



# PUBLIC PURPOSE CHARGE BACKGROUND BRIEF

In 1999, the Oregon Legislative Assembly adopted [Senate Bill 1149](#) which directed Oregon's two largest investor-owned electric utilities, Pacific General Electric (PGE) and Pacific Power, to collect three percent of their revenues for a public purpose charge (PPC).<sup>1</sup> This requirement sunsets on January 1, 2026. The PPC funds new cost-effective energy conservation, new market transformation efforts, above-market costs of new renewable energy resources and new low-income weatherization. The statute requires that the first 10 percent of funds be distributed to school districts in the areas where the PPC is collected and the remaining revenues be allocated in the following way:

- 63 percent for energy conservation;
- 19 percent for renewable energy resources;
- 13 percent for low-income weatherization; and
- five percent for low-income housing.

The map highlights the service territories of PGE and Pacific Power where the PPC is collected.<sup>2</sup>

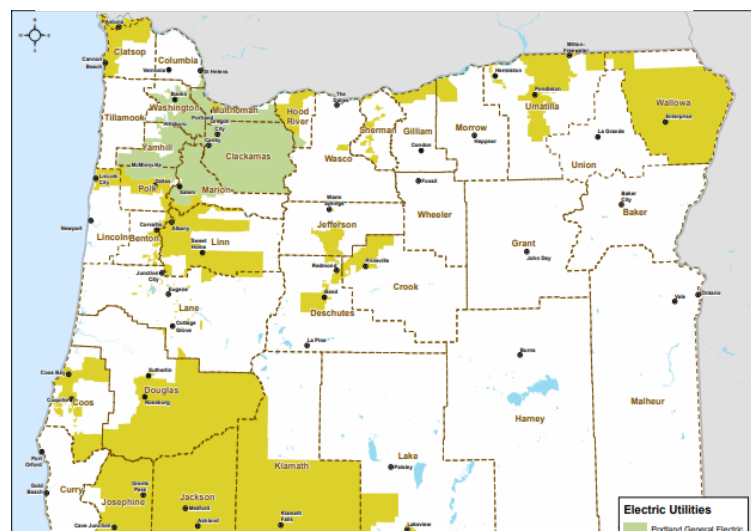
## ADMINISTRATION

Three entities, the Oregon Department of Energy (ODOE), the Oregon Housing and

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*PGE and Pacific Power Service Territories*



*Figure 1 Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures*

<sup>1</sup> [ORS 757.612 \(2019\)](#)

<sup>2</sup> Oregon Public Utility Commission, Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures, (2020) , available at <<https://www.oregon.gov/energy/Data-and-Reports/Documents/2020-Public-Purpose-Charge-Legislative-Report.pdf>> (last visited December 17, 2020)

Community Services (OHCS) and an independent nonprofit organization, the Energy Trust of Oregon, are responsible for administering or overseeing programs to accomplish the statutory public purposes of the PPC. The figure below shows the allocation of PPC funds between the three entities from July 2017 – June 2019. The total collected during this period was \$188,452,312.<sup>3</sup>

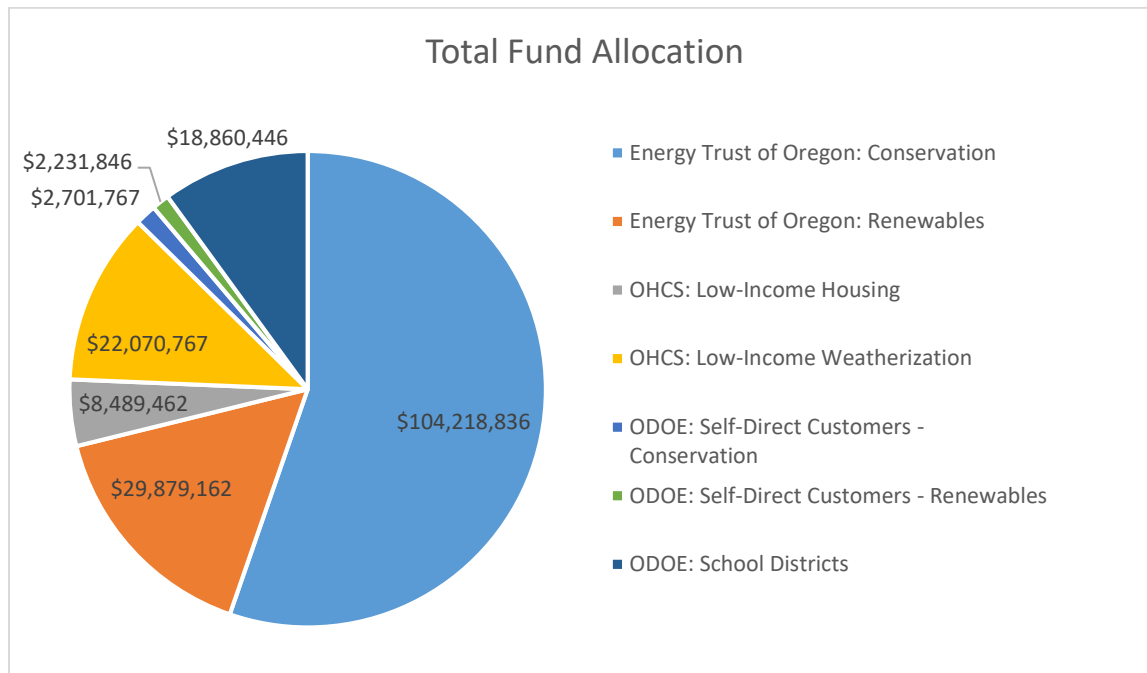


Figure 2: Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures

## PUBLIC PURPOSE CHARGE SCHOOLS PROGRAM

ODOE facilitates the administration of the PPC Schools Program, by approving reimbursement to the 111 school districts within PGE and Pacific Power's territory. Those districts collectively receive the first 10 percent of PPC funds to be used to complete energy audits and implement energy efficiency measures in school buildings. Energy efficiency projects can include new windows, upgraded heating and cooling systems, building envelope improvements, energy efficiency lighting, and domestic hot water systems.<sup>4</sup> In order to receive PPC funds, schools must have a qualified firm complete an energy audit, implement the identified efficiency measures, report final costs, and report monthly energy use information annually.

According to the Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures (Report) during the July 2017 – June 2019 biennium, the program

<sup>3</sup> Oregon Public Utility Commission, Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures, (2020) , available at <<https://www.oregon.gov/energy/Data-and-Reports/Documents/2020-Public-Purpose-Charge-Legislative-Report.pdf>> (last visited December 17, 2020)

<sup>4</sup> Oregon Department of Energy, Public Purpose Charge (SB 1149) Schools Program, available at <<https://www.oregon.gov/energy/energy-oregon/Pages/SB1149.aspx>> (last visited December 17, 2020)

funded the completion of 89 audits across 24 school districts and the installation of 123 energy efficiency measures which were estimated to save 3,004,814 kWh in electricity and 148,100 therms of natural gas annually. School districts have realized a total savings of \$342,441 each year as a result of the installed measures.

## **SELF-DIRECT PROGRAM**

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As a part of the PPC program, large commercial and industrial consumer sites (over 8,760,000 kWh in the prior year) may be eligible for the Large Electric Consumer Public Purpose Program, also known as the Self-Direct Program. According to the Report, eligible certified sites can submit conservation and renewable project applications to ODOE to be pre-certified. Once the project is completed, they can apply to ODOE for credit. Renewable energy credits come from either on-site renewable energy generation projects or by purchasing renewable energy certificates (RECs or Green Tags). If approved, they offset the monthly conservation and renewable portion of the PPC.

During the period July 2017 – June 2019, there were 76 self-directing sites, representing 66 companies, that self-directed either the conservation, renewable, or both portions of the PPC. There were seven certified conservation projects during this same period with a combined impact of 6,427,900 kWh in reduced energy consumption and \$406,447 in energy savings annually. Some of these conservation projects were completed outside of PGE and Pacific Power territories. There were 69 sites that purchased RECs/ Green Tags to fulfill their renewables obligation; in total, this represented over 481 million kWh of renewable energy.

## **ENERGY TRUST OF OREGON**

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Energy Trust of Oregon (Energy Trust) was designated by the Oregon Public Utility Commission (PUC) to administer the conservation and renewable resource components of the PPC. Energy Trust provides information, financial incentives, and technical assistance to individuals, businesses and communities. Energy Trust is tasked with acquiring all cost-effective energy efficiency in PGE and Pacific Power territories. To achieve this goal, funding for Energy Trust comes from both the fixed annual funding of the PPC and by variable annual funding through SB 838. These SB 838 funds cover additional cost-effective energy efficiency acquisition not covered by the annual PPC funding.

Through regulatory agreements with the natural gas investor-owned utilities the PUC expanded the scope of Energy Trust services to NW Natural, Cascade Natural Gas, and Avista. The funding of Energy Trust's gas energy efficiency activities is outside of the Public Purpose Charge legislation.

In addition to efficiency services, Energy Trust also supports small renewable projects through the renewables portion of the Public Purpose Charge. These systems include rooftop solar, biopower combined heat and power systems, and micro hydropower plants connected to either PGE or Pacific Power. Energy Trust is required to achieve annual minimum performance measures, report quarterly and annually to the PUC,

provide draft and final budgets to the PUC, create a strategic plan every five years, and contract for an independent management audit every five years.

According to the Report, Energy Trust's PPC-funded programs accounted for 421,973,037 kWh in energy savings across both the PGE and Pacific Power service territories for the 2017-2019 biennium. In addition, Energy Trust invested PPC funding in renewable energy project installations using solar, hydropower, and biopower, and as well as project development assistance for projects that would create renewable energy through hydropower, biopower, geothermal, and municipal-owned community wind resources in order to reduce early-stage development barriers for projects, like systems in the Community Solar Program.

## OREGON HOUSING AND COMMUNITY SERVICES

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The Oregon Housing and Community Services (OHCS) administers programs partially funded by PPC that provide financial support and resources for Oregonians of lower and moderate income. According to the Report, the Housing Development Grant Program, commonly known as the Housing Trust Fund, is designed to expand the state's supply of housing for low- and very low-income families and individuals. The Housing Trust Fund receives 4.5 percent of PPC funds. The program's purpose is to provide grants and loans to construct new, acquire, and/or rehabilitate housing. The program includes affordability requirements based on eventual occupancy. During the 2017-2019 biennium, there were three low-income housing projects (207 units).

The Low-Income Weatherization program receives 11.7 percent of PPC revenues and is designed to reduce the energy usage and utility costs of lower-income tenants residing in affordable rental housing. In addition, the Low-Income Weatherization program provides home weatherization for single- and multi-family, owner occupied, and rental housing. The use of these grant funds includes affordability requirements based on eventual occupancy.

According to the Report, the Low-Income Weatherization program helped fund 1,523 units with a total job investment of over \$11,756,106, saving over 18,679,380 million kWh. The nine multifamily rental Low-Income Multifamily Weatherization projects resulted in 2,034,219 kWh in annual energy savings

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*Note: The Oregon Public Utilities Commission (PUC) contracted with Evergreen Economics to prepare a report to the Oregon Legislature documenting PPC receipts and expenditures. This brief relied heavily on the analysis provided by the Report to Legislative Assembly on Public Purpose Charge Receipts and Expenditures. The report is available at <<https://www.oregon.gov/energy/Data-and-Reports/Documents/2020-Public-Purpose-Charge-Legislative-Report.pdf>>*

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