

## HB 2533 STAFF MEASURE SUMMARY

### House Committee On Climate, Energy, and Environment

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**Meeting Dates:** 2/1

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#### WHAT THE MEASURE DOES:

Requires State Department of Energy (ODOE) to conduct a study to: 1) **quantify and compare costs** approved by the Public Utility Commission (PUC) and incurred or to be incurred by investor-owned utilities in Oregon for acquiring or maintaining renewable energy generation facilities and paid by investor-owned utilities to qualifying facilities; 2) further **examine and develop the findings** on the costs of small-scale renewable energy projects developed by ODOE’s small-scale renewable energy work group; and 3) **analyze accuracy of avoided cost schedules** over time. Requires state agencies, to extent permitted by laws relating to confidentiality, to furnish information and advice necessary for department to complete study. Directs ODOE to submit findings to interim committees of Legislative Assembly related to energy no later than September 15, 2024. Sunsets study and reporting requirements January 2, 2025.

#### ISSUES DISCUSSED:

##### EFFECT OF AMENDMENT:

No amendment.

##### BACKGROUND:

House Bill 2021 (2021) required the Oregon Department of Energy (ODOE) to convene a work group to examine opportunities to encourage development of small scale and community-based renewable energy projects in this state that contribute to economic development and local energy resiliency. The ODOE-convened work group was required to study and examine: (a) Potential barriers to project development in both investor-owned and consumer-owned utility service territory; (b) Potential economic benefits of small-scale renewable energy projects; (c) Potential contributions of small-scale renewable energy projects to local energy resiliency; (d) Access and ownership opportunities for certain communities with limited infrastructure; (e) Opportunities for diverse models of ownership by local entities; (f) Potential rate impacts; and (g) Potential legislation that could encourage development of small scale and community-based renewable energy projects in this state.

The federal Public Utility Regulatory Policies Act of 1978 (PURPA) requires electric utilities to offer to purchase power from, and interconnect with, qualifying energy generation projects including small-scale renewable energy and facilities that generate both electricity and another form of useful thermal energy. According to ODOE, PURPA gives qualifying facilities “the right to interconnect to the utility-controlled grid and requires utilities to purchase energy from the projects at an avoided cost rate.” The avoided cost rate paid to qualifying facilities is meant to reflect a utility’s cost to acquire energy from another source if not from the qualifying facility.

House Bill 2533 would require Oregon Department of Energy to study avoided costs for acquiring renewable energy.