org/wp-content/uploads/2-MOYER-State-Led-Market-Options-Study-CREPC.pdf>.

indeed, must prioritize carbon emissions reduction in its evaluation of market options. EDAM under the current joint authority or under an independent governance and Markets+ offer different carbon emissions reduction opportunities. It is of the utmost importance that BPA select a market that best accelerates carbon emissions reduction and does not slow, or worse, impede regional efforts to reduce greenhouse gas emissions.

Additionally, the existing rapid optimization of 80 percent of the Western load through the Western EIM has already demonstrated value supporting grid reliability under increasingly stressed weather conditions. The State Agencies are concerned that adding seams to the existing footprint and reducing the scale of the current optimization will both reduce grid reliability and require new transmission and generation capacity that could otherwise be avoided. Siting and affordability challenges across the West point to the value of decisions that minimize the need to deploy capital, consume land and increase customer costs.

BPA's ultimate decision will determine the electricity market for many Pacific Northwest utilities, both investor-owned and consumer-owned, regardless of whether they are BPA preference customers. It will also determine the electricity market for states with carbon emission reduction requirements and those that remain fuel agnostic. Further, BPA's decision could overwhelmingly influence the decision of other market participants. BPA must not rush to a decision. Doing so could jeopardize the ability of utilities to comply with state laws, cause long-term economic harm to households and businesses, and hamper regional collaboration efforts, including the development of the largest possible West-wide electricity market. BPA's decision to participate in a DAM must prioritize efficient carbon emission reduction and aim to maximize economic value, system reliability, and efficient use of the grid across the entire Western region.

We respectfully submit the following comments on BPA's proposed DAM evaluation principles.

1. Statutory Principle

The State Agencies support BPA's proposal to formalize a principle ensuring that DAM participation will not conflict with BPA's existing statutory, regulatory, and contractual obligations. When applying this principle to its decision-making, we encourage BPA to evaluate how participation in the proposed day-ahead market frameworks could impact the legal obligations and limitations established by the Pacific Northwest Consumer Power Preference Act. In that Act, Congress clearly indicated an intent for electricity generated by the Federal hydropower system in the Pacific Northwest to be used to meet the power needs of the Northwest region. While the Act authorizes BPA to sell surplus energy and capacity for use outside the Pacific Northwest, the Act also clarifies that any market demand for hydropower in the Pacific Northwest must be met before surplus energy may be exported for sale outside of the region. We urge BPA to evaluate the implications of these statutory limitations under a DAM, as well as under a scenario in which two DAMs operate simultaneously within the Pacific Northwest region.

Additionally, in a future where regional load growth and the pressure of a changing climate are both reducing the surplus energy and capacity available during high stress and thus high-cost times, BPA must deeply consider how a DAM choice will support reliability and cost minimization when surplus is limited.

2. Business Principle

The State Agencies support BPA's proposed business principle, which requires BPA's market participation decision to be supported by sound business rationale. Consistent with this principle, we reiterate our August 15 comment that the business rationale should consider a thorough evaluation of the long-term

opportunity costs of foregoing the largest West-wide market possible, which is at least the 80 percent of load participating in the Western EIM today. This evaluation should compare the impact on BPA priority firm rates of different market scenarios, including a West-wide market footprint. It should include a full cost estimate for market implementation, including the transition cost, technology risk and lost benefits of transitioning from the Western EIM. Further, BPA's economic analysis of different market scenarios must evaluate both capacity and energy costs. It is our understanding that the production cost impact study prepared for the Western Markets Exploratory Group does not include potential capacity savings achieved by market participation or the cost of transmission necessary to create a fully liquid market across the footprint and therefore may provide an insufficient basis for evaluation. Finally, the State Agencies urge BPA to transparently share with stakeholders all modeling assumptions and inputs used by BPA in its evaluation.

3. Strategy Principle

The State Agencies support BPA's proposed strategy principle, which would ensure that BPA's participation in a DAM is consistent with its strategic plan. We agree that this is one of several principles that should incorporate stakeholders' concern that multiple markets could result in lost benefits for the region, and that this concern falls within the scope of BPA's strategic goal to enhance the value of products and services. The State Agencies appreciate that supporting regional carbon reduction efforts is a stated objective of this strategic goal. As we noted in our August 15 comments, reducing carbon emissions from electricity generation is a priority for states across the region, including Oregon and Washington. When applying the strategy principle to its DAM evaluation, we urge BPA to elevate its objective to support regional carbon reduction efforts and prioritize efficient, cost-effective carbon emissions reductions as a key decision-making criteria.

4. Governance Principle

The State Agencies support the proposed principle that BPA's participation in a market requires independent, open, transparent, and representative governance. We encourage BPA to adopt the Multi-state Organization Principles agreed to by states across the West and outlined below.²

The decisions made by market administrators through their respective governance processes have profound impacts on electricity end users and the ability of utilities to comply with state laws. It is important for BPA to ensure the market it chooses provides independent, transparent, open, and representative governance for all market participants, and allows utility commissions, state energy offices, consumer advocates, and other interested organizations to meaningfully participate in crucial market decisions that impact the public interest.

The Multi-state Electric Organization Principles set forth by commissioners across the West and adopted by WRAP include:

- Board independence
- Active stakeholder engagement
- Role of a States Committee in policy development and decision-making
- State Committee access to data and information
- State Committee staffing and funding, and

² Please find the Multi-state Electric Organization Principles as presented at the April 25, 2022 CREPC-WIRAB meeting here: <https://www.westernenergyboard.org/wp-content/uploads/Multistate-Governance-Principles-4-25-22.pdf>

- Independent board selection.

The additional granularity provided in these Multi-state Electric Organization principles should be included in the guiding principles adopted by BPA.

5. Customers Principle

BPA's DAM participation should not jeopardize the ability of electric utilities to meet their statutory requirements. BPA's choice of a DAM market should not push Washington or Oregon utilities into a position where they would have to choose between the economic benefits of an organized wholesale power market and their compliance with state clean electricity and climate laws. Many issues remain unresolved across the markets being developed. How these issues are resolved will impact whether utilities will be able to comply with state laws and the risks they may face when joining a market. Under these conditions, the State Agencies do not view principles to "respect" state laws as sufficient. BPA must ensure that any market it joins "enables" compliance with state laws.

One of the biggest issues BPA must contemplate when considering which market to join is the treatment of unspecified resources, and how each market will ensure compliance with state greenhouse gas laws and regulations. For markets that rely on a "zonal approach," this includes the selection of the emissions rate for unspecified resources exported by the market to a GHG zone, as well as the time frame identified for the emissions rate. It is still unclear how such a design will allow for the assignment of unspecified electricity for purposes of compliance to individual entities conducting electricity transactions.

Another concern raised by a zonal approach is the assignment of the unspecified attributes of fossil fuel generation sources to the balancing authority where a plant is located in cases where the electricity generated at that facility was not used to serve customers in that balancing authority. This could be a significant risk for utility compliance with Washington's 2030 greenhouse gas neutral standard and Oregon's clean electricity standards. It would make utilities located in those balancing authorities non-compliant with the clean electricity standards.

Through the adoption of greenhouse gas laws and regulations, state policymakers have made conscious decisions on behalf of the public interest to avoid and reduce use of GHG-emitting sources. These policy choices will affect the cost of electricity in those states, avoiding some costs and incurring other costs. To the extent customers in these states continue to use fossil fuel electricity sources, greenhouse gases costs should be reflected in the costs for electricity used to serve these states. However, adding unnecessary, unjustified costs to the electricity bills of households and businesses is not in the public interest.

6. Greenhouse Gas Emissions Principle

While the State Agencies appreciate BPA's efforts to refine its draft greenhouse gas evaluation principle, it is unclear how the currently proposed principle will influence BPA's decision-making process. We strongly agree with BPA's commitment to evaluate how its participation in a DAM will impact greenhouse gas emissions attributed to the federal system and its customers' abilities to comply with state carbon programs. However, it is unclear whether, how, and to what extent the findings from this evaluation might influence BPA's decision to join a DAM.

We suggest that as BPA considers which DAM design to select for its customers, it should do more than just passively evaluate the impact of those market designs on the ability of BPA and its customers to comply with state greenhouse gas regulatory and incentive programs. Instead, it should be actively considering ways that, given the proposed structures and commitments of those markets (e.g., tariff

language, stakeholder engagement history), BPA would be in a position to actively facilitate compliance and engagement with state programs for itself and its customers. Key variables to consider in this regard include the breadth and scope of data made available to both market participants and regulators, barriers to use of these data by those parties, and the flexibility embedded in the market designs and operational plans to adapt to changing needs of state regulators or future greenhouse gas programs. Also, more specifically for BPA than other parties, the ability for those data to be further processed or applied by BPA to its customers since it is likely that BPA will need to serve as a conduit between the market and its customers in terms of providing the appropriate data.

In addition, a key consideration should be the extent to which the market and its market operators are able to provide data and meet the needs of both explicit greenhouse gas emission pricing programs, such as cap and invest programs or carbon fee programs, as well as non-pricing programs, including emissions reductions mandates and resource-based energy regulation that addresses greenhouse gas emission indirectly by focusing on non-emitting and renewable energy resources. The ability for BPA to facilitate compliance with these non-pricing programs, and a lack of barriers to compliance from the market design, is also an important consideration. BPA should also take into account the demonstrated willingness of the markets under consideration to engage with these types of programs, and not just the existing carbon pricing programs in Washington and California.

BPA has proposed in its greenhouse gas emissions principle to “ensure that participation maintains the value of the low-carbon nature of the federal system to the extent possible.” While we agree with the principle’s assertion that DAM participation must maintain the value of the low-carbon nature of the federal system, it is unclear how BPA intends to accomplish this “to the extent possible.” It is also unclear what is meant by “value” in this proposition. Is it intended to refer more to maximizing monetary return, or is it primarily representing the environmental benefit claims users of the system may make? Pricing carbon inherently draws low carbon energy towards the load under the pricing regime, often at a premium. As BPA serves loads that do not price carbon but seem to value claiming the low carbon nature of the resource and also faces a monetary incentive to sell clean power into high value zones, it is unclear how the principle would be applied. What does a market design need to accomplish or enable to ‘maintain the value’ of the federal system?

We encourage BPA to strengthen the proposed greenhouse gas principle to clarify how it will apply these considerations into its decision-making. BPA can provide additional clarity by revising the second sentence of the greenhouse gas principle as follows: *Participation in a day-ahead market must maintain the value of the low-carbon nature of the federal system and must not impede customers’ abilities to comply with state carbon programs.* We also encourage BPA to consider qualifying the term “value” with a more specific description or the use of better terminology to convey what is intended.

BPA’s decision to join a day-ahead market would have widespread and long-term implications for the electricity system in the West. The risks and benefits that could result from BPA’s DAM participation will ultimately depend on the market’s footprint, design, and governance framework. The evaluation principles BPA applies to guide its decision-making will therefore have far-reaching implications for the region, and the State Agencies appreciate the opportunity to provide recommendations for strengthening these principles.

Sincerely,



Janine Benner, Director
Oregon Department of Energy



Megan Decker
Chair, Oregon Public Utility Commission



Michael Furze
Assistant Director, Energy Division
Washington State Department of Commerce



Joel Creswell
Climate Pollution Reduction Program Manager
Washington Department of Ecology



Colin McConnaha
Manager, Office of Greenhouse Gas Programs
Oregon Department of Environmental Quality



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October 27, 2023

To: Executive Director Michael Colgrove and Energy Trust Board of Directors

From: Janine Benner, Director, Oregon Department of Energy

Re: Energy Trust of Oregon Draft 2024 Budget and 2024-2025 Action Plan

I appreciate the opportunity to provide comments on behalf of the Oregon Department of Energy (ODOE) on Energy Trust of Oregon's draft 2024 budget and 2024-2025 action plan. I serve on the Energy Trust Board of Directors as an ex officio member and many of our agency staff work with Energy Trust staff through the Conservation Advisory Committee, Renewables Advisory Committee, Diversity Advisory Committee, as well as through other coordination efforts.

ODOE is the state's energy agency with a mission to help Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations. On behalf of Oregonians across the state, we achieve our mission by providing: a central repository of energy data, information, and analysis; a venue for problem-solving Oregon's energy challenges; energy education and technical assistance; regulation and oversight; and energy programs and activities that save energy, support the state's decarbonization efforts, make communities more resilient, and position Oregon to lead by example.

We support the continued development of Energy Trust's budget to meet the mission of helping customers and communities. Energy Trust's budget will work to reduce community costs by saving energy and achieving additional benefits from renewable resources. It will also support the State of Oregon in leveraging and maximizing the benefits of federal funding.

ODOE will be deploying millions of dollars of state and federal funding through energy incentive programs as a result of recent actions by the Oregon Legislature and also the Bipartisan Infrastructure Law and Inflation Reduction Act passed by Congress. This includes the Home Efficiency Rebate programs, which will provide over \$114 million to assist Oregon households in reducing their energy consumption, and in turn their energy bills and greenhouse gas emissions, through the installation of energy efficient technologies and weatherization measures. While this represents a historic federal investment in energy efficiency, it is only a fraction of what will be needed to reach Oregon's clean energy goals. Continued investment in efficiency programs like the ones outlined in Energy Trust's 2024 budget will be essential in positioning our state to meet these goals and ensuring consumers, particularly those in low-income and historically marginalized communities, experience the benefits of a clean energy transition. Our state cannot achieve the savings necessary to equitably meet our ambitious climate goals without broad participation by these communities in energy efficiency programs. We are highly supportive of Energy Trust's commitment to investing in programs that overcome barriers and engage these communities.

As part of House Bill 3049, ODOE has been tasked with developing a “one-stop-shop” to simplify how Oregon consumers find which energy efficiency investments are available to them. The success of this model relies in part on a continued investment in efficiency incentives within our state as well as close collaboration with entities like Energy Trust who administer those incentives. ODOE is supportive of the investments made in Energy Trust’s 2024 draft budget and we see Energy Trust’s work as critical to making the “one-stop-shop” successful. We also recognize the need to ensure that the multitude of programs and delivery systems are well coordinated, efficiently administered, and don’t duplicate efforts. ODOE looks forward to continuing to work closely with Energy Trust on this effort.

The success of energy efficiency work relies heavily on our community relationships. We know that underserved, marginalized, and vulnerable communities may feel untrusting of governmental organizations, and it is our responsibility to earn their trust. Building long-term and mutually beneficial relationships takes time, effort, and funding. A commitment to develop partnerships will provide opportunities to leverage investments and bring cost-effective energy savings for people and places that have historically been left out. Serving these customers will relieve their direct energy burden and ensure equitable distribution of benefits.

The up-front cost of this effort requires higher incentives to cover more or even all the costs of upgrades. We must develop new delivery strategies like partnerships with community-based organizations, community outreach, and more hands-on delivery models to serve these customers who may be reluctant to participate. Additionally, economic conditions such as labor turnover, supply chain issues, increasing costs, and long delivery times continue to present challenges to the commercial and industrial sectors.

Energy Trust has been a leader in building capacity to keep up with opportunities. Experience and labor shortages are issues for the energy efficiency industry, especially as new funding creates more opportunities. The challenge is not lack of funds, but rather how to distribute the new funding to individuals and communities. Energy Trust’s budget recognizes these challenges and allocates appropriate funding to help overcome these challenges.

ODOE appreciates Energy Trust’s work and partnership as we work to equitably transition to a clean energy future.

Sincerely,

A handwritten signature in cursive script that reads "Janine Benner". The signature is written in black ink and is positioned above the typed name and title.

Janine Benner, Director
Oregon Department of Energy



Oregon

Tina Kotek, Governor



October 16, 2023

Jean Thurston-Keller, Project Coordinator
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Subject: BOEM’s Request For Comments re: Draft Wind Energy Areas – Commercial Leasing for Wind Power Development on the Oregon Outer Continental Shelf (OCS)

Dear Ms. Thurston-Keller,

Thank you for the opportunity to provide comments in response to BOEM’s August 15, 2023 request for comments on the Draft Wind Energy Areas (WEAs) BOEM has identified as part of its Area Identification process for Commercial Leasing for Wind Energy Development on the Outer Continental Shelf (OCS) Offshore Oregon. The Oregon Department of Energy (ODOE) is the state’s energy agency with a mission to help Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

ODOE’s comments are structured to provide information about floating offshore wind (FOSW) and its potential value as a new clean energy and transmission option to help decarbonize the power systems serving customers in states across the West – both inside and outside of Oregon. Clean energy and climate policies adopted by Western states, including Oregon^{1,2} – along with U.S. clean energy and climate policy goals,³ including specific federal initiatives and goals to help advance FOSW⁴ – are all contributing to the potential value that FOSW offers the regional power grid and state economies, particularly those states seeking to achieve 100% clean electricity and economy-wide decarbonization before mid-century.

¹ Oregon HB 2021 (2021) - Oregon’s 100% Clean Electricity by 2040 Policy (applicable to Oregon’s largest retail electricity providers - Portland General Electric & PacifiCorp).

<https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2021>

² Oregon’s Climate Protection Program (targeting economy-wide decarbonization) – Administered by Oregon Department of Environmental Quality. <https://www.oregon.gov/deq/ghgp/cpp/pages/default.aspx>

³ White House Executive Order 14057 (2021) – U.S. policy goal to achieve a carbon pollution-free electricity sector by 2035 and net-zero emissions economy-wide by no later than 2050.

<https://www.federalregister.gov/documents/2021/12/13/2021-27114/catalyzing-clean-energy-industries-and-jobs-through-federal-sustainability>

⁴ Federal Administration’s announced initiatives and goals specific to FOSW (2022) – U.S. Dept. of Interior goal to deploy 15 GW of FOSW by 2035; U.S. Dept. of Energy “FOSW Shot” initiative to reduce cost of FOSW to \$45/MWh by 2035. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/15/fact-sheet-biden-harris-administration-announces-new-actions-to-expand-u-s-offshore-wind-energy/>

Our comments are also submitted with the understanding that FOSW may have potential impacts to ocean users and the environment, and that many stakeholders – including other state agencies with expertise and regulatory authority over potential impacts – are raising important questions and concerns. We encourage BOEM to continue to address potential impacts through engagement with Tribes, state and local agencies, other stakeholders, and the public; as well as through environmental assessments of any potential Final WEAs and environmental impact statements on any potential construction and operation plans that may come later in BOEM’s process.

Our review of energy and transmission studies indicate that potential FOSW development on the Western edge of the regional power grid offers a uniquely valuable combination of energy and transmission diversity benefits to local coastal communities, the state, and the region. For example, ocean located large-scale generation could improve power grid reliability and resilience, while also potentially lowering the aggregate costs and risks for Oregon and other western states of achieving their clean energy and climate policies. At the same time, there are limited examples of existing FOSW projects and a multitude of challenges related to potentially developing energy projects at sea.

Considering the potential benefits and challenges of FOSW development, ODOE supports the goals of BOEM’s Area Identification process and leasing opportunity. We recognize and appreciate the years of data collection, analysis, and gathering of stakeholder input BOEM has undertaken with research organizations and potentially interested and affected parties since September 2019. BOEM’s multi-year engagement process has led to two Draft WEAs in federal waters adjacent to Oregon’s southern coast that have some of the strongest offshore winds in the country – Draft WEA-A (Coos Bay, est. ~743 MW potential) and Draft WEA-B (Brookings, est. ~1,922 MW potential).⁵ Combined, the two Draft WEAs could accommodate the potential development of an estimated 2.6 GW of FOSW capacity.

While there are additional BOEM process steps and much more power and transmission planning to be done before a FOSW project could be developed, at this stage the two identified Draft WEAs are steps towards Oregon’s twin offshore wind policy goals: 1) to plan for the development of up to 3 GW of FOSW within federal waters off its coast by 2030; and 2) that planning be conducted in a manner that will maximize benefits to Oregon while minimizing conflicts between FOSW, the ocean ecosystem, and ocean users.⁶

General Procedural Comments – Timing, Opportunity Value & Coordination Risk

ODOE supports the forward progression of BOEM’s competitive leasing process to assess commercial interest in developing potential FOSW projects adjacent to Oregon’s southern coast. While there are several remaining process steps and estimates of many years before a construction and operation permit could be approved, if at all, the progression of the leasing process is a critical element that informs and helps coordinate the long-term planning

⁵ BOEM Request for Comments, Aug. 14, 2023, pp. 15-16. <https://downloads.regulations.gov/BOEM-2023-0033-0001/content.pdf>

⁶ Oregon HB 3375 (2021) – Oregon’s Offshore Wind Policy, Section 1 (2)(a) and (b). <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB3375>

conducted by power and transmission providers across the region, including those serving Oregon. These long-term plans help forecast the need for long-lead time projects like transmission expansion and FOSW – projects which could take 10+ years or more to plan and develop and are forecasted to be increasingly valuable, if not necessary, in the 2030s in order for power providers to meet their 100% clean electricity requirements under state laws (i.e., Oregon’s 100% clean by 2040 law, and Washington and California laws for 100% clean by 2045).

To meet the clean energy and climate policies adopted by Western states, including Oregon’s policies, energy studies and power planning consistently indicate the likely pathways to achieving these commitments include:

- Increased electrification of the transportation and building sectors – i.e., shifting away from fossil fuel use;
- Timely development of new and diverse renewable energy projects at tremendous scales (in addition to increased energy efficiency); and
- Timely expansion of transmission line infrastructure necessary to connect the vast buildout of new renewables to customers.

Studies consistently estimate the buildout of new renewable and transmission capacity needed across the Western power grid to meet states’ clean energy and climate policies is in the order of 100s of gigawatts (GW) by 2040.^{7,8} For context, the current sum of all the power capacity in the PNW region alone is roughly 60 GW, which was developed over the course of the past 100 years. In this light, BOEM’s leasing process for ocean areas adjacent to Oregon’s coast presents an opportunity value to the region’s power and transmission planners. As BOEM’s process progresses, power and transmission planning can also progress more readily and can account for FOSW more accurately in terms of FOSW’s potential value as a new renewable energy and transmission option to help optimize the cumulative scale, diversity, and pace of buildout necessary across the West before mid-century.

In other words – separate from the long-lead time of BOEM’s multi-year leasing, siting, and permitting process – the planning and development of FOSW and transmission projects also have long-lead times. This means that in order for FOSW and its supporting transmission infrastructure to be available in the 2030s to help meet the 100% clean energy requirements for Oregon and other states, BOEM’s process and the region’s power and transmission planning processes need to be well synchronized. While BOEM’s processes are not formally coordinated with the region’s power and transmission processes – if there’s limited progress in BOEM’s leasing process, then the region’s power and transmission planning processes may also be limited in their ability to successfully plan and take the near-term actions necessary to expand transmission infrastructure on timelines that match up with when any potential FOSW procurement and development off Oregon’s coast may be most valuable to power providers.

- **Power Planning Example.** An example of a power planning process involving OSW adjacent to Oregon is Portland General Electric’s (PGE) 2023 Integrated Resource Plan

⁷ 1 gigawatt (GW) = 1,000 (MW). The large Bonneville Dam east of Portland is roughly 1 GW.

⁸ 2021 Northwest Power Plan, NW Power & Conservation Council, pg. 51 (projecting 350+ GW of new renewable projects across the West by 2041) https://www.nwcouncil.org/f/17680/2021powerplan_2022-3.pdf

(IRP), which is currently in the regulatory review process with the Oregon Public Utility Commission (OPUC). PGE's IRPs forecast its need for new power supplies for the next 20 years. PGE, Oregon's largest utility, recently identified 1 GW of FOSW by 2035 as a potential least-cost and least-risk addition to their system.⁹ This occurred through PGE's IRP docket with OPUC,¹⁰ where there are currently active discussions about the near-term actions needed to ensure long-lead time projects, like planning & developing OSW & transmission, are progressing on timelines that match with when PGE is likely to need those resources to be available.¹¹ Underlying this discussion is the concern about long-lead time projects requiring well-coordinated planning actions and market signals. Power and transmission planning can inform markets and vice versa, similar to how BOEM's process can inform markets and vice versa.

- **Transmission Planning Example.** An example of a transmission planning process involving OSW adjacent to Oregon is Bonneville Power Administration's (BPA) 2022 Transmission Plan. BPA's transmission plans assess transmission reinforcement and potential expansion needs for at least the next ten years. OSW appears in three sections of the 2022 Plan – in discussion of reinforcement needs as a result of transmission service requests;¹² in discussion of potential transmission expansion as a result of its interconnection queue;¹³ and in discussion about the public policy driven studies BPA has done to validate that major transmission expansion is necessary to interconnect gigawatt-scales of OSW along Oregon's Southern Coast.¹⁴

Comments on the Draft WEA Process – Avoiding & Minimizing Potential Impacts

ODOE recognizes that BOEM's process for identifying Draft WEAs consisted of scientific, spatial analysis of – and public engagement to hear feedback and listen to additional input on – a multitude of critical factors crucial to identifying draft ocean areas that could: 1) best avoid and minimize potential adverse interactions with other industries or natural resources, and 2) also be suitable for FOSW development.¹⁵ ODOE appreciates BOEM's use of the NCCOS suitability model to support its spatial analysis, and that the complete description of the suitability modeling methods and results are publicly available in the draft BOEM/NCCOS Joint Report, "A Wind Energy Area Siting Analysis for the Oregon Call Areas."¹⁶

⁹ OPUC Docket No. LC 80: PGE 2023 IRP, PGE's Reply to Round 1 Comments, Sept. 6, 2023, pp. 75, 83 (roughly 250 MW per year beginning in 2032 through 2035). <https://edocs.puc.state.or.us/efdocs/HAC/lc80hac131341.pdf>

¹⁰ OPUC Docket No. LC 80: PGE 2023 IRP.

<https://apps.puc.state.or.us/edockets/DocketNoLayout.asp?DocketID=23636>

¹¹ OPUC Docket No. LC 80: PGE 2023 IRP, PGE's Reply to Round 1 Comments, Sept. 6, 2023, pp. 87 (discussion of near-term actions for long-lead time projects). <https://edocs.puc.state.or.us/efdocs/HAC/lc80hac131341.pdf>

¹² BPA 2022 Transmission Plan, Section 1.2.2, pg. 10 (Offshore wind TSRs amounting to 2.2 GW)

<https://www.bpa.gov/-/media/Aep/transmission/attachment-k/2022-bpa-transmission-plan.pdf>

¹³ BPA 2022 Transmission Plan, Section 1.3.1, pg. 12 (Douglas County coastal wind amounting to 3.1 GW)

<https://www.bpa.gov/-/media/Aep/transmission/attachment-k/2022-bpa-transmission-plan.pdf>

¹⁴ BPA 2022 Transmission Plan, Section 1.3.4, pg. 13 (ODOE & OPUC request to study 3 GW)

<https://www.bpa.gov/-/media/Aep/transmission/attachment-k/2022-bpa-transmission-plan.pdf>

¹⁵ BOEM Request for Comments, Aug. 14, 2023, pp. 8-9. <https://downloads.regulations.gov/BOEM-2023-0033-0001/content.pdf>

¹⁶ Draft NCCOS Report, August 2023. https://www.boem.gov/sites/default/files/documents/renewable-energy/state-activities/Oregon_WEA_Draft_Report_NCCOS.pdf

In addition to the spatial modeling described above, ODOE further appreciates that BOEM considered the following non-exclusive information sources in its identification of Draft WEAs:¹⁷

- Comments and nominations received on the Call for Information and Nominations;
- BOEM Oregon Intergovernmental Renewable Energy Task Force meetings
- Data Gathering and Engagement Plan for Offshore Wind Energy in Oregon
- Data Gathering and Engagement Summary Report: Oregon Offshore Wind Energy Planning
- Input from state and Federal agencies
- Comments received via consultation meeting and written comment from federally recognized Tribes
- Comments from Tribal outreach meetings with federally recognized Tribes
- Comments from relevant ocean users and stakeholders, including the maritime community, environmental NGOs, offshore wind developers and the commercial fishing industry
- State clean energy goals
- Domestic and global offshore wind market and technological trends
- OROWindMap data and information

ODOE is especially supportive of BOEM's continued work to avoid, minimize, mitigate, and monitor potential impacts to ocean users and the environment. ODOE appreciates that BOEM listened to input and feedback on, and thoughtfully considered, all the information referenced above during its process leading to the Draft WEAs off the coast of Coos Bay and Brookings. ODOE also recognizes and appreciates that any and all subsequent Final WEAs will be the subject of environmental review, including public participation, before commercial leasing.¹⁸

Specific Substantive Comments

Included as part of ODOE's specific substantive comments in this letter, by reference, are our prior "Call Area" comments submitted to BOEM in June of 2022.¹⁹ Please refer to our prior comments for more detailed information about specific energy sector topics and their implications for the planning and potential development of FOSW projects off Oregon's coast.²⁰

Summarized below are the key points from ODOE's prior comment letter that directly and indirectly relate to BOEM's request for comments on the two identified Draft WEAs (some of these points have been slightly modified to more closely relate to the request for comments on Draft WEAs rather than the Call Areas):

¹⁷ BOEM Request for Comments, Aug. 14, 2023, pg. 7. <https://downloads.regulations.gov/BOEM-2023-0033-0001/content.pdf>

¹⁸ BOEM Request for Comments, Aug. 14, 2023, pg. 17, "Before deciding whether leases may be issued, BOEM will prepare an environmental assessment (EA) under NEPA analyzing the Final WEAs (including public comment periods to determine the scope of the EA and to review and comment on the draft EA)." <https://downloads.regulations.gov/BOEM-2023-0033-0001/content.pdf>

¹⁹ "Comments from Oregon re: BOEM's Designation of FOSW Call Areas," June 27, 2022.

https://downloads.regulations.gov/BOEM-2022-0009-0219/attachment_1.pdf

²⁰ "Comments from Oregon re: BOEM's Designation of FOSW Call Areas," June 27, 2022, pp. 12 - 19.

https://downloads.regulations.gov/BOEM-2022-0009-0219/attachment_1.pdf

1. **Tremendous Clean Energy Buildout by Mid-Century:** There is a tremendous need for rapid development of gigawatt-scales of new renewable and transmission projects over the next several decades to meet the clean energy and climate goals of Western states as soon as possible. Balancing this need with the potential impacts of energy project development will be critical to successfully meeting the challenge of mitigating the effects of climate change.
2. **FOSW Helps Optimize Diversity & Trade-Offs:** FOSW can provide diversity and complementary value to land-based renewables and transmission. FOSW presents a valuable new option that can help power and transmission providers and states across the region to best optimize and balance the aggregate costs, risks, and potential effects of developing gigawatt-scales of new renewable and transmission projects on land and in the ocean. In addition to the energy value FOSW can provide toward clean power systems and meeting the decarbonization goals of Western states, FOSW can also provide non-energy values by reducing the need to develop all the necessary gigawatts of new renewable and transmission projects on land.
3. **Values and Costs:** Costs of FOSW should be considered in relation to the values it can provide. FOSW projects have significant costs related to infrastructure development projects, supply-chain development, and construction activities necessary to deploy FOSW projects and interconnect them to the grid. There may also be costs associated with potential impacts to ocean users and the environment from FOSW projects. Additionally, there may be costs involved with not developing FOSW projects - including societal and environmental costs of GHG emissions and climate change that deploying FOSW could help mitigate. All potential values and costs should be considered in decision-making on developing FOSW.
4. **Draft WEA Ocean Depths:** Regarding the identified water depths of Draft WEAs and costs of FOSW at depths greater than 1,300 meters, NREL and industry have identified this depth as the current technoeconomic limit for near-term commercial viability due to the step-change in costs associated with the steep slope and drop-off distance to 3,000 meters that quickly occurs beyond 1,300 meters. While floating offshore wind technology is rapidly evolving, the timing for when ultra-deep FOSW projects could be cost-effective is unknown and any forecasts are very uncertain. ODOE would be concerned if an effort to modify the identified Draft WEAs to include deeper waters would require significant delays in BOEM's current process and timeline.
5. **Draft WEA Sizes and Locations:** Regarding the size and location of the two Draft WEAs, ODOE is supportive – from an energy perspective – of BOEM's identification of the Coos Bay and Brookings Draft WEAs (Draft WEA-A and Draft WEA-B) because they are steps towards Oregon's twin offshore wind policy goals: 1) to plan for the development of up to 3 GW of FOSW within federal waters off its coast by 2030; and 2) that planning be conducted in a manner that will maximize benefits to Oregon while minimizing conflicts

between FOSW, the ocean ecosystem and ocean users.²¹ The two Draft WEAs contain high wind speeds and are proximate to available onshore transmission capacity. Therefore, in terms of potential energy values and transmission costs, they provide a suitable opportunity for potential FOSW projects to be economically viable for commercial development.

6. **Timing and Coordination:** There are long-lead times associated with infrastructure development, supply-chain development, and construction activities necessary to deploy FOSW projects and interconnect them to the grid. FOSW involves many timing factors related to state decarbonization and clean energy goals; federal climate, clean energy, and FOSW goals; expiring federal tax credits; and coordination of FOSW planning activities with power and transmission providers and neighboring states across the region. Because delays could jeopardize meeting federal and state goals or qualification for federal tax credits, and because delays could also detract from coordination efforts with other states and entities, ODOE supports the forward progression of BOEM’s Area Identification process.

Conclusion

ODOE appreciates BOEM’s consideration of all the comments it receives in response to its request for comments on Draft WEAs – including the comments of Oregon’s state agencies. ODOE recognizes that floating offshore wind has the potential to provide tremendous value in achieving Oregon’s decarbonization and clean energy goals, and also recognizes that FOSW may have impacts to ocean users and the environment.

ODOE appreciates that BOEM’s engagement has centered around efforts to thoughtfully consider and balance Oregon’s need for rapid development of gigawatt-scales of new renewable energy and the potential impacts to ocean users and the environment that this scale of development could have. ODOE looks forward to continuing to collaborate with Oregon constituents, stakeholders affected by FOSW, Tribes, sister state agencies, state legislators, Oregon’s Governor and Congressional delegation, and BOEM in moving forward with thoughtfully assessing the opportunity for potential FOSW development off Oregon’s coast.

Sincerely,



Janine Benner
Director, Oregon Department of Energy

²¹ Oregon HB 3375 (2021) – Oregon’s Offshore Wind Policy, Section 1 (2)(a) and (b).
<https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB3375>