



April 22, 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 April 15, 2026, workshop on the exploration of Multi-Year Rate Plan (“MRP”) and Performance-Based Regulation (“PBR”) Design for Oregon. The Public Utility Commission of Oregon (“the Commission”) is developing a ratemaking framework that will shape whether Oregon utilities make decisions in a manner that accelerates decarbonization, improves grid utilization, supports timely interconnection of clean resources, and reduces reliance on emitting resources in alignment with state policy mandates. Oregon must add substantial amounts of clean energy and enabling infrastructure to comply with HB 2021. At the same time, the current system still embeds incentives that favor traditional capital investment over lower-cost operational solutions and third-party clean resources. RNW appreciates the intent of this docket to correct this misalignment.

These comments respond to the Ratemaking Framework Decision Points matrix provided by Staff in the pre-read materials for the April 15 workshop. RNW responds to Staff’s proposed framework elements with particular focus on elements of MRP and PBR design that directly affect the pace and cost of decarbonizing under HB 2021, the efficient use of existing grid infrastructure, the timely interconnection of clean resources, and procurement practices that ensure least-cost, lowest-risk outcomes.

II. Comments

A. Guiding Principles, Goals, and Outcomes

RNW broadly supports Staff’s proposed principles and electric-sector goals as a useful starting point, particularly the emphasis on cost containment, investment efficiency, asset utilization, and clean energy development. Staff’s workshop pre-read appropriately recognizes that a high-performing utility should make least-cost, highest-value investment decisions, including the use of operational and non-capital solutions, and that clean energy development requires efficient procurement and interconnection of the least-cost and lowest-risk resources. RNW recommends the Commission go further by plainly stating that, for electric utilities, a workable MRP/PBR framework must produce at minimum: earlier and more durable clean resource procurement; greater utilization of existing transmission and distribution infrastructure; improved interconnection timelines for new clean resources; reduced congestion; and a regulatory environment in which utilities have a financially-driven reason to pursue these outcomes.

The Commission should also clarify what “investment efficiency” and “clean energy development” mean in practice. Improving system efficiency does not eliminate the need for new clean resources or new transmission infrastructure; Oregon will need both. But investments should be pursued more strategically—by maximizing existing system capability first, ensuring that new investment is targeted to genuine system needs, and avoiding unnecessary spending that reduces headroom for the most impactful investments. Staff’s framework supports this aim: cost containment, investment efficiency, and clean energy development are not competing goals but are designed to work together.

B. Type and Structure of MRP

The choice of MRP structure will determine whether the framework changes utility incentive or simply repackages existing ratemaking. The Current Energy Group (“CEG”) report distinguishes among index-based cap MRPs, forecasted MRPs, and formula rates, and explains that index-based approaches are more directly associated with cost containment because they establish a target revenue that functions like a budget over the plan term.¹ By contrast, forecasted MRPs can be more vulnerable to inflated cost assumptions and can result in more reconciliation-heavy structures that derail the cost-control effect of the plan. The CEG report also warns that one of the central risks in MRP design is “lack of meaningful cost-containment incentives,” including through excessive going-in rates and revenue adjustments that protect the utility from the consequences of poor cost discipline.

¹ Current Energy Group, *Multi-Year Rate Plans: Design Considerations and Best Practices* (Dec. 11, 2025) at 7-9.

For RNW, the Commission’s decision on MRP type should be guided by the aim to preserve pressure on utilities to choose least-cost, lowest-risk solutions across the full portfolio of capital, non-capital, utility-owned, and third party options. If a proposed structure makes it too easy to flow forecast error or cost increases back to customers, it will not produce the changes in procurement behavior, grid utilization, or operating efficiency that are necessary to meet Oregon’s policy goals. RNW recommends that the Commission favor an MRP structure that imposes real budget discipline over time, limits routine reconciliation to actual costs, and requires utilities to make system-wide tradeoffs within a defined revenue trajectory.

C. Scope of the MRP

The scope of the MRP will be a consequential design choice, and RNW agrees with Staff that consolidating costs within the MRP framework can strengthen cost discipline and improve transparency. However, this benefit is diminished where large categories of costs continue to be recovered outside the framework through trackers or other mechanisms. While some flexibility will be necessary—particularly to address discrete, high-priority investments—overreliance on such mechanisms risks undermining the core incentive structure of the MRP.

The CEG report warns that “multiple avenues for cost recovery outside of base rates” are a core design flaw because they insulate utilities from the consequences of their business decisions and reduce the importance of the MRP in the utility’s overall financial outlook.² Therefore, RNW recommends the Commission scope the MRP to preserve fair treatment across investment options, including capital versus non-capital solutions and utility-owned versus third-party resources.

In practical terms, the Commission should (1) require that routine distribution and transmission investments, operational expenditures, and most procurement-related costs remain inside the MRP rather than flowing through separate riders; (2) require utilities to compare major investment options across ownership and technology type; and (3) establish an expectation that new broad trackers must demonstrate a cost category is truly exceptional and not reasonably manageable within the MRP.

D. Capital Funding Mechanisms

RNW supports a nuanced approach to capital funding mechanisms that preserves cost discipline while allowing for targeted prioritization of high-value investments. Routine capital expenditures (*e.g.*, traditional distribution upgrades and conventional transmission expansion) should remain subject to the MRP framework, particularly where they compete with non-wires alternatives or

² Current Energy Group, *Multi-Year Rate Plans: Design Considerations and Best Practices* (Dec. 11, 2025) at 13.

storage, for example. Broad or automatic capital recovery mechanisms risk insulating utilities from cost containment requirements, therefore reinforcing existing biases.

At the same time, certain investments may warrant more tailored treatment. These should include transmission that unlocks significant renewable integration, infrastructure supporting large clean loads, and reliability-critical investments supported by robust and transparent data analysis. Where capital funding mechanisms are used for these purposes, they should be well defined with a clear demonstration that the investment represents a least-cost, lowest-risk solution relative to available alternatives.

E. Capex/Opex Equalization and Procurement Neutrality

This docket provides a meaningful opportunity to incentivize utilities to pursue operational solutions, third-party power purchase agreements (“PPA”), grid-enhancing technologies (“GETs”), or other lower-cost tools that can improve system performance and accelerate decarbonization. RNW appreciates that Staff’s decision matrix directly identifies procurement neutrality and capex/opex equalization as tools that can reduce bias toward capital expenditures while supporting lower-cost alternatives. We recommend that the Commission build that principle into the framework.

At minimum, the Commission should require utilities to perform an alternatives analysis for major system needs that compares traditional capital projects against non-capital and third-party options, including GETs, demand flexibility, storage, and competitive procurement. It should also ensure that utilities have the opportunity to recover and, where appropriate, earn on lower-cost operational solutions that produce measurable system benefits. RNW recommends that the Commission explicitly state that the purpose of the capex/opex equalization and procurement neutrality in the MRP/PBR framework exists to protect utilities from financial penalty for selecting the lowest-cost solution simply because it is non-capital or third-party in nature.

F. Planning-to-Ratemaking Integration

RNW supports strong alignment between planning and ratemaking and emphasizes that planning processes should not identify one set of least-cost, policy-aligned outcomes only for ratemaking to reward a different set of actions in practice. This risk is particularly acute given the relationship between procurement and efficiency. While improving system utilization and deploying non-capital solutions are important objectives, the Commission should carefully avoid creating incentives that encourage utilities to delay procurement in anticipation of future efficiency gains or regulatory flexibility. In the current environment—characterized by long interconnection timelines, transmission constraints, and increasing load growth—deferring needed investment can introduce material risk to achieving least-cost, reliable compliance with

HB 2021. Accordingly, the Commission should ensure that the MRP framework supports timely, forward-looking procurement decisions consistent with planning-identified needs and does not reward strategies that rely on delay or optionality at the expense of long-term system needs.

G. Metrics, Scorecards, and Performance Incentives

PBR will best influence utility behavior if the Commission prioritizes metrics that measure outcomes the system is currently failing to deliver and attaches incentives of sufficient magnitude to change decision-making. A focused set of metrics that directly reflect whether utilities are enabling or constraining cost-effective decarbonization would be more effective than a broad set of administrative or low-value measures.

We appreciate Staff’s emphasis on asset utilization—an important, often under-measured area with high impact potential. At present, there is limited transparency into how intensively existing transmission infrastructure is being used despite growing evidence that substantial capacity remains underutilized across utility systems. This reflects the fact that transmission systems are built and operated to meet peak and contingency conditions, resulting in substantial unused capacity during most hours of the year. The same can be said for the utilization of other utility assets, such as generation units. Asset utilization across the utility’s system can help ensure load obligations are met in the more efficient means practicable.

Recent work in Washington provides a clear illustration. As part of the Energy Facility Site Evaluation Council’s (“EFSEC”) Transmission Corridors Working Group, the Bonneville Power Administration presented an analysis comparing contracted transmission capacity to actual renewable energy flows. That analysis showed that many transmission paths rarely operate within 20 percent of their rated limits, indicating that a significant portion of existing capacity is not being utilized in practice.³

This issue is becoming increasingly urgent as the region confronts rapid large load growth, particularly from data centers, alongside the need to meet clean energy mandates. Meeting that load growth with clean resources will be more challenging if existing infrastructure is not used efficiently.

RNW recommends the Commission require utilities to report and track metrics that directly reflect system utilization, including measures such as:

- percentage utilization of transmission assets over time,
- frequency and duration of congestion on key corridors, and

³ Washington Energy Facility Site Evaluation Council (EFSEC), Transmission Corridors Working Group, Meeting 3 Slide Deck (Dec. 8-9, 2025) at 24-27.

- identification of system conditions under which capacity is constrained versus underutilized; and
- percentage utilization of generation and other grid infrastructure.

Establishing these metrics will provide the information necessary to understand whether existing infrastructure is being used efficiently before authorizing new capital investment, and it will create a foundation for performance incentives that reward utilities for increasing system utilization and reducing inefficiencies. After metrics are established, the Commission may wish to consider creating incentives for utilities to meet grid utilization thresholds. This will help ensure load can be integrated into the system in a manner that minimizes cost and risk. Investments in resources that can aid in grid utilization—such as energy storage—should be given particular emphasis.

The focus on utilization is directly linked to the role of grid-enhancing technologies (“GETs”) and other operational solutions. Recent policy developments in Oregon already require utilities to consider GETs within their planning processes. However, planning requirements alone are insufficient to ensure deployment. PBR provides a critical opportunity to address this gap. By establishing performance metrics tied to system utilization and congestion reduction—and pairing those metrics with meaningful incentives—the Commission can create a framework in which utilities have a financial reason to deploy GETs and other grid modernizing technologies that “unlock” existing grid capacity, accelerate interconnection timelines, and reduce the need for more expensive and time-intensive transmission expansion.

As a final note, it is critical that performance incentives be designed to reward outcomes that go beyond baseline statutory, regulatory, or contractual obligations, except where a penalty-only structure is warranted, and they should support outcomes that deliver demonstrable value to customers. In the context of Oregon’s clean energy mandates, this means that PBR should incentivize utilities to achieve outcomes more efficiently, more quickly, and at lower cost to customers—not simply to meet minimum compliance thresholds.

III. Conclusion

Renewable Northwest appreciates Staff’s and the Commission’s thoughtful approach to this proceeding and looks forward to further participation in the development of performance-based regulation in Oregon.

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Respectfully submitted this 22nd day of April, 2026,

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