

**HB 2021 -1, -3, -4, -5, -6, -8, -9, -10, -11, -14, -15, -16, -17, -18,  
-19, -20, -21, -22, -23, -24, -25, -26, -27 STAFF MEASURE  
SUMMARY**

**House Committee On Energy and Environment**

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**Prepared By:** Erin Pischke, LPRO Analyst

**Meeting Dates:** 3/22, 4/5, 4/7, 4/12

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**WHAT THE MEASURE DOES:**

Directs the Public Utility Commission to conduct a study of laws related to clean energy and provide the results of the study in a report to the interim committees of the Legislative Assembly no later than September 15, 2022. Repeals study of laws related to clean energy on January 2, 2023. Takes effect 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- Timeline for achieving clean energy targets
- Potential community benefits of local renewable energy projects
- Impact on regional energy grid
- Potential state and federal investment in Oregon
- Opportunities for achieving local job growth
- Potential changes in customer rates

**EFFECT OF AMENDMENT:**

**Clean energy targets**

-1 Establishes as state policy that electricity supplied to retail electricity consumers 1) produces zero greenhouse gas emissions; 2) is generated in a manner that provides additional direct benefits to communities in this state in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity, and increasing energy security and resiliency; and 3) that policy implementation is done in a manner that minimizes burdens for environmental justice communities. Requires retail electricity providers to seek to provide only nonemitting electricity to the provider's retail electricity consumers by 2040. Requires retail electricity providers to create a clean energy plan to the Public Utility Commission (PUC) and to the Environmental Quality Commission (EQC), and to reduce annual greenhouse gas emissions associated with the electricity sold to retail electricity consumers by 80 percent below baseline emissions level by 2030 and by 90 percent below baseline emissions level by 2035. Requires the EQC to determine and verify retail electricity providers' baseline emissions level and the amount of emissions reduction necessary to meet the established clean energy targets in the state policy. Requires the EQC to report retail electricity providers' baseline emissions level to the PUC. Requires the PUC to acknowledge the clean energy plans no later than six months after plan is filed and evaluate the plans' 1) related environmental or health benefits; 2) feasibility of plan; 3) impacts on reliability and resiliency of electric system; 4) availability of federal policy incentives; and other relevant factors. Requires retail electricity provider to report electricity that is generated from the underlying renewable energy source. Requires the PUC to consider unexpected greenhouse gas emissions when determining whether a retail electricity provider has complied with clean energy targets in the policy. Authorizes the PUC to grant temporary exemption for a specific amount of time to an electric company that cannot comply with targets outlined in clean energy plan if certain criteria are met, and require alternative compliance rates or payments during temporary exemption period. Authorizes retail electricity providers to request PUC to open an investigation to provide accounting for investments made, costs incurred or forecasted costs estimated by the retail electricity provider in order to comply with clean energy targets. Requires PUC to

provide retail electricity providers an exemption from further compliance with clean energy targets upon determination that the actual or anticipated cumulative rate impact exceeds six percent of the annual revenue requirement for a compliance year. Authorizes PUC to apply a performance incentive for early compliance with one or more of the clean energy targets in a calendar year by a retail electricity provider. Establishes that the clean energy targets in the policy do not modify the requirements of Renewable Portfolio Standards. Requires PUC to adopt rules to implement clean energy targets.

#### **Electricity market participation**

Requires the State of Oregon to coordinate and collaborate with other states to achieve the goal of aligning accounting methodologies where possible while also ensuring market rules do not undermine state policy objectives. Authorizes Department of Environmental Quality (DEQ) to open a rulemaking to address issues relating to electric utilities' participation in existing and future electricity markets and the role of markets in furthering the state's clean energy policy. Repeals temporary exemption for purposes of meeting reliability standards of North American Electric Reliability Corporation and limits on cost of compliance with renewable portfolio standard (469A.062, 469A.100). Repeals authorization for an electric company or electricity service supplier requirement to make alternative compliance payments that would result in the company or supplier exceeding the cost limitation established under renewable portfolio standard (469A.100).

#### **Study on small scale renewable energy projects**

Requires State Department of Energy (DOE) to convene a work group comprised of various stakeholders to examine opportunities to encourage development of small-scale renewable energy projects in this state that contribute to economic development and local energy resiliency. Requires State DOE to report on current status and trends for small-scale renewable energy development in this state and may include recommendations to an interim committee of the Legislative Assembly related to energy no later than September 30, 2022. Repeals requirement for small-scale renewable energy development report on December 31, 2022.

#### **Customer-supported renewables**

Authorizes electric companies to offer retail electricity individual consumers or groups of consumers a voluntary renewable energy option that differs from the electric company's regulated, cost-of-service option, which is a program of rates or charges that reflect the cost of an electric company program to serve retail electricity consumers with electricity: 1) partially or completely derived from new or existing renewable energy resources or nonemitting resources; or 2) paired with unbundled renewable energy certificates, from new or existing renewable energy resources. Requires PUC to allow an electric company to file a schedule with the commission that establishes the rates, terms and conditions of services offered under the voluntary renewable energy tariff, if the tariff minimizes cost and risk of shifting to non-participating electricity consumers and jurisdictions; and facilitates electricity consumer attainment of renewable energy or climate goals. Authorizes an electric company to offer retail electricity consumers a voluntary renewable energy option that differs from the electric company's regulated, cost-of-service rate option. Requires PUC to regulate the portfolio of rate options under a voluntary renewable energy option and reasonably ensure that the costs and risks of serving each option are reflected in the rates for each option, where such rates may include a monthly flat rate or charge in addition to usage. Authorizes an electric company serving fewer than 25,000 customers in this state to propose a program for approval by the commission if the program meets certain criteria.

#### **Contractor labor standards for customer-supported renewables**

Requires a person who constructs or repowers a renewable energy resource or nonemitting resource sited in this state that is intended to be used predominately by an electric company to meet projected obligations to retail electricity consumer under a voluntary renewable energy option to attest or declare that during all periods of

construction the person will follow contractor labor standards, including, but not limited to, paying employees the prevailing rate of wage for an hour's work in the same trade or occupation in the locality where the labor and offer employer-paid health care and retirement benefits to the employees performing the labor on the construction project.

#### **Non-pricing attributes to resource procurement evaluation**

Authorizes PUC to include, as part of the commission's competitive bidding guidelines, non-pricing attributes, which promote resiliency, provide economic benefit to communities in this state or comply with fair labor standards and practices, of a resource as part of the scoring criteria for evaluating utility resource procurement options. Requires PUC to submit a report on the use and role of non-price attributes for evaluating utility resource procurements to an interim committee of the Legislative Assembly related to energy no later than September 15, 2023. Repeals PUC non-price attributes reporting requirement on July 1, 2024.

#### **Nonbypassability of social and environmental costs**

Requires PUC to allow recovery of costs through a charge on retail electricity consumers receiving electricity from electricity service suppliers, of costs tied to the economic, environmental, social or equity programs and policies imposed on electric companies by state or federal law, regulation or order, that the retail electricity consumers may avoid by obtaining electricity through direct access.

#### **Providing information about clean energy programs to customers**

Requires electricity service supplier to provide in every bill to a direct access retail electricity consumer, among other information, power source and environmental impact information necessary—equivalent to the power source and environmental impact information that the commission requires electric companies to disclose to retail electricity consumers, including for power supplied through the electricity service supplier's own generating resources, and is not subject to confidentiality—to ensure that all consumers have useful, reliable, and necessary information to exercise informed choice. Authorizes PUC to waive the requirement for bill consolidation by an electric company if the waiver results in effective billing procedures for retail electricity consumers.

#### **Natural gas plants**

Prohibits Energy Facility Siting Council from issuing a site certificate for a generating facility, with some exceptions, that produces electric power from fossil fuels, including natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.

Takes effect 91<sup>st</sup> day following adjournment sine die.

#### **Renewable portfolio standards**

-3 Requires that **the following percentages** of the electricity sold in the calendar years **listed** to retail electricity consumers by electric utilities that makes sales of electricity to retail electricity consumers in an amount that equals three percent or more of all electricity sold to retail electricity consumers must be qualifying electricity to meet the large utility renewable portfolio standard requirements: 1) **at least 20 percent** in each of the calendar years **2020 and 2021**; 2) **at least 23 percent by 2022**; 3) **at least 90 percent by 2035**; and 4) **100 percent by 2050** and subsequent calendar years. Permits electric utilities to not comply with a renewable portfolio standard to the extent that compliance would require the electric utility to substitute qualifying electricity for legacy carbon-free electricity that is available to the utility by ownership or existing, renewal, or replacement contracts entered into before the effective date of this 2021 Act, unless the contract expires and is not renewed or replaced, or if a legacy carbon-free electricity generating facility is retired or removed from service to retail electricity consumers, beginning in the calendar year following the expiration, retirement, or removal. Requires Public Utility Commission (PUC) or the governing body of a consumer-owned utility to use the net present value of delivered cost,

including: costs associated with compliance with all applicable local, state, regional, or federal laws other than the renewable portfolio standard, including but not limited to laws relating to emissions pricing, the social cost of carbon, resilience or reliability. Requires PUC to adopt by rule standards and procedures for imposing penalties and impose a penalty, not recoverable in the rates of an electric company, against the company or supplier in an amount determined by the commission to be sufficient to deter noncompliance if an electric company or electricity service supplier that is subject to a renewable portfolio standard fails to comply with the standard.

#### **Direct energy resiliency or environmental benefits**

Requires **50 percent** of the electric utility's renewable energy certificates used to meet the renewable portfolio standard applicable to that electric utility in a compliance year **must be for electricity generated by a facility that provides direct energy resiliency or environmental benefits** in this state. Requires **50 percent** of the **stored electricity** out of the electricity available to an electric utility from an electricity storage facility and used by the electric utility to offset the renewable portfolio standard must be from an electricity storage facility constructed on or after the effective date of this 2021 Act that **provides direct energy resiliency or environmental benefits** in this state. Prohibits PUC from causing delay, due to the pendency of any rulemaking or other proceeding, any procurement or request for proposals that will result in the procurement by an electric utility of electricity from a facility that meets statutory criteria.

#### **Community-based renewable energy**

Incorporates goal for community-based renewable energy projects (ORS 469A.210) into and made a part of Utility Regulation Generally (ORS chapter 757). Requires each electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state to be composed of electricity generated by **small-scale renewable energy projects** that meet certain criteria, to generate the following percentages of electricity sold in this state: **1) five percent by 2030 and 2) 10 percent by 2035.**

#### **Integrated clean energy implementation planning**

Repeals implementation plan for electric companies, annual reports, and rules (ORS 469A.075). Requires electric companies to develop an integrated, clean energy implementation plan for meeting the requirements of all clean energy standards applicable to the electric company and file the implementation plan with the PUC and updated every two years.

#### **Clean energy storage**

Disallows PUC from prohibiting, or treating as a retail purchase or sale, the wholesale purchase of electricity for wholesale resale by an energy storage system. Requires a transmission facility to facilitate the wholesale purchase of electricity for wholesale resale by an energy storage system, subject to reasonable pass-through expenses.

#### **Utility Regulation Generally**

Requires PUC to serve the public interest by: 1) When deciding or deliberating toward a decision, protecting the customers of any public utility or telecommunications utility, and the public generally; 2) Developing and implementing policies and rules that encourage social equity, environmental justice, the enhancement of the environment, greenhouse gas emissions reductions, diversity of the ownership and locations of electricity generation systems, resiliency for emergency conditions including wildfire risks, and the fulfillment of the state's energy and climate policies; 3) Allowing and fostering broad participation in the regulatory process; and 4) Protecting the 10 percent of residential ratepayers with the lowest incomes from cost increases associated with the consequences of state policies. Requires the Court of Appeals to declare a rule adopted by the PUC invalid if it finds the rule to be arbitrary and capricious. Creates liability for a public utility to a person injured by a wrong or omission in certain instances if the public utility does, or causes or permits to be done, any matter, act or thing prohibited by various Oregon Revised Statutes, with damages and attorney fees paid by a public utility to a

prevailing party in an action under this section prohibited from being recovered in the rates of the public utility. Requires PUC to establish one or more performance-based ratemaking mechanisms or other rules to incentivize electric companies to: 1) Earn an annual margin of profit on power purchase agreements for the purchase of energy or energy and capacity that is at a rate determined by the commission not to exceed the rate of return allowed on assets owned by an electric company; and 2) Acquire electricity storage facilities that are, at a minimum, charged at least 90 percent by legacy carbon-free electricity or qualifying electricity. Requires PUC to adopt a performance-based ratemaking mechanism that allows for an electric company to: 1) Receive one or more graduated performance incentives, or to be subject to one or more graduated performance disincentives, in the form of an increased or decreased overall rate of return, respectively, for overperforming or underperforming relative to the one or more of the clean energy standards applicable to the electric company in a calendar year; and 2) pay a performance incentive on specific power purchase agreements applicable to compliance with the clean energy standards applicable to the electric company if the power purchase agreements meet certain criteria. Requires electric companies to offer, in all competitive procurement contracts, standard contracts and rates, to purchase energy or energy and capacity at price premiums of up to specific percentages of the purchase price. Authorizes PUC to adopt by rule or order procedures and any other provisions as necessary to require an electric company to offer price premiums in amounts that are no less than one-half of the maximum price premiums of specific percentages of the purchase price.

#### **Cogeneration and small power production facilities**

Requires PUC to 1) promote the development of a diverse array of permanently sustainable energy resources using the public and private sectors to the highest degree possible; and 2) insure that rates for purchases by an electric utility from, and rates for sales to, a qualifying facility shall over the term of a contract be just and reasonable to the electric consumers of the electric utility, the qualifying facility, and in the public interest. Requires electric utilities at least once every two years to prepare, publish, and file with the PUC a schedule of avoided costs equaling the utility's forecasted incremental cost of electric resources over at least the next **35** years. Requires PUC to review and approve prices contained in the schedules of avoided costs filed by public utilities. Requires electric utilities' calculate avoided costs to 1) be available to the qualifying facility at fixed rates for a specific amount of time; 2) not be less than the equivalent cost for a utility-owned facility that is, if applicable, appropriately used as a reference facility; 3) account for the scarcity of availability and development of generation and transmission given reasonable projections of supply and demand, which must consider the effects of local, state, regional or federal laws relating to clean energy, emissions pricing, the social cost of carbon, resilience, or reliability; and 4) account for penalties and performance-based ratemaking mechanisms and certain price premiums. Requires an electric utility to forecast a reasonable failure rate for qualifying facilities as compared to the total amount contracted in identifying resource needs through integrated resource planning and in calculating avoided costs. Requires a public utility to offer, and PUC to approve, standard avoided-cost rates and simple standard contracts, that meet certain criteria, for the purchase of energy or energy and capacity from qualifying facilities with a design capacity of not greater than 80 megawatts alternating current. Requires a public utility to offer long-term contracts, that meet certain terms, for the purchase of all the energy or energy and capacity offered from a qualifying facility. Requires PUC to provide separate standard pricing schedules, including capacity price values for each hour of the day in each month of the year, offering incremental capacity pricing for storage facilities that are co-located or otherwise incorporated with qualifying facilities if the storage facilities charge from the qualifying facility. Requires PUC to act in good faith and with fair dealing in providing, executing, and carrying out agreements for the purchase of energy or energy and capacity from a qualifying facility and regarding all related interconnection studies and processes. Prohibits a public utility from: 1) delaying or impeding contracting requested by the developer of a qualifying facility; 2) conditioning the provision of draft agreements

or the execution of an agreement on the completion of interconnection studies, any matter within the public utility's control or any matter that is solely specified by the developer of the qualified facility; or 3) asserting sole authority for the drafting of such agreements. Provides PUC subject matter jurisdiction over a complaint brought by a qualifying facility against a public utility in order to establish the terms and conditions of a legally enforceable obligation for the qualifying facility to sell energy or energy and capacity to a public utility. Authorizes a qualifying facility seeking a judicial declaration, interpretation, or enforcement of a contract or legally enforceable obligation for the qualifying facility to sell energy or energy and capacity to a public utility without first seeking review by the PUC.

-4 Modifies and adds laws related to utilities, including:

- Clean Energy Targets
- Study on Small Scale Renewable Energy Projects
- Customer Supported Renewables
- Responsible Contractor Labor Standards for Customer Supported Renewables
- Non-Pricing Attributes in Resource Procurement Evaluation
- Nonbypassability Of Social and Environmental Costs
- Providing Information About Clean Energy Programs to Customers
- Natural Gas Plants

-5 Modifies and adds laws related to utilities, including:

- Clean Energy Targets, requiring retail electricity providers to meet the following greenhouse gas emissions reduction targets for greenhouse gas emissions below baseline emissions levels: **by 2030, 80 percent, by 2035, 90 percent; and by 2040, 100 percent.**
- Study on Small Scale Renewable Energy Projects
- Customer Supported Renewables
- Providing Information About Clean Energy Programs to Customers and the Public
- Responsible Contractor Labor Standards
- Natural Gas Plants

Takes effect following adjournment sine die.

-6 Requires, by **2025, at least eight percent** of the electrical generation of each electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state must be composed of electricity generated by one or both of the following sources: 1) small-scale renewable energy projects with a generating capacity of 20 megawatts or less that generate electricity utilizing a type of renewable energy source or 2) facilities that generate electricity using biomass that also generate thermal energy for a secondary purpose.

Authorizes facilities that generate electricity using biomass that also generate thermal energy for a secondary purpose any single facility, regardless of the facility's nameplate capacity, to be used to comply with the eight percent requirement for up to 20 megawatts of **generation**.

-8 Modifies and adds laws related to utilities, including:

- Clean Energy Targets
- Customer Supported Renewables
- Responsible Contractor Labor Standards for Customer Supported Renewables
- Non-Pricing Attributes in Resource Procurement Evaluation
- Providing Information About Clean Energy Programs to Customers
- Natural Gas Plants
- Community-Based Renewable Energy Projects

Requires, by 2030, at least eight percent and by 2035, at least 10 percent of the aggregate electrical generation of all electric companies that make sales of electricity to 25,000 or more retail electricity consumers in this state must be composed of electricity generated by one or both of the following sources:

- 1) Community-based renewable energy projects with a generating capacity of 20 megawatts or less that generate electricity utilizing a type of renewable energy source or
- 2) facilities that generate electricity using biomass, generate thermal energy for a secondary purpose, utilize refuse from timber or agriculture as a feedstock, provide direct community benefit through cogeneration, job creation, or economic development and do not create substantial harm to environmental justice communities, produce emissions considered equal to or lower than the greenhouse gas emissions that would have resulted had a comparable quantity and character of biofuel been treated or disposed of in a prevailing manner; and maintain up-to-date maximum available control technology.

-9 Authorizes a public entity or federally recognized Oregon Indian tribe, partnering with a nonprofit entity, private business, or an owner of rental property in this state, to submit to the State Department of Energy (ODOE) an application drafted with electric utilities that have customers in the communities covered by a community renewable energy project for grant moneys from the Community Renewables Investment Fund established for the purpose of planning or creating community renewable energy projects. Requires an **application for planning a community renewable energy project** to demonstrate that the planning: 1) is for a project located in this state but outside the City of Portland; 2) will be completed within six months; 3) will result in a proposal for creating a community renewable energy project; and 4) incorporates feedback from members of environmental justice communities covered by the community renewable energy project, businesses located in the communities covered by the community renewable energy project, electric utilities that have customers in the communities covered by the community renewable energy project, and other regional stakeholders. Requires an application for creating a community renewable energy project to demonstrate that the project: 1) is located in this state but outside the City of Portland; 2) will be completed within 18 months; 3) results in increased community energy resilience, local jobs, economic development, or direct energy cost savings to families and small businesses; 4) complies with applicable state and local laws and regulations and has the required licenses and permits; 5) does not exceed 20 megawatts of nameplate capacity, if the project is for generating renewable energy; and 6) will operate for at least five years, if the project is for producing electricity, or for at least a period of time established by the Director of ODOE (Director) by rule. Requires ODOE, upon receipt of an application for creating a community renewable energy project to review and determine whether the applicant is eligible to receive a grant from the Community Renewables Investment Fund. Authorizes ODOE to approve an application if DOE finds that the project meets certain requirements, standards, and is technically feasible. Requires ODOE, in approving applications and awarding grant moneys, to **prioritize planning and project proposals** that: 1) include community renewable energy projects; 2) increase energy efficiency or result in demands response aggregate improvements; 3) are for projects located in a geographic area that is identified by the department as being at high risk for natural disasters, economically disadvantaged, or socially vulnerable; 4) when applicable, are for projects constructed in part or in whole by disadvantaged business enterprises, emerging small businesses, or businesses that are owned by minorities, women, or disabled veterans; 4) include inclusive hiring and promotion policies for workers; and 5) incorporate equity metrics developed in coordination with the Environmental Justice Task Force established for evaluating the involvement of and leadership by people of low income, Black, Indigenous, or People of Color, people with disabilities, youth, people from rural communities, and people from otherwise disadvantaged communities in the siting, planning, designing, or evaluating of the proposed renewable energy systems. Authorizes that up to 50 percent of all moneys available for providing grants in the Community

Renewable Investment Fund on July 1 of each fiscal year be reserved for grants to applicants that primarily serve low-income households or communities. Authorizes ODOE to award additional grant moneys to applicants that primarily serve low-income households or communities if there are moneys in the Community Renewable Investment Fund that have been reserved but have not been awarded because there is an insufficient number of applicants that primarily serve low-income households or communities. Requires ODOE to adopt rules, in consultation with Business Oregon, that: 1) define eligible planning costs to be covered by a grant; 2) create a community centered process for identifying what specific structures or facilities are involved with delivering essential services and provide maximum benefit if supported by a community energy resilience project; 3) incorporate existing designations under state and federal law of critical infrastructure or essential buildings for the purpose of identifying structures or facilities essential to the public welfare during an emergency; and 4) are consistent with state and federal guidance. Requires a performance agreement for planning a community renewable energy project entered into between the ODOE and an applicant to provide, at a minimum the types of costs, prohibited uses of grant moneys, and recovery of grant moneys. Requires a **performance agreement** for creating a community renewable energy project entered into between the ODOE and an applicant to provide, at a minimum: 1) a grant that covers no more than \$1 million for a given renewable energy system and no more than 35 percent of the total costs associated with the project, except the grant amount will be reduced if the grant combined with other government incentives and grants received by the applicant exceeds 75 percent of the total costs associated with the project; 2) the department may release no more that 30 percent of the grant moneys awarded upon entering into a performance agreement for creating a community renewable energy project with the remaining grant moneys to be released upon the department's verifying the completion of the project and if the applicant demonstrates having met certain requirements; and 3) the department may recover grant moneys if a project fails to abide by the performance agreement or if construction is not completed within 18 months from the date the performance agreement is signed. Authorizes the Director to appoint an **Advisory Committee on Community Renewables Investment**, consisting of eight representatives of various entities. Establishes and provides grants for community renewable energy projects from the **Community Renewables Investment Fund**. Establishes that moneys in the fund are continuously appropriated to the ODOE for the purpose of providing grants and that the fund consists of: moneys appropriated or otherwise transferred to the fund by the Legislative Assembly; moneys received from federal, state, or local sources; gifts, grants, or other moneys contributed to the fund; and other amounts deposited in the fund from any source. Requires Director to submit biennial report to the Legislative Assembly regarding the expenditures of moneys deposited in the Community Renewables Investment Fund and status of ongoing projects funded by the moneys. **Appropriates** the amount of \$50,000,000 out of the General Fund, in addition to and not in lieu of any other appropriations, to the Community Renewables Investment Fund, for the biennium beginning July 1, 2021. Takes effect following adjournment sine die.

#### **Renewable Portfolio Standard**

##### **Direct Energy Resiliency or Environmental Benefits**

-10 Establishes goal of planning for development of three gigawatts of commercial scale floating offshore wind energy projects within federal waters off Oregon coast by 2030. Requires electric companies to plan for and pursue cost-effective energy or energy and capacity delivered directly or indirectly from floating offshore wind energy facilities or renewable hydrogen production facilities powered by floating offshore wind energy. Requires State Department of Fish and Wildlife to adopt program for assisting members of commercial and sport ocean fishing industries with avoiding conflicts with floating offshore wind energy facilities. Requires department to establish and implement offshore energy development fisheries loss compensation program. Establishes Offshore Energy Development Fisheries Loss Compensation Fund. Continuously appropriates moneys in fund to department implement programs. Declares state policy position related to federal planning or permitting process



for offshore energy research and development in federal waters off Oregon coast.

#### **Community-Based Renewable Energy**

Makes certain modifications to renewable portfolio standards. Modifies community-based renewable energy standard. Establishes that the large utility renewable portfolio standard imposes the following **qualifying electricity requirements** on an electric utility that makes sales of electricity to retail electricity consumers in an amount that equals three percent or more of all electricity sold to retail electricity consumers:

- 1) **at least 20 percent** of the electricity sold in each of the calendar years **2020 and 2021**;
- 2) **at least 25 percent** of the electricity sold in **2025**; and
- 3) from 2026 onward, increase by a constant amount to achieve **at least 85 percent** of the electricity sold by **2045**.

#### **Direct energy resiliency or environmental benefits**

Requires, by calendaryear **2025, at least eight percent** and, **by 2045, at least 28 percent** of the electricity sold in this state by each electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state to be composed of electricity generated specific sources, including but not limited to small-scale renewable energy projects that are interconnected with the transmission system owned or managed by the electric company at a voltage of 115 kilovolts or less, small modular reactors, or small power production facilities that meet certain criteria.

#### **Small Modular Reactors**

Exempts small modular reactors from certain siting restrictions that apply to nuclear-fueled thermal power plants. Requires small modular reactors to be sited in city or county where electors of city or county have approved small modular reactors being located in city or county. Requires emergency planning zones for small modular reactors to be located in county where electors of county have approved small modular reactors being located in county. Requires proposed disposal of high-level radioactive waste by small modular reactor to comport with process approved or adopted by United States Nuclear Regulatory Commission.

-11 Modifies and adds laws related to utilities, including:

- Siting Criteria: 50 Percent for Direct Energy Resiliency Or Environmental Benefits
- Community-Based Renewable Energy
- Integrated Clean Energy Implementation Planning
- Clean Energy Storage
- Utility Regulation Generally
- Cogeneration and Small Power Production Facilities
- Responsible Labor Standards
- Renewable Portfolio Standards

-14 Modifies and add laws related to utilities.

-15 Modifies and add laws related to utilities.

-16 Modifies and add laws related to utilities.

-17 Modifies and add laws related to utilities.

-18 Modifies and add laws related to utilities.

-19 Modifies and add laws related to utilities.

-20 Modifies and add laws related to utilities.

-21 Modifies and adds laws related to utilities, including:

- Clean energy targets;
- Study on small scale renewable energy projects;
- Customer supported renewables;
- Providing information about clean energy programs to customers and the public;
- Responsible contractor labor standards; and
- Natural gas plants.

Takes effect following adjournment sine die.

-22 Creates an exclusion for an electric company that serves electricity to 25,000 or fewer retail electricity consumers.

#### Clean energy targets

-23 Establishes as state policy that electricity supplied to retail electricity consumers 1) produces zero greenhouse gas emissions; and 2) is generated in a manner that provides additional direct benefits to communities in this state in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity, and increasing energy security and resiliency. Requires retail electricity providers to reduce annual greenhouse gas emissions by **80 percent below baseline emissions level by 2030**, by **90 percent below baseline emissions level by 2035** and **100 percent below baseline emissions level by 2040**.

Requires retail electricity providers to create a **clean energy plan** to the Public Utility Commission (PUC) and to the Department of Environmental Quality (DEQ). Requires the clean energy plan to include annual goals for meeting clean energy targets, demonstrate the electric company is making continual progress within the planning period towards meeting the clean energy targets, and result in an affordable, reliable and clean electric system. Authorizes clean energy plan's proposed actions and investments to include the development or acquisition of clean energy resources, acquisition of energy efficiency and demand response, development of new transmission and other supporting infrastructure, retirement of existing generating facilities, short and long duration energy storage, changes in system operation, and any other necessary action. Requires PUC to ensure that an electric company demonstrates continual progress and is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers.

Requires DEQ to determine each electric company's **baseline emissions level** and, for each retail electricity provider, the amount of emissions reduction necessary to meet the established clean energy targets in the state policy. Requires the DEQ to report retail electricity providers' baseline emissions level to the PUC. Requires the PUC to acknowledge clean energy plans if PUC finds the plan to be in the public interest and consistent with the clean energy targets. Requires the PUC evaluate the plan's 1) related environmental or health benefits; 2) feasibility; 3) impacts on reliability and resiliency of electric system; 4) availability of federal policy incentives; and other relevant factors. Requires retail electricity provider to report greenhouse gas emissions associated with electricity sold for the current and following three years, annual goals, including a projected reduction of annual greenhouse gas emissions, and other information to demonstrate the electricity service supplier's anticipated ability to meet the clean energy targets. Requires the PUC to consider **unexpected greenhouse gas emissions** when determining whether a retail electricity provider has complied with clean energy targets in the policy.

Requires an electric company that files a clean energy plan to convene a **Community Benefits and Impacts Advisory Group** with members determined by the electric company with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory, including

representatives of environmental justice communities and low-income ratepayers and may include representatives from other affected entities within the electric company's service territory. Requires an electric company, in consultation with the Community Benefits and Impacts Advisory Group, to develop a biennial report that assesses the community benefits and impacts of the electric company and shall file the biennial report with the PUC Commission. Requires biennial report to include a description of the: 1) energy burden and disconnections for residential customers and disconnections for small commercial customers; 2) opportunities to increase contracting with businesses owned by women, veterans, or Black, Indigenous, or People of Color; 3) actions within environmental justice communities within the electric company's service territory intended to improve resilience during adverse conditions or facilitate investments in the distribution system, including investments in facilities that generate non-emitting electricity; 4) distribution of infrastructure or grid investments and upgrades in environmental justice communities in the electric company's service territory; 5) social, economic or environmental justice co-benefits that result from the electric company's investments, contracts, or internal practices; 6) customer experience, including a review of annual customer satisfaction surveys; 7) actions to encourage customer engagement; and 8) other items. Requires PUC to establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group. Requires electricity to have the emission **attributes of the underlying generating resource** or resources.

Requires PUC to take into consideration, in determining whether a retail electricity provider has complied with the clean energy targets, unplanned emissions in excess of the amount projected in the development of an electric company's clean energy plan or the information provided by an electricity service supplier to the extent that certain conditions are met. Requires greenhouse gas emissions associated with electricity acquired from net metering of customer resources, a community solar project, or a qualifying facility under the terms of the Public Utility Regulatory Policies Act to be excluded from the determination of the retail electricity provider's total greenhouse gas emissions. Requires electricity purchased from the Bonneville Power Administration for delivery to retail electricity consumers, for purposes of determining whether a retail electricity provider has complied with the clean energy targets, to be deemed to have the Bonneville Power Administration asset controlling supplier emission factor reported to DEQ. Requires PUC to initiate a process, within a certain time period, for an electric company to update the avoided costs calculated for a qualifying facility to ensure avoided costs accurately reflect the characteristics of generators that contribute to compliance of clean energy targets.

Authorizes PUC, or at the request of an electric company, to open an investigation to determine whether to **grant a temporary exemption** to an electric company's compliance with one or more of the requirements of the clean energy targets, if certain criteria are met. Requires PUC, after an investigation, to 1) issue an order exempting the electric company from one a clean energy plan for a length of time sufficient to allow the electric company to achieve full compliance and imposing a penalty if applicable; 2) direct the electric company to take specific actions to remedy the potential issue or issues identified in the order; and 3) direct the electric company to file within six months from the date the order is issued, or within a length of time determined by PUC to be reasonable, a report on the company's progress toward achieving full compliance of a clean energy plan. Authorizes PIC to grant an electric company or electricity service supplier a temporary exemption that is comparable to a temporary exemption granted to another electric company or electricity service supplier without conducting a separate investigation if the commission determines that the conditions that resulted in the granted temporary exemption holds for the electric company or electricity service supplier.

Requires PUC, upon determining that an investment or cost of an electric company contributes to compliance with this act, to determine the **actual or anticipated rate impact** for the investment or cost on the same basis and

with the same treatment for similarly situated investments or costs in the most recently approved general rate case or other relevant rate making proceeding. Requires PUC to use the actual or anticipated rate impact of each investment or cost to calculate the cumulative rate impact and make adjustments or consider alternative rates, if necessary. Authorizes PUC to apply a **performance incentive** for early compliance with one or more of the clean energy targets. Establishes that the clean energy targets in the policy do not modify the requirements of Renewable Portfolio Standards. Authorizes PUC to adopt rules to implement clean energy targets. Authorizes DEQ to periodically review and update its calculation of the greenhouse gas emissions rates assigned to unspecified power purchases and purchases of power dispatched by centralized market operators to reflect the current resource mix and associated emissions of such purchases. Requires DEQ to ensure that the calculation of emissions rates takes into account the potential for the energy imbalance market and other centralized market operations across a wide geographic area to increase the availability of non-emitting resources to serve load in the state. Repeals temporary exemption for purposes of meeting reliability standards of North American Electric Reliability Corporation (ORS 269A.062).

#### **Study on small-scale renewable energy projects**

Requires State Department of Energy (ODOE) to convene a work group comprised of various stakeholders to examine potential barriers and opportunities to encourage development of small-scale renewable energy projects in this state that contribute to economic development and local energy resiliency. Requires ODOE to report on current status and trends for small-scale and community-based renewable energy development in this state and may include recommendations to an interim committee of the Legislative Assembly related to energy no later than September 30, 2022. Repeals requirement for small-scale and community-based renewable energy development report on December 15, 2022.

#### **Customer-supported renewables**

Requires electric companies to provide each retail electricity consumer that is connected to its distribution system and whose electricity demand at any point of delivery is less than 30 kilowatts a **portfolio of rate options**. Requires PUC to reasonably ensure that the costs, risks and benefits of serving each option are reflected in the rates for each option, and such rates may include a monthly flat rate or charge in addition to usage. Authorizes PUC to prohibit or otherwise limit the use of a cost-of-service rate by retail electricity consumers who have been served through direct access and to limit switching among the portfolio of rate options and the cost-of-service rate. Authorizes electric companies to file a program of rates or charges that reflect the cost of an electric company program to serve retail electricity consumers within the boundaries of those governments with electricity: 1) derived from new or existing renewable energy resources or non-emitting resources; or 2) paired with unbundled renewable energy certificates, from new or existing renewable energy resources. Authorizes PUC to approve a rate or charge under certain circumstances. Authorizes an electric company serving fewer than 25,000 customers in this state to propose a program for approval by the commission if the program meets certain criteria. Requires duties, functions and powers of the PUC to include developing policies to eliminate barriers to the development of a competitive retail market between electricity service suppliers and electric companies. Requires the commission to ensure that policies developed to mitigate the vertical and horizontal market power of incumbent electric companies do not limit or delay electric companies from offering programs or services or making prudent investments in furtherance of the clean energy targets or that otherwise aid in reducing statewide emissions of greenhouse gases consistent with state policies.

#### **Providing information about clean energy programs to customers**

Requires PUC to require electricity service suppliers to publicly disclose a summary of the aggregated energy supply mix and associated emissions of the power sources that serve the direct access retail electricity consumers of the electricity service supplier, or such other aggregated information comparable to information provided by

electric companies to retail electricity consumers as the commission may require.

#### **Responsible Contractor Labor Standards**

Requires a person who constructs or repowers a large-scale project sited in Oregon to, at the time of contract finalization for development of the project or execution of a contract for delivery of energy from the project, provide a signed attestation or declaration stating to the best of their knowledge and belief that during all periods of construction all contractors and subcontractors working on the construction or repowering project will: 1) participate in an **apprenticeship program** registered with the State Apprenticeship and Training Council; 2) establish and execute a plan for **outreach, recruitment and retention** of certain workers to perform work under the contract, with a target of having at least 15 percent of total work hours performed by those workers; 3) have policies in place that are designed to **limit or prevent workplace harassment and discrimination**, among other policies relating to promoting workplace diversity, equity, and inclusion for certain groups; 4) providing documented and verifiable information demonstrating good faith with meeting the requirements; 5) maintain a license and good standing to perform the work and remain eligible to receive a contract or subcontract for public works; 6) materially demonstrate a history of material compliance with the rules and other requirements of state agencies with oversight regarding workers' compensation, building codes, and occupational safety and health; 7) materially demonstrate a history of compliance with federal and state wage and hour laws; and 8) provide quarterly reporting and recordkeeping to the project owner or electric utility and respond to records requests and verification. Requires a person constructing or repowering a large-scale project with a capacity rating of 10 megawatts or greater—finalized or executed on or after the effective date of this act—to require all contractors and subcontractors working on the construction or repowering project to: 1) pay the area wage standard for an hour's work in the same trade or occupation in the locality where the labor is performed; 2) offer health care and retirement benefits to the employees performing the labor on the project; 3) provide quarterly reporting and recordkeeping to the project owner or electric utility and respond to records requests and verification; and 4) provide the attestation or declaration and good faith effort to ODOE within 30 days from the date construction begins and provide notice of such delivery to the purchaser of the project or of the energy from the project or provide a copy of a project labor agreement.

#### **Natural gas plants**

Prohibits Energy Facility Siting Council from issuing a site certificate for a generating facility, with some exceptions, that produces electric power from fossil fuels, including natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material.

#### **Community renewable energy project grant program**

Authorizes a public entity or federally recognized Oregon Indian tribe, partnering with a nonprofit entity, private business, or an owner of rental property in this state, to submit to ODOE an application drafted with electric utilities that have customers in the communities covered by a **community renewable energy project for grant moneys** from the Community Renewables Investment Fund established for the purpose of planning or creating community renewable energy projects. Requires an application for planning a community renewable energy project to demonstrate that the planning: 1) is for a project located in this state but outside the City of Portland; 2) will be completed within six months; 3) will result in a proposal for creating a community renewable energy project; and 4) incorporates feedback from members of environmental justice communities covered by the community renewable energy project, businesses located in the communities covered by the community renewable energy project, electric utilities that have customers in the communities covered by the community renewable energy project, and other regional stakeholders.

Requires an application for creating a community renewable energy project to demonstrate that the project: 1) is located in this state but outside the City of Portland; 2) will be completed within 18 months; 3) results in increased community energy resilience, local jobs, economic development, or direct energy cost savings to families and small businesses; 4) complies with applicable state and local laws and regulations and has the required licenses and permits; 5) does not exceed 20 megawatts of nameplate capacity, if the project is for generating renewable energy; and 6) will operate for at least five years, if the project is for producing electricity, or for at least a period of time established by the Director of ODOE (Director) by rule. Requires ODOE, upon receipt of an application for creating a community renewable energy project to review and determine whether the applicant is eligible to receive a grant from the Community Renewables Investment Fund. Authorizes **ODOE to approve an application** if DOE finds that the project meets certain requirements, standards, and is technically feasible. Requires ODOE, in approving applications and awarding grant moneys, to prioritize planning and project proposals that: 1) include community renewable energy projects; 2) increase energy efficiency or result in demands response aggregate improvements; 3) are for projects located in a geographic area that is identified by the department as being at high risk for natural disasters, economically disadvantaged, or socially vulnerable; 4) when applicable, are for projects constructed in part or in whole by disadvantaged business enterprises, emerging small businesses, or businesses that are owned by minorities, women, or disabled veterans; 4) include inclusive hiring and promotion policies for workers; and 5) incorporate equity metrics developed in coordination with the Environmental Justice Task Force established for evaluating the involvement of and leadership by people of low income, Black, Indigenous, or People of Color, people with disabilities, youth, people from rural communities, and people from otherwise disadvantaged communities in the siting, planning, designing, or evaluating of the proposed renewable energy systems. Authorizes that up to 50 percent of all moneys available for providing grants in the Community Renewable Investment Fund on July 1 of each fiscal year be reserved for grants to applicants that primarily serve low-income households or communities. Authorizes ODOE to award additional grant moneys to applicants that primarily serve low-income households or communities if there are moneys in the Community Renewable Investment Fund that have been reserved but have not been awarded because there is an insufficient number of applicants that primarily serve low-income households or communities.

Requires **ODOE to adopt rules**, in consultation with Business Oregon, that: 1) define eligible planning costs to be covered by a grant; 2) create a community centered process for identifying what specific structures or facilities are involved with delivering essential services and provide maximum benefit if supported by a community energy resilience project; 3) incorporate existing designations under state and federal law of critical infrastructure or essential buildings for the purpose of identifying structures or facilities essential to the public welfare during an emergency; and 4) are consistent with state and federal guidance.

Requires a **performance agreement for planning a community renewable energy project** entered into between the ODOE and an applicant to provide, at a minimum the types of costs, prohibited uses of grant moneys, and recovery of grant moneys. Requires a performance agreement for creating a community renewable energy project entered into between the ODOE and an applicant to provide, at a minimum: 1) a grant that covers no more than \$1 million for a given renewable energy system and no more than 35 percent of the total costs associated with the project, except the grant amount will be reduced if the grant combined with other government incentives and grants received by the applicant exceeds 75 percent of the total costs associated with the project; 2) the department may release no more that 30 percent of the grant moneys awarded upon entering into a performance agreement for creating a community renewable energy project with the remaining grant moneys to be released upon the department's verifying the completion of the project and if the applicant demonstrates having met certain requirements; and 3) the department may recover grant moneys if a project fails to abide by the performance agreement or if construction is not completed within 18 months from the date

the performance agreement is signed.

Authorizes the Director to appoint an **Advisory Committee on Community Renewables Investment**, consisting of eight representatives of various entities. Establishes and provides grants for community renewable energy projects from the **Community Renewables Investment Fund**. Establishes that moneys in the fund are continuously appropriated to the ODOE for the purpose of providing grants and that the fund consists of: moneys appropriated or otherwise transferred to the fund by the Legislative Assembly; moneys received from federal, state, or local sources; gifts, grants, or other moneys contributed to the fund; and other amounts deposited in the fund from any source. Requires Director to **submit biennial report** to the Legislative Assembly regarding the expenditures of moneys deposited in the Community Renewables Investment Fund and status of ongoing projects funded by the moneys. **Appropriates the amount of \$50,000,000** out of the General Fund, in addition to and not in lieu of any other appropriations, to the Community Renewables Investment Fund, for the biennium beginning July 1, 2021. Establishes that grants for community renewable energy projects and related performance agreements become operative on January 1, 2022.

Takes effect following adjournment sine die.

- *FISCAL: fiscal impact statement issued for the purpose of transmitting the measure from the House Committee on Energy and Environment to the Joint Committee on Ways and Means*
- *REVENUE: No revenue impact*

-24 Modifies and add laws related to utilities, including:

- Floating Offshore Wind Energy
- Renewable Portfolio Standard
- Direct Energy Resiliency or Environmental Benefits
- Community-Based Renewable Energy
- Small Modular Reactors

-25 Modifies and add laws related to utilities, including:

- Floating Offshore Wind Energy
- Renewable Portfolio Standard
- Direct Energy Resiliency or Environmental Benefits
- Community-Based Renewable Energy
- Small Modular Reactors

-26 Modifies and add laws related to utilities, including:

- Floating Offshore Wind Energy
- Renewable Portfolio Standard
- Direct Energy Resiliency or Environmental Benefits
- Community-Based Renewable Energy

-27 Modifies and add laws related to utilities, including small modular reactors.

#### **BACKGROUND:**

Clean energy policies support the development and implementation of renewable energy projects, often with the dual goals of replacing fossil fuel resources and reducing greenhouse gas emissions. As recently as 2019, 11 states and territories and approximately 200 local jurisdictions have made commitments to 100 percent clean energy policies in the United States. The Oregon Legislature has taken significant steps to invest in the deployment of renewable energy resources in the state. Since 1977, the Legislature has passed a number of energy-related bills promoting the development of local renewable resources.

**HB 2021 -1, -3, -4, -5, -6, -8, -9, -10, -11, -14, -15, -16, -17, -18, -19, -20, -21, -22, -23, -24, -25, -26, -27 STAFF MEASURE SUMMARY**

House Bill 2021 would direct the Public Utility Commission to conduct a study of laws related to clean energy and provide the results of the study in a report to the interim committees of the Legislative Assembly.