

**Study Session**

**SS**

**Milwaukie City Council**

## COUNCIL STUDY SESSION

Ledding Library Community Room, 10660 SE 21st Ave Street  
& Zoom Video Conference ([www.milwaukieoregon.gov](http://www.milwaukieoregon.gov))

## AGENDA

OCTOBER 11, 2022

**Council will hold this meeting in-person and through video conference.** The public may attend the meeting at the library or by joining the Zoom webinar. The meeting will be recorded and broadcast later.

**To participate in this meeting by phone** dial 1-253-215-8782 and enter Webinar ID 837 5111 0754 and Passcode: 107967. To raise hand by phone dial \*9.

**Written comments** may be submitted by email to [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov). Council may take limited verbal comments. **For Zoom webinar login information** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-study-session-134>.

**Note:** agenda item times are estimates and are subject to change.

**Page #**

1. **Climate Goal Update – Green Tariff** (5:15 p.m.)  
Staff: Peter Passarelli, Public Works Director

**3**

3. **Adjourn** (6:15 p.m.)

### Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov) or phone at 503-786-7502. To request Spanish language translation services email [espanol@milwaukieoregon.gov](mailto:espanol@milwaukieoregon.gov) at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

### Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov) o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a [espanol@milwaukieoregon.gov](mailto:espanol@milwaukieoregon.gov) al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

### Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.

**COUNCIL STAFF REPORT**

**To:** Mayor and City Council  
Ann Ober, City Manager

**Reviewed:** Peter Passarelli, Public Works Director

**From:** Natalie Rogers, Climate & Natural Resource Manager

**Subject:** **PGE Community Tariff Update**

**Date Written:** Sept 28, 2022

**ACTION REQUESTED**

Council is asked to receive an update on the Portland General Electric (PGE) community 'green' tariff.

**HISTORY OF PRIOR ACTIONS AND DISCUSSIONS**

[March 3, 2020:](#) Council received an update on the Climate Action Plan (CAP) implementation with a focus on the 2030 energy goal, PGE programs, and energy product opportunities.

[May 12, 2020:](#) Council received an informational presentation on a potentially carbon-free electricity product being explored by PGE.

[August 11, 2020:](#) Council received an update on carbon-free electricity product development from PGE.

[December 8, 2020:](#) Council received an update on the CAP and provided direction for future energy discussions.

[December 15, 2020:](#) Council adopted a resolution authorizing a memorandum of understanding (MOU) between PGE and the city to address climate and resiliency goals.

[March 9, 2021:](#) Council received an update on the Climate Collaborative Campaign, 2021 legislation, and the PGE community green tariff product including survey results.

[June 8, 2021:](#) Council received an update on the Home Energy Score program, 2021 legislation, and the private tree code development.

[October 12, 2021:](#) Council received an update on the PGE green tariff, developing tree code, and the Climate Collaborative Campaign for 2021

[August 9, 2022:](#) Council received an update on the PGE green tariff, greenhouse gas inventory, CAP and urban forest programming.

**ANALYSIS**

The city's [CAP](#) and [climate emergency declaration](#) call for carbon-free electricity by 2030, zero-emissions from fossil fuels by 2035, and community carbon neutrality by 2045. Even with the current regulatory efforts to decarbonize the electrical mix, there is still a [gap to close in order to reach the 2030 goal](#). Staff continues to collaborate with PGE and regional stakeholders to close this gap through community outreach and engagement and development of new residential and small commercial renewable energy products.

## **Community Green Tariff Update**

Staff are continuing to meet with PGE to develop the community green tariff product. PGE and Milwaukie staff are discussing program components to incorporate into a tariff proposal for the Oregon Public Utility Commission (PUC) which defines the program structure and supply. These discussions are occurring with other jurisdictions in PGE territory with climate and/or energy goals. Many program details for the tariff remain undefined at this time, which will impact the timeline of development and approval through the PUC.

## **Tariff Concept, Goal Alignment, and Development History**

Passage of legislation in Utah on community renewable aggregation (Utah [House Bill \(HB\) 411](#)) showcased an electric utility product model that makes renewable energy more affordable. In community renewable aggregation, jurisdictions aggregate load through opt-out programs to bulk purchase new utility scale renewable generation projects at a lower premium to rate payers. The passage of Utah's HB411 inspired Milwaukie city staff to begin discussions in 2019 with PGE on the feasibility of a similar product for jurisdictions in their territory. Milwaukie and PGE worked together to develop an initial community tariff product design. This new community product would be a carbon-free electricity product designed specifically to aid in the achievement of Milwaukie's climate goals. With guidance from City Council to ensure goal alignment, the product design is intended to result in the construction of new energy generation facilities at lower, more affordable rates to Milwaukie customers compared to existing renewable products. An opt-out participation model would allow for higher participation and bulk purchasing abilities, decreasing participation rates for the individual customer while subsidizing costs for low-income community members.

After numerous discussions on design details, PGE recommended drafting legislation for the 2021 session to provide guidance to PGE in tariff design and PUC review and approval. Milwaukie supported this effort and assisted in revisions and advocated for the tariff language in a variety of bills. One of these bills, [HB2021](#) passed in the 2021 legislative session and included community tariff language as well as new decarbonization requirements for investor owned utilities like PGE. The bill also limited customer participation in the tariff product to residential and small commercial customers due to concerns from direct access power providers. Most significantly, HB2021 set mandates that by 2040 PGE and Pacific Power must provide 100% carbon-free energy in their base electricity product to the entire grid. While progressive, this deadline is 10 years past Milwaukie's community goal of 2030. [HB2475](#) also passed in the 2020 legislative session, allowing the PUC to explore new base rate structures for low-income community members and directing the agency to fund qualified organizations' participation in regulatory proceedings to represent low income and environmental justice communities. This bill will have a positive impact on low-income participants in communities with or without a tariff product.

After legislation passed, discussions on tariff design slowed. This slowing was explained by a variety of reasons, including concurrent work being done by PGE and PUC staff to develop and meet HB2021 and HB 2475 requirements. During this time, Milwaukie staff discussed the community tariff concept with regional jurisdictions and worked to collaborate and answer questions from peers. In 2022, PGE staff restarted discussions with jurisdictions individually and as a group. These meetings have generally been overview meetings for the benefit of jurisdictions

new to the conversation, and have not addressed the gaps and questions identified in initial design discussions between Milwaukie and PGE back in 2019/2020.

PGE staff did perform a survey of Milwaukie PGE residential customers (n=380) in fall 2020 on customer interest and appetite for a community tariff program and costs (Attachment 1). Similar surveys were conducted for Portland (n=1677), Multnomah County (n=1549) and Beaverton (n=1186). The majority of surveyed community members from all jurisdictions showed support for their community's decarbonization goals, and indicated interest in a new renewable product, particularly one that is affordable and could potentially showcase community projects.

In recent coordination meetings, PGE and city staff are exploring potential outreach strategies and requirements related to the tariff. A few local municipalities including Milwaukie have tentatively agreed to align and cocreate outreach efforts for consistency and workload benefits.

### **Pending Product Elements**

There are key administrative, development and legal questions and product components that have yet to be answered or solidified that could have significant impacts on Milwaukie participation:

- **Rate setting:** While discussions through the years have resulted in a range of estimated rate premiums from \$0.004 to \$0.006 per kilowatt hour (approximately \$3.00 to \$4.60 a month for the average Milwaukie residential customer account), a final rate determination has not been set. Each rate estimates presented so far include a cost value for risk, which needs further clarification on cost justification.
- **Lower income customer participation:** With HB2475, utilities can extend low-income assistance to a wider range of household incomes, and the PUC can adjust base rate costs for low-income customers. The community tariff product is being designed so it complements this work and avoids additional costs to low-income customers. The PUC is still in development of the new low-income assistance program, and as a result PGE initiated their own supplemental program for customer participation. It is unknown how these programs will integrate administratively and how transition would occur with PUC-led programming.
- **Facility ownership and future credits:** As pooling of community funds lead to the construction of new generation facilities, a question of ownership of power and/or renewable energy certificates (RECs) arises, particularly as the grid continues to decarbonize to reach 100% carbon-free by 2040. With greater renewable portfolio standard requirements in the coming years, PGE will likely be looking to add additional resources to supplement their supply and meet mandated timelines. There is a potential that power from community tariff-funded generation assets could be used to meet this demand and as Milwaukie produces more renewable power than it needs to close the emissions gap to reach the 2030 goal. Milwaukie rate payers could potentially see rate credits as early adopters and investors in renewable technology. The legality, administrative ability, and support of this element is undetermined at this time.
- **Timeline of Development:** As the development of the product and resulting construction timeline gets pushed out, the cost and benefits of the product change. PGE staff have presented high-level timelines of milestones, but work remaining for key deliverables could affect the timing of these milestones and resulting product price.

### **Next Steps:**

PGE and City staff are continuing to discuss next steps for tariff development and approval through the PUC. PGE staff are drafting tariff language to bring to the PUC which will be a general program and product overview. Council could choose to draft a letter of support for the tariff with the understanding that support in the tariff process would not commit the city to participation. During and after tariff review at the PUC, jurisdictions would individually work with PGE to develop participation agreements which outline product details, generation sources and assets, community benefits, and other program elements for their community. If agreeing to the terms in the jointly drafted participation agreement, Council could choose to adopt the participation agreement by resolution or ordinance to formalize participation, and staff and PGE would then coordinate on program roll out and administrative processes. Construction of energy assets would occur after enough funding has been collected, likely being a small addition to a larger utility-scale project.

Overlapping this work would be a robust community engagement program to determine what ideas, concerns, and program components need to be addressed in a participation agreement, and to increase awareness of the product development and invite public participation. Staff have been discussing community tariffs at the conceptual level with the public but have not begun intentional engagement efforts at this time.

#### **BUDGET IMPACT**

Funding will be required for legal and technical review of tariff and participation agreement language if the city proceeds with tariff product development.

#### **WORKLOAD IMPACT**

The workload for development and coordination of the community tariff product is already accounted for in the public works staff workplans. Administration of the utility product would remain with Portland General Electric.

#### **CLIMATE IMPACT**

Efforts to coordinate with PGE on electricity decarbonization have a potential to significantly impact building energy emissions and transportation emissions as the city works to electrify both sectors. This tariff product would be a large contribution to emission reduction efforts needed to reach the 2030 goal.

#### **COORDINATION, CONCURRENCE, OR DISSENT**

Staff are continuing to coordinate with PGE and other cities on climate legislation and development of the community tariff product.

#### **STAFF RECOMMENDATION**

Staff recommends that Council receive the update and provide direction to staff if needed.

#### **ALTERNATIVES**

None.

#### **ATTACHMENTS**

[1. PGE Community Tariff Survey Presentation – Council Study Session 03/09/21](#)

SS 1. 3/9/21  
Presentation

# Community-Wide Clean Energy Program Residential Customer Survey Findings

Presented to the Milwaukie City Council on March 9, 2021  
Survey conducted in Fall 2020, PGE Market Insights



# Research objectives and methodology

**A community-wide clean energy product aims to deliver a community-wide clean energy solution designed in partnership with municipalities and key stakeholders, to meet their goals of being 100% clean, while maintaining the benefits of the integrated utility system (system-wide reliability, affordability, fairness).**

## Research Objectives

- Identify the premium PGE residential customers are willing to pay to accelerate their city's / county's transition to 100% clean energy by 2030 / 2035.
- Estimate participation rates across a range of price premiums in a scenario where all customers are defaulted to the new 100% renewable rate.
- Understand what program benefits resonate most strongly with PGE customers.

## Survey Methodology

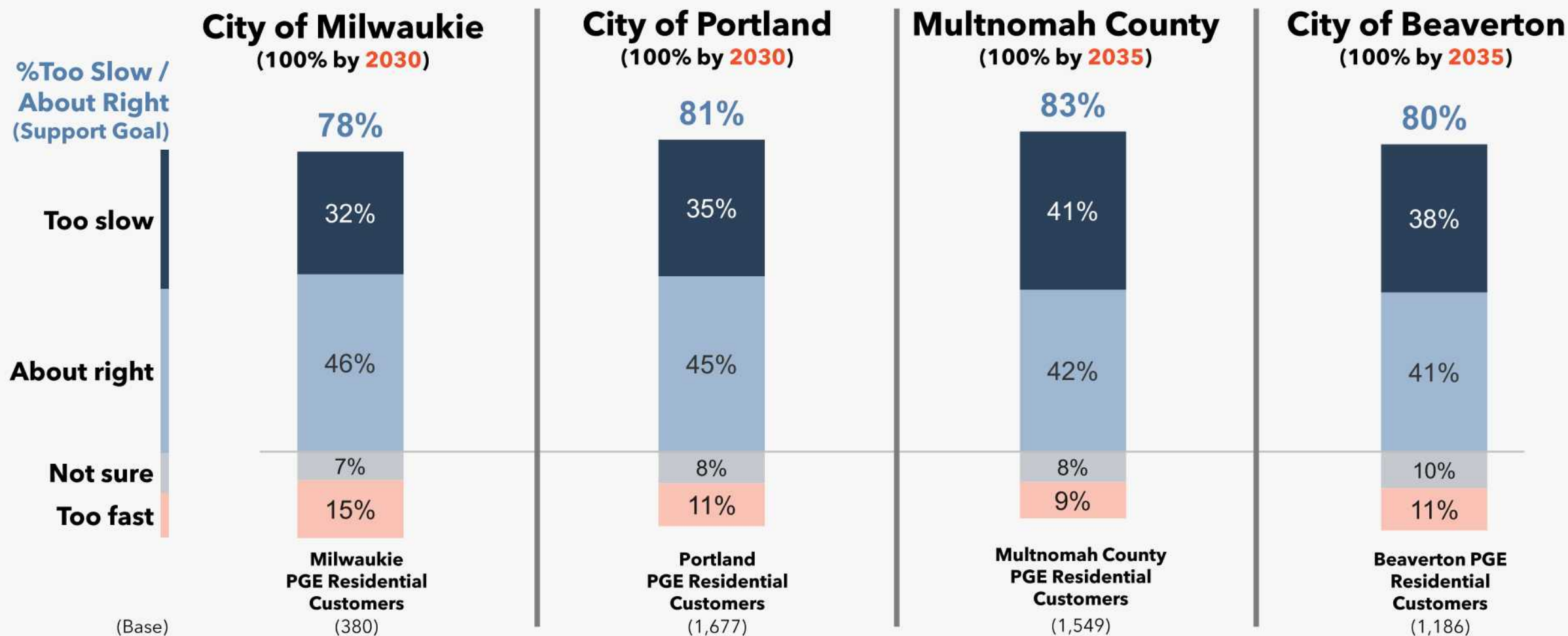
- Web survey averaging ~12 minutes in length conducted among PGE residential customers in selected geographies (n=4,792 in total):
  - **Milwaukie** (n=380)
  - **Portland** (n=1,677)
  - **Multnomah County** (n=1,549)
  - **Beaverton** (n=1,186)

*Note: The survey respondent's "city" is based on the "Tax City" designation in PGE's customer database.*

# Support for city / county clean energy goals

**SURVEY WORDING:** Do you think [Location's] goal of everyone in the [city/county] being served with 100% clean and renewable electricity by [2030/2035] is too fast, too slow, or about right?

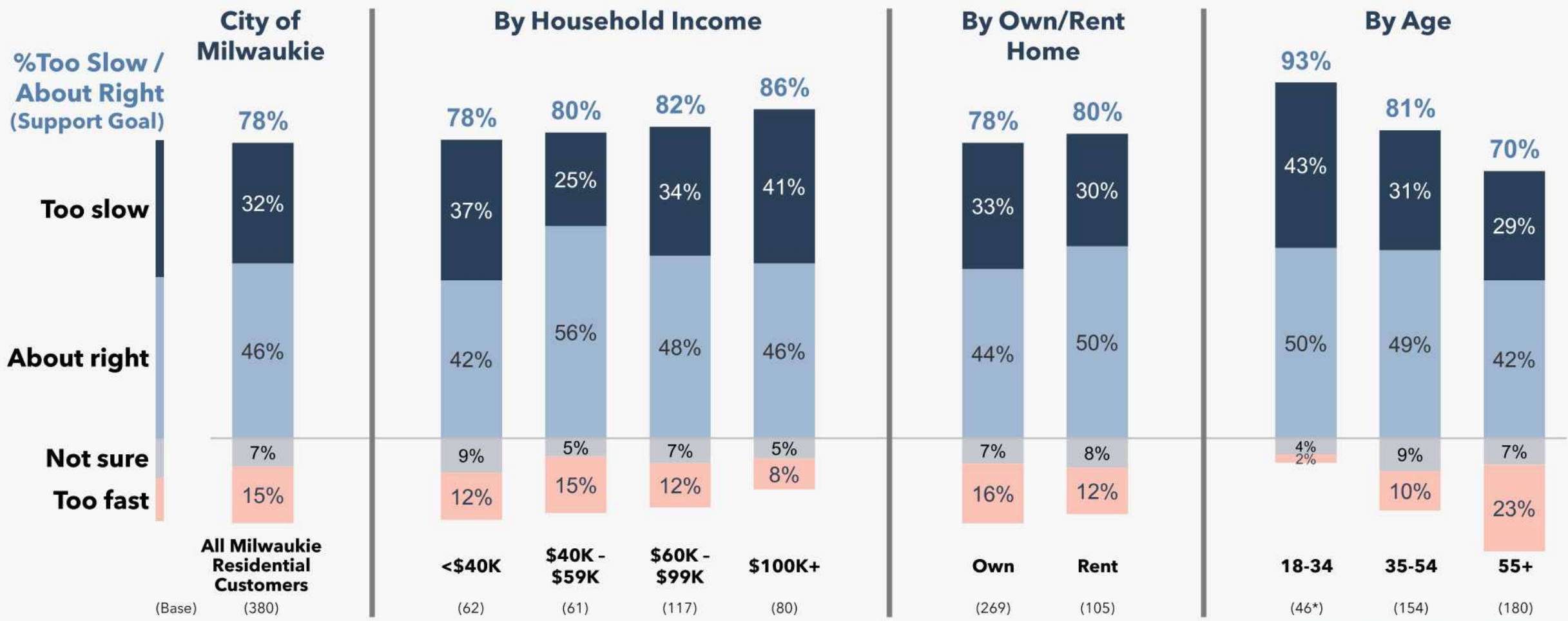
[Note: This question was asked after respondents were presented with various clean energy transition cost scenarios]



(Base)

# Support for the City of Milwaukie's clean energy goal: 100% by 2030

**SURVEY WORDING:** Do you think the City of Milwaukie's goal of everyone in the city being served with 100% clean and renewable electricity by 2030 is too fast, too slow, or about right?  
[Note: This question was asked after respondents were presented with various clean energy transition cost scenarios]

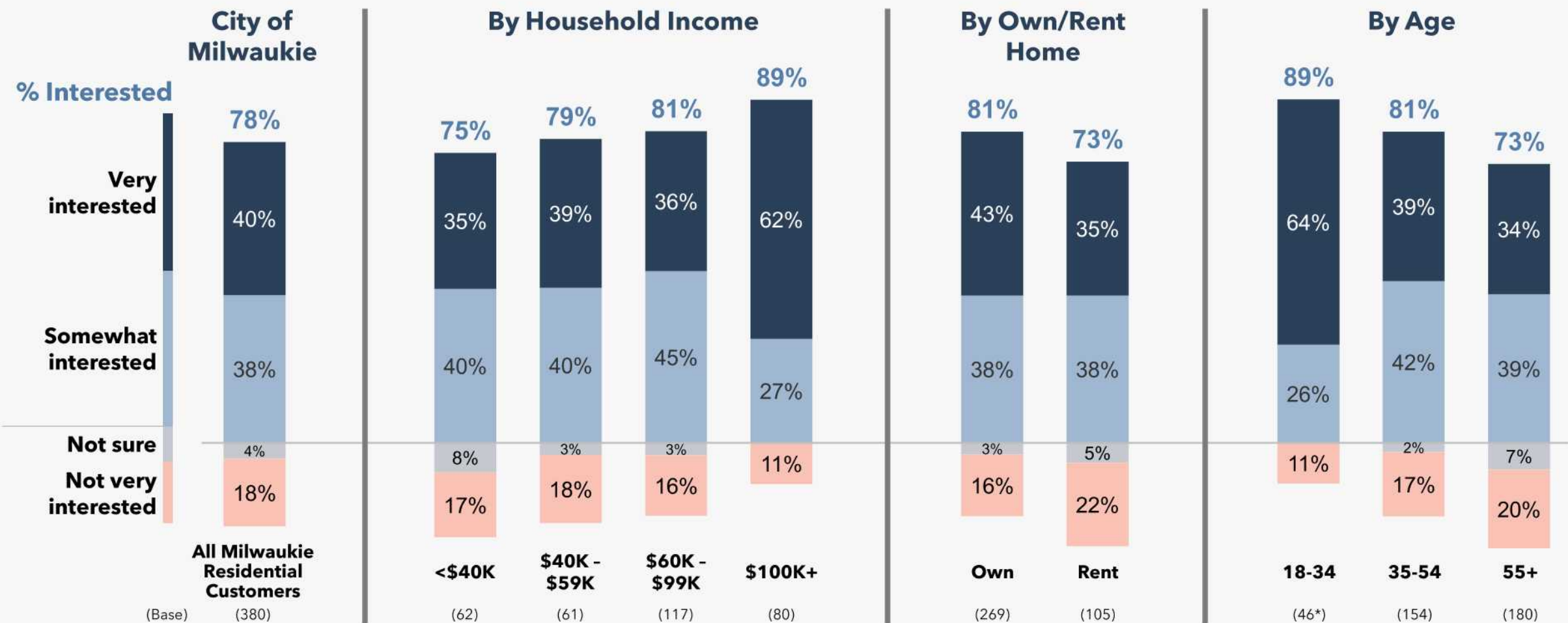


Source: 2020 PGE Community-Wide Clean Energy Program Residential Customer Survey

# Interest in PGE community-wide clean energy concept

**SURVEY WORDING:** PGE is exploring potential new clean and renewable energy solutions that would enable the City of Milwaukie to achieve its goal of everyone in the city being served with 100% clean and renewable electricity by 2030, while ensuring that electricity remains reliable, affordable and fair for all customers, with independent third-party oversight.

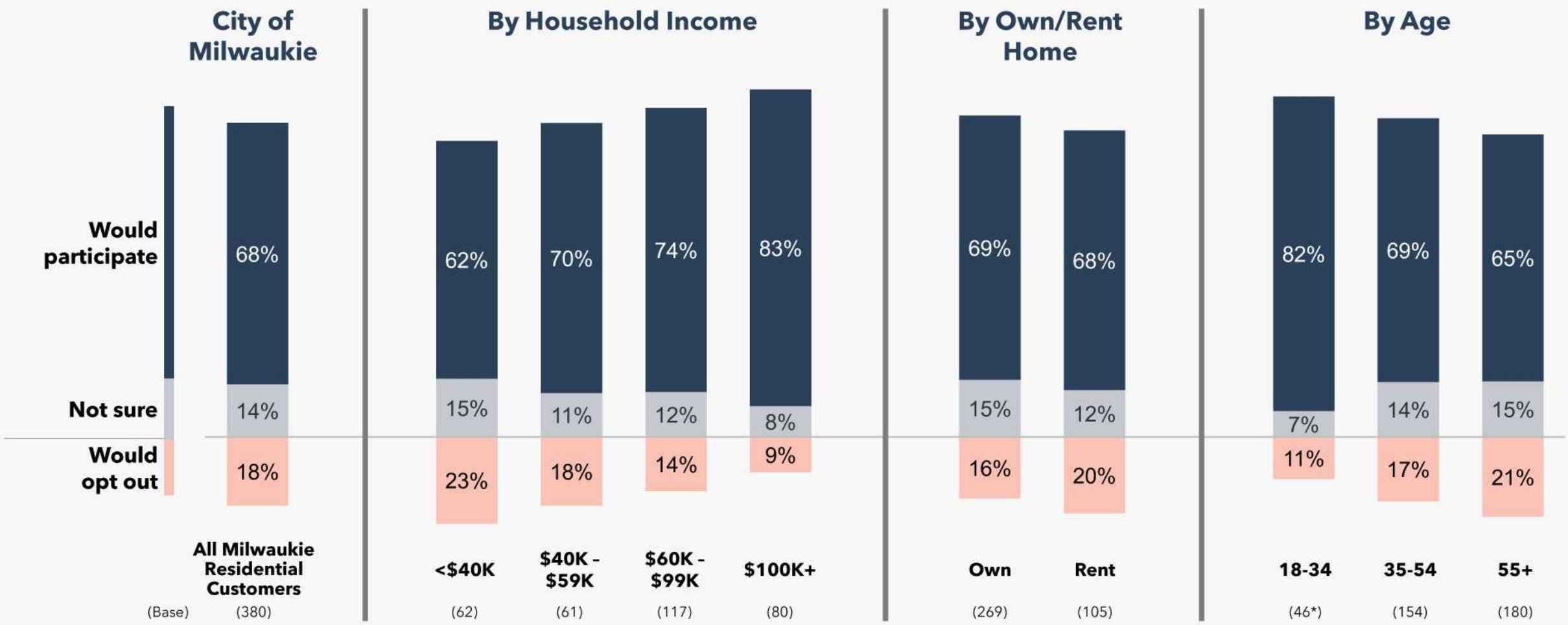
While the full details about how this citywide clean and renewable energy solution would work and how it would affect your home’s monthly electricity bill will clearly matter, based on this information alone, how interested would you be in participating to help the City of Milwaukie achieve its clean energy goals?



\* Small base - Interpret with caution (n<50)

# Participation rates if PGE customers are defaulted to a community-wide clean energy program with a 5% bill increase

**SURVEY WORDING:** If everyone in the City of Milwaukie were to be enrolled in this program to enable the City of Milwaukie’s goal of everyone in the city being served with 100% clean and renewable electricity by 2030, and it increased your home’s electric bill by \$[5% of Avg Bill] per month, would you remain in this program, or would you opt out of this program and return to basic service and your average monthly bill of \$[Avg Bill]?



\* Small base - Interpret with caution (n<50)

# Reasons Would / Would Not Participate (with a 5% Bill Increase)

## *City of Milwaukie Open-End Survey Responses*

### What are the main reasons you would participate in this type of program?

I want all energy usage to be 100% renewable and the best place to start would be my own community.

*HH Income: \$60,000 - \$79,999; Average Monthly PGE Bill: \$142*

Climate Crisis, anything we can do to help as SOON as possible and what a really cool, progressive objective for the City of Milwaukie to do and inspire other cities.

*HH Income: \$20,000 - \$39,999; Average Monthly PGE Bill: \$114*

Energy should be as sustainable and green as possible, converting the whole City of Milwaukie to renewable energy sources will help our planet and will allow future generations to flourish.

*HH Income: \$60,000 - \$79,999; Average Monthly PGE Bill: \$101*

It's our individual responsibility to be stewards of the Earth. Without it we are nowhere, so anything I can do to support more sustainable energy resources I will do. Thanks to Mayor Gamba for leading the way in Milwaukie.

*HH Income: \$100,000 - \$149,999; Average Monthly PGE Bill: \$73*

### What are the main reasons you would not participate in this type of program?

Cost. I understand that it is good for the environment and future generations, but the price is what makes me not want to participate. I would love to participate if there was no increase in cost to the consumer. There seems to be no end to the increase in costs of living. I would rather conserve in other ways. Use less electric.

*HH Income: \$60,000 - \$79,999; Average Monthly PGE Bill: \$103*

I don't think it's reasonable for my bill to increase to fund the transition to clean energy. The fossil fuel industry has earned massive profits for generations. The switch to clean energy should be at the industry's expense, not the consumer's.

*HH Income: \$60,000 - \$79,999; Average Monthly PGE Bill: \$37*

I spend too much on Medicare and other costs of my home to increase any of my retirement on the future that does not benefit me financially.

*HH Income: \$20,000 - \$39,999; Average Monthly PGE Bill: \$128*

I do not want to pay more for my electricity. City should use new technologies to be more green-friendly without reaching into resident's pockets.

*HH Income: \$40,000 - \$59,999; Average Monthly PGE Bill: \$120*

# Relative importance of benefits when considering whether or not to participate in a community-wide clean energy program

What is most important in deciding whether or not to participate in a new resource and pricing plan that would enable [city/county] to achieve its goal of everyone in the [city/county] being served with 100% clean and renewable electricity by [2030/2035]?

	Relative Importance Index (average = 100)			
	City of Milwaukie (n=380)	City of Portland (n=1,677)	Multnomah County (n=1,186)	City of Beaverton (n=1,549)
It will help protect the environment for future generations.	<div><div></div></div> 148	<div><div></div></div> 161	<div><div></div></div> 159	<div><div></div></div> 157
It will be available to all residents and small businesses located in [LOCATION], including low and fixed-income residents.	<div><div></div></div> 152	<div><div></div></div> 151	<div><div></div></div> 148	<div><div></div></div> 146
It will reduce greenhouse gas emissions.	<div><div></div></div> 112	<div><div></div></div> 127	<div><div></div></div> 124	<div><div></div></div> 121
It will increase the use of clean and renewable energy in the Pacific Northwest.	<div><div></div></div> 110	<div><div></div></div> 117	<div><div></div></div> 116	<div><div></div></div> 117
By funding new renewable energy projects in the region, it will help contribute to a more secure energy future for [LOCATION] and the rest of Oregon.	<div><div></div></div> 110	<div><div></div></div> 110	<div><div></div></div> 111	<div><div></div></div> 110
It will ensure that all of the energy that powers your home is 100% clean and renewable.	<div><div></div></div> 95	<div><div></div></div> 104	<div><div></div></div> 103	<div><div></div></div> 106
It will create more local jobs in the clean energy industry.	<div><div></div></div> 99	<div><div></div></div> 87	<div><div></div></div> 89	<div><div></div></div> 87
It will provide a way for you to use more clean and renewable energy without installing solar panels on your roof or property.	<div><div></div></div> 75	<div><div></div></div> 63	<div><div></div></div> 67	<div><div></div></div> 74
Some of the energy that supports the program will be from new renewable energy generation facilities located in [LOCATION].	<div><div></div></div> 59	<div><div></div></div> 47	<div><div></div></div> 50	<div><div></div></div> 50
There will be some clean and renewable generation resources that will be owned by members of my community.	<div><div></div></div> 39	<div><div></div></div> 32	<div><div></div></div> 33	<div><div></div></div> 32



CITY OF MILWAUKIE

# Milwaukie Community Climate Action Plan

## PGE Community Tariff Council Update

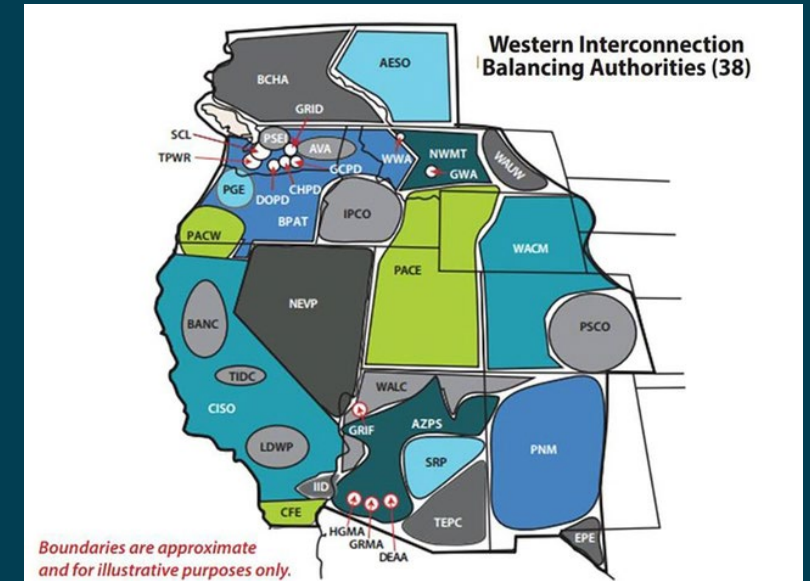
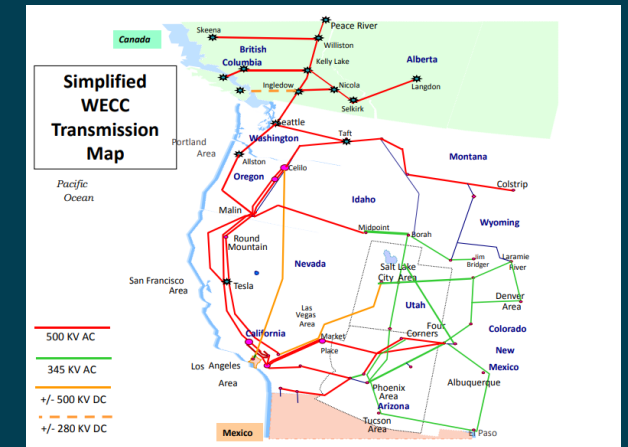
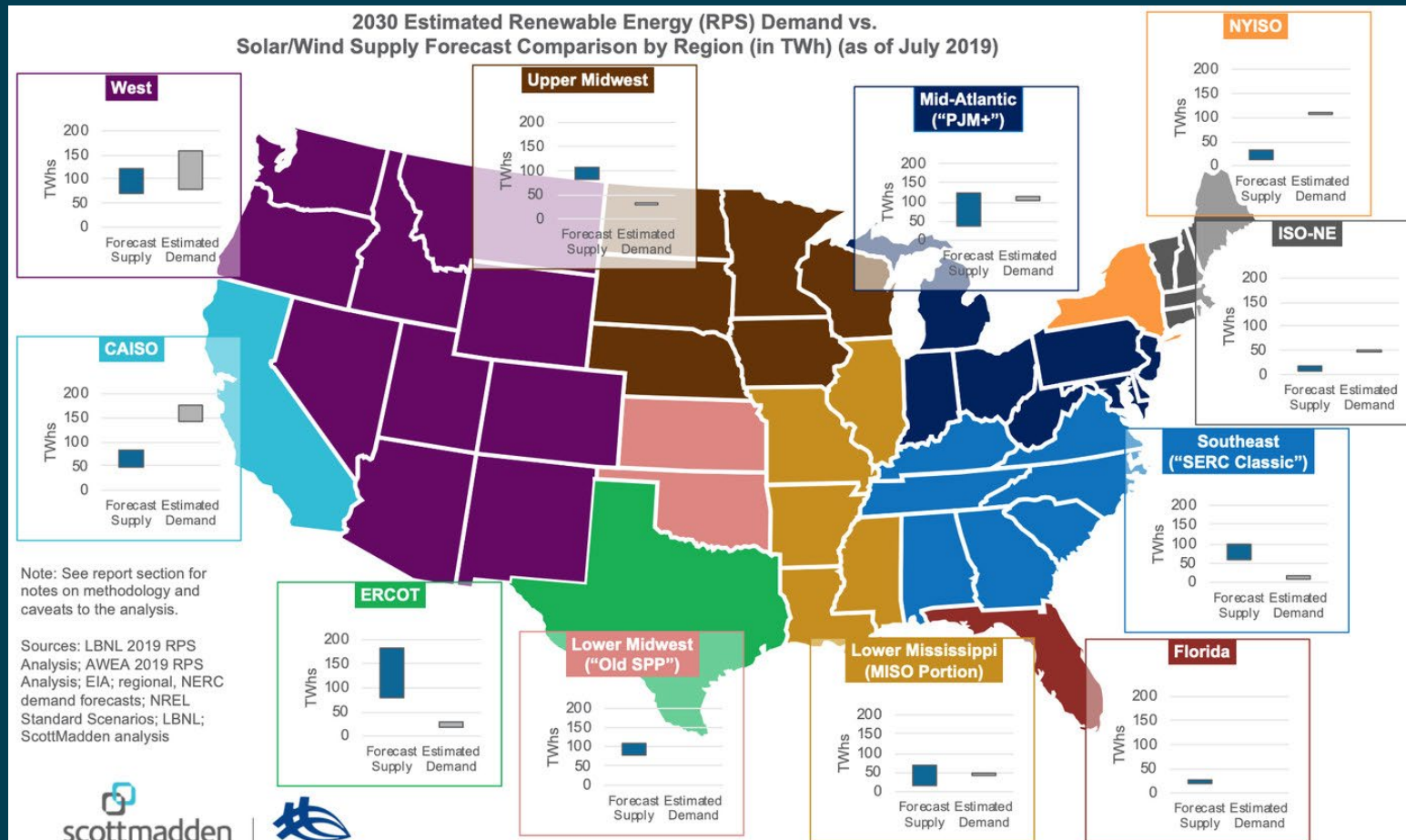
October 11<sup>th</sup> 2022

**Natalie Rogers**

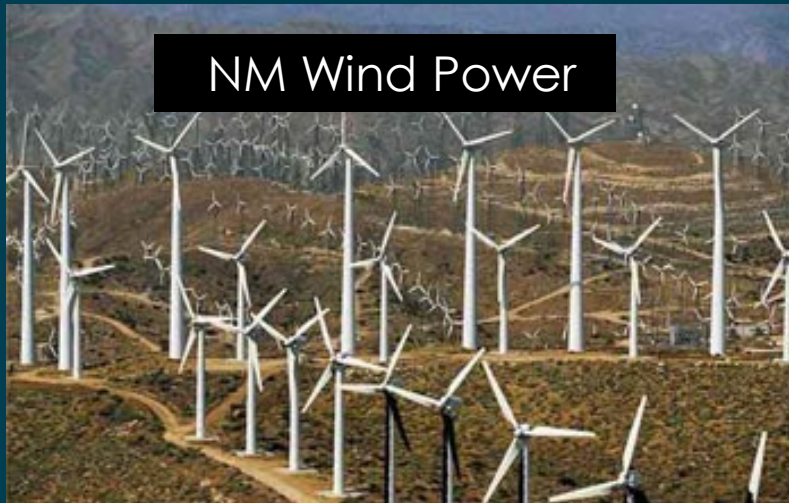
Climate and Natural Resource Manager

# Power generation location matters to local goals

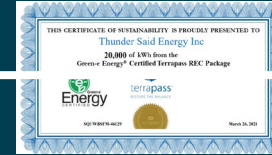
Explore US power infrastructure (interactive map): [atlas.eia.gov/apps/electricity/explore](https://atlas.eia.gov/apps/electricity/explore)



# Unbundled REC Power Product



kudos



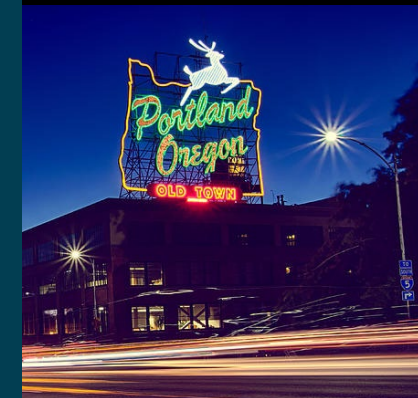
'Renewable' Energy  
Certificates

electrons

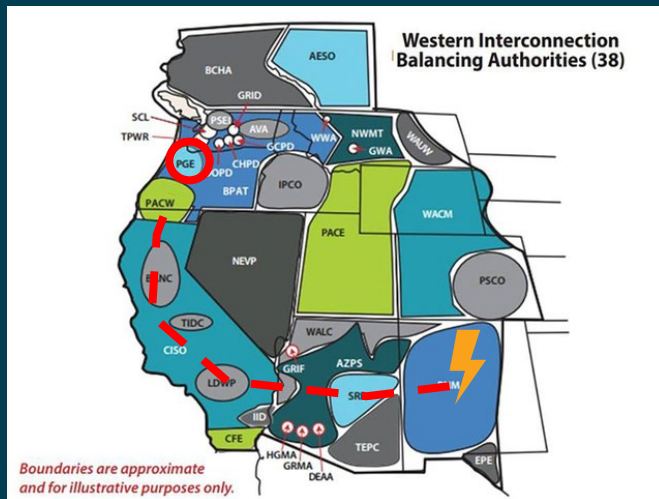
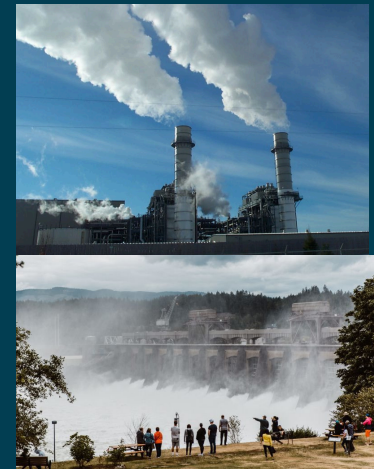
'Non-renewable'  
Electricity



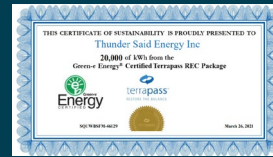
'Renewable'  
electricity



OR Methane and  
Large Hydro  
Power

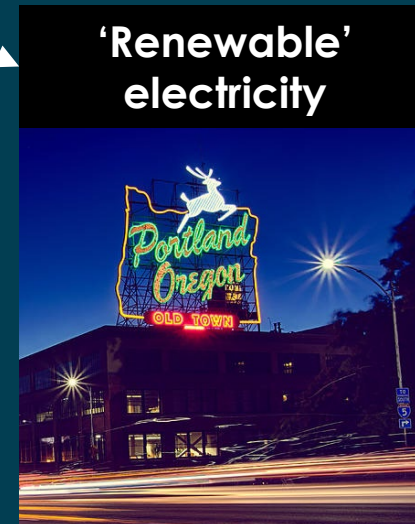


# Bundled REC Power Product



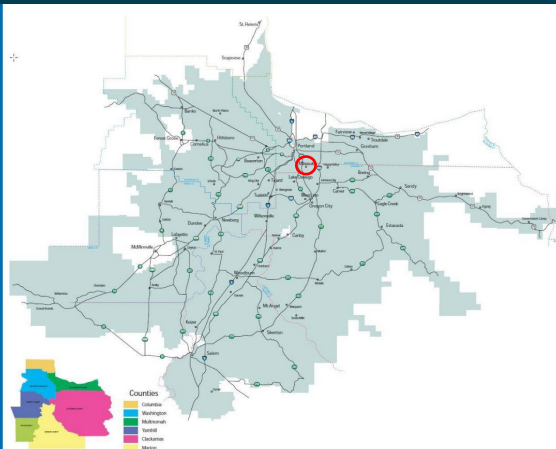
kudos

electrons

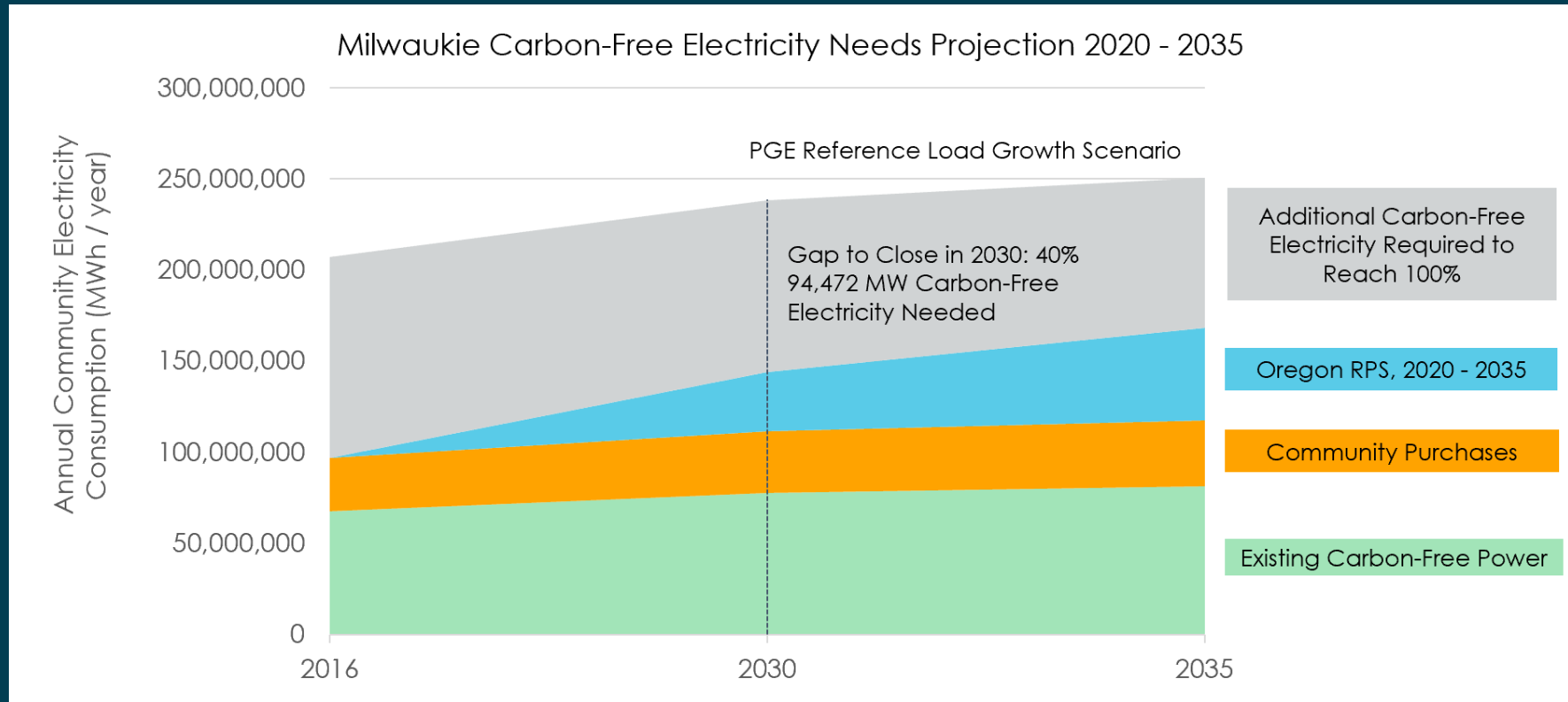


Onsite renewables,  
community solar, etc.  
gets complicated!

- Population of ~ 1.9 Million
- ~ 4,000 Square Miles
- 3,976 MW 2017 Peak Load
- 27,457 Distribution Circuit Miles
- 1,250 Transmission Circuit Miles



# Climate Goals + Electricity



2030

## Net zero electricity

By becoming more energy efficient and using renewable electricity sources, Milwaukie's net emissions from electricity are zero.

For carbon calculator discussion, revisit March 3<sup>rd</sup>, 2020 Council Update

# Community Tariff Product – Goal product



- Bundled REC product to meet Milwaukie residential / small commercial electricity load
- Build carbon-free generation assets in PNW region, tied to PGE grid
- Voluntary opt-out participation model to increase participation rates
- ‘Bank and Build’ by saving premiums over X years to build by 2030
- Align with low-income rate programs for vulnerable communities
- ‘Lock in’ a premium as renewable energy demand increases
- Tailor product to Milwaukie community goals

# Community Tariff History



- 2019 - HB411 Utah Community Renewable Energy Act
- 2020 – Focused PGE discussions on community tariff model
- 2021 – HB 2021 (Clean Energy for All) and HB 2475 (Energy Affordability)
  - PGE Community Survey on Tariff
- 2022 – Larger group discussions on tariff design
  - Review many concepts discussed in focused meetings
  - Tariff consensus building

# Community Tariff – Next Milestones



1. PUC hosts community workgroup *Fall 2022/Winter 2023*
2. PGE shares draft tariff language to City\*\*\* *Dec 31?*
  - *City reviews language, provides comments*
3. PGE submits tariff to PUC
  - *City to submit letter of support on concept*
4. PUC reviews tariff language
5. PGE/City negotiate participation agreement
  - *Outlines product features/design*
6. PUC approves tariff
7. City signs participation agreement, commits via resolution/ordinance
8. Utility customers begin participation/opt-out

## \*\*\*Key questions to answer first:

- **Rate expectations?**
- **Build timing?**
- **Sunsetting of assets?**
- **Credits?**
- **Backup plan?**
- **Existing renewable customers?**

# Community Tariff – Council Discussion



1. Does council still agree that utility-scale generation in the PNW region with a priority of affordability would be a product goal?
  - Can always include 'bonus items' in participation agreement conversations
2. Does council have any thoughts, asks, concerns for community engagement on design or informing community of new PGE product and voluntary opt-out model?
3. How does council want to advocate for the community tariff product at the PUC level?

Interested in learning more?  
[Milwaukieclimateaction.com](https://milwaukieclimateaction.com)

Thank you!

Natalie Rogers  
503-786-7668

[RogersN@milwaukieoregon.gov](mailto:RogersN@milwaukieoregon.gov)

CITY OF MILWAUKIE

## Milwaukie Community Climate Action Plan



CITY OF MILWAUKIE

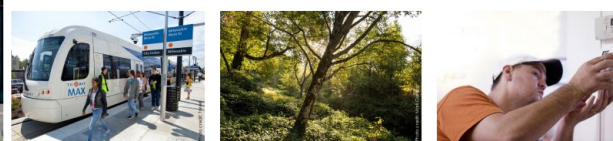
March 6, 2019

## 2019 Urban Forest Management Plan



CITY OF MILWAUKIE

## Milwaukie Community Climate Action Plan



### Household Strategies

CITY OF MILWAUKIE

## Milwaukie Community Climate Action Plan



### Business and Organization Strategies



CITY OF MILWAUKIE