



March 16, 2026

*Via electronic filing*

Oregon Public Utility Commission  
Attn: Filing Center  
puc.filingcenter@puc.oregon.gov

**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 February 27, 2026, workshop on the Oregon ratemaking framework. These comments offer general observations that expand upon RNW’s and other parties’ pre-filed comments before responding to the questions posed by Staff of the Public Utility Commission of Oregon (“Staff”) in the Written Comment Opportunity (“Notice”) filed March 4, 2026, focusing on ratemaking structures that may be relevant to the development of a Performance-Based Regulation (“PBR”) and Multi-Year Rate Plan (“MRP”) framework. The comments also offer specific recommendations regarding various ratemaking constructs and underscore the need to incent efficient and cost-effective utility operations.

## **II. Comments**

As an initial matter, RNW would like to thank all parties to this proceeding for their hard work and thoughtful recommendations provided with the shared goal of making Oregon’s ratemaking processes more efficient and more likely to lead to better outcomes. RNW’s initial comments, filed on February 20, 2026, focused primarily on means to achieve three goals we identified:

- Goal 1: Accelerated, cost-effective decarbonization;
- Goal 2: Modernized grid utilization and operational efficiency; and
- Goal 3: Procurement neutrality and competitive resource acquisition.

While the recommendations we brought forward in our initial comments further these goals, RNW agrees with – and provides additional context for – several recommendations brought forward by the Energy Advocates in their jointly filed comments. The Energy Advocates highlight utility cost containment as a key goal, indicating that incentives to manage costs and prioritizing least-cost solutions (e.g., efficiency, non-wires/non-pipes solutions) before investing in new infrastructure will further this goal. As we continue to make necessary investments to maintain system reliability and meet state energy mandates while navigating uncertain inflationary and economic environments, there will continue to be pressure on utility rates. Therefore, it is essential that we maintain as efficient a utility system as possible while making necessary, intentional, and beneficial investments to serve customers.

In this proceeding, Commission Staff should strive to advance recommendations for PBR and MRP that incentivize efficient utility behavior and gain as many efficiencies as possible while keeping rates low. This approach will allow for headroom to make needed larger-scale investments to maintain system reliability and comply with state mandates. While RNW has explored the use of Grid Enhancing Technologies (“GETs”), improved utilization of transmission capacity, and reduced time-to-interconnection for new clean resources, we remain open to alternative, creative solutions to enhance system efficiency.

1. Of the ratemaking mechanisms you identified in Workshop #3 as working well today, please explain why they work well and what outcomes or protections they provide that should remain important as the Commission explores MRP and PBR design.

The primary ratemaking mechanism RNW identified as working well today at the workshop is the Renewable Automatic Adjustment Clause (“RAAC”).<sup>1</sup> The RAAC construct was originally established by Senate Bill 838 (2007) as part of Oregon’s Renewable Portfolio Standard (“RPS”).<sup>2</sup> The Commission promptly implemented utility-specific RAACs for Portland General Electric (“PGE”) and PacifiCorp in Order No. 07-572.<sup>3</sup> At its core, a RAAC allows a utility to recover costs associated with resources that support achievement of the RPS in rates before going through a general rate case. The RAACs in place today are PGE Schedule 122 and PacifiCorp Schedule 202.

PGE Schedule 122 provides:

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<sup>1</sup> The construct is sometimes referred to as the “Renewable Resources Automatic Adjustment Clause” or “RRAAC”; we use “RAAC” because “Renewable Automatic Adjustment Clause” is the term used in the Notice.

<sup>2</sup> Senate Bill 838, section 13(3) (2007) (“SB 838”), codified at ORS 469A.120.

<sup>3</sup> *In re Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 (Dec. 19, 2007).

This Schedule recovers the revenue requirements of qualifying Company-owned or contracted new renewable energy resource and energy storage projects associated with renewable energy resources (including associated transmission) not otherwise included in rates. Additional new renewable and energy storage projects associated with renewable energy resources may be incorporated into this schedule as they are placed in service.

PacifiCorp Schedule 202 provides:

This schedule recovers, between rate cases, the costs to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity Transmission. This adjustment is to recover the actual and forecasted revenue requirement associated with the prudently incurred costs of resources, including associated transmission, that are eligible under Senate Bill 838 (2007) and in service as of the date of the proposed rate change.

PGE and PacifiCorp have frequently used the RAAC construct to recover costs associated with their renewable resource investments without the need to go through the time, expense, and uncertainty of a general rate case. In this way, the construct has aligned utility cost recovery with a statutory requirement. This sort of alignment is one of the key considerations in developing a PBR regime and should remain important as the Commission moves forward in the PBR design process. As RNW indicated in its prior comments, while some single-issue ratemaking mechanisms are statutorily-authorized – like the RAAC – or otherwise can further sound public policy because they capture costs that are not easily forecasted, many should be eliminated and rolled into base rates. This issue should be addressed in this proceeding.

As to protections, the RAAC requires a process at the Commission to determine the prudence of implicated investments and whether the RAAC is the correct ratemaking mechanism. While this process is typically faster moving than a general rate case, the Commission has in fact held extensive proceedings on a RAAC filing when it identifies concerns.<sup>4</sup> The option of recourse to Commission process offers adequate protection from costs and risks.

Further, a key component of the RAAC that balances costs and risks is the fact that depreciation expense for capital investments is updated annually. Typically, in a general rate case format, depreciation is not updated until the utility files for another general rate case. The RAAC

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<sup>4</sup> See *In re PGE Renewable Resource Automatic Adjustment Clause (Schedule 122) (Clearwater Wind Project)*, Docket No. UE 427, Orders No. 24-091 (Apr. 4, 2024) and 25-075 (Feb. 21, 2025).

therefore more accurately matches costs and benefits and mitigates regulatory lag for both the utility and customers. When single-issue ratemaking mechanisms like the RAAC update depreciation expense, the utility has a greater incentive to control system-wide costs. In RNW’s view, similar statutory-authorized single-issue ratemaking mechanisms should also update for depreciation on an annual basis. Additionally, to ensure that a utility’s overall earnings are considered in the context of cost recovery within a single-issue ratemaking mechanism, it is RNW’s view that all such mechanisms should at least include consideration of an earnings test to ensure the Commission can accurately assess whether rates are just and reasonable overall.

There is one other reason to foreground the RAAC in this process: the construct was designed to support RPS compliance, but it also aligns utility cost recovery with the policy expressed in HB 2021. The statutory authorization for the RAAC specifically identifies the following resources for cost recovery: “costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources, costs related to associated electricity transmission and costs related to associated energy storage.”<sup>5</sup> These are precisely the sorts of resources we will need to achieve the mandate established by House Bill 2021 (2021) to reduce greenhouse gas emissions 100% by 2040 and its policy “[t]hat retail electricity providers rely on nonemitting electricity ... and eliminate greenhouse gas emissions associated with serving Oregon retail electricity consumers by 2040.”<sup>6</sup> While the RAAC was not designed to recover investments made in furtherance of HB 2021, RPS-eligible investments are non-emitting, so the RAAC, at a high level, will help with cost recovery for investments needed for HB 2021.

Finally, RNW would note that an automatic adjustment clause construct is likely not appropriate for all types of utility investments that may align with public policy. Identifying whether a resource qualifies for the RAAC has been, to date, a relatively straightforward exercise for most resources. Storage resources are a key exception, as there has been disagreement over what qualifies as “*associated* energy storage” under the statute.<sup>7</sup> Automatic adjustment clauses work best where their application is clear and closely tied to achieving a key policy outcome. As noted, automatic adjustment clauses and other single-issue ratemaking mechanisms should not be utilized when costs can be forecasted with a high degree of confidence, do not fluctuate significantly from year to year, and are not required by underlying statutory mandate.

2. In existing ratemaking structures in Oregon, what are the primary mechanisms or components that support balanced timing and risk sharing for cost recovery and why. In a

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<sup>5</sup> ORS 469A.120(2)(a).

<sup>6</sup> House Bill 2021, sections 2(1) and 3(1) (2021) (“HB 2021”).

<sup>7</sup> See, e.g., *In re PGE Request for a General Rate Revision*, Docket No. UE 435, Order No. 24-454 at 94-95 (Dec. 20, 2024).

possible MRP structure in the future, what mechanisms are most applicable for balancing timing and risk sharing for cost recovery?

As discussed in our prior comments, the Power Cost Adjustment Mechanism (“PCAM”) has led to balanced outcomes and ensures that utilities are operating efficiently. In RNW’s view, the PCAM’s protections are important, especially given that power costs continue to make up a larger portion of a utility’s revenue requirement. Absent the PCAM’s protections, utilities would have a diminished incentive to operate efficiently, which would place upward pressure on customer rates and impact affordability.

3. Of the ratemaking structures discussed in Workshop #3, identify which cost categories are most in need of attention or where improved outcomes are achievable? What regulatory mechanisms govern those, and how would they need to change? Please relate this to identified outcomes that your organization suggests for priority attention.

RNW recommends the Commission focus on ratemaking structures related to incentives and penalties to support prioritized outcomes. We covered this in some detail in our February 27, 2026 Comments in this docket, but briefly recap some key areas where incentives or penalties may be necessary to correct for those incentives and disincentives built into the current regulatory paradigm that do not align with Oregon policy:

- Goal 1: Accelerated, cost-effective decarbonization
  - Outcome 1: Progress ahead of statutory emissions targets
  - Outcome 2: Higher percentage of load served by renewable and non-emitting resources
  - Outcome 3: Reduction in congestion, curtailment, and interconnection delays
- Goal 2: Modernized grid utilization and operation efficiency
  - Outcome 1: Deployment of cost-effective grid-enhancing technologies (“GETs”)
  - Outcome 2: Improved utilization of existing transmission capacity
  - Outcome 3: Reduced interconnection time for new clean resources
- Goal 3: Procurement neutrality and competitive resource acquisition
  - Outcomes to be developed based on developments underway in Washington

These previously identified goals and outcomes reflect cost categories in need of attention and where improved outcomes are achievable. All goals and outcomes identified by RNW are related to costs that are currently recovered primarily through proof of prudent investments in used and useful assets as identified in general rate cases. In some cases, there is currently no rate impact directly related to the identified goals and outcomes – for example, there is no clear financial incentive for early HB 2021 compliance or penalty for failure to comply. In other cases, costs may be recoverable but with less financial benefit to a utility than an alternative that

is less attractive from a public-policy perspective – for example, a utility may recover the costs of investment in GETs, but will not earn a rate of return on most of those costs as it would with investments in physical infrastructure. RNW is open to different mechanisms for cost recovery but is more focused on establishing incentives and disincentives than on specifying the procedural avenue for the utility to recover those incentives or incur those disincentives.

Having said that, both HB 2021 and the RPS contain cost cap provisions to ensure that the impact of complying with state policy mandates is mitigated. As we continue to experience upward pressure on rates, it is important to ensure that there is sufficient headroom to make the cost effective investments focused on maintaining reliability and meeting state mandates. Under the current paradigm where utilities recover a vast amount of costs through single-issue ratemaking mechanisms, it is difficult to assess the overall impact on customer rates and the utility's revenue requirements. Therefore, as our comments throughout this docket have discussed, the Commission should utilize this venue to assess whether certain single-issue ratemaking mechanisms should be eliminated and instead recovered through base rates.

### **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 16th day of March, 2026,

/s/ Mike Goetz

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