

Enrolled Senate Bill 688

Sponsored by Senators PHAM K, GOLDEN; Senators CAMPOS, MANNING JR, MEEK, NERON, SOLLMAN, Representatives ANDERSEN, CHOTZEN, GAMBA, MARSH, NELSON, SOSA (Pre-session filed.)

CHAPTER

AN ACT

Relating to performance-based regulation of electric utilities.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 757.

SECTION 2. (1) As used in this section:

(a) “Anthropogenic gases and atmospheric pollutants” includes carbon dioxide, methane, nitrogen oxides, sulfur oxides, mercury, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

(b) “Distributed energy resource” means a small-scale energy system or mechanism that is located behind-the-meter and that generates or stores energy, works to balance and match energy demand with energy supply or manages energy use for a customer.

(c) “Electric company” has the meaning given that term in ORS 757.600.

(2) For purposes of this section, the Legislative Assembly declares that the public interest includes:

(a) Reducing greenhouse gas emissions;

(b) Increasing energy efficiency;

(c) Improving electric utility reliability and resiliency;

(d) Developing distributed energy resources;

(e) Enhancing services for low-income customers; and

(f) Improving the efficiency of utility operations to reduce costs to ratepayers.

(3) The Public Utility Commission may investigate, develop and adopt a framework for carrying out performance-based regulation of electric companies. The commission may use performance-based regulation to provide incentives and penalties to induce electric companies to bring electric utility operations in line with the public interest as declared under subsection (2) of this section and to:

(a) Reduce the emissions of anthropogenic gases and atmospheric pollutants;

(b) Expand the use of distributed energy resources, community solar projects, micro-grids, demand response programs and energy efficiency programs;

(c) Enhance the quality, reliability and resiliency of electricity service in this state;

(d) Offer flexible payment plans that reduce disconnections of electricity service for low-income customers and other programs that address the quality and affordability of electricity services for all customers; and

(e) Improve all aspects of utility operations to reduce costs and pass on savings to ratepayers.

(4) A framework that is adopted under this section must:

(a) Provide for performance standards and a baseline from which performance is measured;

(b) Provide for performance metrics that are clear, objective, verifiable and achievable for measuring an electric company’s performance;

(c) Describe how the performance standards and metrics are to be carried out;

(d) Identify actions and mechanisms that an electric company may carry out or implement to meet performance standards; and

(e) Provide an electric company incentives or penalties based on an electric company’s performance.

(5) In developing incentives and penalties under this section, the commission shall take into consideration the impacts of those incentives and penalties on rates paid by ratepayers.

(6) In addition to providing for performance metrics that are subject to incentives or penalties, the commission may establish performance metrics that are not subject to incentives or penalties but are reportable and may require each electric company to file with the commission an annual report on the electric company’s performance as measured by those reportable performance metrics.

SECTION 3. Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (1), chapter __, Oregon Laws 2025 (Enrolled House Bill 5034), as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Public Utility Commission of Oregon, for the utility program, is increased by \$974,013, to investigate, develop and adopt a framework for carrying out performance-based regulation of electric companies pursuant to section 2 of this 2025 Act.

Passed by Senate June 23, 2025

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Obadiah Rutledge, Secretary of Senate

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Rob Wagner, President of Senate

Passed by House June 26, 2025

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Julie Fahey, Speaker of House

Received by Governor:

.....M.,....., 2025

Approved:

.....M.,....., 2025

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Tina Kotek, Governor

Filed in Office of Secretary of State:

.....M.,....., 2025

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Tobias Read, Secretary of State