

HB 3628 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/25, 4/3

WHAT THE MEASURE DOES:

The measure establishes the Oregon Electric Transmission Authority (Authority) to accelerate the expansion of electric transmission capacity in Oregon. It establishes the Tribal Advisory Council on Electric Transmission (Council) to advise the Authority and its board on issues relevant to the Indian tribes in Oregon and provide recommendations on how the Authority may best address those issues. The measure requires the Authority to identify and establish electric transmission corridors with statewide significance. It requires the Authority to submit a report on its activities and operations. The Act requires certain electric utilities to collect a non-bypassable transmission authority charge from all retail electricity consumers until 2032, and allows a public utility recover in rates the capital costs of a transmission project under certain circumstances. The measure requires the Oregon Department of Energy to conduct a comprehensive review and submit a report related to the Authority by September 15, 2030. It sunsets the Authority on January 2, 2032.

Detailed summary:

SECTION 1. Oregon Electric Transmission Authority established.

Establishes the Oregon Electric Transmission Authority (Authority) as an independent public corporation that is required to be a governmental entity performing governmental functions and exercising governmental power. Prohibits the Authority from being considered a unit of local or municipal government or a state agency for purposes of state statutes or constitutional provisions.

SECTION 2. Purpose; goals.

Establishes the Authority's purpose as accelerating the expansion of electric transmission capacity in Oregon by financing, acquiring, developing, constructing, maintaining, equipping, upgrading, owning, and operating electric transmission infrastructure. Establishes the following goals of the Authority:

- Improve the reliability and resilience of electric transmission infrastructure in Oregon;
- Increase access to low-cost supplies of renewable energy resources;
- Support state energy policy objectives;
- Protect and bolster electric transmission infrastructure against extreme weather events and natural disasters; and
- Support economic growth in this state.

SECTION 3. Board of directors; membership.

Establishes a 12-member Board of Directors for the Authority (Board), with nine voting members and three nonvoting members, with specific responsibilities and guidelines for their actions.

SECTION 4. Tribal Advisory Council on Electric Transmission.

Establishes the Tribal Advisory Council on Electric Transmission (Council), consisting of members who are appointed by each Indian tribe in Oregon, to advise the Authority and its Board on issues relevant to the Indian tribes in Oregon and provide recommendations on how the Authority may best address those issues. Establishes the Council's responsibilities and the guidelines for its actions. Requires the Authority to consult with the Council

on a quarterly basis.

SECTION 5. Powers of board and Authority.

Requires the Authority to be a governmental entity performing governmental functions and exercising governmental powers. Allows the Authority or the Board to take certain actions.

SECTION 6. Duties of Authority.

Requires the Authority, in carrying out its purpose and goals, to:

- Identify and establish electric transmission corridors with statewide significance for the transmission of electricity in Oregon.
- Identify and develop projects with statewide significance.
- Consider or study options to increase the efficient use of the transmission systems or relieve constraints on the transmission system in Oregon.
- Engage with relevant state and federal agencies to determine how to prioritize or streamline permitting for projects with statewide significance.
- Engage in meaningful consultation with federally recognized Indian tribes in Oregon and minimize any adverse impacts from Authority actions to tribal historical, cultural, or archaeological resources.
- Coordinate efforts with existing regional electric transmission forums and organizations.
- Engage in, harmonize with, and utilize existing electric transmission planning efforts and investigate ways to supplement existing planning efforts.
- Follow all applicable federal laws and regulations of the Federal Energy Regulatory Commission (FERC).

SECTION 7. Revenue bonds issued by Authority.

Allows the Authority to issue and sell revenue bonds, with some limitations. Prohibits the Authority from having the power to levy taxes or issue general obligation bonds.

SECTION 8. Financing agreements

Defines terms. Allows the Authority to enter into financing agreements. Allows the Authority to:

- Enter into agreements with third parties to hold financing agreement proceeds, payments, and reserves as security for lenders, and to issue certificates of participation in the right to receive payments due from the Authority under a financing agreement.
- Enter into credit enhancement agreements for financing agreements or certificates of participation, under certain circumstances.
- Use financing agreements to finance the costs of acquiring or refinancing real or personal property, plus the costs of reserves, credit enhancements, and costs associated with obtaining the financing.
- Grant leases of real property with a trustee or lender.
- Grant security interests in personal property to trustees or lenders.
- Make pledges for the benefit of trustees and lenders.
- Purchase fire, liability, flood, and extended insurance coverage or other casualty insurance.

SECTION 9. Proposed project; hearing; judicial review vested in Supreme Court.

Requires the Authority to meet certain requirements prior to undertaking a proposed transmission project, including:

- Providing notice publicly of the proposed project to the Bonneville Power Administration, the Public Utility Commission (PUC), and each electric utility in Oregon;
- Allowing any person with an interest that may be affected by the proposed project to file with the Authority a challenge to the proposed project; and

- Conducting a public hearing on a challenged proposed project, make a final determination on whether to undertake the proposed project, and allow the person challenging the proposed project to appeal the Authority's final determination.

SECTION 10. Entity undertaking proposed project; declaration.

Prohibits the Authority from undertaking a transmission project that another entity or transmission provider is undertaking or reasonably planning to undertake. Allows any entity that is willing and able to undertake a proposed project to file a declaration with the Authority that declares the entity's intent and ability to undertake the project and outlines guidance around taking reasonable actions to undertake proposed project.

SECTION 11. Project requirements; electricity priority.

Requires the Authority, when undertaking a transmission project, to coordinate with affected local governments prior to entering into land use agreements and use a competitive request for proposal process for all parts of the transmission project. Requires the Authority, in soliciting or contracting for the transmission or storage of electricity, to give priority to electricity that is to be sold or consumed in Oregon.

SECTION 12. Ownership of facilities; limitations.

Allows the Authority to own an electric transmission facility for only so long as necessary or useful to promote the public interest, and, prior to becoming an owner or acquiring an ownership stake in an electric transmission facility, requires the Authority to develop and make public a plan that includes certain elements.

SECTION 13. Public Utility Commission lacks jurisdiction.

Establishes that the Authority and facilities owned by the Authority are not subject to the jurisdiction of the PUC.

SECTION 14. State and federal jurisdiction; legislative intent.

Allows the Authority to petition the FERC for a clarification of the exclusive or concurrent jurisdiction of PUC over any matter considered or action taken by the Authority. Establishes the intent of the Legislative Assembly that the Authority, PUC, and FERC each carry out their powers and duties to the broadest extent possible, consistent with the principles of federalism, to achieve the purpose and goals of the Authority.

SECTION 15. Transmission corridors with statewide significance; transmission planning.

Requires the Authority to identify and establish electric transmission corridors with statewide significance in coordination with the United States Department of Energy and appropriate authorities of adjacent states, by harmonizing existing transmission planning efforts as reasonable and by taking certain actions. Requires the Authority to take certain actions when conducting transmission planning.

SECTION 16. Streamlining processes.

Requires the Authority to work and coordinate with appropriate state and federal agencies, tribal governments, utility providers, and transmission developers and operators to improve and streamline processes for siting and permitting, as well as cost allocation.

SECTION 17. Report on activities and operations.

Requires the Authority to submit a report on the Authority's activities and operations for the preceding year to the interim committees or committees of the Legislative Assembly related to energy, no later than March 15 of each year.

SECTION 18. Initial operating account; annual operating budget.

Requires the Authority to establish an initial operating account consisting of:

This Summary has not been adopted or officially endorsed by action of the committee.

- Moneys appropriated or transferred to the Authority by the Legislative Assembly to cover costs and expenses related to the operations of the Authority;
- Non-bypassable transmission authority charges; and
- Interest earned on the moneys in the account.

Prohibits the Authority from expending no more than \$2 million annually from the initial operating account for costs and expenses related to the operations of the Authority and may hold no more than \$2 million in the account as reserves for costs and expenses related to the operations of the Authority. Requires the Authority, if its duties of this Act are repealed, to transfer all moneys remaining in the initial operating account that are unexpended and unobligated to be deposited into the Oregon Housing and Community Services Department (OHCS) Low-Income Electric Bill Payment Assistance Fund and used by OHCS solely for purposes related to low-income electric bill payment and crisis assistance. Requires the Board, no later than September 15 of each year, to adopt an operating budget for the following year and provide a copy of the operating budget to the Oregon Department of Energy (ODOE).

SECTION 19. Non-bypassable transmission authority charge.

Requires certain electric utilities to collect a **non-bypassable transmission authority charge** from all retail electricity consumers that are:

- Part of a customer class of the electric utility or an electricity service supplier that is for large industrial customers that have a load in excess of 20 megawatts; and
- Located within the electric utility's service territory, including retail electricity consumers served by an electricity service supplier.

Requires the Authority each year to determine the amount that each electric utility shall collect based on the Authority's proposed operating budget for the following year, with certain limitations. Requires ODOE to direct the manner in which the non-bypassable transmission authority charges are collected and transferred to or deposited with the Authority. Allows ODOE to establish rules for how non-bypassable transmission authority charges are collected.

SECTIONS 20 – 21. Project undertaken by a public utility.

Allows a public utility recover in rates the capital costs of a transmission project under certain circumstances. Prohibits a public utility from recovering from customers costs associated with a transmission project unless the PUC finds that the costs are prudently incurred and the project is used and useful for serving those customers from which the public utility seeks to recover.

SECTIONS 22 – 23. Definitions.

Adds the Oregon Electric Transmission Authority to the definition of "public body" in Oregon Revised Statutes (ORS) related to local government borrowing (ORS chapter 287A) until it is removed from statute on January 2, 2032.

SECTION 25. Review of Oregon Electric Transmission Authority; report; extending repeal date.

Requires ODOE, no later than September 15, 2030, conduct a comprehensive review of certain elements related to the Authority and submit a report on the review, including any recommendations for legislation, to the committees or interim committees of the Legislative Assembly related to energy. Establishes the intent of the Legislative Assembly that during the 2031 regular session, the committees of the Legislative Assembly related to energy shall consider the report and whether: 1) the Authority is able to operate on a self-sufficient funding model; and 2) to extend, for a period not to exceed 10 years, the repeal date of January 2, 2032.

SECTION 26. Repeal of Oregon Electric Transmission Authority.

Sunsets the Authority on January 2, 2032.

SECTION 27. Repeal of non-bypassable transmission authority charge.

Sunsets non-bypassable transmission authority charge on January 2, 2032.

SECTION 29. Effective date.

Takes effect on the 91st day following adjournment sine die.

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

ISSUES DISCUSSED:

- Need to upgrade existing and build new electric transmission lines in Oregon
- Oregon Electric Transmission Authority funding sources
- Checks and balances on a state transmission authority
- Oregon Electric Transmission Authority's power of eminent domain
- Experiences of other states' transmission authorities
- Tribal membership on Tribal Advisory Council on Electric Transmission
- Bonneville Power Administration's current and near-term capacity to operate the transmission system

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

A regional transmission authority (RTA) is a type of organization that oversees and manages the electric grid in a specific region, typically spanning multiple states. These authorities coordinate the transmission of electricity across different areas, ensuring that power is distributed efficiently, reliably, and equitably. They facilitate the planning, operation, and maintenance of the transmission system, helping prevent grid failures, integrating renewable energy sources, and promoting competition in the electricity market.

RTAs play a significant role in:

- Grid reliability;
- Market efficiency; and
- Interstate coordination.

The Colorado Electric Transmission Authority (CETA), created in 2021, is a state-created entity designed to address and enhance the state's electric transmission infrastructure. Its primary role is to plan, develop, and support the construction of new transmission lines and systems to improve the reliability and capacity of Colorado's electric grid. CETA helps identify and develop key transmission lines that are necessary for expanding Colorado's electric grid, especially in areas where existing infrastructure may be insufficient or outdated or where there are barriers to local utility development. By improving electric transmission capabilities, the Authority helps to ensure that renewable energy produced in various parts of the state can be efficiently transported to population centers and other areas of demand, helping to meet the state's clean energy goals.

A workgroup met during Oregon's 2023–2024 legislative interim to discuss electric transmission issues and draft potential bill language on related topics.