

HB 2021 A -52 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Jaime McGovern, Economist

Meeting Dates: 5/13, 5/20

WHAT THE MEASURE DOES:

Sets path for electricity providers to reduce emissions to 100% (80% by 2030, 90% by 2035 and 100% by 2040) below baseline, as determined by the Department of Environmental Quality (DEQ) by 2040, with intermediate targets. Directs specified stakeholder participation and reporting requirements. Directs Oregon Department of Energy to explore community and small scale renewable potential. Requires development and filing of Clean Energy Plan by electric company. Permits coordination between electric company and government, as defined in bill, to develop cost based rates for non-emitting resource service. Requires electricity service suppliers to publicly disclose aggregated energy supply mix and associated emissions of power sources. Establishes Contractor labor standards. Prohibits siting of new electricity generating facility that uses fossil fuels. Creates grant program within State Department of Energy to develop grants to public entities or Indian tribes to plan or build community renewable energy projects. Creates allocation from General Fund to newly established Community Renewables Investment Fund and allows for additional funding.

ISSUES DISCUSSED:

- Effects of delaying action on emissions reductions.
- Local siting and building interests.
- Effects of rate impacts on customers.
- Energy planning and diversity in Oregon.
- Resiliency in the energy system in Oregon.
- Frequency and intensity of climate related events.
- Local economies.

EFFECT OF AMENDMENT:

-52 Creates state policy that the state engage in meaningful conversation with federally recognized Indian tribes on permitting, siting and construction of new energy projects. Specifies that clean energy plan must include a risk-based assessment of resiliency opportunities. Specifies that bill does not apply to electric company that serves fewer than 25,000 customers. Adds Oregon Public Utility Commission and Public Purpose Fund Administrator to designees of Small Scale Community Based Renewable work group. Requires workgroup to comply with Department of Environmental Quality data requests. Repeals ORS 469.062. Details specifications for Community Renewable Energy Project. Establishes the Community Renewable Investment Program and Fund. Increases small scale renewable energy (Renewable Portfolio Standard) RPS requirement from 8% to 10% of total capacity, and extends target date from 2025 to 2030.

BACKGROUND:

Oregon's energy supply is provided by a diverse array of companies, governments and co-ops. The Oregon Public Utility Commission (OPUC) exercises regulatory authority over the investor owned utilities. Of these, the electric utilities in Oregon serve over 1.5 million customers in Oregon. The OPUC regulates safety, reliability, rates and renewable portfolio standards for these companies. Each electric company maintains a portfolio of physical resources and market purchases and contracts to meet electric demands in the state. The OPUC is continually engaged in a multistage process with the companies as the population grows and technologies change. The Commission oversees long-term planning of the companies where they are required to demonstrate adherence to

least-cost, least-risk planning in the formal Integrated Resource Planning (IRP) process. The IRP looks out over decades. For each company under the Commission purview, this process results acknowledgment in a chosen least-cost, least-risk portfolio which encompasses a mix of potential new projects, contracts, changes, and retirements of assets. Informed with the outcome of the IRP, another stage of the process involves near term decisions, specific purchases, contracts and projects to meet customer demand. The investments and acquisitions approved in these rate cases may result in increased electric company costs and are allocated to customer groups and individual customers according to usage.

The electric companies in Oregon and their portfolio mixes have changed over the decades. The original RPS was adopted in 2007. In 2016, the passage of SB 1547 increased Oregon's Renewable Portfolio Standard requirement to 50 percent renewables by 2040. Currently 8 percent of the RPS capacity must be met with biomass and small scale renewables. Oregon closed its last coal plant in 2020, but the state still receives coal by wire from other states. Renewable facilities and battery storage continue to grow in Oregon as technology evolves.