

HB 3546 B STAFF MEASURE SUMMARY
Senate Committee On Energy and Environment

Carrier: Sen. Sollman

Action Date: 05/14/25

Action: Do pass with amendments to the A-Eng bill. (Printed B-Eng.)

Vote: 3-2-0-0

Yeas: 3 - Golden, Pham, Sollman

Nays: 2 - Robinson, Smith DB

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

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Meeting Dates: 4/30, 5/5, 5/14

WHAT THE MEASURE DOES:

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

Detailed summary:

Defines terms, including defining “large energy use facility” as a facility that uses or is able to use 20 megawatts or more and is primarily engaged in providing a service described under code 518210 of the 2022 North American Industry Classification System. Requires the Oregon Public Utility Commission (PUC) to create a classification of service for retail electricity consumers that are large energy use facilities, separate and distinct from classifications of service for other commercial or industrial retail electricity consumers. Requires large energy use facilities classification to have their own **tariff schedule**. Establishes tariff schedule requirements as adopted by the PUC. Requires PUC, when deciding whether to approve a proposed tariff schedule, to consider whether the rates:

- result in, or have the potential to result in, increased costs or unwarranted risk to other retail electricity consumers;
- provide for equitable contributions to grid efficiency, reliability and resiliency benefits;
- impede the electric company’s ability to meet certain clean energy targets or reduce the emissions of greenhouse gases;
- allow for procurement of, or contracts for, generation resources that support the electric company’s ability to meet the clean energy targets or reduce greenhouse gas emissions; and
- meet any other conditions required by the PUC in the public interest.

Directs PUC to require electric companies providing electricity service to large energy use facilities to enter into a contract with those customers. Requires such contracts to include, as applicable, provisions regarding **transmission, distribution, energy, capacity, or ancillary electricity services**. Establishes contract requirements, including a minimum contract duration of 10 years or more. Requires the electric company to promptly notify the customer of any delay in starting electricity service, if the delay, caused by factors within the company’s reasonable control, prevents service from beginning by the agreed-upon date. Establishes criteria for which electric companies must meet contract requirements. Clarifies that nothing in Act requiring the development of classification of service for large energy use facilities (Section 2) is intended to limit the ability of a large energy use facility from using direct access or a green power rate, a voluntary renewable energy tariff or a special contract, as approved by the PUC, except that the contract must meet the requirements and be consistent with Act.

Requires PUC, no later than September 1 of each even-numbered year, to submit to the interim committees of the Legislative Assembly related to energy, a **report reviewing trends in load requirements** and other implications from retail electricity consumers that are large energy use facilities and other retail electricity consumers that use

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

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large amounts of electricity. Repeals study and reporting requirements on January 2, 2035.

Stipulates that, until January 2, 2028, an electric company and a large energy use facility would not be required to use the classification of service created by Act if the PUC has not approved tariff schedule. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Process for developing policy and amendments
- Definition of "large energy use facility"
- Cost of developing infrastructure necessary for large energy use facilities
- Electricity needs of data centers and cryptocurrency mining operations

EFFECT OF AMENDMENT:

The amendment modifies the language that requires an electric company to enter into a contract with a large energy use facility by clarifying that minimum amount to be paid be based on the projected usage for the electricity services the electric company is contracted to provide and can include a charge for excess demand for the electricity services that are contracted to be provided. It also clarifies that the Act does not restrict such facilities from using Public Utility Commission approved direct access.

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 are 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 (ORS 756.040).

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

- the quantity of energy used,
- the time when it was used,
- the purpose for which it is used,
- the existence of price competition or a service alternative,
- the services being provided,
- the conditions of service,
- 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, 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.

The North American Industry Classification, or NAICS code 518210, is for computing infrastructure providers, data processing, web hosting, and related services. According to the U.S. Department of Energy, data centers consume "10 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.