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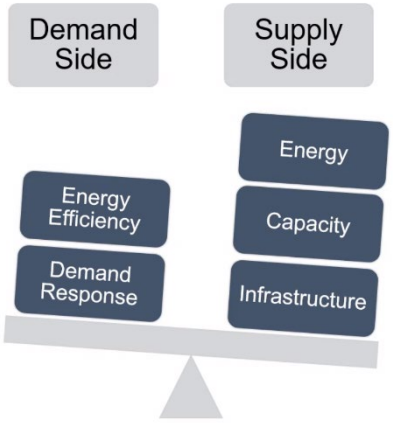
Subject: Comments on 2024 Docket UM 1893 Phase II: Energy Efficiency Cost Effectiveness

MCAT (Mobilizing Climate Action Together) is a community of volunteers working on advancing a healthy climate and a green economy for future generations.
One of our Steering Committee members, Dr. Pat DeLaquil, attended the June 20 workshop and prepared these comments. Our primary concern is that the proposed approach to calculating avoided costs is stuck in the paradigm of the centralized utility model, where energy efficiency upgrades, demand response devices and distributed energy resources are located exclusively "behind the meter", and that all new load is supplied by the bulk power system. This thinking is also reflected in the staff figure, reproduced to the right, and most of the discussion at the workshop focused on improving analysis of the supply side transmission constraints and how those change during the course of a day, over the seasons and into the future.



Unfortunately, the current modelling approach ignores the substantial potential of distributed generation and storage in residential and commercial buildings to provide a significant share of the new clean energy that will be needed more quickly, at much lower cost, and without the delays and permitting barriers that plague grid interconnections and transmission expansion. The OPUC should require that the Phase II modelling examine the potential for utilizing the rooftops available on existing buildings, through innovative commercial arrangements that incentivize building owners, investors and benefit utility ratepayers. Staff should solicit input from industry, utilities and the other interested stakeholders on what these technical and commercial options might be and how best to model them.

We urge staff to require that the modelling look outside the centralized utility paradigm to fully explore the possibilities of a distributed and smart network composed of centralized and distributed generation and storage, with demand response enabled by virtual power plants, and with the transmission system playing a key role in resilience and reliability, rather than employed only for bulk power delivery.

A truly distributed system would integrate energy system planning with urban and economic development planning at the local level, by incentivizing the development of energy resources in warehouses, schools, malls, etc. Such a strategy would help mitigate the very real NIMBY and environmental issues associated with building new transmission lines, and it also avoids the potential land-use concerns associated with green-field solar and wind projects.

The workshop discussion focused a lot on how impending transmission constraints and expansion investments could significantly impact the avoided cost calculation. Another significant constraint to transmission expansion is the fact that Bonneville Power Authority controls much of the available transmission capacity in the west, which creates additional uncertainty into planning and implementing new transmission assets. These very valid concerns reinforce the need for the avoided cost methodology to include a robust set of locally distributed generation and storage alternatives.

According to the 2022 Biennial Report, Oregon has 3.4 billion square feet of commercial building floor space. Assuming a useable roof area of 25% of that total, and further assuming that only 10% of that total were covered with solar panels, the added generation to the system would exceed 3 million MWh per year.

Our additional comments include recommendations for including more societal factors into the avoided cost calculation. Indeed, system-wide avoided cost is no longer a sufficient metric according to the goals of HB 2021. We should move towards a more society-wide avoided cost. Specifically, we believe that:

- Additional credit should be given for economic development and pollution reduction benefits
- The federally recognized social cost of carbon should be the minimum value for the avoided cost, with factors like limits on CCIs and system supply constraints possibly pushing the avoided cost even higher.
- Trends in technology cost and performance need to be included and explored with sensitivity runs, e.g., batteries cost reductions and technical improvements over time.
- Innovative commercial arrangements for distributed generation and storage should be identified for providing ancillary service, peak load reduction, reliability and resilience.
- A more detailed modelling of the transmission system and its possible expansion options is required in order to determine the capacity value of transmission constraints over time.
- Doing scenarios without transmission constraints is meaningless, as siting and permitting requirements are unlikely to change. Instead, expected transmission expansion timelines should be used, and locally-sited distributed generation and storage should be examined as an option for continuing to build clean energy capacity while new transmission assets are developed.
- The new methodology should identify metrics that will be relevant to what goes into the HB 2021 Cost Cap.

Thanks for the opportunity to provide comment.

MCAT Steering Committee
Brett Baylor, Rick Brown, Linda Craig, Pat DeLaquil, Dan Frye, Debby Garman, KB Mercer, Michael Mitton, Rich Peppers, John Perona, Rand Schenck, Joe Stenger and Catherine Thomasson