HB 3546   STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Meeting Dates:	3/6, 3/27

WHAT THE MEASURE DOES:

The measure requires the Oregon Public Utility Commission to provide for a classification of service for large energy use facilities.

Detailed summary:

Defines terms, including defining "large energy use facility" as a facility that uses 20 megawatts or more and is primarily engaged in providing computing infrastructure, data processing services, web hosting, and related services. Requires the Oregon Public Utility Commission (PUC) to provide for a classification of service for retail electricity consumers, separate and distinct from classifications of service for other industrial retail electricity consumers, that are large energy use facilities. Requires PUC to require an electric company to:

- Enter into a contract or 10 years or more, with certain criteria, with a retail electricity consumer that is a large energy use facility for the provision of electricity, including transmission, distribution, energy, capacity, and ancillary services.
- Assign the costs of serving a class of retail electricity consumers that are large energy use facilities to the class and in a manner that is proportional to the costs incurred to serve the class.
- Mitigate the risks to other classes of retail electricity consumers of paying for the costs of the electric company to meet load requirements resulting from the provision of electricity to a retail electric consumer that is a large energy use facility.

Allows PUC to approve a form contract, after considering certain factors, that an electric company may use. Requires PUC to ensure that the terms of a contract entered into do not result in increased costs or risks to other retail electricity consumers of the electric company. Declares an emergency, effective on passage.

- *FISCAL: Minimal fiscal impact*
- *REVENUE: No revenue impact*

ISSUES DISCUSSED:

- Reasons data centers may or may not be located in Oregon
- Examples of co-location of large energy users with power supply in other countries
- Differences in electric utility rates for various users
- Types of large energy users

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Oregon Public Utility Commission (PUC) regulates investor-owned utilities and is responsible for ensuring utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. The scope and mandate of the PUC is determined by the Legislative Assembly, which requires the PUC to balance the interests of customers and utility companies by ensuring that rates are both fair and provide adequate revenue for utilities to be financially sound (Oregon Revised Statute [ORS] 756.040).

ORS 757.230 gives the PUC control over the classification of service for each public utility, taking into account:

o   the quantity of energy used,

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o   the time when it was used,
o   the purpose for which it is used,
o   the existence of price competition or a service alternative,
o   the services being provided,
o   the conditions of service,
o   differential energy burdens on low-income customers, and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers,
o   and any other reasonable consideration.

Based on those considerations, statute allows the PUC to authorize classifications or schedules of rates applicable to individual customers or groups of customers.

According to the U.S. Department of Energy, data centers consume "ten to 50 times the energy per floor space of a typical commercial office building." In 2023, data centers' energy use accounted for approximately 4.4 percent of the total U.S. electricity use. Facilities that house cryptocurrency mining processes also use large amounts of energy. According to the U.S. Environmental Protection Agency and the Department of Energy's ENERGY STAR program, "a single crypto transaction [consumes] more energy than that required to power six houses for a day in the U.S." because of the computing power needed to create blockchain.