



Utility Planning and Programs

Policy Direction

[House Bill 2021 \(2021\)](#)

Sections 1-15 establishes a clean energy framework that requires Portland General Electric (PGE), PacifiCorp, and power suppliers for some large energy users (Electric Service Suppliers or ESSs) to reduce greenhouse gas (GHG) emissions associated with the generation of electricity sold in Oregon. GHG emissions must be reduced, relative to baseline emissions levels to be established by DEQ, by 80 percent by 2030, 90 percent by 2035, and 100 percent by 2040.

The bill creates new planning requirements for PGE and PacifiCorp and new forward-looking requirements for ESSs, to be overseen by the PUC. PGE and PacifiCorp must develop *Clean Energy Plans* that are based on or included in their Integrated Resource Plans that:

- Include annual goals/actions that make progress towards the clean energy targets
- Examine costs and opportunities of offsetting energy generated from fossil fuels with community-based renewable energy
- Include an examination of resiliency opportunities based on industry resiliency standards and guidelines established by the PUC, and
- Result in an affordable, reliable and clean electric system

The PUC must review and acknowledge the Clean Energy Plans if they are in the public interest and consistent with the clean energy targets.

In addition, Section 20 creates the opportunity for local governments to work with electric utilities to develop Community-Wide Green Tariffs. These tariffs would be designed to meet any local clean energy goals. The PUC is empowered to approve a proposed tariff if formally approved by the local government and:

- Requires that retail electricity customers within government boundaries receive renewable or non-emitting energy resources (unless they opt out of the program)
- Is focused on residential and commercial customers with <30 kW of demand, with exceptions for customers that want to participate but fall into a larger customer category due to EV-related demand
- Includes protections for low-income customers paid solely by other customers within the government boundaries
- Requires the tariff to minimize cost shifting to customers that opt out of the program
- Specifies a term for the program and utilizes commission-approved procurement processes

[Senate Bill 978 \(2017\)](#)

SB 978 directed the PUC to use a public process to explore how investor-owned electric utilities are regulated in a rapidly changing industry and policy environment. The law asked the PUC to identify changes that could “accommodate developing industry trends and support new policy objectives without compromising affordable rates, safety, and reliable service.”

The PUC’s [SB 978 Report](#) prioritized, among many other initiatives, utility *Distribution System Planning* transparency in order to accurately value customer and competitive investments in distributed energy resources – including solar, storage, and demand-side resources – according to the value that they bring to the utility system.

[Executive Order 20-04 \(2020\)](#)

Section 5 of Executive Order 20-04 directs the PUC to take the following actions related to utility resource planning:

- Determine whether utility portfolios and customer programs reduce risks and costs by making rapid progress towards reducing GHG emissions, and
- Prioritize proceedings and activities that advance decarbonization in the utility sector to reduce GHG emissions, mitigate energy burden experienced by utility customers, and ensure system reliability and resource adequacy

These actions are now being addressed through the development and implementation of the utilities’ Clean Energy Plans required by HB 2021.

Department of Environmental Quality – Climate Protection Plan (CPP)

In January 2022, the Department of Environmental Quality (DEQ) adopted its Climate Protection Plan (CPP) set forth in [OAR Chapt 340 Div 271](#) to substantially reduce greenhouse gas emissions in Oregon over the next thirty years. The CPP establishes a declining limit, or cap, on greenhouse gas emissions from fossil fuels used throughout Oregon, including diesel, gasoline, natural gas, and propane. The 2022 cap is based on average emissions from 2017 to 2019 for the covered fuel suppliers.

The companies regulated under the declining cap, known as covered fuel suppliers, include the three natural gas utilities regulated by the PUC. The CPP prohibits supply of natural gas by the three utilities above the amounts prescribed by the rules. From the outset in 2022, these amounts decline by 50 percent by 2035, and by 90 percent by 2050. While there are some flexibilities such as trading and community climate investments (CCIs), these requirements represent a significant, rapid, and mandatory requirement in the reduction of the utilities’ supply of natural gas.

[Senate Bill 1547 \(2016\)](#)

SB 1547 is a broad-ranging energy bill that includes two provisions that affect programs available to utility customers. [ORS 757.054](#) requires investor-owned utilities to acquire all cost-effective energy efficiency and demand response prior to acquiring new generating resources.

Section 22 of the bill ([ORS 757.386](#)) requires the PUC to establish a Community Solar Program that allows customers to share in the cost and benefits of solar electricity by subscribing to or investing in a community solar project.

[House Bill 3141 \(2021\)](#)

HB 3141 extends collection of the Public Purpose Charge to 2036 and reduces the amount from 3% to 1.5% by shifting funding for electric energy efficiency to utility rates. Energy Trust of Oregon will continue to deliver energy efficiency programs on behalf of the utilities, but will be required to jointly develop its energy efficiency budget and action plan with each utility. HB 3141 also requires the PUC to establish, by the end of 2022, equity metrics for Energy Trust's expenditure of energy efficiency funds.

Under HB 3141, Energy Trust continues to receive Public Purpose Charge funding to deliver renewable energy programs on behalf of the PGE and Pacific Power, but is required to spend 25% of the renewable energy funds to support low and moderate income customers. HB 3141 also expands technologies eligible for renewable energy funding to include distribution system-connected technologies that support reliability, resilience, and integration of renewable resources with the utility's distribution system.

PUC Action**Integrated Resource Planning**

Each investor-owned energy utility in Oregon regularly presents to the PUC an Integrated Resource Plan (IRP) that describes how the utility plans to meet its customer energy needs over the next 20 years through a least-cost, least-risk combination of energy generation and demand reduction. The IRP must conform to PUC administrative rules [OAR 860-027-0400](#) and IRP guidelines established by PUC order. The IRP lays out the utility's near-term action plan to acquire its preferred portfolio of resources. The PUC decides in a public meeting whether to acknowledge each of those planned actions.

Each investor-owned utility engages in a public process as they develop their IRP. The most recent IRPs and public engagement information are available on the utility websites:

[PGE IRP](#)

[PacifiCorp IRP](#)

[Idaho Power IRP](#)

[NW Natural IRP](#)

[Cascade Natural Gas IRP](#)

[Avista IRP](#)

Beginning in 2023, PGE and PacifiCorp will need design their long-term planning efforts to balance not only costs and risks, but also the pace of greenhouse gas emissions reductions and the community impacts and benefits of the preferred portfolio of resources. These additional planning criteria will be considered in the Clean Energy Plans that will accompany the utility IRPs. (*See next section on Clean Energy Plans.*)

Clean Energy Plans

The PUC opened [Docket No. UM 2225](#) in January 2022 to engage electricity providers, stakeholders, and the public in the development of guidance for the Clean Energy Plans that PGE and PacifiCorp will be required to incorporate into their respective resource planning. Throughout 2022, PUC Staff is leading workshops, drafting straw proposals, and seeking stakeholder input on the range of issues identified in HB 2021 related to Clean Energy Plans. As a result of this work, the PUC is issuing orders that provide guidance to the utilities as they develop their first Clean Energy Plans. The PUC is also working with stakeholders on creating planning engagement strategies for the utilities to engage customers and communities in the development of their Clean Energy Plans while making progress on standing up their Utility Customer Benefits and Impacts Advisory Groups (UCBIAGs).

[Order No. 22-206](#) requires the utilities to submit their first Clean Energy Plan with their next Integrated Resource Plan (IRP) at the end of Q1 2023, and then submit an IRP update that describes progress toward the annual decarbonization goals in the Clean Energy Plan. [Order No. 22-390](#) provides guidance to the utilities on including goals and metrics in the Clean Energy Plans, developing community benefits indicators, and evaluating opportunities for resiliency and community-based renewable energy projects, as required by HB 2021. [Order No. 22-446](#) provides guidance that focuses planning analysis on key decarbonization planning questions, including scenarios to be evaluated in the utilities' long-term planning, options for reducing emissions from fossil fuel resources, and the types and granularity of data to be included in the first Clean Energy Plans. In December, PUC Staff will request a rulemaking to incorporate Clean Energy Plan procedural requirements into the [IRP rules](#).

For more information see [HB 2021 Gantt Chart](#).

Distribution System Planning

In 2019, the PUC opened [Docket No. UM 2005](#) to increase understanding of how the investor-owned electric utilities (PGE, PacifiCorp, and Idaho Power) plan for future investments in their distribution systems – the part of their electric systems that takes power from high voltage power lines and delivers it to local end users. The investigation included a [webinar series](#) to improve public understanding of distribution system planning.

In [Order No. 20-485](#), the PUC adopted guidelines for a new, holistic, and community-centered utility distribution system planning process.

The utilities' inaugural Distribution System Plans (DSPs) are comprised of two parts.

- Part One, submitted to the PUC in October 2021, includes:

- A baseline assessment of the condition of the distribution system;
- Estimated costs and timelines to assess the ability to host additional distributed energy resources (hosting capacity analysis);
- The utility’s community engagement plan; and
- A long-term plan with the utility’s 5 to 10-year vision for the distribution system.
- Part Two, submitted to the PUC in August 2022, includes:
 - Forecasts of customer load growth and customer adoption of distributed energy resources and electric vehicles;
 - Identification of areas where the distribution system needs improvements;
 - Options to address the needed improvements, including two non-traditional alternatives pilots, such as demand side management or distributed resources; and
 - Projects or investments selected for distribution system investments.

In compliance with the new guidelines, the three utilities submit their Distribution System Plans for review by the PUC in the following dockets. The PUC’s review is done through a public process with opportunity for public participation and comment. In Order No. 22-083, the PUC found the utilities’ Part One filings complied with the guidelines. The PUC will consider the compliance of the Part Two filings in early 2023.

PGE – Docket No. [UM 2197](#)

- [DSP Part One](#)
- [DSP Part Two](#)

PacifiCorp – Docket No. [UM 2198](#)

- [DSP Part One](#)
- [DSP Part Two](#)

Idaho Power – Docket No. [UM 2196](#)

- [DSP Part One](#)
- [DSP Part Two](#)

Climate Policy in the Natural Gas Sector

In 2021, in response to Executive Order 20-04 and in light of increasing pressure to address climate impacts from the natural gas sector, the PUC opened [Docket No. UM 2178](#) to analyze the potential natural gas utility bill impacts that may result from Oregon limiting the GHG emissions of regulated natural gas utilities under the DEQ’s Climate Protection Program (CPP) and to identify regulatory tools to mitigate potential customer impacts. The goal of the fact finding process was to inform future policy decisions and key analyses to be considered as natural gas utilities adapt to the CPP and other climate-related pressures (*e.g.*, from local government actions), including by developing integrated resource plans that are compliant with the CPP.

The PUC held five workshops between May and October 2021 to assess key topics, including the GHG emission reductions the natural gas utilities would need to achieve for CPP compliance and utility modeling of compliance scenarios. A [draft report](#) summarizing the docket’s findings and suggested next steps was made public for stakeholder comment on April 15, 2022. Following written stakeholder comments, the PUC held special public meetings on July 12 to hear from stakeholders and the public and discuss Commissioners’ reactions to the draft plan and

to the climate-related regulatory changes facing the natural gas sector. Further revisions to the fact finding report, reflecting stakeholder and commissioner input, are underway with a final report expected to be published in late 2022, and the PUC is engaged in work through traditional natural gas utility proceedings (e.g., IRPs, general rate cases) to address this transition.

Community-Wide Green Tariffs

The PUC is currently working with interested communities and utilities to gather information about community expectations and goals for pursuing community-wide green tariffs under the Customer Supported Renewables Sections of HB 2021, share learnings, and develop procedural guidance to help communities and utilities develop compliant tariffs. The procedural guidance and policy recommendation work is expected to run through 2023.

For more information see [HB 2021 Gantt Chart](#).

Regional Electricity Markets and Planning

In HB 2021, the Legislature recognizes that regional markets are critical to serving load reliably while transitioning Oregon's electricity supply to clean energy resources. There are numerous efforts underway to organize regional markets and leverage a diversity of resources across a broad footprint of Western states. These efforts are designed to maintain utility system reliability as variable renewable energy generation supplants baseload fossil fuel plants, and to reduce costs to customers by planning for and using resources and transmission efficiently. PUC Commissioners and Staff are actively engaged in the following regional processes with the intention to secure favorable outcomes for Oregon customers.

- **Regional real-time wholesale electricity market**: Today, all three of Oregon's investor-owned utilities participate in the California Independent System Operator (CAISO) and [Western Energy Imbalance Market](#) (WEIM). PUC Commissioner Letha Tawney serves on the WEIM Board of State Regulators.
- **Regional day-ahead wholesale electricity markets**: Two competing markets are being developed concurrently – CAISO's [Extended Day-Ahead Market](#) and Southwest Power Pool's (SPP) [Markets+](#). The PUC is collaborating with Oregon DEQ and other Western state commissioners and air regulators to provide input to CAISO and SPP on the governance structure and emissions allocations in each of the two markets.
- **Western Resource Adequacy Program (WRAP)**: Western Power Pool has finalized the design of this voluntary program and filed a tariff at FERC for approval. PUC Chair Megan Decker serves on the WRAP Committee of State Representatives.
- **Regional transmission planning**: [NorthernGrid](#) conducts biennial regional transmission plans for Bonneville Power Administration, investor-owned utilities, and consumer-owned utilities across seven Western States. PUC Chair Megan Decker and a representative from Oregon Department of Energy represent Oregon's interests on the Enrolled Parties and States Committee. They jointly requested that

NorthernGrid conduct an economic study, to be completed in 2023, of the regional transmission impact of 3 GW of Oregon’s off-shore wind resource.

- Docket [UM 2143](#), focused on state policies that fill gaps in individual utility, electric service suppliers, and regional efforts to ensure reliability during the transition to clean energy.

Community Solar Program

As directed by SB 1547, the PUC has implemented a Community Solar Program that allows utility customers to own or subscribe to a portion of a photovoltaic project and receive a credit on their bill for the electricity generated by their portion. The PUC first adopted [rules](#) in 2017, then engaged stakeholders through [Docket No. UM 1930](#) over two years in the program design. The program launched in 2020 with approximately 80 MW of capacity available to new Community Solar projects. In 2021 the PUC [approved](#) an additional 80 MW of capacity with some program modifications to increase residential participation low-income subscriber benefit. The program is administered by Energy Solutions under contract to the PUC, and described on the [Community Solar Program website](#).

Energy Efficiency and Demand Response customer programs

The PUC encourages utilities to acquire all cost-effective energy efficiency and demand resources in accordance with SB 1547(2016). Utilities must evaluate the potential for new energy efficiency and demand response resources in their IRPs, and then design customer programs to acquire those resources.

Energy Trust of Oregon designs and delivers the energy efficiency programs for electric customers of PGE and Pacific Power and gas customers of NW Natural, Cascade Natural Gas, and Avista.

Electric utilities are responsible to design and deliver their own [demand response](#) programs, and they have successfully been calling on demand response resources to significantly reduce customer demand during peak demand events.

The PUC adopts annual performance metrics for Energy Trust. Beginning in 2023, in compliance with HB 3141, those performance metrics will include new equity metrics. *(See [Equity and Impacted Communities](#) for more information.)*

Renewable Energy customer programs

Energy Trust of Oregon designs and delivers renewable energy programs for electric customers of PGE and Pacific Power.

To allow Energy Trust to implement the changes to its renewable energy programs specified by HB 3141, the PUC opened [Docket No. UM 2195](#) in October 2021 to establish interim definitions for “low and moderate income customers” and “distribution system-connected technologies.”

The PUC has also opened [UM 2111](#), an investigation into Interconnection Modernization. Phase 1 is focused on issues that will facilitate the interconnection of community based renewable energy projects, including modern distributed renewable energy project configurations with increased resiliency value..