



Oregon

Tina Kotek, Governor

Public Utility Commission

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Representative Pam Marsh
Chair, House Climate, Energy and Environment Committee
Oregon State Legislature
Salem, OR 97301

January 25, 2023

Dear Committee Chair Marsh,

On January 23, the House Committee on Climate, Energy, and Environment heard presentations on the development of regional energy markets by Oregon Department of Energy, PacifiCorp, and Renewable Northwest. To augment the information that was presented, the Oregon Public Utility Commission (PUC) offers the following description of how our agency has been actively engaging in regional discussions about the developing energy markets.

In HB 2021, the Legislature recognized 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 and other new, low-carbon capacity resources replace fossil fuel plants, and to reduce costs to customers by planning for and using resources and transmission efficiently. The table below describes how PUC Commissioners and Staff are actively engaged in regional processes with the intention to secure favorable outcomes for Oregon customers.

Western regional process	Oregon PUC engagement
<p>Real-time electricity market: Today, all three of Oregon's investor-owned utilities and BPA participate in the California Independent System Operator (CAISO) Western Energy Imbalance Market (Western EIM).</p>	<p>PUC Commissioner Letha Tawney serves on, and has chaired, the Western EIM Body of State Regulators, a body recognized by CAISO that provides input from state policymakers across the market footprint. Through this body, Commissioner Tawney collaborates with her fellow utility commissioners from nine other Western states to develop and express common positions to CAISO regarding Western EIM governance and market implementation issues. The PUC also oversees utilities' power cost savings from participation in the Western EIM, ensuring that savings are reflected in customers' bills.</p>

<p>Day-ahead electricity markets: Two competing day-ahead electricity markets are being developed concurrently to serve Western states – CAISO’s Extended Day-Ahead Market and Southwest Power Pool’s (SPP) Markets+. PacifiCorp recently announced its intent to participate in CAISO’s Extended Day-Ahead Market. BPA has committed to funding further development of Markets+. The other Oregon utilities have not yet announced commitments to one or both day ahead efforts, however PGE participates actively in both stakeholder processes.</p>	<p>PUC Commissioners and Staff are collaborating extensively with other Western states on the design of governance in both market proposals.</p> <p>The agency is also collaborating with Oregon DEQ and other Western state public utility commissioners and air regulators to provide input to both CAISO and SPP on the proposed management of greenhouse gas emissions in the markets. These collaborations occur primarily in two venues:</p> <ol style="list-style-type: none"> 1) The Committee on Regional Electric Power Cooperation focuses on electric power system policy issues that require regional cooperation in the West. This committee is composed of an energy office official and a public utility commissioner from each of the Western states and Canadian provinces. PUC Chair Megan Decker serves as the West-wide committee’s Co-Chair. 2) The Western Public Utility Commissions’ Joint Action Framework on Climate Change is a memorandum of understanding between PUCs in six western states that have adopted clean energy goals. Commissioner Tawney co-leads the group’s greenhouse gas emissions working group. <p>As a member of the Western EIM Governance Review Committee (GRC), Commissioner Tawney has a formal and extensive role in proposing a shared governance model for the CAISO Extended Day-Ahead Market.</p>
<p>Regional resource adequacy: The Western Power Pool has finalized the design of the Western Resource Adequacy Program, in which utilities across the West will voluntarily pool their generating resources during times of need to avoid energy shortfalls and plan resource procurement and builds efficiently.</p>	<p>PUC Chair Megan Decker serves as one of two interim state representatives the WRAP Committee of State Representatives (COSR), was the COSR’s representative to the Nominating Committee that selected an independent board for the Western Power Pool, and provided significant input on the program’s governance design.</p> <p>The PUC is investigating in Docket No. UM 2143 regulatory policies needed to fill gaps in individual utility, electric service suppliers, and regional efforts to ensure reliability during the transition to clean energy.</p>

<p>Regional transmission planning: NorthernGrid conducts biennial regional transmission plans for Bonneville Power Administration, investor-owned utilities, and consumer-owned utilities across seven Western States.</p>	<p>PUC Chair Megan Decker played a key role in establishing Northern Grid, consolidating previously fragmented regional transmission planning. Chair Decker, PUC Staff, and representatives from Oregon Department of Energy now represent Oregon’s interests on the NorthernGrid Enrolled Parties and States Committee.</p> <p>The Oregon representatives 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.</p>
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Please let me know if you have any questions about the PUC’s engagement in these regional activities.

/s/ Megan Decker

Megan Decker
Chair
Public Utility Commission of Oregon