

HB 3868 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Action Date: 04/08/25

Action: Do pass and be referred to Ways and Means by prior reference

Vote: 11-1-0-0

Yeas: 11 - Andersen, Edwards, Gamba, Helm, Levy B, Levy E, Lively, Marsh, Neron, Osborne, Owens

Nays: 1 - Wallan

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Erin Pischke, LPRO Analyst

Meeting Dates: 3/27, 4/3, 4/8

WHAT THE MEASURE DOES:

The measure requires the Oregon Department of Energy to conduct a study on small-scale renewable energy projects and report on findings by September 15, 2026. Sunsets study and reporting requirements on January 2, 2027.

Detailed summary:

Requires the Oregon Department of Energy to (ODOE) conduct a study to: quantify and compare certain costs; further examine and develop the findings on the costs of small-scale renewable energy projects developed by a previous workgroup; and analyze the accuracy of avoided cost schedules over time comparing the avoided costs under contract terms with the costs actually paid under the contracts. Requires ODOE to submit a report to the interim committees of the Legislative Assembly related to energy no later than September 15, 2026. Sunsets study and reporting requirements on January 2, 2027.

ISSUES DISCUSSED:

- Provisions of measure
- Avoided costs for acquiring renewable energy
- Current dockets at the Oregon Public Utility Commission on avoided costs for acquiring renewable energy

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Utility Regulatory Policies Act of 1978 (PURPA) required the Federal Energy Regulatory Commission to adopt regulations for electric utilities to offer to purchase power from, and interconnect with, qualifying, non-utility energy generation projects. A “qualifying facility” is defined as a cogeneration facility or a small power production facility (ORS 758.505). According to the Oregon Department of Energy, a small power production facility generates 80 megawatts of electricity or less from renewable energy sources such as hydroelectric power, wind, or solar.

House Bill 2021 (2021) required the ODOE to convene a work group to examine opportunities to encourage development of small-scale and community-based renewable energy projects in Oregon that contribute to economic development and local energy resiliency. ODOE delivered the [Small-Scale & Community-Based Renewable Energy Projects Study](#) to the Legislative Assembly in September 2022, and identified that small-scale renewable energy projects do not benefit from the economies of scale of larger utility-scale projects. Generally, the study concluded, the costs of renewable energy projects decrease as a renewable energy project increases in

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size because the fixed costs of a project can be spread over more kilowatts, providing a volume discount. In addition, the study highlighted a lack of available data regarding the development costs of renewable energy projects of various sizes in Oregon and concluded that availability of such data would allow ODOE to develop a more thorough cost-benefit analysis of renewable energy projects in Oregon.