



MEMORANDUM
EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Frank Lawson, CEO & General Manager
DATE: November 22, 2021 (December 7, 2021, Board Meeting)
SUBJECT: EWEB's Climate Change Policy, Board Policy SD15
OBJECTIVE: Background Information

Issue

On November 2, 2021, Commissioners directed the General Manager to prepare potential revisions to Board Policy SD15, Climate Change Policy, for further deliberation and consideration.

Background

Prior to the November Regular Board Meeting, an informational memorandum was provided highlighting the history of the policy, status of directives, and an overview of other utility's policies on climate change and/or greenhouse gas emissions ([Link-ClimatePolicyMemo](#))

Discussion

At the November 2, 2021, Regular Board Meeting, Commissioners engaged in a conversation related to potential revisions to Board Policy SD15, Climate Change Policy. In summary, Management garnered the following guidance and direction from that conversation.

1. Commissioners are satisfied with the general categories represented by the "primary directives" as identified in the existing policy (i.e., Power Generation, Carbon Measures, EWEB Operations, Customer Decarbonization, Impacts on EWEB).
2. Commissioners expressed varying opinions about the level of detail, particularly the identification of precise goals and metrics, that should be contained within Board Policy. On one hand, further clarity around the long-term objective may provide beneficial guidance and easier progress assessment. However, on the other hand, setting specific metric targets within policies can create imbalance between values and/or other policies, volatility of priorities, and/or create unintended impacts.
3. Location should be a consideration when evaluating the resiliency merits of generation decisions.
4. Equity should be considered when evaluating the benefits and impacts of decisions related to mitigating climate change.

As a result of the deliberation, including the guidance and commentary summarized above, the Board directed the General Manager to prepare potential revisions to SD15 for further discussion and consideration. Attached to this memorandum is both a "marked up" and clean copy of proposed SD15 revisions.

Overarching aspirational goals are proposed within some of the primary directives. In other instances, long-term visionary objectives are linked with near-term actions that are established and documented within the identified process or plan where the future target is developed. For

example, the long-term carbon composition (and other attributes) of EWEB's generation portfolio is typically included as decision criteria in the Integrated Electric Resource Plan (IERP) that forecasts out twenty (20) years. Other near-term actions are established in the annual organizational goal setting process with the Board.

Locational considerations, while not directly applicable to climate change policy, will also be incorporated into the criteria of alternative resources evaluated in the Integrated Electric Resource Planning process.

It should be noted that while several operational principles, policies, and procedures consider equity, including Rate Making Principles for example, there is no Board Policy addressing the issue of equity. Typically, Board Policies like SD15 should reference such a policy when considering impacts.

Recommendation

Management recommends that the Board deliberate the potential revisions as presented, in the context of the direction provided at the November Board Meeting. Depending on the Board's alignment, a resolution finalizing the revisions to SD15 could be implemented on the Consent Calendar at the January 2022 Board Meeting.

Management further recommends that the Board consider directing Management, at the January Board Meeting during Board Policy Review, to develop and propose a Board Policy considering equity in decisions, programs and services, and actions on an organization-wide basis.

Action

No Action is requested. Management requests the Board deliberate and provide guidance on the proposed revisions to Board Policy SD15, Climate Change Policy.

Attachment(s):

Proposed Changes: SD15 Climate Change Policy (Clean Draft)

Proposed Changes: SD15 Climate Change Policy (Markup Draft)

SD15 Climate Change Policy

Effective Date: Month, dd, yyyy

The Board recognizes that climate change presents ongoing environmental, economic, and social risk to EWEB, our customers, community, and the world. Greenhouse gas emissions from human activity are known to be the primary cause of climate change, with the energy, industrial, agricultural and transportation sectors generally identified as the primary sources of greenhouse gas emissions in the United States.

The primary direct impacts to EWEB operations from climate change include changes in streamflow – quantity and timing– affecting hydroelectric generation, impacts to water quality and watershed health, increased risk of wildfires, changes in consumption patterns, and increasing threats from extreme weather events. The Board also recognizes that EWEB, as a water and electric utility, impacts our climate through electric generation resource choices, business practices, and the operation and maintenance of our assets, lands, buildings, and transportation fleet.

Consistent with EWEB’s Vision, Mission, and Values (SD1), the Board supports EWEB taking an active role in combating and mitigating the impacts of climate change, within the context of and while executing our strategy and ongoing operations.

Accordingly, the following *primary directives* are adopted,

- **Power Generation:** The Board is committed to supporting a ***low-carbon electric power portfolio*** that maintains, on a planning basis, over 90% of annual energy from carbon resources and targets over 95% of annual energy from carbon-free resources by 2030 to the extent possible and practical without distinct adverse impacts to customer-owners. Using the Integrated Resource Plan (IRP) process including final adoption by resolution (GP7), the Board will work with the General Manager to establish the long-term (20-year) principles, priorities, approaches, measurements, and goals for the electric generation portfolio, demand response, conservation and energy efficiency, and customer impact limitations (including but not limited to reliability, cost, and equity) supporting this directive.
- **Climate Policy:** The Board authorizes, delegates, and directs the General Manager to participate in local, state, and regional efforts to encourage, develop and ***enact measures to minimize and/or mitigate emissions*** that contribute to climate change. Consistent with Board Policy (GP13), prior to legislative sessions the Board develops and guides EWEB’s positions relative to legislation, including those related to climate and environmental policy supporting this directive.
- **EWEB Operations:** The Board further authorizes, delegates, and directs the General Manager to continue efforts to ***minimize and/or mitigate emissions from EWEB’s operations*** that contribute to climate change. As initially established in 2010, EWEB adopted a goal to reduce the greenhouse gas emissions associated with its operations and facility management activities. Accordingly, and as formally established by this directive, EWEB plans to reduce our net emissions from operations relative to 2009 levels by 25% by 2020, 50% by 2030, and achieve carbon neutrality from our operations by 2050.
- **Customer Decarbonization:** The Board further authorizes, delegates, and directs the General Manager to ***assist customers with achieving their emission reduction goals*** through partnerships, technical assistance, resources, and programs that support, but are not limited to, energy efficiency, alternative fuels, electric and water conservation, electrification, and carbon offsets and sequestration. Long-term conservation, energy efficiency, and demand-response

goals are established as part of the IRP process. Additional program objectives, incentives and budgets will be established annually, as applicable, and/or through revisions to the strategic plan.

- Impacts on EWEB: Consistent with resiliency initiatives included in EWEB's approved strategic plan, the Board directs the General Manager to evaluate and enact measures, as necessary and appropriate, to prepare for and **minimize the effects of climate change that could impact EWEB's** water and electric supply and infrastructure, damaging EWEB's resiliency and reliability.

IMPLEMENTATION:

In support of the *primary directives* identified above, major decisions and actions, including those related to this policy, will be evaluated based on a triple-bottom-line methodology, including assessments of consistency with the organization's values, including safety, reliability, affordability, environmental stewardship, transparency, and equity.

The Board and General Manager will work together to develop annual goals, consistent with Board Policy BL4 and BL5, related to the *primary directives*, as applicable, including milestones and measurements, and reporting frequency.

So that EWEB's actions are visible to our community, at least annually EWEB will compile and report emission reduction and/or mitigation activity, including a greenhouse gas inventory, and will calculate and publish the carbon intensity of our energy portfolio. Definitions, emission reduction and/or mitigation details (e.g., fuel mix, use of offsets, etc.) and carbon accounting methods will be published, consistent with industry standards and/or official reporting requirements where applicable.

Source: Steve Newcomb, Environmental Manager, Approved 09/18/07; Revised 07/10/18, Resolution No. 1820; Revised mm/dd/yyyy, Resolution xxxx

Strategic Direction Policies (SD Policies) – MARKUP DRAFT

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SD15 Climate Change Policy

Effective Date: July 10, 2018 Month, dd, yyyy

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The Board recognizes that climate change presents ongoing environmental, economic, and social risk to EWEB, our customers, our community, and the world. Greenhouse gas emissions from human activity are known to be the primary cause of climate change, with the energy, industrial, agricultural and transportation sectors generally identified as the primary sources of greenhouse gas emissions in the United States.

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The primary potential direct impacts to EWEB operations from climate change include changes in streamflow – quantity and timing – affecting hydroelectric generation, impacts to water quality and watershed health, increased risk of wildfires, changes in consumption patterns, and increasing threats from extreme weather events. The Board also recognizes that EWEB, as a water and electric utility, impacts our climate through electric generation resource choices, business practices, and the operation and maintenance of our assets, lands, buildings, and transportation fleet.

Consistent with EWEB’s Vision, Mission, and Values (SD1), the Board supports EWEB taking an active role in combating and mitigating the impacts of climate change, within the context of and while executing our strategy and ongoing operations.

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Accordingly, the following primary directives are adopted,

- **Power Generation:** The Board is committed to supporting a low-carbon electric power portfolio utilizing low-carbon, renewable resources that maintains, on a planning basis, over 90% of annual energy from carbon resources, and targets over 95% of annual energy from carbon-free resources by 2030 to the extent possible and practical without distinct adverse impacts to customer-owners safety, reliability. Using the Integrated Resource Plan (IRP) process including final adoption by resolution (GP7), the Board will work with the General Manager to establish the long-term (20-year) principles, priorities, approaches, measurements, and goals for the electric generation portfolio, demand response, conservation and energy efficiency, and customer impact limitations (including but not limited to reliability, cost, and equity) supporting this directive.
- **Climate Policy:** The Board authorizes, delegates, and directs the General Manager to participate in local, state, and regional efforts to encourage, develop and enact measures to minimize and/or mitigate carbon emissions in the energy sector that contribute to climate change. Consistent with Board Policy (GP13), prior to legislative sessions the Board develops and guides EWEB’s positions relative to legislation, including those related to climate and environmental policy supporting this directive.
- **EWEB Operations:** The Board further authorizes, delegates, and directs the General Manager to continue efforts to reduce minimize and/or mitigate the greenhouse gas emissions from EWEB’s operations that contribute to climate change through the use of the Triple Bottom Line analytical framework, including impacts on the environment and climate. As initially established in 2010, EWEB adopted a goal to reduce the greenhouse gas emissions associated with its operations and facility management activities. Accordingly, and as formally established by this directive, EWEB plans to reduce our net emissions from operations relative to 2009 levels by 25% by 2020, 50% by 2030, and achieve carbon neutrality from our operations by 2050.

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- Customer Decarbonization: The Board further authorizes, delegates, and directs the General Manager to *assist customers with achieving their carbon-emission reduction goals* through partnerships, technical assistance, and resources, and programs that support, but are not limited to, energy efficiency, alternative fuels, electric and water conservation, and smart electrification, and carbon offsets and sequestration. Long-term conservation, energy efficiency, and demand-response goals are established as part of the IRP process. Additional program objectives, incentives and budgets will be established annually, as applicable, and/or through revisions to the strategic plan.
- Impacts on EWEB: Consistent with resiliency initiatives included in EWEB's approved strategic plan, The Board directs the General Manager to evaluate and enact measures, as necessary and appropriate, to prepare for and *minimize the effects of climate change that could impact EWEB's water and electric supply and infrastructure, damaging EWEB's resiliency and reliability.*

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DISCUSSION/IMPLEMENTATION:

In support of the primary directives identified above, major decisions and actions, including those related to this policy, will be evaluated based on a triple-bottom-line methodology, including assessments of consistency with the organization's values, including safety, reliability, affordability, environmental stewardship, transparency, and equity.

The Board and General Manager will work together to develop annual goals, consistent with Board Policy BL4 and BL5, related to the primary directives, as applicable, including milestones and measurements, and reporting frequency.

So that EWEB's actions are visible to our community, at least annually EWEB will compile and report emission reduction and/or mitigation activity, including a greenhouse gas inventory, and will calculate and publish the carbon intensity of our energy portfolio. Definitions, emission reduction and/or mitigation details (e.g., fuel mix, use of offsets, etc.) and carbon accounting methods will be published, consistent with industry standards and/or official reporting requirements where applicable.

Climate change is the greatest environmental threat we have faced, and its impacts affect everyone. Greenhouse gas emissions from human activity are known to be the primary cause of climate change. It is widely recognized that a sustained societal reduction of greenhouse gas emissions is necessary to slow and stabilize ongoing climate change.

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The energy, industrial, agricultural and transportation sectors are generally identified as the primary sources of carbon dioxide and other greenhouse gas emissions in the United States. EWEB's energy portfolio is composed almost entirely of carbon-free resources. However, not all energy sources in the Pacific Northwest are carbon-free. EWEB will seek to decrease greenhouse gas emissions through a concept known as smart electrification—the use of electricity to replace other energy sources in ways that increase energy efficiency, decrease carbon emissions and decrease costs to customers and society. Through partnerships with others in the region, EWEB will seek to decrease the energy sector's regional carbon footprint. Through local partnerships, EWEB will seek to aid and assist the mitigation of climate impacts from the industrial and transportation sectors in our community.

It is also important that EWEB, as a public water and electric utility, understands the impacts of climate change to our operations, and commits to do our part to minimize the impacts from our operations. EWEB, as a generator and purchaser of electricity, has a role and an obligation to

~~participate in local and regional efforts to reduce carbon emissions from the electric power sector. Similarly, as an energy provider to homes, industry and business within our service territory, EWEB has a role and obligation to help our community reach its carbon reduction targets. In order to address the climate impacts of our own decisions and operations, EWEB will include climate impacts in future Triple Bottom Line (TBL) evaluations completed for items brought to the Board. So that our actions are visible to our community, at least annually EWEB will compile and report climate change mitigation activity, including a greenhouse gas inventory, and will calculate and publish the carbon intensity of our energy portfolio.~~

Source: Steve Newcomb, Environmental Manager, Approved 09/18/07; Revised 07/10/18, Resolution No. 1820; [Revised mm/dd/yyyy, Resolution xxx-](#)