

HB 3221 -1 STAFF MEASURE SUMMARY

House Committee On Water

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/9, 3/30

WHAT THE MEASURE DOES:

Directs Public Utility Commission (PUC) to implement **Oregon Renewable Options Program** (Program) to provide local governments, service districts, and tribal governments with greater choice over the renewable energy that powers and increases resilience of their communities. Establishes process for the development, approval and implementation of Program. Establishes requirements of Program application including, but not limited to, specification of cumulative generating capacity requested to be supplied, the date by which renewable energy shall begin being supplied, and energy project scoring criteria used to determine the renewable energy projects to include in a proposal. Allows qualifying utility to meet requirements of an application by supplying electricity from any combination of one or more small or large renewable energy projects.

Limits cumulative generating capacity of all **small renewable energy projects** included in a single proposal to be the lesser of five megawatts or five percent of the cumulative generating capacity requested. Limits cumulative generating capacity of all **large renewable energy projects** included in a single proposal to 95 percent of the cumulative generating capacity requested. Establishes requirements for qualified utility implementing Program including, but not limited to, providing notice of automatic enrollment and opportunity for eligible customers to opt out of the program. Allows the PUC to investigate qualified utility's compliance with reliability standards and integrity of qualified utility's electrical system when participating in a Program. Establishes process for issuing **temporary exemption** for qualified utility if reliability or integrity issue exists.

Directs PUC to adopt rules necessary to carry out implementation of Program including, but not limited to, provisions on the number of public stakeholder meetings necessary for public engagement process; requirements for solicitation and acquisition of renewable energy resources; processes for determining electricity rates for participating customers; process for identifying and hiring independent evaluator; and timelines applicable to application, proposal and approval processes. Directs PUC to conduct rulemaking in an open public process. Authorizes PUC to take action before operative date of January 1, 2023, to enable conformity with provisions of the bill. Takes effect on 91st day after the 2021 regular session adjourns sine die.

ISSUES DISCUSSED:

- Community job creation and education
- Program opt-out for project owners
- Application of interconnection queue to community projects

EFFECT OF AMENDMENT:

-1 Replaces measure. Defines terms. Allows Public Utility Commission (PUC) to authorize qualified utility to provide local governments, service districts, and tribal governments, through **Oregon Renewable Options Program** (Program), opportunities to have greater choice over the renewable energy that powers and increases resilience of their communities. Requires that Program allow for the following: one or more participating community to coordinate with one or more qualified utility to create and submit proposal for Program; Public Purpose Fund Administer to recover costs as directed by the PUC and provide facilitation services, resilience planning, or other technical assistance in proposal development; all retail electricity consumers (consumers) served within boundary of participating community with an electricity demand that is less than 30 kilowatts to be

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automatically placed on rate schedule for Program but have an opportunity to decline service by the Program; and any consumer served within boundary of participating community with an electricity demand that is 30 kilowatts or more to opt in to participate in Program, if PUC has approved participation. Requires that each participating community utilize a **public engagement process** to solicit feedback from and address the needs of participating customers, especially those who are disadvantaged, climate vulnerable, or energy burdened.

Establishes process for the development, approval, and implementation of Program. Limits cumulative generating capacity of **small renewable energy projects** included in a proposal to at least five megawatts or five percent of the cumulative generating capacity requested. Limits cumulative generating capacity of all **large renewable energy projects** or unbundled renewable energy certificates included in a proposal to 95 percent of the cumulative generating capacity requested. Limits maximum cumulative generating capacity of all renewable energy projects included in proposal to five megawatts, if qualified utility participating in proposal is an electric company serving fewer than 25,000 consumers in the state.

Directs qualified utility to include in customer billing statements costs of participation in Program and provide written notice to participating customers of any change in rate for participation. Allows qualified utility to **automatically enroll** in Program all consumers served within the boundary of participating community. Requires qualified utility to provide consumers that did not opt into the Program an **opportunity to decline enrollment** as a participating customer and prohibits qualified utility from assessing a fee or penalty against a consumer that declines to participate in the Program within an initial opt-out period.

Allows the PUC to investigate qualified utility's compliance with reliability standards and integrity of qualified utility's electrical system when participating in ORO Community Program. Establishes process for issuing **temporary exemption** for qualified utility if reliability or integrity issue exists. Directs PUC to adopt rules necessary to carry out implementation of Program and authorizes PUC to take action before operative date of January 1, 2023, to enable conformity with provisions of the bill. Takes effect 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued.

REVENUE: Lite revenue statement issued.

BACKGROUND:

Oregon's Renewable Portfolio Standard (RPS) was enacted in 2007 through SB 838. In 2016, the passage of SB 1547 amended the RPS to require 50 percent of the electricity used in the state to come from renewable resources by 2040, including benchmarks along the way. Renewable energy sources that comply with Oregon's RPS include wind, solar photovoltaic and solar thermal, wave, tidal, ocean thermal, geothermal, small hydropower, landfill gas and other biogases, and certain biomass products.

The Public Utility Commission (PUC) regulates customer rates and services of Oregon's investor-owned electric and natural gas utilities, among others. The PUC does not regulate consumer-owned utilities, such as people's utility districts and rural electric cooperatives.

House Bill 3221 would establish the Oregon Renewable Options Program under the direction of the PUC.