

Oregon Water Resources Congress

Oregon Small-scale Hydropower Act Summary: HB 3274

- Section 1** **Strengthens Oregon's existing renewable energy goals and supports a diverse portfolio of efficient, sustainable, and environmentally beneficial energy sources.** Clarifies small-scale, low-impact hydroelectric energy and other small-scale renewable energy sources are an integral part of meeting our state's energy needs in a cost-effective and environmentally beneficial manner for current and future generations of Oregonians.
- Section 1 (2-5) & Section 2(3)** **Requires Portland General Electric (PGE) and PacifiCorp to immediately begin acquiring power from small-scale hydroelectric sources and other renewable facilities.** Clarifies and applies deadlines to the existing 8% Renewable Portfolio Standard (RPS). Absent these provisions, electric utilities might delay implementation until 2025 and seek only large-scale sources rather than small-scale projects that have minimal impacts and provide multiple benefits to rural and urban communities.
- Section 1(6), Section 2 & Section 5** **Provides the Public Utility Commission (PUC) with clarity and authority to adopt rules to implement and enforce these provisions.** Requires utilities to report their progress on meeting the 8% goal of small scale RPS.
- Section 2(3)** **Requires full payments to Oregon Qualifying Facilities (QFs) for the avoided transmission costs.** Currently, Oregon's avoided costs only pay the QF for avoided *generation* costs but not avoided *transmission* costs. For example, the cost to deliver Wyoming wind to Oregon includes transmission lines, which Oregon QFs avoid when they sell power to PacifiCorp. PGE already pays avoided transmission costs.
- Section 3(5)(b)** **Increases the amount of certified low-impact hydroelectric power that can qualify for the RPS from 40 average Megawatts (MW) annually to 100 average MW annually.** Provides greater flexibility for electric companies to procure renewable energy sources and creates incentives for irrigation districts and other non-utility owned entities to develop additional low-impact hydroelectric projects, which are subject to a rigorous third-party certification process that includes eight environmental and social criteria.
- Section 4(3)(a)** **Allows Renewable Energy Certificates (RECs) from certified low-impact hydroelectric sources to be banked and carried forward indefinitely.** This will allow electric companies to carry forward unused RECs from low-impact certified hydroelectric energy facilities to comply with the renewable energy standards in a subsequent year. Without this clarification, only RECs issued before March 8, 2016 could be used and banked.
- Section 6(1)** **Provides notice and consistent application of avoided cost rate changes.** In the past, utilities have filed "surprise" price changes and requested expedited consideration of their price changes. It takes one to two years to develop a project. Changing the Power Purchase Agreement pricing randomly prevents projects from being built.
- Section 6(2-4)** **Ensures timely capacity payments for small hydro projects.** Currently avoided costs do not include a full capacity payment until the utility needs new generation or is resource deficient. During the early years in which the utility is resource sufficient (they have enough generation) they are not paid for capacity, which is a significant barrier to developing additional low-impact small-scale hydroelectric power that often has high start-up costs and a delayed payback period.
- Section 8 & Section 9** **Outlines legal process for contract disputes.** Provides for concurrent access to PUC and applicable state and federal courts related to contract disputes. Also establishes treble damages when liability is established in PURPA contract disputes.
- Section 10(2)** **Encourages public utilities to form a regional transmission organization.** This would eliminate the burden on many small-scale power producers to pay a "double wheel" charge when their power is transmitted on both PacifiCorp/PAC and BPA lines. This change would significantly lower transmission costs. Oregon law requires wheeling under ORS 758.545 but does not limit how much or how many times the same power is charged a transmission fee.

These common-sense provisions will provide a path for increased development of renewable and affordable small-scale hydroelectric power, help meet Oregon's energy needs, and provide an additional source of funding for communities to address related water infrastructure and environmental needs for current and future generations.