

HB 3141 -2, -3 STAFF MEASURE SUMMARY

House Committee On Energy and Environment

Prepared By: Erin Pischke, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/22, 3/10, 3/17

WHAT THE MEASURE DOES:

Requires Oregon Community Power to fund in annual public purpose expenditure customer investments in distribution system-connected technologies that support reliability, resilience and the integration of new renewable energy resources with the distribution systems of electric companies and Oregon Community Power; new energy-related investments in schools; and low-income housing. Requires electric companies or Oregon Community Power to collect a nonbypassable public purpose charge equal to 1.5 percent of revenues for retail electricity consumers within service areas of and served by electric companies and Oregon Community Power until January 1, 2036. Modifies allocation of funds collected through public purpose charges for the following purposes: 1) 0.3 percent of revenues collected for school districts that are located in the service territory of the electric company or Oregon Community Power; 2) 0.51 percent of revenues for: the above-market costs of constructing and operating new renewable energy resources with a nominal electric generating capacity and customer investments in distribution system-connected technologies that support reliability, resilience, and the integration of new renewable energy resources with the distribution system of the electric company or Oregon Community Power; 3) 0.55 percent of revenues for new low-income weatherization; 4) and 0.14 percent of revenues for deposit in the Housing and Community Services Department Electricity Public Purpose Charge Fund for the purpose of providing grants. Requires recovery in rates by electric company of funds necessary to plan for and pursue all available energy efficiency resources that are reliable, feasible, and cost effective such that retail electricity consumers that purchase electricity from electricity service suppliers pay the same amount for energy efficiency resources as retail electricity consumers that are not served by electricity service suppliers. Stipulates for the period beginning January 1, 2026 and ending December 31, 2035 the following maximum combined amounts charged to retail electricity consumers that use certain megawatts of electricity: 1) consumers that use more than one average megawatt and less than 10 average megawatts of electricity at any site in the prior year may not exceed \$250,000; 2) consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4 million; and 3) consumers that use more than 10 average megawatts of electricity at any site in the prior year may not exceed \$4.5 million. Allows for credit against amounts recovered in certain circumstances. Modifies reporting requirements for nongovernmental entity that is paid certain funds as directed by Public Utility Commission (the commission), including but not limited to, designating an ex officio member on the entity's board to serve on a nominating committee; requiring annual economic interest disclosures; potential conflicts of interest; budget and action plans; and independent audits. Requires the commission to establish and update no less than once every four years metrics for assessing, addressing, and creating accountability for environmental justice in expenditure and investment of funds collected for certain purposes through natural gas tariffs or through public purpose charges and paid to nongovernmental entity. Requires commission's equity metrics to reflect feedback gathered through a public process that is managed by the commission and that, at a minimum, includes representatives of environmental justice communities. Repeals recovery of costs of energy conservation measures in rates of electric company (ORS 757.689). Requires nongovernmental entity that is paid funds, through natural gas tariffs or through public purpose charges, to report on the entity's progress in achieving the equity metrics. Requires electric companies or Oregon Community Power to collect funds for low-income electric bill payment and crisis assistance. Requires the commission to (1) establish the amount to be

HB 3141 -2, -3 STAFF MEASURE SUMMARY

collected and rates to be charged by each electric company from its customers, including customers receiving electricity from other sources, such that the forecasted collection by all electric companies in a calendar year is at least \$20 million; (2) adjust the rates if forecasted collections or actual collections are less than \$20 million in any calendar year; and (3) ensure that no customer pays more than \$500 per month per customer site for low-income electric bill payment and crisis assistance. Requires electric companies or Oregon Community Power to use funds collected to pay into the Housing and Community Services Department (the department) Low-Income Electric Bill Payment Assistance Fund and used within the service area of electric companies or Oregon Community Power where funds were collected to assist low-income electric bill payment and crisis assistance and for the department's administration costs. Requires the department to determine the manner in which funds collected under this subsection are allocated by the department to energy assistance program providers for the purpose of providing low-income electric bill payment and crisis assistance while also consulting with electric companies to reduce service disconnections and prioritize assistance to low-income customers in danger of having service disconnected. Requires the department to maintain and provide records on low-income customers service to an electric company, Oregon Community Power, and the Citizens' Utility Board. Authorizes the department to use Low-Income Electric Bill Payment Assistance Fund interest for bill payment and crisis assistance for customers whose primary source of heat is not electricity. Temporarily increases, by \$10 million annually, funds collected by electric companies for low-income electric bill payment and crisis assistance. Sunsets January 2, 2024. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Rate reduction
- Why changes are necessary
- Low-income bill assistance

EFFECT OF AMENDMENT:

-2 Clarifies integration of renewable energy resources with the distribution systems of electric companies and Oregon Community Power. Modifies allocation of funds collected through public purpose charges as such: 0.51 percent of revenues for: 1) the above-market costs of constructing and operating new renewable energy resources with a nominal electric generating capacity; or 2) customer investments in distribution system-connected technologies that support reliability, resilience, and the integration of renewable energy resources with the distribution system of the electric company or Oregon Community Power. Requires recovery in rates by electric company of funds necessary to plan for and pursue all cost-effective energy efficiency resources to be collected in the rates of an electric company through charges paid by all retail electricity consumers, including those receiving electricity from electricity service suppliers. Requires the State Department of Energy to adopt by rule procedures and other provisions necessary for a retail electricity consumer to obtain a credit under this subsection. Defines 'site' as (A) Buildings and related structures that are interconnected by facilities owned by a single retail electricity consumer and that are served through a single electric meter; (B) A single contiguous area of land containing buildings or other structures within which each building or structure is no more than 1,000 feet from at least one other building or structure, if the buildings and structures and the land containing and connecting the buildings and structures are all owned by a single retail electricity consumer, either directly or through a wholly owned subsidiary, that is billed for electricity use at the buildings and structures. Temporarily increases, by \$10 million annually, funds collected by electric companies for low-income electric bill payment and crisis assistance, while ensuring that no customer pays more than \$500 per month per customer site for low-income electric bill payment and crisis assistance. Stipulates operative dates or dates to repeal amendments to statutes.

- *FISCAL*: Fiscal impact statement issued
- *REVENUE*: Revenue impact statement issued

HB 3141 -2, -3 STAFF MEASURE SUMMARY

-3 Clarifies integration of renewable energy resources with the distribution systems of electric companies and Oregon Community Power. Modifies allocation of funds collected through public purpose charges as such: 0.51 percent of revenues for: 1) the above-market costs of constructing and operating new renewable energy resources with a nominal electric generating capacity; or 2) customer investments in distribution system-connected technologies that support reliability, resilience, and the integration of renewable energy resources with the distribution system of the electric company or Oregon Community Power. Requires recovery in rates by electric company of funds necessary to plan for and pursue all cost-effective energy efficiency resources to be collected in the rates of an electric company through charges paid by all retail electricity consumers, including those receiving electricity from electricity service suppliers. Requires the State Department of Energy to adopt by rule procedures and other provisions necessary for a retail electricity consumer to obtain a credit under this subsection. Defines 'site' as (A) Buildings and related structures that are interconnected by facilities owned by a single retail electricity consumer and that are served through a single electric meter; (B) A single contiguous area of land containing buildings or other structures within which each building or structure is no more than 1,000 feet from at least one other building or structure, if the buildings and structures and the land containing and connecting the buildings and structures are all owned by a single retail electricity consumer, either directly or through a wholly owned subsidiary, that is billed for electricity use at the buildings and structures. Removes electric companies' temporary funding increase for funds collected for low-income electric bill payment and crisis assistance. Removes sunset on temporary funding increases. Stipulates operative dates or dates to repeal amendments to statutes. Takes effect on the 91st day after the date on which the 2021 regular session of the Eighty-first Legislative Assembly adjourns sine die.

- *FISCAL*: Fiscal statement issued
- *REVENUE*: Revenue impact statement issued

BACKGROUND:

In 1999, the Oregon Legislative Assembly adopted Senate Bill 1149 which directed Oregon's two largest investor-owned electric utilities, Pacific General Electric and Pacific Power, to collect three percent of their revenues for a public purpose charge (PPC). 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. Three entities, the Oregon Department of Energy, the Oregon Housing and Community Services, 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.

House Bill 3141 would require electric companies or Oregon Community Power to collect a nonbypassable public purpose charge equal to 1.5 percent of revenues for retail electricity consumers until January 1, 2036. The bill would modify the allocation of funds collected through public purpose charges. House Bill 3141 would require recovery in rates by electric company of funds necessary to plan for and pursue all available energy efficiency resources that are cost effective, reliable, and feasible. The bill would require electric companies or Oregon Community Power to collect funds for low-income electric bill payment and crisis assistance to be paid into the Housing and Community Services Department Low-Income Electric Bill Payment Assistance Fund. House Bill 3141 would temporarily increase, by \$10 million annually, funds collected by electric companies for low-income electric bill payment and crisis assistance. Sunsets January 2, 2024.