

Requested by Senator BEYER

**PROPOSED AMENDMENTS TO  
SENATE BILL 784**

1 On page 1 of the printed bill, line 8, delete “Section 2 of this 2021 Act  
2 is” and insert “Sections 2 and 2a of this 2021 Act are”.

3 After line 14, insert:

4 “(b) ‘Natural gas consumer’ means any end user served by a public  
5 utility’s natural gas distribution system, regardless of whether the end user  
6 purchases natural gas from the public utility.”.

7 In line 15, delete “(b)” and insert “(c)”.

8 In line 20, after “of” insert “natural gas or”.

9 On page 2, line 2, delete “(c)” and insert “(d)”.

10 In line 4, after “consumers” insert “or natural gas consumers”.

11 In line 10, after “electricity” insert “or natural gas”.

12 In line 35, after “grid” insert “or natural gas system”.

13 After line 39, insert:  
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15 **“VOLUNTARY EMISSION REDUCTION PROGRAM**  
16

17 **“SECTION 2a. (1) As used in this section, ‘emission’ means any**  
18 **anthropogenic gas, such as carbon dioxide, methane, nitrous oxide,**  
19 **hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.**

20 **“(2) The Public Utility Commission shall establish a voluntary**  
21 **emission reduction program for the purposes of incentivizing public**

1 utilities that furnish natural gas to invest in projects that reduce  
2 emissions and providing benefits to customers of public utilities that  
3 furnish natural gas.

4 “(3) As part of the emission reduction program, the commission  
5 shall establish eligibility criteria for projects. The eligibility criteria  
6 must include:

7 “(a) That the public utility requesting the project be a public utility  
8 that furnishes natural gas and that the project involve the provision  
9 of natural gas;

10 “(b) That the project directly or indirectly reduces emissions;

11 “(c) That the project benefit customers of the public utility as  
12 identified by the commission by rule or order;

13 “(d) That the public utility, without the emission reduction pro-  
14 gram, would not invest in the project in the ordinary course of busi-  
15 ness;

16 “(e) That the public utility, prior to filing an application under  
17 subsection (4) of this section, involve stakeholders as required by the  
18 commission by rule or order; and

19 “(f) That the rate impact of the aggregate of all projects undertaken  
20 by a public utility under this section not exceed an amount established  
21 by the commission by rule or order.

22 “(4) For each project that a public utility proposes under this sec-  
23 tion, the public utility must file with the commission an application.  
24 An application filed under this subsection must include:

25 “(a) A description of the project;

26 “(b) The projected amount of capital and operating costs necessary  
27 to complete and operate the project;

28 “(c) The projected amount of reduced emissions created by the  
29 project;

30 “(d) The potential of the project to reduce emissions not identified

1 **in paragraph (c) of this subsection;**

2 **“(e) The projected date on which the project will become opera-**  
3 **tional;**

4 **“(f) A requested method, as described in subsection (8) of this sec-**  
5 **tion, for recovery of costs incurred and investments made and for the**  
6 **receipt of additional incentives;**

7 **“(g) An explanation of why the public utility, without the emission**  
8 **reduction program, would not invest in the project in the ordinary**  
9 **course of business;**

10 **“(h) Proof of stakeholder involvement;**

11 **“(i) The projected rate impact of the project;**

12 **“(j) The projected aggregate rate impact of all projects proposed by**  
13 **the public utility under this section and approved by the commission**  
14 **for the public utility under this section;**

15 **“(k) An explanation of how the public utility will provide the com-**  
16 **mission with progress updates during the life of the project, including**  
17 **updates on costs and reduced emissions associated with the project;**  
18 **and**

19 **“(L) Any other information required by the commission by rule or**  
20 **order.**

21 **“(5)(a) The commission shall establish a two-tiered process for**  
22 **submitting a project proposal under the emission reduction program.**  
23 **For the purpose of establishing the tiers, the commission shall:**

24 **“(A) Establish a threshold for overall project cost; and**

25 **“(B) Establish a threshold for overall project cost per metric ton**  
26 **of reduced emissions.**

27 **“(b) If a proposed project meets both the threshold described in**  
28 **paragraph (a)(A) of this subsection and the threshold described in**  
29 **paragraph (a)(B) of this subsection, the project is a tier one project**  
30 **subject to the requirements of subsection (6) of this section. If a pro-**

1 posed project does not meet the threshold described in paragraph  
2 (a)(A) of this subsection or the threshold described in paragraph (a)(B)  
3 of this subsection, the project is a tier two project subject to the re-  
4 quirements of subsection (7) of this section.

5 “(6) For tier one projects, the commission shall:

6 “(a) Provide interested parties with an opportunity to submit writ-  
7 ten comment in response to the proposed project;

8 “(b) Hold a public hearing to address all submitted written com-  
9 ments; and

10 “(c) Issue a final order on the proposed project within 90 days of  
11 receiving the application for the project, or at a later time as author-  
12 ized by the public utility.

13 “(7) For tier two projects, the commission shall:

14 “(a) By rule or order, provide interested parties with an opportunity  
15 to submit testimony in response to the proposed project and be heard;  
16 and

17 “(b) Issue a final order on the proposed project within 180 days of  
18 receiving the application for the project, or at a later time as author-  
19 ized by the public utility.

20 “(8) If a final order issued under subsection (6)(c) or (7)(b) of this  
21 section authorizes a project, the order shall specify:

22 “(a) The type of ratepayer from whom the public utility that sub-  
23 mitted the project proposal may recover costs incurred and invest-  
24 ments made and receive any allowed additional incentives. A public  
25 utility may recover costs incurred and investments made and receive  
26 any allowed additional incentives from a type of ratepayer under this  
27 paragraph only if the commission makes a finding that the type of  
28 ratepayer receives a benefit from the project. If the commission makes  
29 a finding that more than one type of ratepayer receives a benefit from  
30 the project, the commission shall allow recovery of costs incurred and

1 investments made and receipt of any allowed additional incentives  
2 from each type of ratepayer in an amount that is proportionate to the  
3 proportion of the benefit received, as determined by the commission,  
4 by the type of ratepayer.

5 “(b) The method by which the public utility that submitted the  
6 project proposal may recover costs incurred and investments made and  
7 receive any allowed additional incentives, and the amount that the  
8 public utility may recover and receive. Methods of recovery and re-  
9 ceipt include:

10 “(A) Payment per unit of reduced emissions;

11 “(B) Preapproval for inclusion in the public utility’s rates of costs  
12 prudently incurred and of investments prudently made;

13 “(C) Return of investment and return on investment; and

14 “(D) Any other method approved by the commission by rule or or-  
15 der.

16 “(9) For purposes related to the emission reduction program estab-  
17 lished under this section, the commission may consider the amount  
18 of reduced emissions created by a project or the value of reduced  
19 emissions created by a project.

20 “(10) The commission shall establish a rate cap for each public  
21 utility for which a project is authorized under this section. The rate  
22 cap must limit the cost of the public utility’s projects authorized under  
23 this section to an amount that does not exceed a percentage of the  
24 public utility’s revenue requirement as identified by the commission  
25 by rule or order. A voluntary emission reduction program described  
26 under subsection (11) of this section shall not count towards the rate  
27 cap.

28 “(11) A voluntary emission reduction program developed in coordi-  
29 nation with a local government to reduce emissions on behalf of cus-  
30 tomers within the boundaries of the local government is subject to the

1 tier one process set forth in subsection (6) of this section and is ex-  
2 empted from the thresholds described in subsection (5)(a) of this sec-  
3 tion.

4 “(12) The commission shall biennially conduct a study on whether  
5 federal law or regulation or other state laws or rules provide adequate  
6 incentives for public utilities that furnish natural gas to invest in  
7 projects that reduce emissions in the ordinary course of business. The  
8 commission shall report the results of a study conducted under this  
9 subsection, and may make recommendations for legislation, to the  
10 Legislative Assembly in the manner described in ORS 192.245 not later  
11 than February 1 of each odd-numbered year.”.

12 On page 9, line 34, after “facility” insert “that utilizes a renewable energy  
13 source, as described in ORS 469A.025, or a facility that processes renewable  
14 natural gas, as defined in ORS 757.392”.

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