

21 April 2021

Joint Ways and Means Committee
Oregon Legislature
900 Court St. NE
Salem, Oregon 97301

Dear Co-chairs Steiner-Hayward, Johnson, Rayfield and Members:

RE: SUPPORT FOR HB [3141-A](#)

On behalf of a coalition of stakeholders involved in developing HB 2475-A, we ask you to support and pass HB 3141-A. The bill that has been referred to Ways and Means from the House Energy and Environment Committee. There is no General Fund request associated with the bill.

The bill updates the long-standing and very effective public purpose charge (PPC) paid by the customers of Portland General Electric (PGE) and Pacific Power. The fees are then allocated to various expenditures that benefit ratepayers in PGE and Pacific Power service territories, including energy efficiency, low-income weatherization, investments in smaller-scale renewable energy resources, and helping schools be more energy efficient. There is also a portion of the PPC that goes to the statewide low-income housing fund. The current PPC is levied at 3% of the total revenues of both PGE and PAC. It is scheduled to sunset at the close of 2025.

Since the public purpose charge was first established in 1999, many things have changed. Utilities are now required to plan for and pursue all cost-effective energy efficiency. Renewable energy resources, still in their infancy in 1999, can now be combined with storage for emergency preparedness. Weatherization is even more important for low-income households and there is still much left to do. Constituencies that work with and depend on the public purpose charge came together to determine how best to update it to meet today's needs.

What HB 3141-A Does:

- Removes energy efficiency from the charge and puts it into rates
- Increases weatherization dollars
- Maintains stable funding for renewable energy projects while allowing investments to support community resiliency
- Creates a 25% set-aside for low-and moderate-income small renewable projects
- Requires creation of equity metrics
- Maintains stable funding for energy efficiency projects in schools
- Maintains stable funding for the housing trust fund
- Extends the sunset to January 1, 2036

The most significant change is removing energy efficiency from the public purpose charge. Currently, about 1.7% of the PPC is collected for energy efficiency programs. SB 1547 (2016) also directed utilities to plan for and pursue all cost-effective energy efficiency and pay for it in customer rates. So, customers have been paying for energy efficiency in two ways. HB 3141-A works to streamline the process to pursue energy efficiency.

The proposed legislation moves all energy efficiency into customer rates and still requires utilities to pursue all cost-effective energy efficiency. This means it is no longer necessary to collect a public purpose charge to pay for energy efficiency. This will not decrease the amount spent on energy efficiency. Large customers may elect to self-direct to complete energy efficiency upgrades at their own facilities.

In addition, a portion of the public purpose charge will continue to support low-income weatherization, but the percentage of the PPC allocated to low-income weatherization programs will increase. Oregon Housing and Community Services (OHCS) and community action agencies that deliver weatherization services confirm the need for additional dollars, and have the capacity to administer it through existing programs.

The bill will increase the allocation to low-income weatherization by 57% (from .35 to .55), putting the level of funding at about what it was when the state received American Recovery and Reinvestment Act (ARRA) funds during the Great Recession. In addition, the bill allows weatherization funds to be used to help fund manufactured home replacement as well as allows some funds to be used for comprehensive health and safety repairs that are needed to enable weatherization work. (For example, fixing a hole in the roof before insulation can be installed). The bill also allows weatherization funds to be used to switch from bulk fuels (e.g., oil, wood pellets) to electricity, if cost effective.

In summary, here is the difference between the public charge today versus what it will be if HB 3141-A is adopted:

PPC Allocations	Current	HB 3141-A
Energy Efficiency	1.7	Shifts to, and is paid for in rates.
Low Income Weatherization	.35	.55
Low Income Housing	.14	.14
Renewables/ Grid Modernization	.51	.51 (with 25% carve out for LMI)
Schools	.3	.3
Total PPC	3%	1.5% w/EE now paid for in rates

Fiscal Impact

Low-income weatherization would have a significant funding increase and new programmatic uses. Consequently, OHCS would need to establish program rules for a manufactured home replacement program and a heating source replacement program.

OHCS’s Energy Services Section currently has a Weatherization Programs Coordinator who manages both state and federal weatherization programs. OHCS believes that the changes to the PPC-funded weatherization may warrant increased staff for program management, fiscal compliance, and technical assistance. This would be funded by Other Funds as generated from the fees.

Thank you for the opportunity to introduce you to HB 3141-A. The bill has been developed by a broad range of stakeholders including utilities, customer groups, renewable energy advocates and human service agencies. We look forward to working with the Ways and Means process to successfully adopt the bill.

Sincerely,



Oregon Citizens'
Utility Board

Sam Pastrick
Oregon Citizens' Utility Board



Paul Rainey
Community Action Partnership of Oregon



Annette Price
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Sunny Radcliffe
Portland General Electric



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