

# House Bill 3141

Sponsored by COMMITTEE ON ENERGY AND ENVIRONMENT (at the request of Representative Pam Marsh)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Reduces public purpose charge for retail electricity consumers within service areas of electric companies and Oregon Community Power. Modifies allocation of funds collected through public purpose charges.

Requires 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. Allows for credit against amounts recovered in certain circumstances.

Modifies reporting requirements for nongovernmental entity that is paid certain funds as directed by commission.

Requires Public Utility Commission to establish and update metrics for assessing, addressing and creating accountability for environmental justice in expenditure and investment of funds collected for certain purposes and paid to nongovernmental entity. Requires reporting by nongovernmental entity on progress in achieving equity metrics.

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.

## A BILL FOR AN ACT

1  
2 Relating to energy; creating new provisions; amending ORS 297.300, 317A.100, 456.587, 757.054,  
3 757.247, 757.365, 757.612, 757.613 and 757.617 and section 1, chapter 63, Oregon Laws 2016; re-  
4 pealing ORS 757.689; and declaring an emergency.

5 **Be It Enacted by the People of the State of Oregon:**

## PUBLIC PURPOSE CHARGE

6  
7  
8  
9 **SECTION 1.** ORS 757.612 is amended to read:

10 757.612. (1)(a) There is established an annual public purpose expenditure standard for electric  
11 companies and Oregon Community Power to fund [*new cost-effective energy conservation, new market*  
12 *transformation efforts*,]:

13 (A) The above-market costs of new renewable energy resources and **customer investments in**  
14 **distribution system-connected technologies that support reliability, resilience and the inte-**  
15 **gration of new renewable energy resources with the distribution systems of electric compa-**  
16 **nies and Oregon Community Power;**

17 (B) New low-income weatherization;

18 (C) **New energy-related investments in schools; and**

19 (D) **Low-income housing.**

20 (b) The public purpose expenditure standard shall be funded by the public purpose charge de-  
21 scribed in subsection (2) of this section.

22 (2)(a) [*Beginning on the date an electric company or Oregon Community Power offers direct access*  
23 *to retail electricity consumers, except residential electricity consumers, the*] **Until January 1, 2036, an**  
24 electric company or Oregon Community Power shall collect a **nonbypassable** public purpose charge

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 **equal to 1.5 percent of the revenues described in paragraph (b) of this subsection, appor-**  
 2 **tioned as further set forth in subsection (3)(b) of this section. The electric company or**  
 3 **Oregon Community Power shall collect the public purpose charge** from all of the retail elec-  
 4 tricity consumers located within the electric company's or Oregon Community Power's service [*area*  
 5 *until January 1, 2026*] **territory, including retail electricity consumers served by electricity**  
 6 **service suppliers.**

7 (b) [*Except as provided in paragraph (b) of this subsection, The public purpose charge shall be*  
 8 *equal to three percent*] **The percentages described in paragraph (a) of this subsection and sub-**  
 9 **section (3)(b) of this section shall be calculated as percentages** of the total revenues collected  
 10 by the electric company, Oregon Community Power or the electricity service supplier from retail  
 11 electricity consumers for electricity services, distribution services, ancillary services, metering and  
 12 billing, transition charges and other types of costs included in electric rates on July 23, 1999.

13 [*(b) For an aluminum plant that averages more than 100 average megawatts of electricity use per*  
 14 *year, the electric company or Oregon Community Power, whichever serves territory that abuts the*  
 15 *greatest percentage of the site of the aluminum plant, shall collect from the aluminum company a public*  
 16 *purpose charge equal to one percent of the total revenue from the sale of electricity services to the*  
 17 *aluminum plant from any source.*]

18 (3)(a) The Public Utility Commission shall establish rules implementing the provisions of this  
 19 section relating to electric companies and Oregon Community Power.

20 (b) [*Except as provided in paragraph (e) of this subsection, Funds collected through public purpose*  
 21 *charges under subsection (2) of this section shall be allocated as follows:*] **The public purpose charge**  
 22 **described in subsection (2)(a) of this section shall be the sum total of the following percent-**  
 23 **ages of revenues described in subsection (2)(b) of this section, allocated for the following**  
 24 **purposes:**

25 [(A) *Sixty-three percent for new cost-effective energy conservation and new market transformation*  
 26 *efforts.*]

27 (A) **0.3 percent of revenues for school districts that are located in the service territory**  
 28 **of the electric company or Oregon Community Power, as further directed under paragraph**  
 29 **(e) of this subsection.**

30 (B) [*Nineteen percent for*] **As further directed under paragraph (f) of this subsection, 0.51**  
 31 **percent of revenues for:**

32 (i) The above-market costs of constructing and operating new renewable energy resources with  
 33 a nominal electric generating capacity, as defined in ORS 469.300, of 20 megawatts or less[.]; **and**

34 (ii) **Customer investments in distribution system-connected technologies that support**  
 35 **reliability, resilience and the integration of new renewable energy resources with the dis-**  
 36 **tribution system of the electric company or Oregon Community Power.**

37 (C) [*Thirteen percent*] **0.55 percent of revenues for new low-income weatherization, as further**  
 38 **directed under paragraph (g) of this subsection.**

39 (D) [*Five percent*] **0.14 percent of revenues for deposit in the Housing and Community Services**  
 40 **Department Electricity Public Purpose Charge Fund established by ORS 456.587 (1) for the purpose**  
 41 **of providing grants as described in ORS 458.625 (2).**

42 (c) The costs of administering subsections (1) to [(6)] (5) of this section for an electric company  
 43 or Oregon Community Power shall be paid out of the funds collected through public purpose  
 44 charges. The commission may require an electric company or Oregon Community Power to direct  
 45 funds collected through public purpose charges to state agencies responsible for implementing sub-

1 sections (1) to [(6)] **(5)** of this section in order to pay the costs of administering subsections (1) to  
2 [(6)] **(5)** of this section.

3 (d) The commission shall direct the manner in which public purpose charges are collected and  
4 spent by an electric company or Oregon Community Power and may require an electric company  
5 or Oregon Community Power to expend funds through competitive bids or other means designed to  
6 encourage competition, except that funds dedicated for new low-income weatherization shall be di-  
7 rected to the Housing and Community Services Department for purposes related to new low-income  
8 weatherization, **as further directed in paragraph (g) of this subsection.** The commission may also  
9 require funds collected through public purpose charges to be paid to a nongovernmental entity for  
10 investment in public purposes described in subsection (1) of this section. [*Notwithstanding any other*  
11 *provision of this subsection.*]

12 [(A) *If an electric company collected the funds, at least 80 percent of the funds allocated for new*  
13 *cost-effective energy conservation shall be spent within the service area of the electric company; or]*

14 [(B) *If Oregon Community Power collected the funds, at least 80 percent of the funds allocated for*  
15 *new cost-effective energy conservation shall be spent within the service area of Oregon Community*  
16 *Power.*]

17 (e)(A) [*The first 10 percent of funds collected each year by an electric company or Oregon Com-*  
18 *munity Power under subsection (2) of this section shall be distributed to school districts that are located*  
19 *in the service territory of the electric company or Oregon Community Power. The]* Funds **allocated**  
20 **under subsection (3)(b)(A) of this section** shall be distributed to individual school districts ac-  
21 cording to the weighted average daily membership (ADMw) of each school district for the prior fis-  
22 cal year as calculated under ORS 327.013. The commission shall establish by rule a methodology for  
23 distributing a proportionate share of funds under this paragraph to school districts that are only  
24 partially located in the service territory of the electric company or Oregon Community Power.

25 (B) A school district that receives funds under this paragraph shall use the funds first to pay  
26 for energy audits for schools located within the school district or for a fleet audit for the school  
27 district. To the extent practicable, a school district shall coordinate with the State Department of  
28 Energy and incorporate federal funding in complying with this paragraph. Following completion of  
29 an audit, the school district may expend funds received under this paragraph to implement the audit.

30 (C) Once an energy audit has been conducted and completely implemented for each school  
31 within the school district, the school district may expend funds received under this paragraph for  
32 any of the following purposes:

33 (i) Conducting additional energy audits. A school district shall conduct an energy audit prior to  
34 expending funds on any other purpose authorized under this paragraph unless the school district has  
35 performed an energy audit within the three years immediately prior to receiving the funds.

36 (ii) Weatherizing school district facilities and upgrading the energy efficiency of school district  
37 facilities.

38 (iii) Energy conservation education programs.

39 (iv) Purchasing electricity from environmentally focused sources.

40 (v) Investing in renewable energy resources.

41 (D) Once a fleet audit has been conducted for the school district, the school district may expend  
42 funds received under this paragraph for any of the following purposes:

43 (i) Purchasing or leasing zero-emission vehicles, as defined in ORS 283.398, including buses.

44 (ii) Purchasing or installing electric vehicle charging stations to provide electricity to zero-  
45 emission vehicles.

1       **(f) Of the funds allocated under subsection (3)(b)(B) of this section, 25 percent must be**  
 2 **used for activities, resources and technologies that serve low and moderate income custom-**  
 3 **ers, including for technologies that do not have above-market costs.**

4       **(g)(A) Funds collected by an electric company or Oregon Community Power, allocated for**  
 5 **new low-income weatherization under subsection (3)(b)(C) of this section and directed to the**  
 6 **Housing and Community Services Department shall be spent within the service territory of**  
 7 **the electric company or Oregon Community Power from which the funds are collected.**

8       **(B) As further determined by the Housing and Community Services Department, a por-**  
 9 **tion of the funds described in this paragraph may be used for manufactured housing re-**  
 10 **placements as a means to deliver energy efficiency, pursuant to a program dedicated to**  
 11 **manufactured housing replacement.**

12       **(C) For purposes of this paragraph and as further determined by the Housing and Com-**  
 13 **munity Services Department, purposes related to new low-income weatherization includes**  
 14 **providing funding for participants in programs by low-income weatherization service provid-**  
 15 **ers to change energy sources from bulk fuels to electricity service.**

16       *[(f)] (h) The commission may not establish a different public purpose charge than the public*  
 17 *purpose charge described in subsection (2) of this section.*

18       *[(g) If the commission requires funds collected through public purpose charges to be paid to a*  
 19 *nongovernmental entity, the entity shall:]*

20       *[(A) Include on the entity's board of directors an ex officio member designated by the commission,*  
 21 *who shall also serve on the entity's nominating committee for filling board vacancies.]*

22       *[(B) Require the entity's officers and directors to provide an annual disclosure of economic interest*  
 23 *to be filed with the commission on or prior to April 15 of each calendar year for public review in a*  
 24 *form similar to the statement of economic interest required for public officials under ORS 244.060.]*

25       *[(C) Require the entity's officers and directors to declare actual and potential conflicts of interest*  
 26 *at regular meetings of the entity's governing body when such conflicts arise, and require an officer or*  
 27 *director to abstain from participating in any discussion or voting on any item where that officer or*  
 28 *director has an actual conflict of interest. For the purposes of this subparagraph, "actual conflict of*  
 29 *interest" and "potential conflict of interest" have the meanings given those terms in ORS 244.020.]*

30       *[(D) Annually, arrange for an independent auditor to audit the entity's financial statements, and*  
 31 *direct the auditor to file an audit opinion with the commission for public review.]*

32       *[(E) Annually file with the commission the entity's budget, action plan and quarterly and annual*  
 33 *reports for public review.*

34       *[(F) At least once every five years, contract for an independent management evaluation to review the*  
 35 *entity's operations, efficiency and effectiveness, and direct the independent reviewer to file a report with*  
 36 *the commission for public review.]*

37       *[(h) The commission may remove from the board of directors of a nongovernmental entity an officer*  
 38 *or director who fails to provide an annual disclosure of economic interest, or who fails to declare an*  
 39 *actual or potential conflict of interest, as described in paragraph (g)(B) and (C) of this subsection, if*  
 40 *the failure is connected to the allocation or expenditure of funds collected through public purpose*  
 41 *charges and paid to the entity.]*

42       *[(4)(a) An electric company that satisfies its obligations under this section:]*

43       *[(A) Has no further obligation to invest in new cost-effective energy conservation, new market*  
 44 *transformation or new low-income weatherization, or to provide a commercial energy conservation ser-*  
 45 *vices program; and]*

1        *[(B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.]*

2        *[(b) Oregon Community Power, for any period during which Oregon Community Power collects a*  
3 *public purpose charge under subsection (2) of this section:]*

4        *[(A) Has no further obligation to invest in new cost-effective energy conservation, new market*  
5 *transformation or new low-income weatherization, or to provide a commercial energy conservation ser-*  
6 *vices program; and]*

7        *[(B) Is not subject to ORS 469.631 to 469.645 and 469.860 to 469.900.]*

8        *[(5)(a)]* **(4)(a)** A retail electricity consumer that uses more than one average megawatt of elec-  
9 tricity at any site in the prior year shall receive a credit against public purpose charges billed by  
10 an electric company or Oregon Community Power for that site. The amount of the credit shall be  
11 equal to the total amount of qualifying expenditures for *[new cost-effective energy conservation, not*  
12 *to exceed 68 percent of the annual public purpose charges, and]* the above-market costs of new  
13 renewable energy resources **and investments in distribution system-connected technologies** in-  
14 curred by the retail electricity consumer, not to exceed *[19]* **25.5** percent of the annual public pur-  
15 pose charges, less administration costs incurred under this paragraph and paragraphs (b) and (c) of  
16 this subsection. The credit may not exceed, on an annual basis, the lesser of:

17        (A) The amount of the retail electricity consumer's qualifying expenditures; or

18        (B) The portion of the public purpose charge billed to the retail electricity consumer that is  
19 dedicated to *[new cost-effective energy conservation, new market transformation or]* the above-market  
20 costs of new renewable energy resources **and investments in distribution system-connected**  
21 **technologies**.

22        (b) To obtain a credit under paragraph (a) of this subsection, a retail electricity consumer shall  
23 file with the State Department of Energy a description of the proposed *[conservation project or]* new  
24 renewable energy resource **or investment in distribution system-connected technology** and a  
25 declaration that the retail electricity consumer plans to incur the qualifying expenditure. The State  
26 Department of Energy shall issue a notice of precertification within 30 days of receipt of the filing,  
27 if such filing is consistent with paragraph (a) of this subsection. The credit may be taken after a  
28 retail electricity consumer provides a letter from a certified public accountant to the State Depart-  
29 ment of Energy verifying that the precertified qualifying expenditure has been made.

30        (c) Credits earned by a retail electricity consumer as a result of qualifying expenditures that  
31 are not used in one year may be carried forward for use in subsequent years.

32        *[(d)(A) A retail electricity consumer that uses more than one average megawatt of electricity at any*  
33 *site in the prior year may request that the State Department of Energy hire an independent auditor to*  
34 *assess the potential for conservation investments at the site. If the independent auditor determines there*  
35 *is no available conservation measure at the site that would have a simple payback of one to 10 years,*  
36 *the retail electricity consumer shall be relieved of 54 percent of its payment obligation for public pur-*  
37 *pose charges related to the site. If the independent auditor determines that there are potential conser-*  
38 *vation measures available at the site, the retail electricity consumer shall be entitled to a credit against*  
39 *public purpose charges related to the site equal to 54 percent of the public purpose charges less the*  
40 *estimated cost of available conservation measures.]*

41        *[(B) A retail electricity consumer shall be entitled each year to the credit described in this para-*  
42 *graph unless a subsequent independent audit determines that new conservation investment opportunities*  
43 *are available. The State Department of Energy may require that a new independent audit be performed*  
44 *on the site to determine whether new conservation measures are available, provided that the independ-*  
45 *ent audits occur no more than once every two years.]*

1       [(C) *The retail electricity consumer shall pay the cost of the independent audits described in this*  
2 *paragraph.*]

3       [(6)] (5) Electric utilities and retail electricity consumers shall receive a fair and reasonable  
4 credit for the public purpose expenditures of their energy suppliers. The State Department of Energy  
5 shall adopt rules to determine eligible expenditures and the method by which such credits are ac-  
6 counted for and used. The State Department of Energy also shall adopt methods to account for eli-  
7 gible public purpose expenditures made through consortia or collaborative projects.

8       [(7)(a) *In addition to the public purpose charge provided under subsection (2) of this section, an*  
9 *electric company or Oregon Community Power shall collect funds for low-income electric bill payment*  
10 *assistance in an amount determined under paragraph (b) of this subsection.*]

11       [(b) *The commission shall establish the amount to be collected by each electric company from retail*  
12 *electricity consumers, and the rates to be charged by each electric company to retail electricity con-*  
13 *sumers, so that the forecasted collection by all electric companies in calendar year 2018 is \$20 million.*  
14 *In subsequent calendar years, the commission may not decrease the rates below those established for*  
15 *calendar year 2018. The commission may temporarily adjust the rates if forecasted collections or actual*  
16 *collections are less than \$20 million in any calendar year. A retail electricity consumer may not be*  
17 *required to pay more than \$500 per month per site for low-income electric bill payment assistance.*]

18       [(c) *Funds collected through the low-income electric bill payment assistance charge shall be paid*  
19 *into the Housing and Community Services Department Low-Income Electric Bill Payment Assistance*  
20 *Fund established by ORS 456.587 (2). Moneys deposited in the fund under this paragraph shall be used*  
21 *by the Housing and Community Services Department solely for purposes related to low-income electric*  
22 *bill payment assistance and for the Housing and Community Services Department's cost of adminis-*  
23 *tering this subsection. Funds collected by an electric company or Oregon Community Power under this*  
24 *subsection shall be expended in the service area of the electric company or Oregon Community Power*  
25 *from which the funds are collected.*]

26       [(d)(A) *The Housing and Community Services Department shall determine the manner in which*  
27 *funds collected under this subsection will be allocated by the Housing and Community Services De-*  
28 *partment to energy assistance program providers for the purpose of providing low-income bill payment*  
29 *and crisis assistance.*]

30       [(B) *The Housing and Community Services Department, in consultation with electric companies,*  
31 *shall investigate and may implement alternative delivery models to effectively reduce service discon-*  
32 *nections and related costs to retail electricity consumers and electric utilities.*]

33       [(C) *Priority assistance shall be directed to low-income electricity consumers who are in danger of*  
34 *having their electricity service disconnected.*]

35       [(D) *The Housing and Community Services Department shall maintain records and provide those*  
36 *records upon request to an electric company, Oregon Community Power and the Citizens' Utility Board*  
37 *established under ORS chapter 774 on a quarterly basis. Records maintained must include the num-*  
38 *bers of low-income electricity consumers served, the average amounts paid to low-income electricity*  
39 *consumers and the type of assistance provided to low-income electricity consumers. Electric companies*  
40 *and Oregon Community Power shall, if requested, provide the Housing and Community Services De-*  
41 *partment with aggregate data relating to low-income electricity consumers served on a quarterly basis*  
42 *to support program development.*]

43       [(e) *Interest on moneys deposited in the Housing and Community Services Department Low-Income*  
44 *Electric Bill Payment Assistance Fund established by ORS 456.587 (2) may be used to provide bill*  
45 *payment and crisis assistance to electricity consumers whose primary source of heat is not electricity.*]

1       *[(f) Notwithstanding ORS 757.310, the commission may allow an electric company or Oregon*  
 2       *Community Power to provide reduced rates or other bill payment or crisis assistance or low-income*  
 3       *program assistance to a low-income household eligible for assistance under the federal Low Income*  
 4       *Home Energy Assistance Act of 1981, as amended and in effect on July 23, 1999.]*

5       [(8)] (6) For purposes of this section, “retail electricity consumers” includes any direct service  
 6       industrial consumer that purchases electricity without purchasing distribution services from the  
 7       electric utility.

8       [(9)] (7) For purposes of this section, funds collected by Oregon Community Power through  
 9       public purpose charges are not considered moneys received from electric utility operations.

10  
 11                                         **COST-EFFECTIVE ENERGY EFFICIENCY**

12  
 13       **SECTION 2.** ORS 757.054 is amended to read:

14       757.054. (1) As used in this section[,]:

15       (a) “Electric company” has the meaning given that term in ORS 757.600.

16       (b) “Retail electricity consumer” means a retail electricity consumer, as defined in ORS  
 17       **757.600, that is located in Oregon.**

18       (2) The Legislative Assembly finds and declares that:

19       (a) Energy efficiency programs promote lower energy bills, protect the public health and safety,  
 20       improve environmental benefits, stimulate sustainable economic development, create new employ-  
 21       ment opportunities and reduce reliance on imported fuels; and

22       (b) Demand response resources result in more efficient use of existing resources and reduce the  
 23       need for procuring new power generating resources, which, in turn, reduces energy bills, protects  
 24       the public health and safety and improves environmental benefits.

25       (3) For the purpose of ensuring prudent investments by an electric company in energy efficiency  
 26       and demand response before the electric company acquires new generating resources, and in order  
 27       to produce cost-effective energy savings, reduce customer demand for energy, reduce overall elec-  
 28       trical system costs, increase the public health and safety and improve environmental benefits, each  
 29       electric company serving customers in this state shall:

30       (a) Plan for and pursue all available energy efficiency resources that are cost effective, reliable  
 31       and feasible; and

32       (b) As directed by the Public Utility Commission by rule or order, plan for and pursue the ac-  
 33       quisition of **available** cost-effective demand response resources.

34       **(4) All funds necessary to plan for and pursue cost-effective energy efficiency resources**  
 35       **pursuant to subsection (3)(a) of this section must be collected in the rates of an electric**  
 36       **company through charges paid by all retail electricity consumers, such that retail electricity**  
 37       **consumers that purchase electricity from electricity service suppliers pay the same amount**  
 38       **for energy efficiency resources as retail electricity consumers that are not served by elec-**  
 39       **tricity service suppliers. The commission may require that a portion of all of the funds col-**  
 40       **lected under this subsection be paid to a nongovernmental entity to make expenditures**  
 41       **consistent with this section.**

42       (5)(a) A retail electricity consumer that uses more than one average megawatt of elec-  
 43       tricity at any site in the prior year shall receive a credit against the amount charged in rates  
 44       pursuant to subsection (4) of this section for that site for qualifying expenditures for energy  
 45       efficiency resources made by the retail electricity consumer. The amount of the credit may

1 not exceed the lesser of:

2 (A) The amount charged to the retail electricity consumer in rates; or

3 (B) The total amount of qualifying energy efficiency expenditures described in subsection  
4 (3)(a) of this section made by the retail electricity consumer for that site, less administration  
5 costs incurred under this subsection.

6 (b) The commission shall adopt by rule procedures and other provisions necessary for a  
7 retail electricity consumer to obtain a credit under this subsection.

8 **SECTION 3.** (1) As used in this section:

9 (a) “Single contiguous area” includes an area of land crossed by a public or railroad right  
10 of way, but does not include infrastructure facilities located within the public or railroad  
11 right of way for purposes of determining whether the single contiguous area of land consti-  
12 tutes a site.

13 (b) “Site” means:

14 (A) Buildings and related structures that are interconnected by facilities owned by a  
15 single retail electricity consumer and that are served through a single electric meter; or

16 (B) A single contiguous area of land containing buildings or other structures within  
17 which each building or structure is no more than 1,000 feet from at least one other building  
18 or structure, if the buildings and structures and the land containing and connecting the  
19 buildings and structures are all owned by a single retail electricity consumer, either directly  
20 or through a wholly owned subsidiary, that is billed for electricity use at the buildings and  
21 structures.

22 (2) For the period beginning on the effective date of this 2021 Act and ending December  
23 31, 2025, a retail electricity consumer that uses more than one average megawatt of elec-  
24 tricity at any site in the prior year may not be charged an amount in rates pursuant to ORS  
25 757.054 (4) that exceeds 1.7 percent of the total revenue received from the sale of electricity  
26 services to the site from any source.

27 (3) For the period beginning January 1, 2026, and ending December 31, 2035, the combined  
28 annual amount charged under ORS 757.054 and 757.612 to a retail electricity consumer that  
29 uses more than one average megawatt and less than 10 average megawatts of electricity at  
30 any site in the prior year may not exceed \$250,000.

31 (4)(a) For the period beginning January 1, 2026, and ending December 31, 2030, the com-  
32 bined annual amount charged under ORS 757.054 and 757.612 to a retail electricity consumer  
33 that uses more than 10 average megawatts of electricity at any site in the prior year may  
34 not exceed \$4 million.

35 (b) For the period beginning January 1, 2031, and ending December 31, 2035, the combined  
36 annual amount charged under ORS 757.054 and 757.612 to a retail electricity consumer that  
37 uses more than 10 average megawatts of electricity at any site in the prior year may not  
38 exceed \$4.5 million.

39 **SECTION 4.** Section 3 of this 2021 Act is repealed on January 2, 2036.

40 **SECTION 5.** ORS 757.613 is amended to read:

41 757.613. (1) If an electric company [*or Oregon Community Power*] invests moneys collected **under**  
42 **ORS 757.054** [*as a public purpose charge under ORS 757.612*] on new cost-effective local energy  
43 conservation, or if the nongovernmental entity described in [*ORS 757.612 (3)(g)*] **section 9 of this**  
44 **2021 Act** invests moneys paid to the nongovernmental entity under [*ORS 757.612 (3)(d)*] **ORS 757.054**  
45 on new cost-effective local energy conservation, and if the investment involves updating the energy



1 efficiency of a residential or nonresidential building, the electric company, Oregon Community  
2 Power or the nongovernmental entity may make those investments by conducting a whole building  
3 assessment of the energy efficiency of the building and, in consideration of the whole building as-  
4 sessment, by maximizing the overall energy efficiency of the building. For purposes of this sub-  
5 section, a “whole building assessment” means a single assessment of savings opportunities, as  
6 identified by the Public Utility Commission by rule or order.

7 (2) An investment described in subsection (1) of this section must be limited to an investment  
8 in a single project, as authorized by the commission by rule or order.

9  
10 **APPLICABILITY OF CERTAIN ENERGY CONSERVATION PROGRAM**  
11 **REQUIREMENTS TO ELECTRIC COMPANIES**

12  
13 **SECTION 6.** Section 7 of this 2021 Act is added to and made a part of ORS chapter 757.

14 **SECTION 7.** Notwithstanding the specific requirements imposed on an electric company  
15 by ORS 469.631 to 469.645 and 469.860 to 469.900, an electric company meets the requirements  
16 of ORS 469.631 to 469.645 and 469.860 to 469.900 if the electric company:

17 (1) Meets the public purpose expenditure standard established under ORS 757.612; and

18 (2) Plans for and pursues cost-effective energy efficiency and demand response resources  
19 as required under ORS 757.054.

20  
21 **REQUIREMENTS RELATED TO NONGOVERNMENTAL ENTITIES**  
22 **(Generally)**

23  
24 **SECTION 8.** Section 9 of this 2021 Act is added to and made a part of ORS chapter 757.

25 **SECTION 9.** (1) If the Public Utility Commission requires funds collected pursuant to  
26 ORS 757.054, through natural gas tariffs or through public purpose charges pursuant to ORS  
27 757.612 to be paid to a nongovernmental entity, the entity shall:

28 (a) Include on the entity’s board of directors an ex officio member designated by the  
29 commission, who shall also serve on the entity’s nominating committee for filling board va-  
30 cancies.

31 (b) Require the entity’s officers and directors to provide an annual disclosure of economic  
32 interest to be filed with the commission on or prior to April 15 of each calendar year for  
33 public review in a form similar to the statement of economic interest required for public  
34 officials under ORS 244.060.

35 (c) Require the entity’s officers and directors to declare actual and potential conflicts of  
36 interest at regular meetings of the entity’s governing body when such conflicts arise, and  
37 require an officer or director to abstain from participating in any discussion or voting on any  
38 item where that officer or director has an actual conflict of interest. For the purposes of this  
39 paragraph, “actual conflict of interest” and “potential conflict of interest” have the meanings  
40 given those terms in ORS 244.020.

41 (d) Annually, arrange for an independent auditor to audit the entity’s financial state-  
42 ments, and direct the auditor to file an audit opinion with the commission for public review.

43 (e) With public utilities, jointly develop public utility-specific budgets, action plans and  
44 agreements that detail the entity’s public utility-specific planned activities, resources and  
45 technologies pursuant to ORS 757.054 and 757.612 (3)(b)(B), including coordinated activities

1 that require joint investment and deployment. Each action plan must reflect stakeholder  
 2 feedback gathered through a public process managed by the entity and the relevant public  
 3 utility as overseen by the commission.

4 (f) File with the commission the entity’s budget, action plan and quarterly and annual  
 5 reports for public review. The entity’s budget and action plan must include the budget and  
 6 action plans jointly developed with public utilities under paragraph (e) of this subsection.

7 (g) At least once every five years, contract for an independent management evaluation  
 8 to review the entity’s operations, efficiency and effectiveness, and direct the independent  
 9 reviewer to file a report with the commission for public review.

10 (2) The commission may remove from the board of directors of a nongovernmental entity  
 11 an officer or director who fails to provide an annual disclosure of economic interest, or who  
 12 fails to declare an actual or potential conflict of interest, as described in this section, if the  
 13 failure is connected to the allocation or expenditure of funds collected pursuant to ORS  
 14 757.054, through natural gas tariffs or through public purpose charges pursuant to ORS  
 15 757.612 and paid to the entity.

16  
 17 (Environmental Justice)  
 18

19 SECTION 10. Section 11 of this 2021 Act is added to and made a part of ORS chapter 757.

20 SECTION 11. (1) As used in this section, “Environmental justice” means the equal  
 21 treatment, protection from environmental and health hazards, and meaningful involvement  
 22 of environmental justice communities in the development, implementation and enforcement  
 23 of regulations and policies that affect the environment in which people live, work, learn,  
 24 practice spirituality and play.

25 (2) The Public Utility Commission shall establish, and update no less than once every four  
 26 years, equity metrics for the purpose of assessing, addressing and creating accountability for  
 27 environmental justice in the expenditure and investment of funds collected pursuant to ORS  
 28 757.054, through natural gas tariffs or through public purpose charges pursuant to ORS  
 29 757.612 and paid to a nongovernmental entity. The equity metrics and each update required  
 30 by this section must reflect feedback gathered through a public process that is managed by  
 31 the commission and that, at a minimum, includes representatives of environmental justice  
 32 communities.

33 (3) Each nongovernmental entity that is paid funds collected pursuant to ORS 757.054,  
 34 through natural gas tariffs or through public purpose charges pursuant to ORS 757.612 shall,  
 35 as part of the entity’s filings required under section 9 (1)(f) of this 2021 Act, report on the  
 36 entity’s progress in achieving the equity metrics established pursuant to this section.

37 SECTION 12. The equity metrics required to be established under section 11 of this 2021  
 38 Act shall first be established by the Public Utility Commission no later than December 31,  
 39 2022.

40  
 41 REPEAL  
 42

43 SECTION 13. ORS 757.689 is repealed.  
 44

45 LOW-INCOME ELECTRIC BILL PAYMENT ASSISTANCE

1       **SECTION 14.** Sections 15 and 16 of this 2021 Act are added to and made a part of ORS  
 2 chapter 757.

3       **SECTION 15.** (1) An electric company, as defined in ORS 757.600, or Oregon Community  
 4 Power shall collect funds for low-income electric bill payment and crisis assistance in an  
 5 amount determined by the Public Utility Commission. The commission shall:

6           (a) Establish the amount to be collected and rates to be charged by each electric com-  
 7 pany from its customers, including customers receiving electricity from other sources, such  
 8 that the forecasted collection by all electric companies in a calendar year is at least \$20  
 9 million.

10          (b) Adjust the rates if forecasted collections or actual collections are less than \$20 million  
 11 in any calendar year but shall not otherwise adjust the rates once set.

12          (c) Ensure that no customer pays more than \$500 per month per customer site for low-  
 13 income electric bill payment and crisis assistance.

14       (2) Funds collected by an electric company or Oregon Community Power under this sec-  
 15 tion shall be:

16           (a) Paid into the Housing and Community Services Department Low-Income Electric Bill  
 17 Payment Assistance Fund established by ORS 456.587 (2);

18           (b) Used by the Housing and Community Services Department solely for purposes related  
 19 to low-income electric bill payment and crisis assistance and for the Housing and Community  
 20 Services Department's cost of administering this section; and

21           (c) Expended in the service area of the electric company or Oregon Community Power  
 22 from which the funds are collected.

23       (3) The Housing and Community Services Department shall determine the manner in  
 24 which funds collected under this subsection are allocated by the department to energy as-  
 25 sistance program providers for the purpose of providing low-income electric bill payment and  
 26 crisis assistance. However, the department shall:

27           (a) In consultation with electric companies, investigate and may implement alternative  
 28 delivery models to effectively reduce service disconnections and related costs to customers  
 29 and electric companies; and

30           (b) Direct priority assistance to low-income customers who are in danger of having their  
 31 electricity service disconnected.

32       (4) The department shall maintain records and provide those records upon request to an  
 33 electric company, Oregon Community Power and the Citizens' Utility Board established un-  
 34 der ORS chapter 774 on a quarterly basis. Records maintained must include the numbers of  
 35 low-income customers served, the average amounts paid and the type of assistance provided.  
 36 Electric companies and Oregon Community Power shall, if requested, provide the department  
 37 with aggregate data relating to low-income customers served on a quarterly basis to support  
 38 program development.

39       (5) Interest on moneys deposited in the Housing and Community Services Department  
 40 Low-Income Electric Bill Payment Assistance Fund established by ORS 456.587 (2) may be  
 41 used to provide bill payment and crisis assistance to customers whose primary source of heat  
 42 is not electricity.

43       (6) Notwithstanding ORS 757.310, the commission may allow an electric company or  
 44 Oregon Community Power to provide reduced rates or other bill payment or crisis assistance  
 45 or low-income program assistance to a low-income household eligible for assistance under

1 the federal Low Income Home Energy Assistance Act of 1981, as amended and in effect on  
2 July 23, 1999.

3 **SECTION 16.** (1) In addition to the funds collected pursuant to section 15 (1) of this 2021  
4 Act, the Public Utility Commission shall provide for, through rates charged to all customers  
5 of electric companies, as that term is defined in ORS 757.600, collection of \$10 million per  
6 calendar year for low-income electric bill payment and crisis assistance.

7 (2) Notwithstanding section 15 (1) of this 2021 Act, the rates established by the commis-  
8 sion for low-income electric bill payment and crisis assistance may not be less than the rates  
9 in effect on the effective date of this 2021 Act.

10 (3) Notwithstanding section 15 (3) of this 2021 Act, for purposes of the additional amounts  
11 collected pursuant to this section, the Housing and Community Services Department shall:

12 (a) Ensure that the additional amounts collected respond to and are delivered to cus-  
13 tomers of electric companies who have lost income due to circumstances arising from the  
14 disease caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);

15 (b) Design delivery of the additional amounts in alignment with existing energy assist-  
16 ance programs but broaden income eligibility and benefit levels such that:

17 (A) Income eligibility is expanded to households at or below 80 percent of area median  
18 income;

19 (B) Standard household benefit levels may be increased to account for utility arrearages  
20 directly related to employment, income or health effects of SARS-CoV-2; and

21 (C) Persons already enrolled in or receiving state-administered, low-income assistance  
22 from programs determined by the department, including but not limited to through the fed-  
23 eral Low Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.), are auto-  
24 matically eligible for low-income electric bill payment and crisis assistance.

25 **SECTION 17.** Section 16 of this 2021 Act is repealed on January 2, 2024.

26  
27 **CONFORMING AMENDMENTS**

28  
29 **SECTION 18.** Section 1, chapter 63, Oregon Laws 2016, is amended to read:

30 **Sec. 1.** (1) As used in this section:

31 (a) “Investor-owned utility” means an investor-owned utility, as defined in ORS 469.631, that  
32 distributes electricity.

33 (b) “Nameplate capacity” means the maximum rated output of a generator, inverter or other  
34 electric power production equipment measured in alternating current under specific conditions des-  
35 ignated by the manufacturer of the equipment.

36 (c) “Publicly owned utility” has the meaning given that term in ORS 469.649.

37 (d) “Solar photovoltaic energy system” means equipment and devices that have the primary  
38 purpose of collecting solar energy and generating electricity by photovoltaic effect.

39 (2) The Oregon Business Development Department shall establish a program to incentivize the  
40 generation of electricity derived from solar energy. In establishing the program, the department  
41 shall:

42 (a) Prescribe the form and manner by which the owner or operator of a solar photovoltaic en-  
43 ergy system may apply to participate in the program;

44 (b) Require an owner or operator of a solar photovoltaic energy system applying to participate  
45 in the program to submit a plan to complete construction of the solar photovoltaic energy system

1 and begin to generate electricity within one year after being enrolled in the program;

2 (c) Enroll in the program applicants that own or operate solar photovoltaic energy systems  
3 qualified to be included in the program;

4 (d) Limit the cumulative nameplate capacity of solar photovoltaic energy systems included in the  
5 program that are owned or operated by a single program enrollee, and any business affiliated with  
6 the program enrollee, to 35 megawatts; and

7 (e) Close the program to new applicants on the earlier of the following dates:

8 (A) The date on which all solar photovoltaic energy systems included in the program have a  
9 cumulative nameplate capacity of 150 megawatts; or

10 (B) January 2, 2017.

11 (3)(a) To participate in the program, an owner or operator of a solar photovoltaic energy system  
12 must demonstrate to the satisfaction of the department that the solar photovoltaic energy system is  
13 qualified to be included in the program. A solar photovoltaic energy system is qualified to be in-  
14 cluded in the program if the solar photovoltaic energy system:

15 (A) Is located in this state;

16 (B) Has a nameplate capacity of at least two megawatts;

17 (C) Has a nameplate capacity of no more than 10 megawatts;

18 (D) Has a commercial operations date, as specified in a power purchase agreement, of January  
19 1, 2016, or later;

20 (E) Is either directly connected to the electrical system of an investor-owned utility or publicly  
21 owned utility, or is indirectly connected to the electrical system of an investor-owned utility or  
22 publicly owned utility in a manner that the department determines is acceptable for program  
23 enrollees;

24 (F) Has a meter or other device that monitors and measures the quantity of energy generated  
25 by the solar photovoltaic energy system; and

26 (G) Meets any other siting, design, interconnection, installation and electric output standards  
27 required by the laws of this state.

28 (b) An investor-owned utility or a publicly owned utility that owns a qualified solar photovoltaic  
29 energy system is eligible to participate in the program.

30 (4)(a) Subject to paragraphs (b) and (c) of this subsection, for the purpose of incentivizing the  
31 generation of electricity derived from solar energy, the department shall make a monthly payment  
32 to a program enrollee for a solar photovoltaic energy system that generates electricity for an  
33 amount that equals one-half cent per kilowatt hour of electricity generated by the solar photovoltaic  
34 energy system during the preceding month. Payments shall continue for five years after the date  
35 on which the department makes the initial payment to the program enrollee for energy generated  
36 by the solar photovoltaic energy system.

37 (b) Beginning one year after a program enrollee is enrolled in the program, for each month that  
38 the program enrollee's solar photovoltaic energy system does not generate electricity, the depart-  
39 ment shall reduce by one month the number of monthly payments otherwise required to be paid to  
40 the program enrollee under paragraph (a) of this subsection for that solar photovoltaic energy sys-  
41 tem.

42 (c) If by two years after a program enrollee is enrolled in the program the program enrollee's  
43 solar photovoltaic energy system has not generated electricity, the department shall remove the  
44 solar photovoltaic energy system from the program established under this section and the program  
45 enrollee may not receive any payments otherwise required to be paid to the program enrollee under

1 paragraph (a) of this subsection for that solar photovoltaic energy system.

2 (5) Before enrolling an applicant as described in subsection (2)(c) of this section, the Oregon  
3 Business Development Department shall:

4 (a) Consult with the State Department of Energy to ensure that:

5 (A) A proposed solar photovoltaic energy system is qualified as described in subsection (3) of  
6 this section; and

7 (B) The solar photovoltaic energy system, if not generating electricity on the date of application,  
8 is likely to begin generating electricity no later than one year after the date on which the owner  
9 or operator of the solar photovoltaic energy system applies to be included in the program; and

10 (b) If applicable, consult with the Public Utility Commission to ensure that the costs associated  
11 with a solar photovoltaic energy system will be recoverable pursuant to a schedule submitted to and  
12 approved by the commission in accordance with ORS 757.205 and 757.210 or pursuant to other ap-  
13 plicable provisions of law providing for the recovery of costs borne by investor-owned utilities.

14 (6) The owner of a solar photovoltaic energy system included in the program established under  
15 this section:

16 (a) Also owns all renewable energy certificates established under ORS 469A.130 that are asso-  
17 ciated with the generation of electricity by the solar photovoltaic energy system; and

18 (b) Is not eligible to receive funds under ORS 757.612 (3)(b)(B) **(2019 Edition)** unless the funds  
19 are received pursuant to an agreement entered into before *[the effective date of this 2016 Act]* **March**  
20 **16, 2016**.

21 (7) The Oregon Business Development Department may adopt rules to implement this section.

22 (8) The department shall submit a report on implementing this section in the manner provided  
23 by ORS 192.245 to an interim committee of the Legislative Assembly related to energy no later than  
24 September 15 of each odd-numbered year.

25 **SECTION 19.** ORS 297.300 is amended to read:

26 297.300. The records related to any funds collected **pursuant to ORS 757.054, through natural**  
27 **gas tariffs or** through public purpose charges **pursuant to ORS 757.612** and paid to a nongovern-  
28 mental entity as described in *[ORS 757.612]* **section 9 of this 2021 Act** shall be subject to audit by  
29 the Secretary of State.

30 **SECTION 20.** ORS 317A.100, as amended by section 1, chapter 2, Oregon Laws 2020 (first spe-  
31 cial session), is amended to read:

32 317A.100. As used in ORS 317A.100 to 317A.158:

33 (1)(a) “Commercial activity” means:

34 (A) The total amount realized by a person, arising from transactions and activity in the regular  
35 course of the person’s trade or business, without deduction for expenses incurred by the trade or  
36 business;

37 (B) If received by a financial institution:

38 (i) If the reporting person for a financial institution is a holding company, all items of income  
39 reported on the FR Y-9 filed by the holding company;

40 (ii) If the reporting person for a financial institution is a bank organization, all items of income  
41 reported on the call report filed by the bank organization; and

42 (iii) If the reporting person for a financial institution is a nonbank financial organization, all  
43 items of income reported in accordance with generally accepted accounting principles; and

44 (C)(i) If received by an insurer, as reported on the statement of premiums accompanying the  
45 annual statement required under ORS 731.574 to be filed with the Director of the Department of

1 Consumer and Business Services, all gross direct life insurance premiums, gross direct accident and  
 2 health insurance premiums and gross direct property and casualty insurance premiums; and

3 (ii) The gross amount of surplus lines premiums received on Oregon home state risks as shown  
 4 in the report required by ORS 735.465.

5 (b) "Commercial activity" does not include:

6 (A) Interest income except:

7 (i) Interest on credit sales; or

8 (ii) Interest income, including service charges, received by financial institutions;

9 (B) Receipts from the sale, exchange or other disposition of an asset described in section 1221  
 10 or 1231 of the Internal Revenue Code, without regard to the length of time the person held the asset;

11 (C) If received by an insurer, federally reinsured premiums or income from transactions between  
 12 a reciprocal insurer and its attorney in fact operating under ORS 731.142;

13 (D) Receipts from hedging transactions, to the extent that the transactions are entered into  
 14 primarily to protect a financial position, including transactions intended to manage the risk of ex-  
 15 posure to foreign currency fluctuations that affect assets, liabilities, profits, losses, equity or in-  
 16 vestments in foreign operations, risk of exposure to interest rate fluctuations or risk of commodity  
 17 price fluctuations;

18 (E) Proceeds received attributable to the repayment, maturity or redemption of the principal of  
 19 a loan, bond, mutual fund, certificate of deposit or marketable instrument;

20 (F) The principal amount received under a repurchase agreement or on account of any trans-  
 21 action properly characterized as a loan to the person;

22 (G) Contributions received by a trust, plan or other arrangement, any of which is described in  
 23 section 501(a) of the Internal Revenue Code, or to which title 26, subtitle A, chapter 1, subchapter  
 24 (D) of the Internal Revenue Code applies;

25 (H) Compensation, whether current or deferred, and whether in cash or in kind, received or to  
 26 be received by an employee, a former employee or the employee's legal successor for services ren-  
 27 dered to or for an employer, including reimbursements received by or for an individual for medical  
 28 or education expenses, health insurance premiums or employee expenses or on account of a de-  
 29 pendent care spending account, legal services plan, any cafeteria plan described in section 125 of  
 30 the Internal Revenue Code or any similar employee reimbursement;

31 (I) Proceeds received from the issuance of the taxpayer's own stock, options, warrants, puts or  
 32 calls, or from the sale of the taxpayer's treasury stock;

33 (J) Proceeds received on the account of payments from insurance policies, including crop in-  
 34 surance policies, owned by the taxpayer, except those proceeds received for the loss of commercial  
 35 activity;

36 (K) Gifts or charitable contributions received, membership dues received by trade, professional,  
 37 homeowners' or condominium associations, payments received for educational courses, meetings or  
 38 meals, or similar payments to a trade, professional or other similar association, and fundraising re-  
 39 cepts received by any person when any excess receipts are donated or used exclusively for chari-  
 40 table purposes;

41 (L) Damages received as the result of litigation in excess of amounts that, if received without  
 42 litigation, would be treated as commercial activity;

43 (M) Property, money and other amounts received or acquired by an agent on behalf of another  
 44 in excess of the agent's commission, fee or other remuneration;

45 (N) Tax refunds from any tax program, other tax benefit recoveries and reimbursements for the

1 tax imposed under ORS 317A.100 to 317A.158 made by entities that are part of the same unitary  
2 group as provided under ORS 317A.106, and reimbursements made by entities that are not members  
3 of a unitary group that are required to be made for economic parity among multiple owners of an  
4 entity whose tax obligation under ORS 317A.100 to 317A.158 is required to be reported and paid  
5 entirely by one owner, as provided in ORS 317A.106;

6 (O) Pension reversions;

7 (P) Contributions to capital;

8 (Q) Receipts from the sale, transfer, exchange or other disposition of motor vehicle fuel or any  
9 other product used for the propulsion of motor vehicles;

10 (R) In the case of receipts from the sale of cigarettes or tobacco products by a wholesale dealer,  
11 retail dealer, distributor, manufacturer or seller, an amount equal to the federal and state excise  
12 taxes paid by any person on or for such cigarettes or tobacco products under subtitle E of the  
13 Internal Revenue Code or ORS chapter 323;

14 (S) In the case of receipts from the sale of malt beverages or wine, as defined in ORS 471.001,  
15 cider, as defined in ORS 471.023 or distilled liquor, as defined in ORS 471.001, by a person holding  
16 a license issued under ORS chapter 471, an amount equal to the federal and state excise taxes paid  
17 by any person on or for such malt beverages, wine or distilled liquor under subtitle E of the Internal  
18 Revenue Code or ORS chapter 471 or 473, and any amount paid to the Oregon Liquor Control  
19 Commission for sales of distilled spirits by an agent appointed under ORS 471.750;

20 (T) In the case of receipts from the sale of marijuana items, as defined in ORS 475B.015, by a  
21 person holding a license issued under ORS 475B.010 to 475B.545, an amount equal to the federal and  
22 state excise taxes paid by any person on or for such marijuana items under subtitle E of the Internal  
23 Revenue Code or ORS 475B.700 to 475B.760 and any local retail taxes authorized under ORS  
24 475B.491;

25 (U) Local taxes collected by a restaurant or other food establishment on sales of meals, prepared  
26 food or beverages;

27 (V) Tips or gratuities collected by a restaurant or other food establishment and passed on to  
28 employees;

29 (W) Receipts realized by a vehicle dealer certified under ORS 822.020 or a person described in  
30 ORS 320.400 (8)(a)(B) from the sale or other transfer of a motor vehicle, as defined in ORS 801.360,  
31 to another vehicle dealer for the purpose of resale by the transferee vehicle dealer, but only if the  
32 sale or other transfer was based upon the transferee's need to meet a specific customer's preference  
33 for a motor vehicle;

34 (X) Registration fees or taxes collected by a vehicle dealer certified under ORS 822.020 or a  
35 person described in ORS 320.400 (8)(a)(B) at the sale or other transfer of a motor vehicle, as defined  
36 in ORS 801.360, that are owed to a third party by the purchaser of the motor vehicle and passed to  
37 the third party by the dealer;

38 (Y) Receipts from a financial institution for services provided to the financial institution in  
39 connection with the issuance, processing, servicing and management of loans or credit accounts, if  
40 the financial institution and the recipient of the receipts have at least 50 percent of their ownership  
41 interests owned or controlled, directly or constructively through related interests, by common own-  
42 ers;

43 (Z) In the case of amounts retained as commissions by a holder of a license under ORS chapter  
44 462, an amount equal to the amounts specified under ORS chapter 462 that must be paid to or col-  
45 lected by the Department of Revenue as a tax and the amounts specified under ORS chapter 462 to



- 1 be used as purse money;
- 2 (AA) Net revenue of residential care facilities as defined in ORS 443.400 or in-home care agen-
- 3 cies as defined in ORS 443.305, to the extent that the revenue is derived from or received as com-
- 4 pensation for providing services to a medical assistance or Medicare recipient;
- 5 (BB) Dividends received;
- 6 (CC) Distributive income received from a pass-through entity;
- 7 (DD) Receipts from sales to a wholesaler in this state, if the seller receives certification at the
- 8 time of sale from the wholesaler that the wholesaler will sell the purchased property outside this
- 9 state;
- 10 (EE) Receipts from the wholesale or retail sale of groceries;
- 11 (FF) Receipts from transactions among members of a unitary group;
- 12 (GG) Moneys, including public purpose charge moneys collected under ORS 757.612 and [*costs*
- 13 *of funding or implementing cost-effective energy conservation measures collected under ORS 757.689*]
- 14 **moneys collected to plan for and pursue cost-effective energy efficiency resources under ORS**
- 15 **757.054**, that are collected from customers, passed to a utility and approved by the Public Utility
- 16 Commission and that support energy conservation, renewable resource acquisition and low-income
- 17 assistance programs;
- 18 (HH) Moneys collected by a utility from customers for the payment of loans through on-bill fi-
- 19 nancing;
- 20 (II) Surcharges collected under ORS 757.736;
- 21 (JJ) Moneys passed to a utility by the Bonneville Power Administration for the purpose of
- 22 effectuating the Regional Power Act Exchange credits or pursuant to any settlement associated with
- 23 the exchange credit;
- 24 (KK) Moneys collected or recovered, by entities listed in ORS 756.310, cable operators as de-
- 25 fined in 47 U.S.C. 522(5), telecommunications carriers as defined in 47 U.S.C. 153(51) and providers
- 26 of information services as defined in 47 U.S.C. 153(24), for fees payable under ORS 756.310, right-of-
- 27 way fees, franchise fees, privilege taxes, federal taxes and local taxes;
- 28 (LL) Charges paid to the Residential Service Protection Fund required by chapter 290, Oregon
- 29 Laws 1987;
- 30 (MM) Universal service surcharge moneys collected or recovered and paid into the universal
- 31 service fund established in ORS 759.425;
- 32 (NN) Moneys collected for public purpose funding as described in ORS 759.430;
- 33 (OO) Moneys collected or recovered and paid into the federal universal service fund as deter-
- 34 mined by the Federal Communications Commission;
- 35 (PP) In the case of a seller or provider of telecommunications services, the amount of tax im-
- 36 posed under ORS 403.200 for access to the emergency communications system that is collected from
- 37 subscribers or consumers;
- 38 (QQ) In the case of a transient lodging tax collector, the amount of tax imposed under ORS
- 39 320.305 and of any local transient lodging tax imposed upon the occupancy of transit lodging;
- 40 (RR) In the case of a seller of bicycles, the amount of tax imposed under ORS 320.415 upon retail
- 41 sales of bicycles;
- 42 (SS) In the case of a qualified heavy equipment provider, the amount of tax imposed under ORS
- 43 307.872 upon the rental price of heavy equipment;
- 44 (TT) Farmer sales to an agricultural cooperative in this state that is a cooperative organization
- 45 described in section 1381 of the Internal Revenue Code;

1 (UU) Revenue received by a business entity that is mandated by contract or subcontract to be  
 2 distributed to another person or entity if the revenue constitutes sales commissions that are paid  
 3 to a person who is not an employee of the business entity, including, without limitation, a split-fee  
 4 real estate commission; and

5 (VV) Receipts from the sale of fluid milk by dairy farmers that are not members of an agricul-  
 6 tural cooperative.

7 (2) “Cost inputs” means:

8 (a) The cost of goods sold as calculated in arriving at federal taxable income under the Internal  
 9 Revenue Code; or

10 (b) In the case of a taxpayer that is engaged in a farming operation, as defined in section 6,  
 11 chapter 2, Oregon Laws 2020 (first special session) (Enrolled House Bill 4202), and that does not  
 12 report cost of goods sold for federal tax purposes, the taxpayer’s operating expenses excluding labor  
 13 costs.

14 (3) “Doing business” means engaging in any activity, whether legal or illegal, that is conducted  
 15 for, or results in, the receipt of commercial activity at any time during a calendar year.

16 (4) “Excluded person” means any of the following:

17 (a) Organizations described in sections 501(c) and 501(j) of the Internal Revenue Code, unless the  
 18 exemption is denied under section 501(h), (i) or (m) or under section 502, 503 or 505 of the Internal  
 19 Revenue Code.

20 (b) Organizations described in section 501(d) of the Internal Revenue Code, unless the exemption  
 21 is denied under section 502 or 503 of the Internal Revenue Code.

22 (c) Organizations described in section 501(e) of the Internal Revenue Code.

23 (d) Organizations described in section 501(f) of the Internal Revenue Code.

24 (e) Charitable risk pools described in section 501(n) of the Internal Revenue Code.

25 (f) Organizations described in section 521 of the Internal Revenue Code.

26 (g) Qualified state tuition programs described in section 529 of the Internal Revenue Code.

27 (h) Foreign or alien insurance companies, but only with respect to the underwriting profit de-  
 28 rived from writing wet marine and transportation insurance subject to tax under ORS 731.824 and  
 29 731.828.

30 (i) Governmental entities.

31 (j) Any person with commercial activity that does not exceed \$750,000 for the calendar year,  
 32 other than a person that is part of a unitary group as provided in ORS 317A.106 with commercial  
 33 activity in excess of \$750,000.

34 (k) Hospitals subject to assessment under ORS 414.855, long term care facilities subject to as-  
 35 sessment under ORS 409.801 or any entity subject to assessment under ORS 414.880 or section 3 or  
 36 5, chapter 538, Oregon Laws 2017.

37 (L) Manufactured dwelling park nonprofit cooperatives organized under ORS chapter 62.

38 (5) “Financial institution” has the meaning given that term in ORS 314.610, except that “finan-  
 39 cial institution” does not include a credit union.

40 (6)(a) “FR Y-9” means the consolidated or parent-only financial statements that a holding com-  
 41 pany is required to file with the Federal Reserve Board pursuant to 12 U.S.C. 1844.

42 (b) In the case of a holding company required to file both consolidated and parent-only financial  
 43 statements, “FR Y-9” means the consolidated financial statements that the holding company is re-  
 44 quired to file.

45 (7) “Governmental entity” means:

- 1 (a) The United States and any of its unincorporated agencies and instrumentalities.
- 2 (b) Any incorporated agency or instrumentality of the United States wholly owned by the United  
3 States or by a corporation wholly owned by the United States.
- 4 (c) The State of Oregon and any of its unincorporated agencies and instrumentalities.
- 5 (d) Any county, city, district or other political subdivision of the state.
- 6 (e) A special government body as defined in ORS 174.117.
- 7 (f) A federally recognized Indian tribe.
- 8 (8) "Groceries" means food as defined in 7 U.S.C. 2012(k), but does not include cannabinoid  
9 edibles or marijuana seeds.
- 10 (9)(a) "Hedging transaction" means a hedging transaction as defined in section 1221 of the  
11 Internal Revenue Code or a transaction accorded hedge accounting treatment under Financial Ac-  
12 counting Standards Board Statement No. 133.
- 13 (b) "Hedging transaction" does not include a transaction in which an actual transfer of title of  
14 real or tangible property to another entity occurs.
- 15 (10) "Insurer" has the meaning given that term in ORS 317.010.
- 16 (11) "Internal Revenue Code," except where the Legislative Assembly has provided otherwise,  
17 refers to the laws of the United States or to the Internal Revenue Code as they are amended and  
18 in effect on December 31, 2018.
- 19 (12) "Labor costs" means total compensation of all employees, not to include compensation paid  
20 to any single employee in excess of \$500,000.
- 21 (13)(a) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles"  
22 means:
- 23 (A) Motor vehicle fuel as defined in ORS 319.010; and
- 24 (B) Fuel the use of which in a motor vehicle is subject to taxation under ORS 319.530.
- 25 (b) "Motor vehicle fuel or any other product used for the propulsion of motor vehicles" does not  
26 mean:
- 27 (A) Electricity; or
- 28 (B) Electric batteries or any other mechanical or physical component or accessory of a motor  
29 vehicle.
- 30 (14) "Person" includes individuals, combinations of individuals of any form, receivers, assignees,  
31 trustees in bankruptcy, firms, companies, joint-stock companies, business trusts, estates, partner-  
32 ships, limited liability partnerships, limited liability companies, associations, joint ventures, clubs,  
33 societies, entities organized as for-profit corporations under ORS chapter 60, C corporations, S cor-  
34 porations, qualified subchapter S subsidiaries, qualified subchapter S trusts, trusts, entities that are  
35 disregarded for federal income tax purposes and any other entities.
- 36 (15) "Retailer" means a person doing business by selling tangible personal property to a pur-  
37 chaser for a purpose other than:
- 38 (a) Resale by the purchaser of the property as tangible personal property in the regular course  
39 of business;
- 40 (b) Incorporation by the purchaser of the property in the course of regular business as an in-  
41 gredient or component of real or personal property; or
- 42 (c) Consumption by the purchaser of the property in the production for sale of a new article of  
43 tangible personal property.
- 44 (16) "Taxable commercial activity" means commercial activity sourced to this state under ORS  
45 317A.128, less any subtraction pursuant to ORS 317A.119.

1 (17)(a) "Taxpayer" means any person or unitary group required to register, file or pay tax under  
 2 ORS 317A.100 to 317A.158.

3 (b) "Taxpayer" does not include excluded persons, except to the extent that a tax-exempt entity  
 4 has unrelated business income as described in the Internal Revenue Code.

5 (18)(a) "Unitary business" means a business enterprise in which there exists directly or indi-  
 6 rectly between the members or parts of the enterprise a sharing or exchange of value as demon-  
 7 strated by:

- 8 (A) Centralized management or a common executive force;
- 9 (B) Centralized administrative services or functions resulting in economies of scale; or
- 10 (C) Flow of goods, capital resources or services demonstrating functional integration.

11 (b) "Unitary business" may include a business enterprise the activities of which:

12 (A) Are in the same general line of business, such as manufacturing, wholesaling or retailing;

13 or

14 (B) Constitute steps in a vertically integrated process, such as the steps involved in the pro-  
 15 duction of natural resources, which might include exploration, mining, refining and marketing.

16 (19) "Unitary group" means a group of persons with more than 50 percent common ownership,  
 17 either direct or indirect, that is engaged in business activities that constitute a unitary business.

18 (20) "Wholesaler" means a person primarily doing business by merchant distribution of tangible  
 19 personal property to retailers or to other wholesalers.

20 **SECTION 21.** ORS 456.587 is amended to read:

21 456.587. (1) The Housing and Community Services Department Electricity Public Purpose Charge  
 22 Fund is established in the State Treasury, separate and distinct from the General Fund. Interest  
 23 earned by the Housing and Community Services Department Electricity Public Purpose Charge Fund  
 24 shall be credited to the fund. Moneys in the fund are continuously appropriated to the Housing and  
 25 Community Services Department to be used for purposes specified in ORS 757.612 (3)(b)(D).

26 (2) The Housing and Community Services Department Low-Income Electric Bill Payment As-  
 27 sistance Fund is established in the State Treasury, separate and distinct from the General Fund.  
 28 Interest earned by the Housing and Community Services Department Low-Income Electric Bill Pay-  
 29 ment Assistance Fund shall be credited to the fund. Moneys in the fund are continuously appropri-  
 30 ated to the Housing and Community Services Department for purposes described in [ORS 757.612  
 31 (7)] **section 15 of this 2021 Act.**

32 **SECTION 22.** ORS 757.365 is amended to read:

33 757.365. (1) The Public Utility Commission shall establish a pilot program for each electric  
 34 company to demonstrate the use and effectiveness of volumetric incentive rates and payments for  
 35 electricity or for the nonenergy attributes of electricity, or both, from solar photovoltaic energy  
 36 systems that are permanently installed in this state by retail electricity consumers and that first  
 37 become operational after the program begins. The cumulative nameplate capacity of the qualifying  
 38 systems enrolled in all of the pilot programs may not exceed 27.5 megawatts of alternating current.  
 39 Qualifying systems enrolled in the pilot program may not have nameplate generating capacity  
 40 greater than 500 kilowatts.

41 (2) The commission by rule shall adopt requirements for the pilot programs described in sub-  
 42 section (1) of this section. Each electric company shall file for commission approval tariff schedules  
 43 for the pilot programs that conform to the requirements.

44 (3) The commission may establish incentive rates for the pilot programs to enable the develop-  
 45 ment of the most efficient solar photovoltaic energy systems.

1 (4) A retail electricity consumer participating in a pilot program may receive payments based  
2 on electricity generated from solar photovoltaic energy system output for 15 years from the  
3 consumer's date of enrollment in the program, at rates or through a rate formula in a tariff schedule  
4 established at the time of enrollment, or at rates otherwise established at the time of enrollment.  
5 The consumer thereafter may receive payments based upon electricity generated from the qualifying  
6 system at a rate equal to the resource value.

7 (5) The commission may adjust the tariff schedule as needed for new pilot program participants  
8 for the purpose of meeting the goal established in subsection (1) of this section. Once a retail elec-  
9 tricity consumer is enrolled in a program, the rates or rate formula for determining payments to the  
10 consumer may not be modified.

11 (6) The commission may adopt and adjust a percentage goal for capacity deployed by residential  
12 and small commercial qualifying systems based upon the costs of the energy generated, the feasi-  
13 bility of attaining the goal and other factors. For purposes of attaining the goal described in this  
14 subsection, the commission shall require 2.5 megawatts of alternating current from the cumulative  
15 nameplate capacity of qualifying systems to be generated by individual systems with a nameplate  
16 generating capacity between five and 100 kilowatts.

17 (7) The commission may establish total generator nameplate capacity limits for an electric  
18 company so that the rate impact of the pilot program for any customer class does not exceed 0.25  
19 percent of the electric company's revenue requirement for the class in any year.

20 (8) Ownership of renewable energy certificates established under ORS 469A.130 that are asso-  
21 ciated with renewable energy generation under the pilot programs must be transferred to the elec-  
22 tric company and may be used to comply with the renewable portfolio standard described in ORS  
23 469A.052 or 469A.055.

24 (9) To the extent that rates paid under a pilot program exceed the resource value, qualifying  
25 systems participating in the pilot programs are not eligible for expenditures under ORS 757.612  
26 (3)(b)(B) (**2019 Edition**) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169.

27 (10) All prudently incurred costs associated with compliance with this section are recoverable  
28 in the rates of an electric company.

29 (11) The commission shall advise and assist the owners and operators of qualifying systems in  
30 identifying and using grants, incentive moneys, federal funding and other sources of noninvestment  
31 financial support for the construction and operation of qualifying systems.

32 (12) The pilot programs described in subsection (1) of this section close to new participants on  
33 the earlier of:

34 (a) March 31, 2016; or

35 (b) The date the cumulative nameplate capacity of solar photovoltaic energy systems that have  
36 been permanently installed by retail electricity consumers under the pilot programs equals 27.5  
37 megawatts of alternating current.

38 (13) The commission shall submit a report to the Legislative Assembly by January 1 of each  
39 odd-numbered year. The report must evaluate the effectiveness of the pilot programs described in  
40 subsection (1) of this section compared to the effectiveness of expenditures under ORS 757.612  
41 (3)(b)(B) (**2019 Edition**) or tax credits under ORS 469B.100 to 469B.118 or 469B.130 to 469B.169 for  
42 promoting the use of solar photovoltaic energy systems and reducing system costs. The report must  
43 also estimate the cost of the program to retail electricity consumers and the resource value of solar  
44 energy.

45 **SECTION 23.** ORS 757.247 is amended to read:

1 757.247. (1) The Public Utility Commission may authorize a public utility, upon application of the  
 2 utility, to file and place into effect a tariff schedule establishing rates or charges for the cost of  
 3 energy resource measures provided to an individual property owner or customer pursuant to an  
 4 agreement entered into between the individual property owner or customer and the public utility.  
 5 Energy resource measures provided under this section may include:

6 (a) The installation of renewable energy generation facilities on the property of property owners  
 7 or the premises of customers;

8 (b) The implementation of energy conservation measures, including measures that are not cost-  
 9 effective;

10 (c) The installation of equipment or devices or the implementation of measures that enable de-  
 11 mand reduction, peak load reduction, improved integration of renewable energy generation or more  
 12 effective utilization of energy resources;

13 (d) Loans for the purposes described in paragraphs (a) to (c) of this subsection; and

14 (e) Direct payments to third parties for the purposes described in paragraphs (a) to (c) of this  
 15 subsection.

16 (2) Subject to the agreement entered into between the individual property owner or customer  
 17 and the public utility, a tariff schedule placed into effect under this section may include provisions  
 18 for:

19 (a) The payment of the rates or charges over a period of time;

20 (b) Except as provided in subsection (5) of this section, a reasonable rate of return on any in-  
 21 vestment made by the public utility;

22 (c) The application of any payment obligation to successive owners of the property to which the  
 23 energy resource measure is attached or to successive customers located at the premises to which  
 24 the energy resource measure is attached; and

25 (d) The application of the payment obligation to the current property owner or customer alone,  
 26 secured by methods agreed to by the property owner or customer and the public utility.

27 (3) Application of a tariff schedule under this section is subject to approval by the commission.

28 (4) If a payment obligation applies to successive property owners or customers as described in  
 29 subsection (2)(c) of this section, a public utility shall record a notice of the payment obligation in  
 30 the records maintained by the county clerk under ORS 205.130. The commission may prescribe by  
 31 rule other methods by which the public utility shall notify property owners or customers of such  
 32 payment obligations.

33 (5) A public utility may use moneys obtained through a rate established under ORS 757.603 (2)(a)  
 34 to provide a renewable energy generation facility to a property owner or customer under this sec-  
 35 tion. A public utility may not charge interest to a property owner or customer for a renewable en-  
 36 ergy generation facility acquired with moneys obtained through a rate established under ORS  
 37 757.603 (2)(a).

38 (6) Agreements entered into and tariff schedules placed into effect under this section are not  
 39 subject to ORS 470.500 to 470.710, **757.054** or 757.612 [or 757.689].

40 **SECTION 24.** ORS 757.617 is amended to read:

41 757.617. (1)[(a)] The Public Utility Commission and the State Department of Energy jointly shall  
 42 select an independent nongovernmental entity to prepare a biennial report to the Legislative As-  
 43 sembly describing program spending and results for public purpose requirements undertaken pursu-  
 44 ant to ORS 757.612. [The first report shall be due on January 1, 2003.]

45 [(b) The commission and the department jointly shall select an independent nongovernmental entity

1 *to prepare a report to the Legislative Assembly describing proposed modifications to public purpose*  
2 *requirements undertaken pursuant to ORS 757.612. The report shall be due on January 1, 2007.]*

3 *[(c) The commission and the department jointly shall select an independent nongovernmental entity*  
4 *to prepare a report to the Legislative Assembly recommending whether the public purpose funding re-*  
5 *quirements under ORS 757.612 should be renewed. The report shall be due on January 1, 2011.]*

6 (2) The Housing and Community Services Department shall prepare a biennial report to the  
7 Legislative Assembly describing program spending and needs for low-income bill assistance. [*The*  
8 *first report shall be due on January 1, 2003.*]  
9

10 **CAPTIONS**

11  
12 **SECTION 25. The unit captions used in this 2021 Act are provided only for the conven-**  
13 **ience of the reader and do not become part of the statutory law of this state or express any**  
14 **legislative intent in the enactment of this 2021 Act.**

15  
16 **EMERGENCY CLAUSE**

17  
18 **SECTION 26. This 2021 Act being necessary for the immediate preservation of the public**  
19 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**  
20 **on its passage.**  
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