House Bill 3166

Sponsored by Representative HOLVEY, Senator BEYER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Establishes Oregon Energy and Climate Board as oversight and advisory body for State Department of Energy.

Modifies state energy policy.

Modifies general duties of department.

Requires department and board to develop statewide strategic energy plan. Requires department to adopt plan no later than January 1, 2020. Requires department to present draft plan to Legislative Assembly no later than September 15, 2019. Requires board to periodically review and recommend to department updates for plan.

Requires board and department to provide biennial comprehensive energy report to Legislative Assembly.

Adds Oregon Business Development Department to agencies represented by ex officio nonvoting members of Oregon Global Warming Commission. Requires nonlegislative ex officio nonvoting members of commission to regularly report and make certain recommendations to commission.

Directs commission to make certain recommendations related to energy and climate to agencies, Governor and Legislative Assembly.

Becomes operative July 1, 2018.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

Relating to the State Department of Energy; creating new provisions; amending ORS 468A.215, 468A.220, 468A.225, 468A.235, 469.010, 469.030, 469.040 and 469.110; repealing ORS 469.060 and 469.070; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

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ENERGY POLICY

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21 22 **SECTION 1.** ORS 469.010 is amended to read:

469.010. The Legislative Assembly finds and declares that:

- (1) Continued growth in demand for [nonrenewable energy forms] energy, at affordable cost, poses a serious and immediate, as well as future, concern. [problem. It is essential that future generations not be left a legacy of vanished or depleted resources, resulting in massive environmental, social and financial impact.]
- (2) It is the goal of Oregon to promote the efficient use of energy resources [and to develop permanently sustainable energy resources. The need exists for comprehensive state leadership in energy production, distribution and utilization.] consistent with state environmental policy. It is, therefore, the policy of Oregon:
- (a) That **the** development and use of a diverse array of **affordable**, **sustainable energy resources be encouraged.** [permanently sustainable energy resources be encouraged utilizing to the highest degree possible the private sector of our free enterprise system.]
 - (b) That the development of energy resources be accomplished consistent with state

NOTE: Matter in **boldfaced** type in an amended section is new; matter [italic and bracketed] is existing law to be omitted. New sections are in **boldfaced** type.

greenhouse gas reduction goals.

- [(b)] (c) That through state government example and **policy** [other effective communications], energy conservation and elimination of wasteful and uneconomical uses of energy and materials be promoted. [This conservation must include, but not be limited to, resource recovery and materials recycling.]
- [(c) That the basic human needs of every citizen, present and future, shall be given priority in the allocation of energy resources, commensurate with perpetuation of a free and productive economy with special attention to the preservation and enhancement of environmental quality.]
- (d) That state government assist every citizen and industry in adjusting to [a diminished availability of energy] changes in the available mix of energy resources.
- (e) That energy-efficient modes of transportation [for people and goods] shall be encouraged[, while energy-inefficient modes of transportation shall be discouraged].
- (f) That cost-effectiveness, balanced with environmental policy considerations, be considered in [state] agency decision-making relating to energy sources, facilities or conservation[, and that cost-effectiveness be considered in all agency decision-making relating to energy facilities].
- (g) That state government shall provide a source of impartial and objective information in order that this energy policy may be enhanced.

OREGON ENERGY AND CLIMATE BOARD

(Establishment)

<u>SECTION 2.</u> (1) In order to ensure close correspondence among State Department of Energy policies and programs, the public interest and state climate policies, there is created the Oregon Energy and Climate Board.

- (2) A member of the Oregon Global Warming Commission and an Oregon member of the Pacific Northwest Electric Power and Conservation Planning Council shall serve as ex officio members of the board.
- (3) The Governor shall appoint five members to the board, subject to confirmation by the Senate as provided in ORS 171.562 and 171.565. Members of the board appointed under this subsection must be residents of this state well informed in energy and climate issues and shall include the following:
 - (a) One member who is an economist;
- (b) One member from an institution of higher education in Oregon with expertise in energy and climate issues;
 - (c) One member who represents residential energy users;
 - (d) One member who represents commercial and industrial energy users; and
 - (e) One member with expertise in transportation issues.
 - (4) A member of the board may not:
- (a) Hold any pecuniary interest in any business entity conducting operations which if conducted in this state would be subject to the department's regulatory jurisdiction; or
- (b) Hold any pecuniary interest in, have any contract of employment with, or have any substantial voluntary transactions with any business or activity subject to the department's regulatory jurisdiction.
 - SECTION 3. (1) The term of office of each member appointed to the Oregon Energy and

- Climate Board is four years, but the members of the board may be removed by the Governor. Before the expiration of the term of a member, the Governor shall appoint a successor to assume the duties of the member on July 1 of the next following year.
- (2) A member is eligible for reappointment, but no member may serve more than two consecutive terms. In case of a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.
- (3) The board shall select one of its members as chairperson and another as vice chairperson, for terms and with duties and powers necessary for the performance of the functions of the offices as the board determines.
- (4) A majority of the members of the board constitutes a quorum for the transaction of business.
- (5) The board shall meet once during each calendar quarter at a time and place determined by the chairperson. The board may hold additional meetings at times and places determined by the chairperson or the Director of the State Department of Energy, or as requested by a majority of the members.
- (6) A member of the board is not entitled to compensation but may be reimbursed from funds available to the board for actual and necessary travel and other expenses incurred by the member in the performance of the member's official duties in the manner and amount provided in ORS 292.495.
- <u>SECTION 4.</u> Notwithstanding the term of office specified by section 3 of this 2016 Act, of the members first appointed by the Governor to the Oregon Energy and Climate Board:
 - (1) One shall serve for a term ending July 1, 2019.
 - (2) One shall serve for a term ending July 1, 2020.
 - (3) One shall serve for a term ending July 1, 2021.
 - (4) Two shall serve for terms ending July 1, 2022.

27 (Duties)

SECTION 5. (1) The Oregon Energy and Climate Board shall advise the State Department of Energy regarding the implementation, administration and enforcement of department programs and activities and the development of department policies in accordance with the policy stated in ORS 469.010 and state environmental policies, with specific regard to state greenhouse gas reduction goals.

- (2) By arrangement with the chairperson, the Director of the State Department of Energy shall review with the board the activities of the department and, subject to policy direction by the board, outline the methods, policies and program of work for the department.
- (3) The board shall receive regular reports from, and act in an advisory role to, the Energy Facility Siting Council and the Oregon Hanford Cleanup Board.
- (4) The department shall provide staff support to the board at the direction of the Energy and Climate Administrator.

(Energy and Climate Administrator)

SECTION 6. (1) The Director of the State Department of Energy, upon consultation with the Oregon Energy and Climate Board and the Oregon Global Warming Commission, shall

- 1 appoint an Energy and Climate Administrator who shall serve at the pleasure of the director.
 - (2) The administrator shall receive such salary as may be provided by law or as fixed by the director.
 - (3) The administrator shall serve as the administrative head to:
 - (a) The Oregon Energy and Climate Board; and
 - (b) The Oregon Global Warming Commission.
 - (4) The administrator may suggest rules to the director for:
 - (a) The governance of the board and the commission;
 - (b) The conduct of the employees of the department who serve the board and the commission at the direction of the administrator and the assignment and performance of the business of the commission and the board; and
 - (c) The custody, use and preservation of the records, papers and property of the board and the commission.

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PLANNING AND REPORTING

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SECTION 7. ORS 469.060 and 469.070 are repealed.

SECTION 8. Sections 9 and 11 of this 2017 Act are added to and made a part of ORS 469.010 to 469.155.

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(Statewide Strategic Energy Plan)

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SECTION 9. (1) The State Department of Energy, in consultation with and under the policy direction of the Oregon Energy and Climate Board, shall develop a statewide strategic energy plan to implement the energy policies stated in ORS 469.010 and 469.310 in a manner that:

- (a) Takes a balanced approach to addressing the competing interests affected by the policies stated in ORS 469.010 and 469.310; and
 - (b) Provides for transparency and accountability in the actions of the department.
 - (2) The statewide strategic energy plan shall include:
 - (a) A description of this state's long-term energy needs;
 - (b) The objectives of the strategy;
 - (c) Actions that are designed to achieve the objectives of the strategy;
- (d) Plans related to the challenges presented by climate change;
 - (e) Provisions to ensure communication and partnership with key stakeholders;
- (f) Quantitative metrics for assessing the performance of the board and the department in implementing the strategic plan, which shall include, but need not be limited to:
- (A) The consumption, generation, transmission and production of energy, including fuel energy;
 - (B) Energy costs;
- (C) Energy sectors, markets, technologies, resources and facilities;
 - (D) Energy efficiency and conservation; and
- (E) The effects of energy use, including effects related to greenhouse gas emissions;
- (g) Specific functions and roles to be played by other state agencies in coordinating with the department to ensure a unified, statewide approach to addressing the energy needs and

goals of this state consistent with state environmental policy and the policies set forth in ORS 469.010 and 469.310; and

- (h) Public policy options and recommendations.
- (3) The statewide strategic energy plan shall take effect upon adoption by the department.
- (4) The board shall periodically review and update the statewide strategic energy plan and recommend updates to the plan to the department. The review required by this section shall include an analysis of how each of the programs of the department contribute to meeting the goals of the statewide strategic energy plan and how the program can most effectively be administered in furtherance of the plan. Revisions of the statewide strategic energy plan shall take effect upon the department's adoption of the revised plan by reference in rule.
- SECTION 10. (1) The State Department of Energy shall initially adopt the statewide strategic energy plan required by section 9 of this 2017 Act no later than January 1, 2020.
- (2) The department shall prepare a draft statewide strategic energy plan and a report, that may include recommendations for legislation, on the draft plan. The department shall, no later than September 15, 2019, submit the report to the appropriate interim committees of the Legislative Assembly in the manner provided under ORS 192.245.

(Biennial Report)

- SECTION 11. (1) No later than November 1 of every even-numbered year, the Oregon Energy and Climate Board and the State Department of Energy shall jointly transmit to the Governor and the Legislative Assembly a comprehensive report on energy resources, policies, trends and forecasts in Oregon. The purposes of the report shall be to inform local, state, regional and federal energy policy development, energy planning and energy investments, and to identify opportunities to further the energy policies stated in ORS 469.010 and 469.310 in conformance with the statewide strategic energy plan required under section 9 of this 2017 Act.
- (2) Consistent with the legislatively approved budget, the report shall include, but need not be limited to:
- (a) Information and analysis on the state's progress toward achieving the goals of the statewide strategic energy plan required by section 9 of this 2017 Act and on the effectiveness of department programs in contributing to meeting the goals of the plan.
- (b) The impacts of the activities carried out by the board and the department on achieving the greenhouse gas emissions reduction goals as set forth in ORS 468A.205.
 - (c) Data and information on:
- (A) The consumption, generation, transmission and production of energy, including fuel energy;
 - (B) Energy costs;
 - (C) Energy sectors, markets, technologies, resources and facilities;
- 41 (D) Energy efficiency and conservation;
 - (E) The effects of energy use, including effects related to greenhouse gas emissions;
- 43 (F) Local, state, regional and federal regulations, policies and planning activities related 44 to energy; and
 - (G) Emerging energy opportunities, challenges and impacts.

- (3) The report may include, but need not be limited to:
- (a) Recommendations for the development and maximum use of cost-effective conservation methods and renewable resources, consistent with the statewide strategic energy plan, the energy policies stated in ORS 469.010 and 469.310 and, where appropriate, the energy plan and fish and wildlife program adopted by the Pacific Northwest Electric Power and Conservation Planning Council pursuant to P.L. 96-501; and
- (b) Recommendations for proposed research, development and demonstration projects and programs necessary to further the purposes of the statewide strategic energy plan and energy policies stated in ORS 469.010 and 469.310.
- (4) The report shall be compiled by collecting, organizing and refining data and information:
 - (a) Acquired by the department in the performance of its existing duties; or
- (b) Required by the department by rule to be submitted to the department for purposes of compiling the report.
- (5) Upon request from the department, other agencies shall assist the department in the performance of its duties under this section.
- (6) The department shall seek public input and provide opportunities for public comment during the development of the report.

STATE DEPARTMENT OF ENERGY ADMINISTRATION

(Modification of General Duties)

SECTION 12. ORS 469.030 is amended to read:

469.030. (1) There is created the State Department of Energy.

- (2) Subject to the policy direction of the Oregon Energy and Climate Board, and in furtherance of the energy policies stated in ORS 469.010 and 469.310, the State Department of Energy shall:
- (a) Provide impartial technical analysis and expert advice to the Governor and the Legislative Assembly on energy and climate policy;
- [(a)] (b) [Be] Collect, compile and analyze energy data and serve as the central repository within the state government for [the collection of data on energy resources;] energy information, to which all agencies shall send information on all energy-related research;
 - (c) Monitor energy industry research and developments;
- [(b) Endeavor to utilize all public and private sources to inform and educate the public about energy problems and ways in which the public can conserve energy resources;]
- [(c)] (d) Engage in research, but whenever possible, contract with appropriate public or private agencies and dispense funds for research projects and other services related to energy resources, except that the State Department of Energy shall endeavor to avoid duplication of research whether completed or in progress;
- [(d)] (e) Qualify for, accept and disburse or utilize any private or federal moneys or services available for the administration of ORS [176.820,] 192.501 to 192.505, [192.690,] 469.010 to 469.155, 469.300 to 469.563, 469.990, 757.710 and 757.720;
- [(e)] (f) Administer federal and state energy allocation and conservation programs and energy research and development programs and apply for and receive available funds [therefor] for the

programs;

- [(f) Be a clearinghouse for energy research to which all agencies shall send information on all energy related research;]
- (g) Prepare contingent energy programs to include all forms of energy not otherwise provided pursuant to ORS 757.710 and 757.720;
 - [(h) Maintain an inventory of energy research projects in Oregon and the results thereof;]
 - [(i) Collect, compile and analyze energy statistics, data and information;]
- [(j)] (h) Contract with public and private agencies for energy activities consistent with ORS 469.010 and this section;
- [(k)] (i) Upon request of the governing body of any affected jurisdiction, coordinate a public review of a proposed transmission line according to the provisions of ORS 469.442; and
 - [(L) Advise the Governor on energy-related matters.]
- (j) Provide staff support to the Oregon Energy and Climate Board, the Oregon Hanford Cleanup Board, the Energy Facility Siting Council and the Oregon Global Warming Commission.

SECTION 13. ORS 469.110 is amended to read:

- 469.110. (1) At the direction of the Director of the State Department of Energy and of the Oregon Energy and Climate Board, the State Department of Energy may represent the state's energy-related interests in any matter involving the federal government, its departments or agencies, which is within the scope of the power and duties of the State Department of Energy, and may, upon request, represent the interest of a county, city, state agency, federally recognized Native American or American Indian tribe, special district or owner or operator of an energy facility.
- (2) At the direction of the director **and the board**, the department may intervene in any proceeding undertaken by an agency for the purpose of expressing its views as to the effect of an agency action, upon state energy resources and state energy policy.

27 (Director)

SECTION 14. ORS 469.040 is amended to read:

469.040. (1) The State Department of Energy shall be under the supervision of the Director of the State Department of Energy, who shall, subject to the policy direction of the Oregon Energy and Climate Board:

- (a) Supervise the day-to-day functions of the State Department of Energy;
- (b) Supervise and facilitate the work and research on energy facility siting applications at the direction of the Energy Facility Siting Council;
- (c) Hire, assign, reassign and coordinate personnel of the State Department of Energy, prescribe their duties and fix their compensation, subject to the State Personnel Relations Law; and
- (d) Adopt rules and issue orders to carry out the duties of the director and the State Department of Energy in accordance with ORS chapter 183 and the policy stated in ORS 469.010.
- (2) The director may delegate to any officer or employee the exercise and discharge in the director's name of any power, duty or function of whatever character vested in the director by law. The official act of any person acting in the director's name and by the director's authority shall be considered an official act of the director.
- (3) The director shall be appointed by the Governor[.], subject to confirmation by the Senate in the manner provided by ORS 171.562 and 171.565.

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SECTION 15. ORS 468A.220 is amended to read:

4 468A.220. (1) In addition to the members appointed under ORS 468A.215, the Oregon Global Warming Commission includes the following ex officio nonvoting members:

- (a) The Director of the State Department of Energy;
- (b) The Director of Transportation;
- (c) The chairperson of the Public Utility Commission of Oregon;
- (d) The Director of the Department of Environmental Quality;
 - (e) The Director of Agriculture;
 - (f) The State Forester;
 - (g) The Water Resources Director; [and]

(h) The Director of the Oregon Business Development Department; and

- [(h)] (i) Three additional ex officio nonvoting members, each from a state agency or an academic institution.
- (2) The following representatives of the Legislative Assembly also shall serve as ex officio non-voting members:
- (a) Two members of the Senate, not from the same political party, appointed by the President of the Senate; and
- (b) Two members of the House of Representatives, not from the same political party, appointed by the Speaker of the House of Representatives.
- (3) Each legislative member serves at the pleasure of the appointing authority and may serve so long as the member remains in the chamber of the Legislative Assembly from which the member was appointed.
- (4) Notwithstanding ORS 171.072, members of the commission who are members of the Legislative Assembly are not entitled to mileage expenses or a per diem and serve as volunteers on the commission.

SECTION 16. ORS 468A.225 is amended to read:

468A.225. (1) A majority of the members of the Oregon Global Warming Commission constitutes a quorum for the transaction of business.

- (2) Official action by the commission requires the approval of a majority of the voting members of the commission.
- [(2)] (3) The commission shall meet at times and places specified by a majority of the members of the commission.
- [(3)] (4) The State Department of Energy shall provide clerical, technical and management personnel to serve the commission. [Other agencies shall provide support as requested by the department or the commission.] All other agencies of state government, as defined in ORS 174.111, are directed to assist the commission in the performance of the commission's duties and, to the extent permitted by laws relating to confidentiality, to furnish information and advice that the members of the commission consider necessary to perform their duties.
 - **SECTION 17.** ORS 468A.235 is amended to read:
- 468A.235. (1) The Oregon Global Warming Commission shall [recommend] identify, evaluate and make recommendations to agencies, the Governor and the Legislative Assembly on:
- (a) Ways to coordinate state and local programs and activities related to energy and climate, with a focus on better coordination of programs and activities so as to increase the

- effectiveness of efforts to reduce greenhouse gas emissions in Oregon consistent with the greenhouse gas emissions reduction goals established by ORS 468A.205; and
- (b) [shall recommend efforts to help] Ways to help the state and residents of Oregon prepare for the effects of global warming.
- (2) In order to assist the commission in its duties under subsection (1) of this section, each ex officio nonvoting member of the commission listed in ORS 468A.220 (1) shall:
- (a) Regularly report to the commission on the energy and climate programs and activities of the agency or institution that the ex officio nonvoting member represents; and
- (b) Evaluate and make recommendations to the commission on how best to coordinate state energy and climate programs and activities.
- (3) In addition to the reporting required under subsection (2) of this section, the Office of the Governor and state agencies working on multistate and regional efforts to reduce greenhouse gas emissions shall inform the commission about [these] those efforts and shall consider input from the commission for [such] better coordination of efforts to reduce greenhouse gas emissions.

SECTION 18. ORS 468A.215 is amended to read:

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- 468A.215. (1) There is created the Oregon Global Warming Commission. The commission shall consist of [25 members, including 11] **the** voting members appointed by the Governor under this section and [14] **the** ex officio nonvoting members specified in ORS 468A.220.
- (2) Members of the commission appointed under this section shall be appointed so as to be representative of the social, environmental, cultural and economic diversity of the state and to be representative of the policy, science, education and implementation elements of the efforts to reduce greenhouse gas emissions and to prepare Oregon for the effects of global warming. Of the members appointed by the Governor under this section:
 - (a) One member shall have significant experience in manufacturing;
 - (b) One member shall have significant experience in energy;
 - (c) One member shall have significant experience in transportation;
 - (d) One member shall have significant experience in forestry;
 - (e) One member shall have significant experience in agriculture; and
 - (f) One member shall have significant experience in environmental policy.
- (3) The Governor shall select a chairperson and a vice chairperson from among the members appointed under this section.
- (4) The term of office of a member appointed under this section is four years. Before the expiration of the term of a member, the Governor shall appoint a successor whose term begins on January 31 next following. A member appointed under this section is eligible for reappointment. In case of vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.
- (5) The members of the commission appointed under this section must be residents of this state. Failure of a member to maintain compliance with the eligibility requirements related to the member's appointment shall result in disqualification from serving on the commission.
- (6) Voting members of the commission appointed under this section are entitled to expenses as provided in ORS 292.495 (2).

OPERATIVE DATE

SECTION 19. (1) Sections 2 to 6 and 8 to 11 of this 2017 Act, the amendments to ORS

468A.215, 468A.220, 468A.225, 468A.235, 469.010, 469.030, 469.040 and 469.110 by sections 1 and 12 to 18 of this 2017 Act and the repeal of ORS 469.060 and 469.070 by section 7 of this 2017 Act become operative July 1, 2018.

(2) The Energy and Climate Administrator and the members of the Oregon Energy and Climate Board may be appointed, and the Energy and Climate Administrator, the State Department of Energy and the Oregon Energy and Climate Board may take any action, before the operative date provided for in subsection (1) of this section that is necessary to enable the administrator, the board and the department to exercise, on and after the operative date specified in subsection (1) of this section, the duties, functions and powers of the administrator, the board and the department pursuant to sections 2 to 6 and 8 to 11 of this 2017 Act, the amendments to ORS 468A.215, 468A.220, 468A.225, 468A.235, 469.010, 469.030, 469.040 and 469.110 by sections 1 and 12 to 18 of this 2017 Act and the repeal of ORS 469.060 and 469.070 by section 7 of this 2017 Act.

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CAPTIONS

SECTION 20. The unit captions used in this 2017 Act are provided only for the convenience of the reader and do not become part of the statutory law of this state or express any legislative intent in the enactment of this 2017 Act.

EFFECTIVE DATE

SECTION 21. This 2017 Act takes effect on the 91st day after the date on which the 2017 regular session of the Seventy-ninth Legislative Assembly adjourns sine die.