

# House Bill 3407

Sponsored by Representative BONHAM

## 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**.

Authorizes electric companies that are subject to renewable portfolio standards to offer to purchase qualifying electricity generated by certain hydroelectric facilities.

## A BILL FOR AN ACT

1  
2 Relating to electricity from hydroelectric facilities that may be used to comply with renewable  
3 portfolio standards; creating new provisions; and amending ORS 757.603.

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

5 **SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS 469A.005 to**  
6 **469A.210.**

7 **SECTION 2. (1) An electric company that is subject to a renewable portfolio standard**  
8 **may, consistent with ORS 758.505 to 758.555, offer to purchase qualifying electricity generated**  
9 **by a hydroelectric facility that is a small power production facility as defined in ORS 758.505**  
10 **and has been certified as a low-impact hydroelectric facility by the national certification or-**  
11 **ganization recognized by the State Department of Energy by a rule adopted under ORS**  
12 **469A.020, except that:**

13 (a) **The hydroelectric facility must be owned by:**

14 (A) **A domestic water supply district organized under ORS chapter 264;**

15 (B) **An irrigation district organized under ORS chapter 545;**

16 (C) **A drainage district organized under ORS chapter 547;**

17 (D) **A diking district organized under ORS chapter 551;**

18 (E) **A water improvement district organized under ORS chapter 552;**

19 (F) **A water control district organized under ORS chapter 553; or**

20 (G) **A district improvement company or corporation organized under ORS chapter 554.**

21 (b) **The price the electric company pays for the hydroelectric facility's electricity must**  
22 **include value for both the energy and the capacity provided by the hydroelectric facility.**

23 (c) **The price the electric company pays for the hydroelectric facility's electricity must**  
24 **be at the avoided cost price for energy and capacity most recently approved by the Public**  
25 **Utility Commission under ORS 758.525 (1).**

26 (d) **The avoided cost price identified in paragraph (c) of this subsection must govern the**  
27 **contract between the electric company and the hydroelectric facility for at least 20 years,**  
28 **irrespective of the electric company's sufficiency position.**

29 (2) **Costs associated with acquiring energy and capacity under this section are prudently**  
30 **incurred costs that may be recovered under ORS 469A.120.**

31 **SECTION 3. ORS 757.603 is amended to read:**

**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.

1           757.603. (1)(a) Except as provided in this subsection, an electric company shall provide all retail  
 2 electricity consumers that are connected to the electric company's distribution system with a regu-  
 3 lated, cost-of-service rate option.

4           (b) The Public Utility Commission by order may waive the requirement of paragraph (a) of this  
 5 subsection for any retail electricity consumer other than residential electricity consumers and small  
 6 commercial electricity consumers. Before ordering a waiver under this paragraph, the commission  
 7 shall conduct such studies as the commission deems necessary and provide notice and opportunity  
 8 for public comment and hearings. The commission may order a waiver under this paragraph if the  
 9 commission finds, based on an evidentiary record developed through public comment and hearings,  
 10 that a market exists in which retail electricity consumers subject to the waiver are able to:

11           (A) Purchase supplies of electricity adequate to meet the needs of the retail electricity con-  
 12 sumers;

13           (B) Obtain multiple offers for electricity supplies within a reasonable period of time;

14           (C) Obtain reliable supplies of electricity; and

15           (D) Purchase electricity at prices that are not unduly volatile and that are just and reasonable.

16           (2) Each electric company shall provide each residential electricity consumer that is connected  
 17 to its distribution system a portfolio of rate options. The portfolio shall include at least the following  
 18 options:

19           (a) A rate that reflects significant new renewable energy resources;

20           (b) A market-based rate; and

21           (c) If the commission finds, through public comment and hearing or through market research  
 22 conducted by the electric company, that demand is sufficient to justify the rate, a rate option for  
 23 electricity associated with a specific renewable energy resource, including solar photovoltaic energy  
 24 **and low-impact hydroelectric energy.**

25           (3)(a) The commission shall regulate the cost-of-service rate option under subsection (1) of this  
 26 section and the portfolio of rate options under subsection (2) of this section. The commission shall  
 27 reasonably ensure that the costs and risks of serving each option are reflected in the rates for each  
 28 option.

29           (b) The commission may prohibit or otherwise limit the use of a cost-of-service rate by retail  
 30 electricity consumers who have been served through direct access, and may limit switching among  
 31 portfolio options and the cost-of-service rate by residential electricity consumers.

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