



February 20, 2026

Via electronic filing

Oregon Public Utility Commission
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Re: Comments of Renewable Northwest

***Docket No. AR 676 - Rulemaking to Establish Multi-Year Rate Plan Framework
(HB 3179 & SB 688 Implementation)***

I. Introduction

Renewable Northwest (“RNW”) appreciates the opportunity to provide comments following the January 27, 2026 workshop on performance-based regulation (“PBR”) foundations. These comments respond to the questions posed by Staff of the Public Utility Commission of Oregon (“Staff”) in the Written Comment Opportunity filed February 6, 2026, focusing on regulatory goals, outcomes, and potential PBR mechanisms within Oregon’s forthcoming Multi-Year Rate Plan (“MRP”) framework. As emphasized during the January workshop, development of a clear Goals–Outcomes–Metrics hierarchy is foundational to a coherent PBR system, and RNW agrees that Oregon should first define what it expects from utility regulation before selecting specific metrics or incentive mechanisms. These comments respond to the individual questions detailed in Staff’s filing.

II. Comments

1. What outcomes may be missing from those that Staff have compiled so far?

RNW supports Staff’s use of a Goals–Outcomes–Metrics structure and offers the following draft goals, which are different from but related to some of the draft goals presented during the workshop. To support RNW’s priority policy outcomes, we recommend consolidating and prioritizing goals around three core objectives that directly respond to Oregon’s statutory mandates and the Commission’s mission. We recognize that other stakeholders will likely

support prioritizing additional policy outcomes. We do not mean to suggest that RNW's draft goals should be exclusive, and we anticipate supporting goals proposed by other stakeholders in future comments.

Goal 1: Accelerated, cost-effective decarbonization

In addition to establishing a concrete framework for driving decarbonization, House Bill 2021 (2021) ("HB 2021") establishes that "[i]t is the policy of the State of Oregon ... [t]hat retail electricity providers ... eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040[.]" ORS 469A.405(1). It also establishes a mandate that the Commission must "ensure that an electric company ... is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers." ORS 469A.415(6). PBR is an appropriate means of supporting that general policy direction and specific mandate from the legislature. Indeed, SB 688 (2025) ("SB 688") explicitly includes emission reductions as a primary policy outcome to be supported by PBR. ORS 757.046(2)(a) & (3). To that end, RNW recommends the Commission adopt accelerated, cost-effective decarbonization as a PBR goal and consider establishing the following priority outcomes.

Priority Outcomes:

1. Progress ahead of statutory emissions targets under HB 2021. Utilities should be incentivized not merely to comply with the statute, but to reduce emissions earlier where doing so reduces long-term system costs and risk. If benefits to customers are likely to accrue based on early action, those should be realized.
2. Increased percentage of load served by renewable and non-emitting resources on an accelerated glide path. A transparent trajectory toward 2030 and 2040 requirements should be embedded in ratemaking oversight.
3. Reduction in congestion, curtailment, and interconnection delays that impede clean resource deployment. Achieving this outcome will require prioritizing cost-effective grid-enhancing technologies ("GETs") and other transmission optimization tools that unlock latent system capacity, reduce congestion-driven curtailment, and shorten interconnection queues. Additionally, increased transmission investment beyond GETs—where cost-effective—should be prioritized if it leads to increased operational flexibility and benefits to customers.

Goal 2: Modernized grid utilization and operational efficiency

Transmission constraints are increasingly a bottleneck in the region and are increasing costs to customers by limiting the ability to select and utilize a wide range of resources. Under the umbrella of grid modernization, GETs can sit beside other helpful tools to increase usable system

capacity without defaulting to long-lead-time infrastructure expansion. This broad outcome is sufficiently valuable that RNW recommends the Commission consider rewarding utilities for GETs implementation.

RNW noted in its December 2025 Scoping Comments that “[t]he Commission is already implementing HB 3336 (2025) (“HB 3336”) in Docket No. UM 2409 to explore how to identify and plan for cost-effective GETs,” while also stressing that “this exercise does not realign the current incentive structure to encourage utility investments in GETs.” While RNW is optimistic that the work to implement HB 3336 will put a spotlight on the meaningful efficiencies to be captured through GETs utilization, we have seen in Washington that planning requirements often fall short of shifting utility behavior without a strong reinforcing incentive. For example, while RCW 19.280.030(1)(i) requires that utilities “take into account” the ability to more effectively use the transmission system through GETs, nonwires solutions, and other programs, this requirement has yet to lead to a fulsome review of GETs and associated alternatives. Although this statutory requirement exists, the Washington Utilities and Transportation Commission is still considering an incentive for GETs in its ongoing PBR proceeding. RNW recommends that the Commission do so here as well.

Moreover, in addition to establishing operational language regarding GETs, HB 3336 also establishes general policy direction that is susceptible to implementation through PBR. Specifically, HB 3336 established “the policy of this state that electric companies ... [c]reate efficiencies and resilience in the transmission system[.]” ORS 757.808(2)(d). This is the type of policy goal that is perfectly suited to PBR. Again, SB 688 explicitly says as much. *See* ORS 757.046(2)(c), (2)(f) & (3).

A grid modernization goal can be split into multiple metrics that are outcomes-based. For example, metrics could include the amount of deferred transmission investments (\$), the renewable and nonemitting resource integration potential (MW), the amount of congestion cost savings, the transmission line utilization level (%), to name a few. Because investments in GETs are reasonably within the utility’s control and would allow for regular, accessible reporting, we recommend the Commission prioritize this goal in the early iterations of PBR design in Oregon.

Priority Outcomes:

1. Deployment of cost-effective GETs.
2. Improved utilization of existing transmission capacity.
3. Reduced time-to-interconnection for new clean resources.

Goal 3: Procurement neutrality and competitive resource acquisition

The current regulatory framework inherently favors utility ownership of capital assets because utilities earn returns on rate-based resources such as physical plant but not on expense-based resources such as power purchase agreements (“PPA”). This structural bias may distort procurement decisions or create the perception of distorted outcomes, depressing a competitive resource market and driving up costs. A modern PBR framework can help encourage neutrality by creating an incentive for entering into PPAs. This will support the legislature’s policy preference in HB 3336 for “[d]evelop[ing] sufficient resources to meet load growth ... and [m]aintain[ing] energy affordability[.]” ORS 757.808(2)(b). PBR policies that encourage competitive resource acquisition can help further this policy by helping to ensure a broad range of resources are considered. This, in turn, can help lower costs for customers.

RNW understands that the Washington Utilities and Transportation Commission will likely be releasing a draft policy on PPA incentives soon as part of its efforts to develop a PBR framework; this policy may be helpful in crystallizing issues and potential solutions for the Oregon Commission as well. We propose to provide suggested priority outcomes in this docket after reviewing the Washington Commission’s draft policy.

2. What trade-offs and/or risks should be considered in developing an MRP and/or PBR framework for Oregon?

As emphasized by Staff during the January workshop, MRPs and PBR are complementary but distinct tools, and designing them in tandem requires attention to structural trade-offs. First, the Commission should guard against inadvertently rewarding compliance rather than performance. SB 688 authorizes development of performance-based mechanisms to align utility incentives with public policy outcomes, but Oregon utilities are already legally obligated to comply with HB 2021’s emissions standards. If financial incentives are tied to baseline statutory compliance, customers risk paying twice—once through rates to finance required investments and again through incentive payments for actions already mandated by law. Performance incentives should therefore be calibrated to reward outcomes that exceed statutory baselines, accelerate compliance such that long-term system costs are lower, or demonstrably reduce risk exposure for customers. The Commission should also use this proceeding to consider disincentives or penalty frameworks for failure to meet binding statutory requirements.

Additionally, the Commission should pay careful attention to measurement risk. As noted during the workshop, effective metrics must be specific, measurable, attainable, relevant, and time-bound. Poorly designed metrics may invite gaming, inconsistent application, or eternal litigation over methodology. We recommend that the Commission prioritize a limited set of high-impact performance measures that are clearly within utility control and supported by reliable, transparent data.

Finally, we recommend the Commission consider the balancing of risk allocation. Performance incentive mechanisms (“PIMs”) that offer only upside opportunity may lack credibility and may fail to meaningfully influence behavior. However, excessive downsides for outcomes beyond the utility’s reasonable control may discourage innovation. For established measures such as reliability or emissions trajectory adherence, symmetrical incentives may work well. But for emerging technologies including GETs, upside-only mechanisms or structured risk-sharing may more effectively encourage technology adoption.

3. Which MRP and other PBR mechanisms do you think could be valuable tools for helping achieve the outcomes that are important to you?

RNW recommends that Oregon’s framework integrate a combination of MRPs and carefully designed PBR mechanisms to support key policy outcomes and correct known structural misalignments. PIMs should focus on a targeted set of outcomes that address capital bias, operational efficiency, and clean energy integration. For example, metrics tied to grid efficiency via investments in GETs would reward utilities for maximizing existing infrastructure before defaulting to capital expansion. Similarly, performance tied to accelerated greenhouse gas (“GHG”) reduction trajectories would reinforce HB 2021 objectives while encouraging cost-effectiveness.

It is also worth noting that a backloaded, “just in time” approach to HB 2021 compliance has proved risky and fails to account for the time value of emission reductions. *See, e.g.,* Opening Comments of Renewable Northwest at 21, Docket No. LC 85 (Jul. 29, 2025) (“In light of the early sunset of IRA tax credits, this delayed procurement timeline could cost ratepayers up to \$3.6 billion in lost tax credits.”). Early action may have upside not adequately captured in the current regulatory framework and worth rewarding even from a purely economic standpoint.

Savings-sharing mechanisms can complement PIMs by aligning stakeholder and customer interests where utilities defer or avoid infrastructure (*e.g.*, through non-wires alternatives). If deployment of GETs or distributed resources allows a utility to postpone a transmission upgrade, net savings can be shared such that utilities remain mindful of cost while also having the incentive to innovate. Further, risk-sharing mechanisms may be appropriate for pilot programs or emerging technologies.

4. Based on what you’ve learned about MRP/PBR and your desired outcomes from the ratemaking process and energy system, what specific aspects of Oregon’s ratemaking

frameworks are working well? Further, what specific areas do you see as high impact opportunities to improve?

Oregon has a relatively strong history of achieving balanced outcomes in its ratemaking processes that consider impacts on utility consumers and shareholders, consistent with the Commission's mandate to establish just and reasonable rates.¹ Oregon's intervenor funding programs have greatly increased the capacity of and ability for many stakeholders to engage in Commission-regulated ratemaking processes, which have led to better outcomes and a more robust evidentiary record. Power costs are making up an increasing percentage of utility revenue requirement, and Oregon's practice of only allowing true-ups for differences between forecast and actual costs if certain criteria have been met has led to balanced outcomes and ensures that utilities are operating efficiently. The contours of the Power Cost Adjustment Mechanism should be retained.

In terms of opportunities for improvement, the Commission can only ensure that rates are set at a just and reasonable level if they take into consideration the entire suite of revenues and expenses that impact a utility's operations. Under the current paradigm, Commission-regulated utilities have a large number of single-issue ratemaking mechanisms such as deferrals and automatic adjustment clauses that are recovered outside of the general rate case setting. This renders the calculation of a just and reasonable revenue requirement difficult, because utilities can recover costs outside of a rate case that are not otherwise considered. While some deferrals and automatic adjustment clauses are statutorily authorized or otherwise reasonable because they capture costs that fluctuate widely from year-to-year, many can be rolled into base rates. This would enable rate cases to more accurately calculate the utility revenue requirement in a holistic manner.

5. What additional considerations do you think are important as Oregon works to develop its MRP framework?

RNW encourages the Commission to send early signals of the potential incentives to come, as utilities are currently making capital and contracting decisions that will shape system costs and emissions trajectories for decades. This docket provides an important opportunity to align incentives with policy goals early to maximize impact, especially considering the immense challenge ahead of tackling load growth without jeopardizing HB 2021 compliance.

Moreover, a focus on data transparency and metric simplicity will enable meaningful stakeholder review and effective Commission oversight. Performance metrics should be defined with methodological clarity and data accessibility to allow parties to independently verify results and

¹ ORS 757.040.

assess whether reported outcomes reflect actual operational performance. At the same time, overly burdensome or poorly-defined reporting requirements may result in large volumes of cryptic data in a way that undermines transparency.

We conclude by reiterating that Oregon's framework should explicitly reflect regional transmission realities. The region faces growing load forecasts and constrained transmission corridors. Performance outcomes linked to transmission efficiency, congestion reduction, and accelerated interconnection will be essential to achieving clean energy development without unnecessary capital expansion. This docket presents a critical opportunity to establish a clear regulatory lever that affirmatively incentivizes deployment of GETs and other transmission optimization tools—an incentive that does not currently exist—so that utilities prioritize cost-effective efficiency gains on the existing system, reduce congestion, and lower the long-term cost of HB 2021 compliance.

III. Conclusion

Renewable Northwest appreciates Staff's and the Commission's attention to these comments and looks forward to further participation in the development of performance-based regulation in Oregon.

Respectfully submitted this 20th day of February, 2026,

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