

SB 685 -1, -2 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

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Meeting Dates: 2/10, 2/12, 4/2

WHAT THE MEASURE DOES:

The measure requires a public utility to obtain authorization from the Public Utility Commission (Commission) to develop or carry out a project that involves the production or use of hydrogen in this state. Provides criteria that the Commission shall use to evaluate a proposed project.

Detailed Summary:

Prohibits a public utility from developing or carrying out a project that involves the production or use of hydrogen without first obtaining an order authorizing the project from the Public Utility Commission (Commission). Requires applicant to give **notice**, with certain information, of an **application** to: the governing body and health authority of each affected city; State Fire Marshal and local fire authorities, and residences within the hazard area as determined by Commission. Requires application to provide information on a proposed project's production method, transportation plans and intended blend ratio of hydrogen and other fuels or substances. Stipulates application must address the following: state energy and climate policies; safety and maintenance; cost-effectiveness; health and environment impacts; and emergency management.

Requires Commission to **evaluate** a proposed project based on the following criteria: conformity with state energy and climate policies; safety and maintenance standards; cost-effectiveness; and impact on health or the environment. Requires Commission to engage stakeholders in project evaluation.

Requires Commission to **issue an order granting the application** if the Commission determines that the project meets the requirements or, if not, to issue order denying the application. Requires the Commission to require applicant to provide notice of the project and maintain insurance and bond in an amount sufficient in case of an explosion, property damage or injury or loss of life. Declares emergency; effective on passage.

REVENUE: *May have revenue impact, but no statement yet issued*

FISCAL: *May have fiscal impact, but no statement yet issued*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces measure. The amendment requires a gas utility to provide notice to the Public Utility Commission prior to blending or replacing natural gas with hydrogen or delivering or furnishing hydrogen to customers through a utility distribution system. Details parameters of notice.

Detailed Summary:

Requires a gas utility to provide notice to the Public Utility Commission (Commission) before blending or replacing natural gas with hydrogen or delivering or furnishing hydrogen to customers through a utility distribution system.

Requires notice to include the following information, as applicable:

- description of the method to be used to produce the hydrogen;
- percentage amounts of the hydrogen-gas fuel blend;
- whether the proposal is consistent with the gas utility's most recent acknowledged integrated resource plan and requirements to reduce greenhouse gas emissions;

- whether the gas utility has applied for or received all required certificates, permits and regulatory approvals;
- safety and maintenance standards;
- description of any public outreach conducted by the gas utility; and
- detailed map of the location of the proposed project and any facility or pipeline to be used to carry out the project.

Requires the Commission to consider information contained in notice in all proceedings and regulatory processes involving the gas utility. Requires gas utility to notify the Commission of any changes to the percentage amounts of a hydrogen-gas fuel blend, and based on those changes authorizes the Commission to require the gas utility to file a new notice.

-2 The amendment requires natural gas utilities to provide notice to affected customers and the Public Utility Commission at least 60 days prior to increasing hydrogen levels above one percent of the volume of their system. The PUC notice must include the reason for the change in volume, any required siting or permit approvals, and describe public outreach efforts. The amendment also requires natural gas utilities to maintain certain information on their websites.

Detailed Summary:

Requires a natural gas utility to provide notice if the utility plans to increase the amount of hydrogen that is blended with natural gas that the utility delivers through the utility's distribution system; and the amount of hydrogen the utility plans to blend is such that the total volume of the hydrogen is more than one percent of the volume of the utility's distribution system.

Requires a utility at least 60 days prior to beginning blending hydrogen at specified percentage to:

- provide notice to each customer affected by the planned action; and
- file notice with PUC that includes the reason for the increased volume of hydrogen, required siting or permitting approvals, description of public outreach conducted by utility; and any other information requested by PUC.

Requires natural gas utility with hydrogen blending program to maintain on its website information regarding the program and information on how a customer can communicate with the utility about the program.

BACKGROUND:

Hydrogen can be produced from a variety of resources, including natural gas, nuclear power, biomass, and renewable energy sources like solar and wind. According to the 2024 Oregon Biennial Energy Report (Report), the vast majority of hydrogen production remains carbon-intensive. According to the Report more than 99% is derived from fossil fuels, primarily through steam methane reforming (SMR) and less than 1% is produced with low or no carbon emissions.